

28th Jul 2025

Close* – ₹6479/-

View – **Hold**

Q1FY26 Performance

- JK Cement Limited's (JKC) has reported a strong Q1FY26, marked by robust volume growth in grey cement and significant improvements in profitability, despite some sequential dips.
- Consolidated net sales were ₹3,353crs, up 19% YoY from ₹2,808crs in Q1FY25. Compared to Q4FY25, net sales dropped by 6% sequentially from ₹3,581crs.
- Cement volumes grew by 15% YoY in Q1FY26, reaching 5.61mn tonnes. Capacity utilization stood at 83% for cement and 92% for clinker.
- Total expenses for Q1FY26 at ₹2,920crs moved up 13% YoY but reduced by 6% on QoQ basis.
- EBITDA margin came out to 20.5%, indicating a 319 bps/ (82) bps, YoY/QoQ.
- Net profit grew significantly by 75% YoY to ₹324crs, 10% down from ₹361crs sequentially.
- EBITDA/ton at ₹1226, marking a substantial rise of 23% YoY while 3% contraction sequentially.
- Finance costs at 109crs shrank 2%/4%, YoY/QoQ during the quarter.
- Paints segment recorded ₹86crs revenue in Q1FY26 with EBITDA loss of ₹10crs.

Important Statistics

Nifty	24,837
Sensex	81,463
Close* (₹)	6,479
MCAP (₹ Crs)	~50,842
52 Week H/L (₹)	7774.5 / 5,183.5
NSE Code	JKCEMENT
BSE Code	532644
Bloomberg Code	JKCE:IN

Close* as on 25th Jul 2025

Shareholding	Jun'24	Sep'24	Dec'24	Mar'25	Jun'25
Promoters	45.7	45.7	45.7	45.7	45.7
FII	17.7	17.6	16.9	16.1	17.6
DII	22	22.4	23.7	24.5	23
Public	14.5	14.3	13.7	13.7	13.7

Management Concall Highlights

- Volume Performance** – JKC reported a robust 15% YoY growth in grey cement volumes for Q1FY26, primarily fueled by strategic market expansion and strong regional performance. The company saw over 50% growth in Central India, driven by an expanded dealer network and proactive market seeding in Bihar, targeting 1mn tonne by FY26 end to support upcoming grinding units. The South region also contributed significantly, bolstered by clinker sales from a low base. Enhanced market share in Central India and sustained presence in the North, despite slower market growth there, further supported the volume increase. While the North experienced some degrowth due to market conditions, JKC's strategic initiatives ensured a strong overall performance.
- Capacity Expansion** – Company is targeting a 50mtpa grey cement capacity by 2030, with a current capacity of 25.26mtpa as of June 2025, bolstered by strategic expansions. Key initiatives include a 0.5mtpa debottlenecking at Ujjain, a new 0.6mtpa wall putty plant in Rajasthan, and ongoing projects like a 4mtpa clinker unit at Panna and 3mtpa grinding units across Panna, Hamirpur, and Prayagraj, all set for commissioning by December 2025. The acquisition of Saifco cements enhances its Jammu & Kashmir presence, while a 3mtpa Bihar grinding unit strengthens market seeding. Post-expansion, grey cement capacity is projected to reach 31.26-32mtpa by FY26, with future plans focusing on Northern and Western regions.
- Trade Mix** – Trade mix in Q1FY26 was 68%. This represents a decrease compared to Q4FY25, when the trade mix stood at 71%.
- Cement prices** – Prices remained largely stable this quarter. The South region saw higher realization, offsetting slight pricing pressure in the North and Central regions. North market growth is a concern, impacting pricing. Overall, no major price changes are noted, with the company monitoring monsoon trends.
- Premium Sales** – Premium products constituted 14% of total trade sales, management aim is to increase premium cement sales above 20% over the medium to long term.

Key Metrics

(₹ crs)

Particulars	FY24	FY25	FY26E	FY27E
Revenue	11,556	11,879	13,265	15,083
PAT	790	872	1093	1306
EBITDA margin %	18%	17%	20%	21%
EPS (₹)	102	111	138	180
ROE (%)	16	15	16	18
ROA (%)	5.6	5.5	9.2	10.3
P/BV	6.8	8.2	7	6
EV/EBITDA (x)	21.3	26.7	20.8	17.3

Source: Company, Way2Wealth

Relative Performance

Return (%)	1Yr	3Yr	5Yr
JKC	45	179	334
Nifty 50	2	50	125
Sensex	2	47	117

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View – **Hold**

- **Energy expense** – Power and fuel cost (net) were elevated at ₹598crs, up by 6% YoY from ₹564crs and ₹570crs sequentially, due to higher pet coke prices and balanced clinker production, as Q4FY25 used existing clinker stocks. Pet coke prices rose in June 2025, with per K.Cal cost at ₹1.53 in Q1FY26 (up from ₹1.41 in Q4FY25, down from ₹1.62 in Q1FY25) and per tonne cost stood at ₹1066 (spiked up 14% QoQ from ₹931, while reduced 9% YoY from ₹1170), with a 60% pet coke fuel mix.
- **Green Power** – The green power mix reached 52%, a significant rise from 19% in FY20, supported by a 184.14 MW green power capacity, comprising 82.3 MW from Waste Heat Recovery Systems (WHRS) and 101.84 MW from captive solar and wind power. The company targets a 75% green power mix by FY30, expecting to approach 60% by the end of FY26, with management confident of achieving this goal well ahead of schedule. This increasing green power mix is integral to the company's cost-saving strategy, projected to yield savings of ₹40 to ₹50 per tonne in FY26, alongside other cost-saving measures.
- **Freight Cost** – Freight and forwarding expenses, a major operational cost, totaled to ₹765crs, reduced from ₹824crs in Q4FY25, while rose up 23% YoY from ₹619crs in Q1FY25. The average lead distance rose to 436 kilometers in Q1FY26, up 2 kilometers from 434 kilometers in Q4FY25 and 21 kilometers from 415 kilometers in Q1FY25, contributing to a ₹5 to ₹6 per tonne freight cost increase. This extended lead distance stems from the company's market expansion, particularly in Bihar, alongside growth in Uttar Pradesh and Madhya Pradesh, supported by a forthcoming grinding unit in Bihar. The Rail: Road share in transportation remained at 11:89 during the quarter.
- **Debt & Interest** – As of June 30, 2025, gross debt was ₹5,203crs, slightly up from ₹5,101crs on March 31, 2025, while its cash balance reduced to ₹2,407crs from ₹2,536crs over the same period previous year. This led to a net debt increase to ₹2,796crs from ₹2,565crs. The net debt to EBITDA ratio improved marginally to 1.29 times as of June 30, 2025, compared to 1.30 times at the end of FY25.

Key Risks

- Inflation in input costs, mostly from Power, Freight and Fuel.
- Significant decline in cement demand and pricing.

View

JKC is ambitiously aiming for a 50 MTPA grey cement capacity by FY30, up from its current 25.26 MTPA, propelled by projects like the 4 MTPA Panna integrated unit (76% complete) and new grinding units in Bihar. The company is also boosting its value-added offerings, with a 0.6 MTPA white cement-based wall putty plant approved near Nathdwara, while its paint business targets breakeven by FY27. In Q1 FY26, consolidated Net Sales grew 19% YoY to ₹3,242crs, EBITDA jumped 41% YoY to ₹688crs, and Profit After Tax soared 75% YoY to ₹324crs. With a strong financial position, JKC maintains a Net Debt to EBITDA ratio of 1.29x and a CARE AA+ credit rating, supporting its growth plans. Strategic moves, including the acquisition of Saifco Cements, long-term limestone reserves, and a goal of 60% green power by FY26-end, strengthen its competitive and sustainable edge. Investors are recommended to **Hold** the stock, anticipating the full impact of these initiatives. The stock currently trades at 17x FY27E EV/EBITDA.

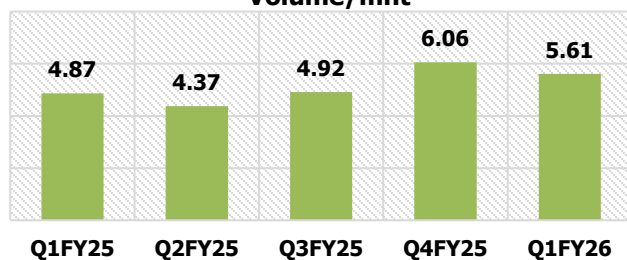
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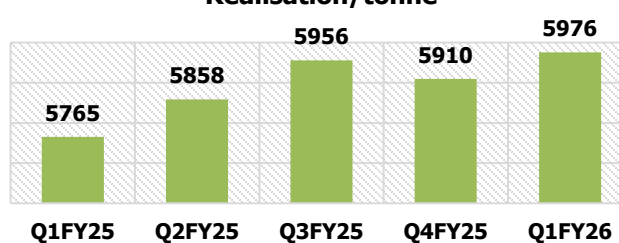
View - **Hold**

Operational Highlights

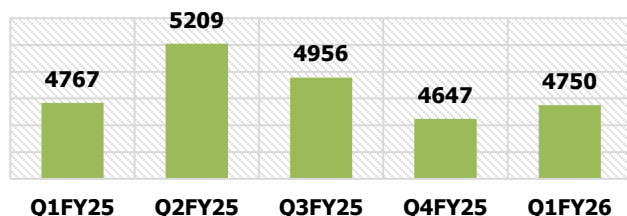
Volume/mnt



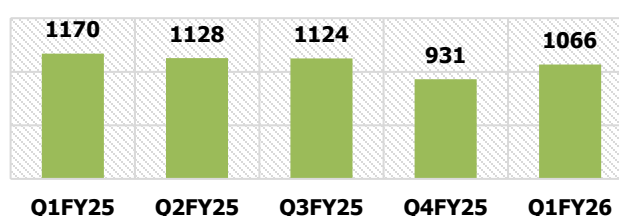
Realisation/tonne



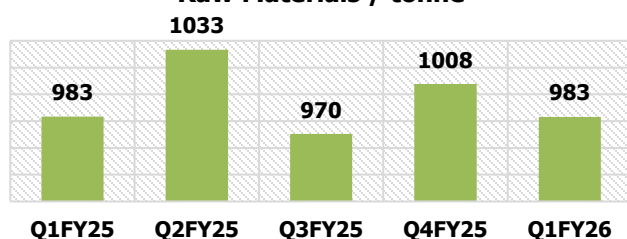
Cost / tonne



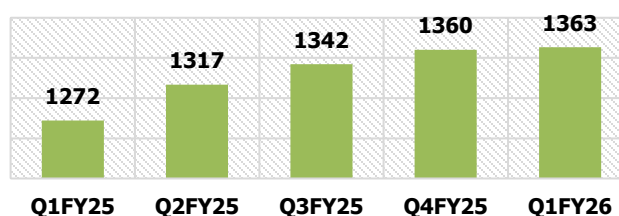
Energy / tonne



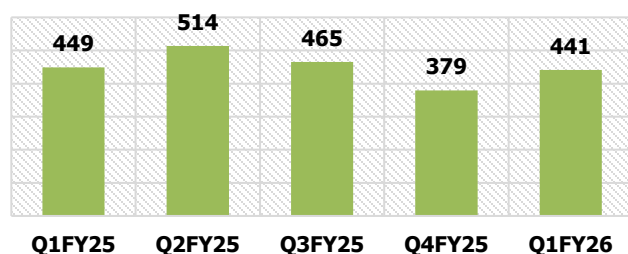
Raw Materials / tonne



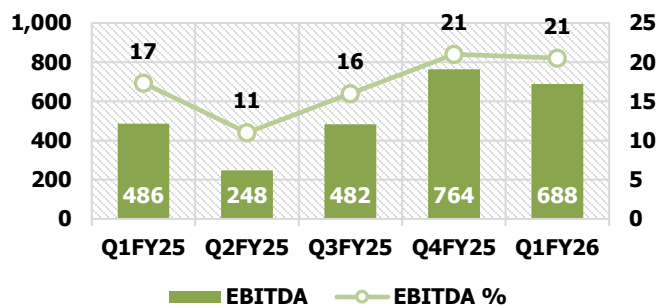
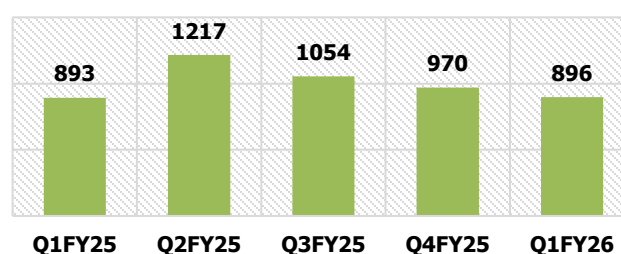
Freight / tonne



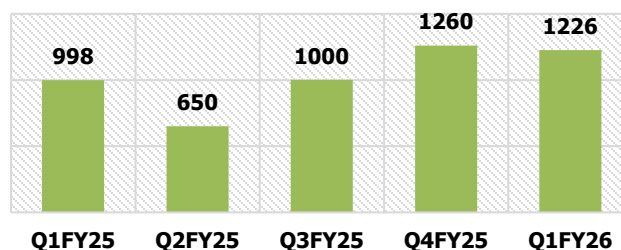
Staff Cost / tonne



Other Expenses/tonne



EBITDA / tonne



Source: Company, Way2wealth Research

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View – **Hold**
Key Operational Metrics

(₹ crs)								
Particulars	Q1FY26	Q1FY25	YoY	Q4FY25	QoQ	FY25	FY24	YoY
Volume/mt	5.61	4.87	15	6.06	(7)	202.2	190.5	6
Realisation/tonne	5976	5765	4	5910	1	587	607	(3)
Cost/tonne	4750	4767	(0)	4647	2	487	498	(2)
Raw materials /tonne	983	983	(0)	1008	(2)	100	96	4
Staff cost/tonne	441	449	(2)	379	16	45	41	8
Energy cost/tonne	1066	1170	(9)	931	14	108	136	(21)
Freight/tonne	1363	1272	7	1360	0	133	127	4
Other Expenses/tonne	896	893	0	970	(8)	103	98	4
EBITDA/tonne	1226	998	23	1260	(3)	100	108	(7)

Source: Company, Way2wealth Research

Product Mix

(₹ crs)								
Particulars	Q1FY26	Q1FY25	YoY	Q4FY25	QoQ	FY25	FY24	YoY
Grey Net Sales	2502	2,040	23	2676	(7)	8592	8454	2
White Net Sales	740	679	9	790	(6)	2901	2,748	6
Total Net Sales	3242	2,719	19	3466	(6)	11493	11202	3
Combined EBITDA	688	486	41	764	(10)	2027	2,060	(2)

Source: Company, Way2wealth Research

Debt Profile

(₹ crs)			
Particulars	FY25	30-Jun-25	Var
Gross Debt	5101	5203	2
Cash	2536	2407	(5)
Net Debt	2565	2796	9
Net Debt/EBITDA	1.3	1.29	(1)
Equity	6065	6400	6
Net Debt/Equity	0.42	0.44	5

Particulars	Q1FY26	Q1FY25	YoY	Q4FY25	QoQ	FY25	FY24	YoY
Debt-Equity Ratio (in Times)	0.95	0.94	1	0.97	(2)	0.97	0.98	(1)
Debt Service Coverage Ratio (in Times)	2.37	1.82	30	2.94	(19)	1.91	2.1	(9)
Interest Service Coverage Ratio (in Times)	6.95	4.91	42	7.42	(6)	4.86	4.95	(2)
Net Worth (₹ Crs)	6,466	5,507	17	6,055	7	6,055	5,322	14
Net Profit after Tax (₹ Cr)	324	185	75	361	(10)	872	790	10
EPS	41.99	23.98	75	46.64	(10)	111.44	102.35	9
Current Ratio (in Times)	1.46	1.42	3	1.47	(1)	1.47	1.48	(1)
Long Term Debt to Working Capital (in Times)	2.97	3.23	(8)	3.21	(7)	3.21	3.23	(1)
Bad Debts to Account Receivable Ratio (in %)	0.32	0.17	88	0.08	300	0.67	0.47	43
Current Liability Ratio (in Times)	0.34	0.34	-	0.32	6	0.32	0.31	3
Total Debts to Total Assets (in Times)	0.35	0.34	3	0.35	-	0.35	0.35	-
Trade Receivables Turnover Ratio (in Times), Annualized	13.04	15.62	(17)	16.25	(20)	16.43	20.66	(20)
Inventory Turnover Ratio (in Times Annualized)	10.47	8.66	21	10.85	(4)	9.75	10.39	(6)
Operating Margin (in %)	20.51	17.32	18	21.36	(4)	17.06	17.82	(4)
Net Profit Margin (in %)	9.51	6.48	47	9.96	(5)	7.24	6.75	7
Asset Cover Ratio for Secured NCDs (in Tires)	76.88	27.34	181	53.03	45	53.03	22.84	132
Debenture Redemption Reserve {₹ Cr}	3.75	7.5	(50)	3.75	-	3.75	7.5	(50)
Securities Premium (₹ Cr)	756.8	756.8	-	756.8	-	756.8	756.8	-

Source: Company, Way2wealth Research

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View – Hold

Financials

(₹ crs)

Particulars	Q1FY26	Q1FY25	YoY	Q4FY25	QoQ	FY25	FY24	YoY
Revenue from operations	3,353	2,808	19	3,581	(6)	11,879	11,555	3
Other income	56	45	26	46	23	173	145	19
Total Income	3,409	2,852	20	3,627	(6)	12,052	11,701	3
Expenses								
Cost of materials consumed	473	430	10	458	3	1,730	1,789	(3)
Purchases of traded goods	107	64	67	67	60	251	248	1
Changes in inventories of finished goods	-29	-16	81	86	(133)	36	-202	(118)
Employee benefits expenses	247	219	13	230	8	902	784	15
Finance costs	109	111	(2)	113	(4)	459	453	1
Depreciation and amortisation expenses	146	147	(1)	162	(10)	601	573	5
Power and fuel (net)	598	570	5	564	6	2,180	2,590	(16)
Freight and forwarding expenses	765	619	23	824	(7)	2,680	2,418	11
Other expenses	503	435	16	588	(14)	2,073	1,871	11
Total Expenses	2,920	2,579	13	3,092	(6)	10,913	10,522	4
Profit before exceptional items and tax	489	273	79	535	(9)	1,139	1,179	(3)
Exceptional Items		-	-	-	-	-102	6	-
Profit before tax	489	273	79	535	(9)	1,242	1,174	6
Current tax	154	52	197	107	44	223	147	52
Adjustment of tax relating to earlier periods (net)	-	-0	-	.	-	1	2	(58)
Deferred tax	11	37	(71)	67	(84)	147	235	(38)
Total tax expense	165	88	87	174	(5)	370	384	(4)
Profit after tax	324	185	75	361	(10)	872	790	10
Paid-up equity share capital	77.27	77.27	-	77.27	-	77.27	77.27	-
Other Equity		.	-	-		6,012	5,290	14
Basic and Diluted EPS	41.96	23.98	75	45.54	(8)	111.44	102.35	9

Source: Company, Way2wealth Research

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Disclosure of Interest Statement J K Cements Ltd. as on July 28th, 2025

Name of the Security	J K Cements Ltd.
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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