# Cement

Sector Report

*Finding opportunities amid overcapacity*

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*(All prices as on December 30, 2025)*

# PL Capital
PRABHUDAS LILLADHER

# Cement

## Sector Report

December 31, 2025

**JK Cement (JKCE IN)**

**Rating: Acc | CMP: Rs5,494 | TP: Rs6,173**

**Key Financials - Consolidated**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| Sales (Rs. m) | 1,18,792 | 1,39,946 | 1,62,852 | 1,87,003 |
| EBITDA (Rs. m) | 20,271 | 25,033 | 31,062 | 36,451 |
| *Margin (%)* | *17.1* | *17.9* | *19.1* | *19.5* |
| PAT (Rs. m) | 8,619 | 10,278 | 13,295 | 15,612 |
| EPS (Rs.) | 111.5 | 133.0 | 172.1 | 202.0 |
| *Gr. (%)* | *8.7* | *19.3* | *29.4* | *17.4* |
| DPS (Rs.) | 15.0 | 15.0 | 15.0 | 15.0 |
| *Yield (%)* | *0.3* | *0.3* | *0.3* | *0.3* |
| *RoE (%)* | *15.0* | *15.7* | *17.4* | *17.4* |
| *RoCE (%)* | *12.6* | *14.2* | *15.6* | *15.8* |
| EV/Sales (x) | 3.9 | 3.4 | 3.0 | 2.6 |
| EV/EBITDA (x) | 22.9 | 19.1 | 15.8 | 13.6 |
| PE (x) | 49.3 | 41.3 | 31.9 | 27.2 |
| P/BV (x) | 7.0 | 6.1 | 5.2 | 4.4 |

**JK Lakshmi Cement (JKLC IN)**

**Rating: BUY | CMP: Rs770 | TP: Rs891**

**Key Financials - Consolidated**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| Sales (Rs. m) | 61,926 | 70,932 | 79,166 | 90,300 |
| EBITDA (Rs. m) | 8,646 | 11,339 | 13,193 | 15,450 |
| *Margin (%)* | *14.0* | *16.0* | *16.7* | *17.1* |
| PAT (Rs. m) | 2,999 | 4,433 | 4,651 | 4,865 |
| EPS (Rs.) | 25.5 | 37.7 | 39.5 | 41.3 |
| *Gr. (%)* | *(37.8)* | *47.8* | *4.9* | *4.6* |
| DPS (Rs.) | 8.5 | 9.4 | 9.9 | 10.4 |
| *Yield (%)* | *1.1* | *1.2* | *1.3* | *1.3* |
| *RoE (%)* | *8.8* | *11.9* | *11.5* | *11.0* |
| *RoCE (%)* | *10.3* | *12.8* | *12.3* | *11.5* |
| EV/Sales (x) | 1.7 | 1.6 | 1.5 | 1.5 |
| EV/EBITDA (x) | 12.3 | 9.9 | 9.3 | 8.7 |
| PE (x) | 30.2 | 20.4 | 19.5 | 18.6 |
| P/BV (x) | 2.5 | 2.3 | 2.1 | 2.0 |

**JSW Cement (JSWCEMEN IN)**

**Rating: BUY | CMP: Rs120 | TP: Rs143g**

**Key Financials - Consolidated**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| Sales (Rs. m) | 58,131 | 69,815 | 83,992 | 94,240 |
| EBITDA (Rs. m) | 8,582 | 12,136 | 16,318 | 18,896 |
| *Margin (%)* | *14.8* | *17.4* | *19.4* | *20.1* |
| PAT (Rs. m) | (1,141) | 2,785 | 6,127 | 7,802 |
| EPS (Rs.) | (1.2) | 2.0 | 4.5 | 5.7 |
| *Gr. (%)* | *(227.1)* | *(276.6)* | *120.0* | *27.3* |
| DPS (Rs.) | - | - | - | - |
| *Yield (%)* | - | - | - | - |
| *RoE (%)* | *(4.7)* | *6.6* | *9.5* | *10.9* |
| *RoCE (%)* | *6.5* | *9.3* | *11.8* | *13.0* |
| EV/Sales (x) | 3.1 | 2.8 | 2.4 | 2.1 |
| EV/EBITDA (x) | 20.7 | 16.3 | 12.2 | 10.3 |
| PE (x) | (103.6) | 58.6 | 26.7 | 20.9 |
| P/BV (x) | 5.0 | 2.7 | 2.4 | 2.2 |

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## *Finding opportunities amid overcapacity*

***We are initiating coverage on 3 cement manufacturing companies – JK Cement (JKCE), JK Lakshmi (JKLC), and JSW Cement (JSWC) – with a positive outlook at current lower valuations. India's cement demand growth has slowed down substantially in the last 18 months due to election-led disturbance, GoI's focus on other strategic sectors, and general weakness in the economy led by global uncertainties. We expect overall demand to grow at ~6.5% CAGR over the next 3 years, aided by rural housing. We believe GoI's spending on domestic infrastructure would pick up over the next few months in relatively underdeveloped regions and can augment this growth rate. Urban real estate sector is steady and is expected to grow led by ongoing urbanization, rising affordability, evolving consumer aspirations, and rising employment opportunities in Tier 2 cities. Commercial real estate activities are also likely to be robust on rising manufacturing share in GDP.***

***However, as several cement companies have announced capacity additions in recent past, lower utilization in a few regions may not allow overall industry utilization to cross 70% in FY28E. Over the last 5 years, cement capacity has clocked 4.9% CAGR, while demand has grown at a faster pace of 5.6%. Going forward, we expect cement capacity to grow at ~7.7% over FY25-28E to ~808mtpa and demand to grow at 7.6% CAGR to ~550mtpa by FY28E. We expect sector leaders having pan-India size with most efficient operations and growth focused companies would benefit. We initiate coverage with 'Accumulate' rating on JKCE/ 'BUY' rating on JKLC/ 'BUY' rating on JSWCEMEN with TP of Rs6,173/Rs891/Rs143 valuing at 15x/10x/12x EV of Mar'28E EBITDA.***

- **Muted growth in recent past but green shoots visible:** Post FY24, cement industry demand had slowed down substantially due to various reasons. However, with GoI's overall efforts to boost the domestic economy (direct income tax cuts, GST rationalization, etc.), cement demand is expected to see an uptick. December has already seen a few green shoots across regions. With good monsoon, rural demand is expected to remain strong, while demand from urban housing remains firm. Recent Developers' Sentiment Survey by CREDAI indicates ~67% of developers anticipate demand to grow by >5% in FY26, driven primarily by end-user needs, rather than speculative activity.

- **Industry to grow faster, but utilization may remain below 70% till FY28E:** After falling to ~63% in FY21, cement industry utilization improved consistently to 68% in FY25. With strong demand growth over the next few years, we expect it to improve to ~70% by FY27E. However, as several cement companies have announced capacity additions, lower utilization in a few regions may not allow overall industry utilization to cross 70%. The gap between capacity and demand is expected to increase till FY28E and come down thereafter as demand remains buoyant in India and limestone availability gets scarcer. We believe cement industry capacity will grow at ~7.7% CAGR over FY25-28E to ~808mtpa, while demand will grow at 7.6% CAGR to ~550mtpa by FY28E.

## Sector Demand-Supply scenario

### Surplus capacities to increase if muted demand persist

With planned capacities of ~210mtpa over the next 4-5 years, cement sector is braced with overcapacity in few regions if demand remains soft. However, India being on the cusp of significant transformation every decade, development is happening across urban and rural India driving cement consumption and we expect demand to grow faster than capacity addition in the long term. In near term, we expect ~160mtpa capacities to get commissioned by end FY28E. As demand growth rate has moderated over the last 18 months, incremental capacities over consumption are expected to increase from 205mtpa in FY25 to over 255mtpa by FY28E.

**Exhibit 1: All India cement demand supply scenario**

| Particulars | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Effective capacity (mt) | 463 | 487 | 508 | 520 | 545 | 583 | 615 | 646 | 685 | 740 | 808 |
| Capacity growth (%) | 5.5 | 5.2 | 4.3 | 2.4 | 4.8 | 7.0 | 5.6 | 5.0 | 6.0 | 8.0 | 9.2 |
| Utilization Level (%) | 69 | 70 | 66 | 63 | 66 | 67 | 68 | 68 | 69 | 69 | 68 |
| Consumption (mt) | 319 | 340 | 336 | 328 | 358 | 388 | 418 | 441 | 474 | 510 | 549 |
| Consumption growth (%) | 8.5 | 6.6 | -1.2 | -2.4 | 9.1 | 8.4 | 7.8 | 5.5 | 7.4 | 7.7 | 7.7 |
| Surplus/ (Deficit) over demand (mt) | 144 | 147 | 172 | 192 | 187 | 195 | 197 | 205 | 211 | 230 | 258 |

*Source: Industry, PL*

### Region wise demand supply scenario – North to witness max supply

Over FY25-28E, ~160mtpa capacities are expected to get commissioned across regions. North is attracting maximum pie of the same due to recent limestone approvals in Jaisalmer region, and many companies have planned to set up capacities at Jaisalmer viz. JKCE, Wonder, SRCM, Dalmia etc. However, existing companies based in Northern regions are not very worried about the upcoming capacities in Jaisalmer as material will have to travel ~250-300km to reach consumption centers and incremental logistics cost will keep pricing high.

**Exhibit 2: Region wise break up of planned capacities (mtpa)**

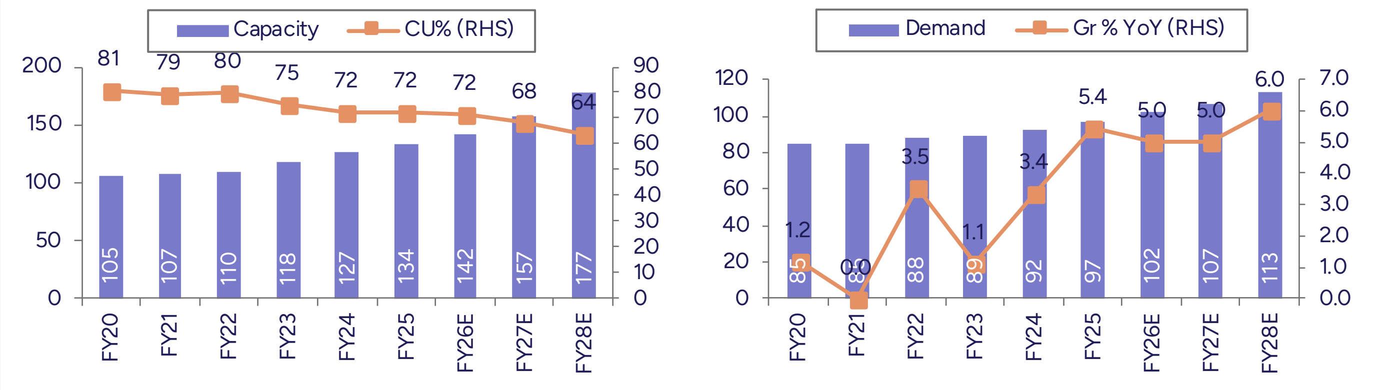
| Regions | FY26E | FY27E | FY28E | FY29E | FY30E | Total | Till FY28E | % share by FY28E |
|---|---|---|---|---|---|---|---|---|
| North | 8 | 14 | 20 | 4 | 3 | **50** | 43 | 27% |
| East | 13 | 8 | 6 | 10 | 3 | **41** | 28 | 17% |
| West | 3 | 7 | 16 | 2 | 6 | **35** | 27 | 17% |
| South | 11 | 18 | 12 | 2 | 3 | **46** | 41 | 26% |
| Central | 3 | 7 | 13 | 4 | 9 | **36** | 23 | 14% |
| **Total** | **39** | **55** | **68** | **23** | **24** | **208** | **161** | **100%** |

*Source: Industry, PL; YTDFY26 ~19mtpa already commissioned*

We expect capacity utilization to remain on lower side as demand is growing at slower pace in the near term. Our analysis shows that North and Western regions to suffer maximum on upcoming capacities in case demand remains muted for longer term. Capacity utilizations can drop by 800bps in North, West followed by Central region (600bps) while utilization will increase in East (400bps) and Southern (160bps) markets gradually.

**North:** North region has seen maximum capacity announcements in recent past, with almost 50mtpa capacity getting commissioned in next 4 years. We believe incremental capacity additions can lower the utilization levels in FY28E however pricing impact will be diluted because of increased lead distance. Entire material will have to travel towards Indian consumer centers as it is close to Pakistan border. Northern region has better connectivity to service Delhi, NCR, Punjab, North MP as well as Western markets which would keep supporting demand growth. Northern region demand grew at steady 4% CAGR over the last decade.

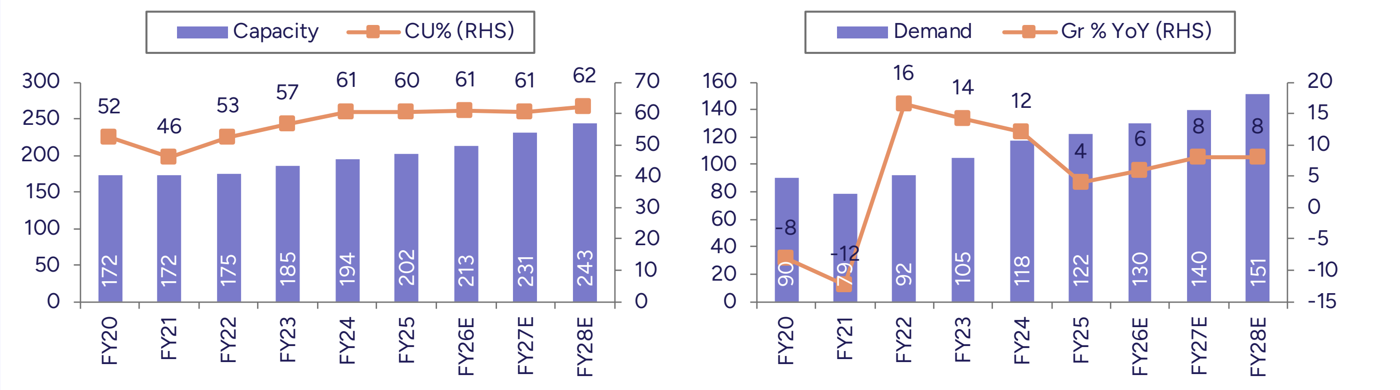
**Exhibit 3: Northern region utilization to decline sharply on incremental capacities while demand remains steady**




*Source: Industry, PL*

**South:** South region is expected to witness second highest addition of capacities over next 4 years totaling 46mtpa. However, with expectation of stronger demand from key Southern states (AP, TS & TN) over the next few years will support utilization. Lot of infrastructure projects have been announced by state governments however implementation is delayed over last 6 months. Utilization is expected to inch up gradually over next 3 years to 62%. Southern region demand grew at steady 5% CAGR over the last decade.

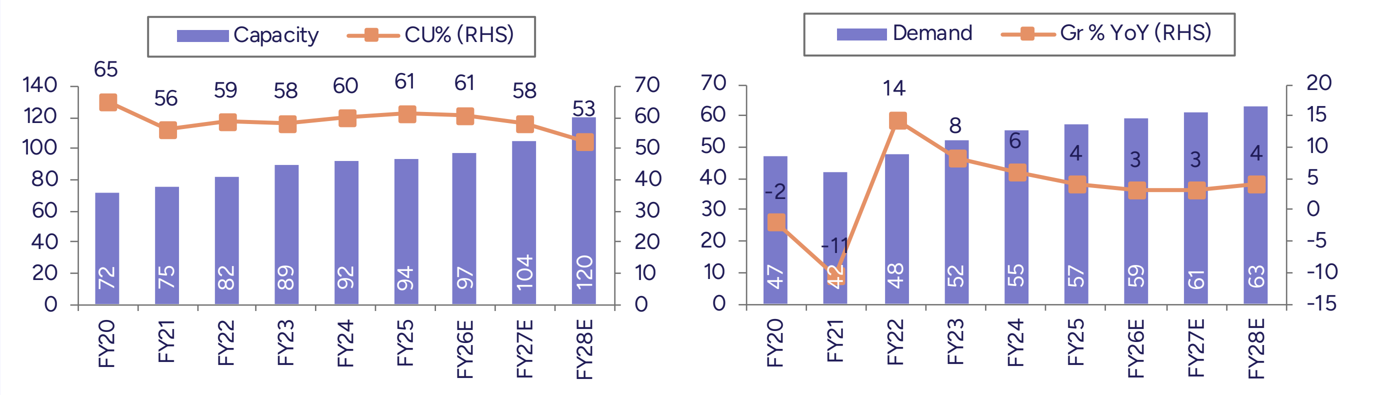
**Exhibit 4: Southern utilization level to increase led by various infra projects announced in the region**




*Source: Industry, PL*

**West:** Western region is expected to witness lowest capacity addition, with 35mtpa capacity getting commissioned in the next 4 years. With consistent capacity addition, Western region utilization is also going to get affected as demand in western market is muted mainly by infrastructure sector. Construction work of few major projects (first bullet train) is largely complete, and surrounding infrastructure is expected to lead to incremental demand over the next few years. Western region demand grew at slower pace of 3% CAGR over the last decade.

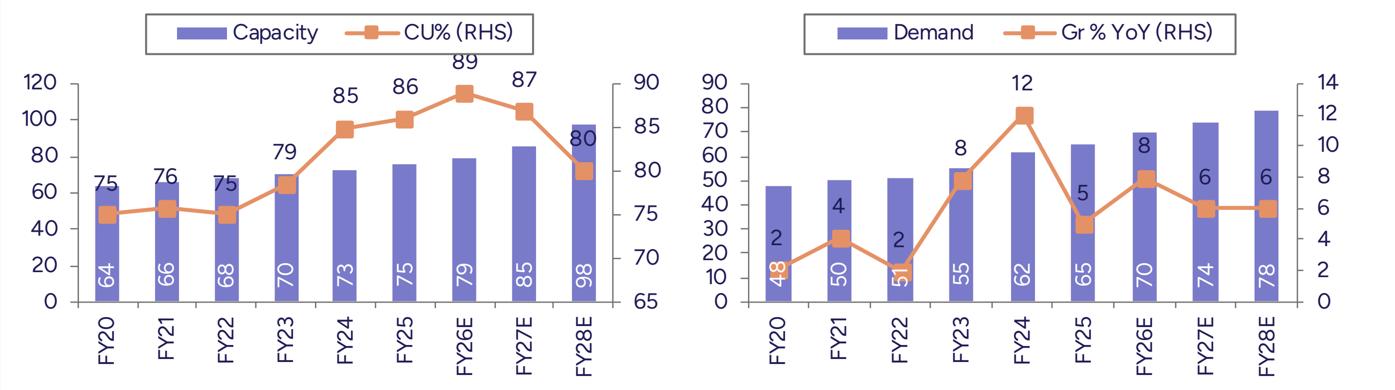
**Exhibit 5:** **Western utilization level is expected to get affected due to muted infrastructure sector**




*Source: Industry, PL*

**Central:** Central region is also expected to witness incremental capacity addition of 36mtpa over the next 4 years which would impact utilization. Central region demand and pricing have been steady in the recent past. Central region demand grew at steady 5% CAGR over the last decade.

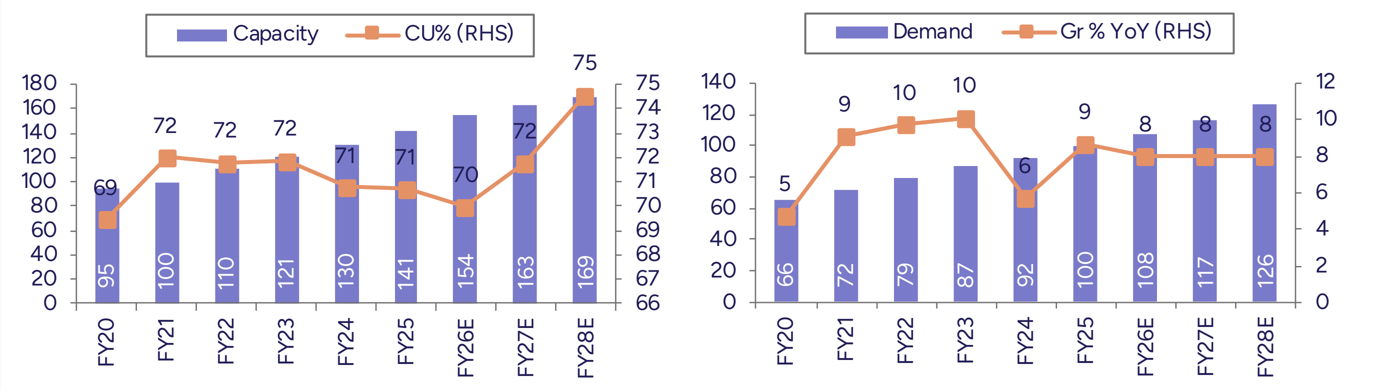
**Exhibit 6:** **Central utilization level is expected to decline too due to excess capacity**




*Source: Industry, PL*

**East:** Eastern region demand grew fastest in India with strong 9.6% CAGR over the last decade and is expected to witness similar growth ahead. Despite ~40mtpa capacity is expected to get commissioned in next 4 years, utilization is expected to inch up gradually to 75%. Pricing, however, is most volatile historically as capacity addition rate was also highest within regions.

**Exhibit 7:** **Eastern utilization level is expected to pick up led by increased government focus in the region**




*Source: Industry, PL*

**Exhibit 8: Capacity share of top 12 listed companies as of now**

| Regions | Central | | East | | North | | South | | West | |
|---|---|---|---|---|---|---|---|---|---|---|
| | % contri. region | % contri. Co. | % contri. region | % contri. Co. | % contri. region | % contri. Co. | % contri. region | % contri. Co. | % contri. region | % contri. Co. |
| ACC | 9.2% | 18.2% | 6.6% | 27.3% | 5.7% | 21.3% | 4.6% | 24.2% | 3.8% | 9.1% |
| Ambuja | | | 7.2% | 19.2% | 8.4% | 20.2% | 8.6% | 29.3% | 20.2% | 31.3% |
| Birla Corp | 11.3% | 47.2% | 1.2% | 10.4% | 2.6% | 20.2% | | | 4.4% | 22.2% |
| Dalmia | | | 17.1% | 59.7% | | | 7.7% | 34.4% | 2.9% | 5.9% |
| JK Cement | 7.9% | 24.8% | 0.4% | 2.4% | 9.5% | 56.8% | 1.6% | 13.3% | 0.7% | 2.7% |
| JK Lakshmi | | | 2.0% | 19.6% | 6.9% | 60.2% | | | 3.6% | 20.2% |
| JSW Cement | | | 3.5% | 28.2% | | | 5.0% | 50.9% | 4.5% | 20.8% |
| Nuvoco | | | 11.0% | 61.1% | 3.9% | 19.6% | | | 6.0% | 19.3% |
| Ramco | | | 2.3% | 16.5% | | | 9.2% | 83.5% | | |
| Sagar | 1.2% | 9.2% | 0.9% | 13.8% | | | 3.8% | 77.0% | | |
| Shree | | | 12.2% | 31.9% | 22.8% | 54.4% | 2.7% | 9.1% | 3.0% | 4.6% |
| Ultratech | 38.6% | 16.7% | 19.2% | 17.3% | 26.2% | 21.5% | 22.9% | 26.4% | 34.4% | 18.1% |

*Source: Industry, PL *East also includes North-east capacities*

**Exhibit 9: Capacity share of top 12 listed companies in FY28E**

| Regions | Central | | East | | North | | South | | West | |
|---|---|---|---|---|---|---|---|---|---|---|
| | % contri. region | % contri. Co. | % contri. region | % contri. Co. | % contri. region | % contri. Co. | % contri. region | % contri. Co. | % contri. region | % contri. Co. |
| ACC | 7.4% | 18.2% | 5.6% | 27.3% | 4.5% | 21.3% | 3.9% | 24.2% | 3.0% | 9.1% |
| Ambuja | 6.9% | 6.1% | 12.0% | 21.0% | 12.5% | 21.4% | 10.5% | 23.7% | 25.7% | 27.8% |
| Birla Corp | 13.2% | 56.5% | 1.0% | 8.5% | 2.0% | 16.7% | | | 3.5% | 18.3% |
| Dalmia | | | 14.6% | 48.0% | | | 10.0% | 42.4% | 4.7% | 9.6% |
| JK Cement | 7.3% | 18.6% | 1.8% | 9.0% | 11.6% | 56.9% | 2.1% | 13.7% | 0.6% | 1.7% |
| JK Lakshmi | 1.2% | 5.9% | 2.3% | 23.2% | 5.4% | 53.1% | | | 2.9% | 17.8% |
| JSW Cement | 0.0% | 0.0% | 3.0% | 18.0% | 3.2% | 18.5% | 5.0% | 38.4% | 6.8% | 25.1% |
| Nuvoco | | | 11.4% | 65.5% | 3.1% | 17.4% | | | 4.8% | 17.1% |
| Ramco | | | 2.0% | 15.6% | | | 8.4% | 84.4% | | |
| Sagar | 1.5% | 12.1% | 0.7% | 12.1% | | | 3.6% | 75.7% | | |
| Shree | | | 10.4% | 28.1% | 19.7% | 51.9% | 4.6% | 16.0% | 2.4% | 4.0% |
| Ultratech | 36.8% | 15.9% | 20.9% | 17.7% | 29.3% | 24.3% | 22.9% | 25.0% | 32.4% | 17.1% |

*Source: Industry, PL *East also includes North-east capacities*

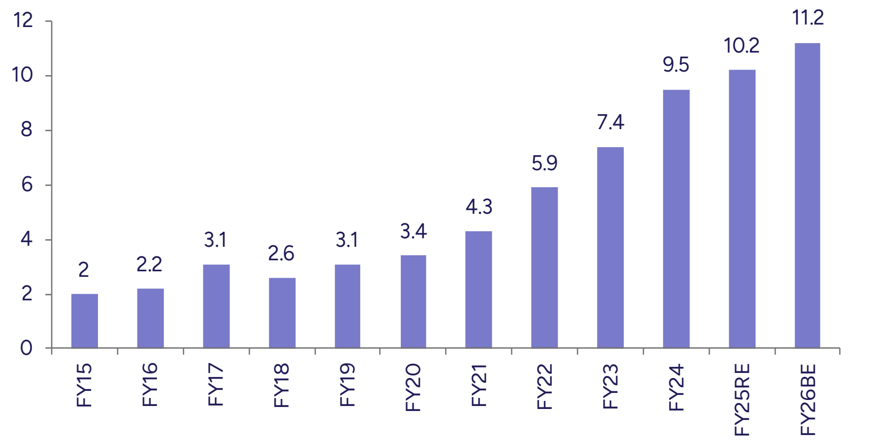
# Demand drivers for Indian cement industry

Over the last few decades, India has evolved into one of the fastest growing (infrastructure and consumption driven) diversified major economies and is expected to touch USD5trn mark in the near term. India's sustainable and inclusive economic growth is fueled by a strong demographic dividend (median age: 28 years), rising incomes and aspirations of 1.46bn people, better monsoon, government's sustained focus on domestic infrastructure, and structural transformation from farm to non-farm jobs. Inclusive growth targeted by GoI has also aided reducing extreme poverty. With ~26% of the population in the age group 10-24 years, India stands at the cusp of a once-in-a-lifetime demographic opportunity. We believe cement demand would improve at much faster rate over next few years as higher per capita income would enable multiple home ownerships.

## Thrust on infrastructure capex

India has significantly increased its infrastructure spending over last decade, and allocated Rs11.2tn for capex (3.1% of GDP) for FY26. Most of this growth has occurred in the last 5 years, with a CAGR of 21%. The government's focus on high-quality infrastructure has raised India's infrastructure capex share of GDP from ~1.6% in FY15 to ~3.4% in FY25.

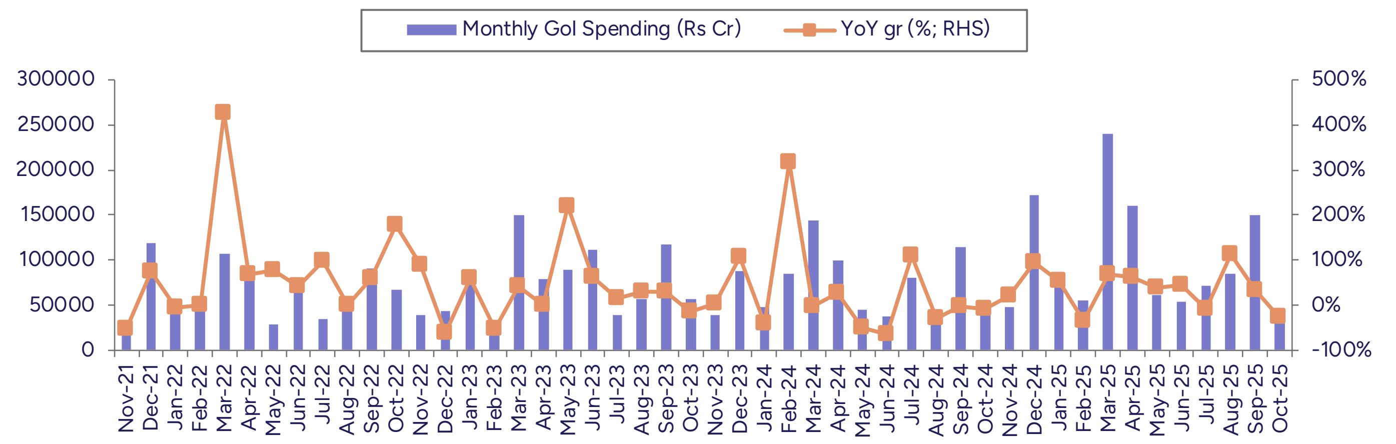
**Exhibit 10: Government capex over the years (Rs tn)**




*Source: Industry, PL*

Central government infrastructure spending remains well on track, with ~55% of the FY26 allocation of Rs11.2tn already spent within the first seven months of the fiscal year. This reflects strong execution momentum and spending visibility for the remainder of the year. For the cement sector, sustained government capex is positive, as it directly supports road, housing and urban infrastructure activity, translating into steady demand and volume growth. Although in recent months expenditure from central government is strong, it is not yet translated into improved cement demand on ground as per our channel checks.

**Exhibit 11: Strong government capex execution to support cement demand over next few months**




*Source: Industry, PL*

MoRTH (Ministry of Road Transport & Highways) capex for FY26 is expected to remain broadly flattish at ~Rs2.72tn despite a high base, underscoring the continued policy focus on road infrastructure. At the same time, Railway capex is maintained at Rs2.65tn, reflecting sustained investment momentum, with emphasis on economic corridors under PM Gati Shakti and the completion of the DFC, which should support logistics efficiency and lower freight costs over the medium term.

## Metro, MRTS, Urban Rejuvenation Mission

The government continues to scale up metro and urban infrastructure, with an allocation of Rs311bn for FY26BE, up ~26% YoY from Rs 246bn in FY25RE, to support rapid urbanization and initiatives such as Namo Bharat. As of July 2024, around 942KM of metro rail is operational, with another ~893KM under construction. Under AMRUT and the Smart City Mission, ~7,352 of ~8,066 projects were completed as of Nov'24, with the remaining ~714 projects are under execution.

**Exhibit 12: Budgeted allocation for Metro, MRTS & Urban Rejuvenation Mission**

| Segment | FY25RE (Rs bn) | FY26BE (Rs bn) | Growth (%) |
|---|---|---|---|
| Metro & MRTS | 311 | 246 | 26% |
| AMRUT and Smart Cities mission | 100 | 80 | 25% |

*Source: Industry, PL *MRTS: Mass Rapid Transit System*

### Rural & Urban Housing

***Tailwinds for rural housing***

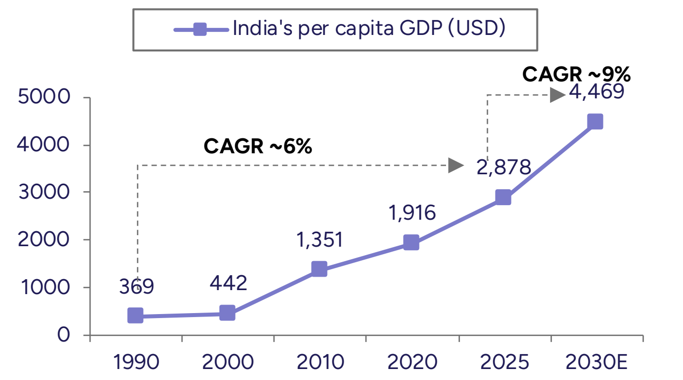
- A good monsoon has enabled timely kharif sowing and is expected to support healthy rural demand.
- The Government's continued focus on rural development, reflected in an 8% YoY increase in budgetary allocation to Rs1.9tn in FY26, should support demand for rural housing.

## PMAY – Housing Pipeline

- **PMAY-Gramin:** Target of 49.5mn houses (including ~20mn new houses) by FY29; around 42% of the target remains pending, to be completed over the next 4 years.
- **PMAY-Urban:** Target of 21.7mn houses (including ~10mn new houses) by FY29; around 56% of the target is yet to be completed.

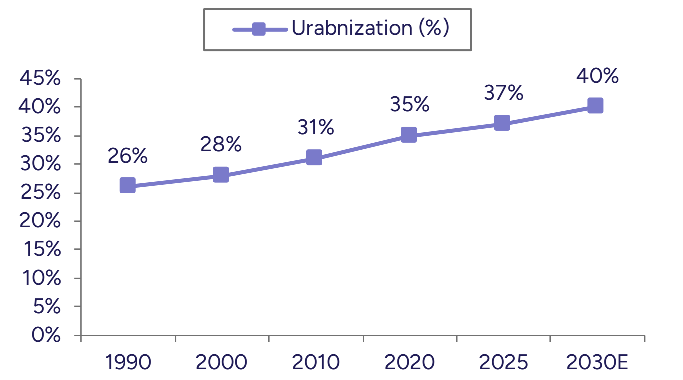
**Housing outlook remains promising**

**Exhibit 13: Consistent growth in India's per capita GDP**




*Source: Industry, PL*

**Exhibit 14: Urbanization trend is inching up**




*Source: Industry, PL*

Improvement in India's per capita GDP is enhancing consumer purchasing power, thereby enabling wider home ownership. At the same time, rapid urbanization and a growing population in smaller cities are driving increased demand for urban infrastructure and housing.

**Exhibit 15: Budget allocations to PMAY (Rs bn)**

| Segment | FY25RE (Rs bn) | FY26BE (Rs bn) | Growth (%) |
|---|---|---|---|
| PMAY Urban | 137 | 198 | 45% |
| PMAY Urban 2.0 | 15 | 35 | 133% |
| PMAY Gramin | 324 | 548 | 69% |

*Source: Industry, PL*

## Structural infrastructure projects to support demand

**Exhibit 16: Mega projects to push cement demand**

| Themes | Details |
|---|---|
| **Smart & Sustainable Cities** | Improve quality of life and economic growth across 100 cities through robust and sustainable urban infrastructure |
| | 17 cities have completed 100% of their projects |
| **Expressways, Highways & Bharatmala** | Bharatmala Pariyojana targets development of 34,800KM of National Highways |
| | Rs600bn road projects announced in Madhya Pradesh, including greenfield highways and economic corridors |
| **Logistics & Industrial Corridors** | Google to invest USD10–15bn in a 1 GW AI & data center hub at Visakhapatnam |
| | 12 new industrial nodes/cities approved with investment of ~Rs 286bn |
| **Urban Transit Infrastructure** | Rapid expansion of metro rail networks across Tier-1 and Tier-2 cities |
| | Development of RRTS corridors and integration of multimodal transport hubs |
| **Next-Gen Airports & Regional Connectivity** | Operational airports targeted to increase to 300 by 2047 |
| | Capacity expansion to support ~8x growth in passenger traffic |
| **High-Speed Rail & Vande Bharat** | Development of India's first HSR corridor (Mumbai–Ahmedabad) |
| | Rapid expansion of Vande Bharat Express services across key routes |

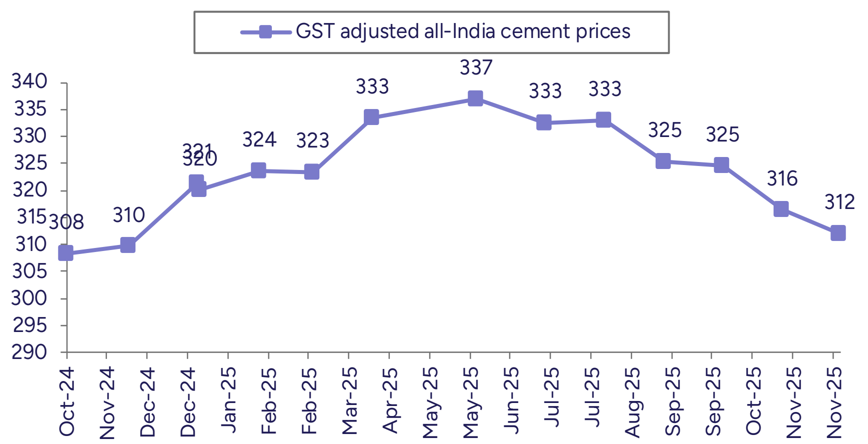
*Source: Industry, PL*

## Prices: recent fall post GST reduction is not sustainable

As per our channel checks, all India average cement prices have fallen post GST reduction further in Oct and Nov'25 mainly in Eastern & Southern regions. Prices in non-trade segment have seen maximum brunt due to subdued demand, however with improving capex spending, the trend should reverse.

We believe the recent decline in cement prices is not sustainable over the medium term. As demand gradually improves during the seasonally strong quarter, companies are likely to attempt price hikes to partly offset rising input costs, particularly higher pet coke prices. Successful price restoration, even if gradual, should support an improvement in realisations and help stabilise EBITDA/t.

**Exhibit 17: Cement prices have fallen further post GST rationalization.**

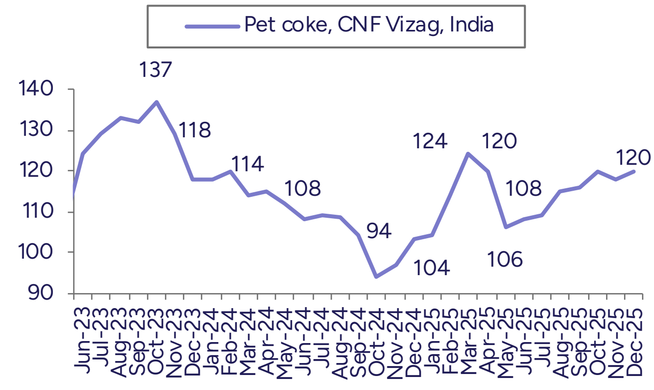


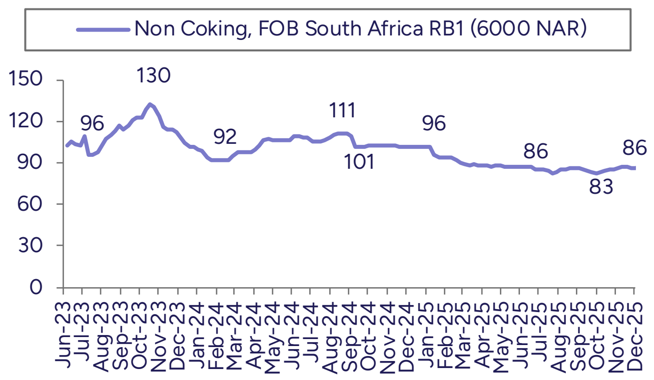

*Source: Industry, PL*

## Fuel prices are inching up gradually

Both Pet coke and imported non-coking coal prices have inched up since last few months along with sharp rupee depreciation which is expected to put some pressure on EBITDA margins from Q4. Although thermal coal costs were low till Nov'25, recently prices started inching up due to adverse weather conditions in winter across key supplier countries.

**Exhibit 18: Both pet coke and imported coal are inching up in recent months; to put pressure on Q4 margins**




*Source: Industry, PL*

## Peer comparison: Key data points

**Exhibit 19: Trade share (%)**

| Particulars | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|
| Ambuja | 81% | 80% | 80% | 79% | 74% |
| Dalmia Bharat | 68% | 63% | 63% | 65% | 65% |
| Nuvoco Vistas | 73% | 75% | 72% | 74% | 73% |
| Shree Cement | 77% | 79% | 81% | 76% | 73% |
| Ultratech | 69% | 67% | 67% | 66% | 67% |
| JK Cement | 63% | 68% | 68% | 65% | 67% |
| JK Lakshmi | 51% | 54% | 53% | 58% | 56% |
| JSW Cement | - | 65% | 64% | 57% | 53% |

*Source: Industry, PL*

**Exhibit 20: Premium share (%)**

| Particulars | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|
| Ambuja | 11% | 12% | 22% | 23% | 26% |
| Dalmia Bharat | 18% | 20% | 21% | 21% | 23% |
| Nuvoco Vistas | 31% | 34% | 36% | 37% | 40% |
| Shree Cement | 8% | 8% | 7% | 10% | 16% |
| Ultratech | 10% | 17% | 19% | 23% | 26% |
| JK Cement | 5% | 6% | 9% | 14% | 15% |
| JK Lakshmi | 6% | 11% | 10% | 19% | 24% |
| JSW Cement | - | - | - | - | - |

*Source: Industry, PL*

**Exhibit 21: Blended share (%)**

| Particulars | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|
| Ambuja | 90% | 90% | 89% | 85% | 84% |
| Dalmia Bharat | 80% | 80% | 84% | 87% | 84% |
| Nuvoco Vistas | 88% | 86% | 85% | 81% | 81% |
| Shree Cement | 75% | 75% | 77% | 73% | 69% |
| Ultratech | 68% | 69% | 70% | 69% | 70% |
| JK Cement | 62% | 62% | 65% | 61% | 68% |
| JK Lakshmi | 68% | 68% | 67% | 65% | 65% |
| JSW Cement | - | 82% | 84% | 73% | 65% |

*Source: Industry, PL*

**Exhibit 22: Clinker factor (%)**

| Particulars | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|
| Ambuja | 62% | 61% | 59% | 64% | 64% |
| Dalmia Bharat | 61% | 61% | 59% | 59% | 60% |
| Nuvoco Vistas | 57% | 59% | 55% | 56% | 58% |
| Shree Cement | 64% | 63% | 62% | 65% | 64% |
| Ultratech | 74% | 75% | 72% | 70% | 69% |
| JK Cement | 71% | 67% | 66% | 65% | 65% |
| JK Lakshmi | 77% | 81% | 75% | 81% | 73% |
| JSW Cement | - | 47% | 43% | 47% | 50% |

*Source: Industry, PL*

**Exhibit 23: Green power share (%)**

| Particulars | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|
| Ambuja | 0% | 1% | 1% | 19% | 28% |
| Dalmia Bharat | 8% | 17% | 17% | 32% | 36% |
| Nuvoco Vistas | 20% | 20% | 20% | 20% | 20% |
| Shree Cement | 48% | 48% | 51% | 56% | 56% |
| Ultratech | 13% | 18% | 20% | 24% | 33% |
| JK Cement | 25% | 32% | 44% | 51% | 51% |
| JK Lakshmi | 28% | 32% | 37% | 38% | 49% |
| JSW Cement | - | 4% | 4% | 15% | 21% |

*Source: Industry, PL*

**Exhibit 24: Lead distance (KM)**

| Particulars | FY21 | FY22 | FY23 | FY24 | FY25 |
|---|---|---|---|---|---|
| Ambuja | 278 | 248 | 301 | 279 | 271 |
| Dalmia Bharat | 284 | 306 | 300 | 285 | 275 |
| Nuvoco Vistas | 346 | 335 | 337 | 341 | 328 |
| Shree Cement | 472 | 473 | 461 | 453 | 442 |
| Ultratech | 445 | 421 | 421 | 402 | 384 |
| JK Cement | 459 | 453 | 465 | 423 | 423 |
| JK Lakshmi | 359 | 352 | 384 | 384 | 380 |
| JSW Cement | - | 287 | 301 | 300 | 285 |

*Source: Industry, PL*

# COMPANIES

PL Capital
PRABHUDAS LILLADHER

# JK Cement (JKCE IN)

## Rating: ACCUMULATE | CMP: Rs5,494 | TP: Rs6,173

December 31, 2025

## Company Initiation

### Disciplined & timely execution in core markets

***We initiate coverage on JK Cement Ltd (JKCE) with 'ACCUMULATE' rating at TP of Rs6,173, valuing the stock at EV of 15x Mar'28E. JKCE is one of India's fastest-growing grey cement companies, having 80%+ capacity share in stable and fast-growing North & Central region. It also has strong presence in white cement, as well as value-added products such as wall putty, adhesives and paints. Over past two decades, its cement capacity grew at ~10% CAGR from 3.6mtpa in FY05 to 24.76mtpa in FY25. With planned ongoing capex of Rs78bn, JKCE is entering into a transformational phase, reaching 31.26mtpa by end FY26E and further likely to cross 50mtpa by FY30E, positioning it among the fastest-growing large cement companies in India.***

***We believe it is well-positioned to benefit from India's infrastructure growth story, supported by (1) steady & timely capacity additions in grey cement, (2) strong market presence in the fast-growing Central and Northern regions, and (3) a dominant position in the white cement segment. We expect JKCE to deliver a strong 13% consolidated volume CAGR over FY25-28E to reach 29mt led by consistent capacity additions. We expect revenue/EBITDA/PAT CAGR of 16%/22%/22% over FY25-28E. The stock is currently trading at EV of ~15.8x/13.6x EBITDA of FY27E/28E. Initiate with 'ACCUMULATE'.***

**Fastest-growing cement producer in India to reach 40mtpa in FY28E:** JKCE plans to scale its capacity from 26.26mtpa to ~31mtpa by Q4FY26 through ongoing expansions of 3mtpa at Buxar (BR) and 1mtpa each at Panna (MP) and Hamirpur (HP). Recently, the company has announced a sizable capex of ~Rs48bn for a greenfield expansion of 7mtpa (3mtpa at Jaisalmer and 2mtpa each in Rajasthan and Punjab) to reach ~40mtpa. Further, capacity additions planned at Panna (MP), Muddapur (KN) and Odisha are expected to take JKCE's total capacity ~50mtpa by FY30, ensuring strong growth visibility and expanding market footprint.

**Focused on penetrating in stronger regions:** JKCE has 80%+ of its capacities in North and Central India with capacity market share of ~18% in the listed space. North has been one of the steadiest regions across the country with steady demand and firm prices. JKCE continued to maintain its market share during FY25, a very difficult year for the cement industry. It is expected to gain further market share with capacity additions. JKCE aims to be among the top 5 in majority markets by FY30E. The acquisition of 60% stake in Saifco Cements (J&K) further expands its footprint in the high-potential northern market.

**Consistently added capacities in white cement & putty:** White cement business along with putty, having stable realizations, is a key differentiator for JKCE. Over the past decade, the company has expanded white cement capacity nearly threefold to 1.72mtpa, supported by facilities in India and Fujairah (UAE), and today caters to markets across 38 countries. Its combined white cement and putty capacity is 3.05mtpa. With its established global presence and strong brand equity, white cement & putty volume is expected to register a healthy CAGR of ~9% over FY25-28E, sustaining its role as a core growth driver for the company.

**Key Financials - Consolidated**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| Sales (Rs. m) | 1,18,792 | 1,39,946 | 1,62,852 | 1,87,003 |
| EBITDA (Rs. m) | 20,271 | 25,033 | 31,062 | 36,451 |
| *Margin (%)* | *17.1* | *17.9* | *19.1* | *19.5* |
| PAT (Rs. m) | 8,619 | 10,278 | 13,295 | 15,612 |
| EPS (Rs.) | 111.5 | 133.0 | 172.1 | 202.0 |
| *Gr. (%)* | *8.7* | *19.3* | *29.4* | *17.4* |
| DPS (Rs.) | 15.0 | 15.0 | 15.0 | 15.0 |
| *Yield (%)* | *0.3* | *0.3* | *0.3* | *0.3* |
| *RoE (%)* | *15.0* | *15.7* | *17.4* | *17.4* |
| *RoCE (%)* | *12.6* | *14.2* | *15.6* | *15.8* |
| EV/Sales (x) | 3.9 | 3.4 | 3.0 | 2.6 |
| EV/EBITDA (x) | 22.9 | 19.1 | 15.8 | 13.6 |
| PE (x) | 49.3 | 41.3 | 31.9 | 27.2 |
| P/BV (x) | 7.0 | 6.1 | 5.2 | 4.4 |

| Key Data | JKCE.BO \| JKCE IN |
|---|---|
| 52-W High / Low | Rs.7,566 / Rs.4,219 |
| Sensex / Nifty | 84,675 / 25,939 |
| Market Cap | Rs.425bn/ $ 4,728m |
| Shares Outstanding | 77m |
| 3M Avg. Daily Value | Rs.631.01m |

**Shareholding Pattern (%)**

| | |
|---|---|
| Promoter's | 45.66 |
| Foreign | 18.57 |
| Domestic Institution | 21.74 |
| Public & Others | 14.03 |
| Promoter Pledge (Rs bn) | - |

**Stock Performance (%)**

| | 1M | 6M | 12M |
|---|---|---|---|
| Absolute | (4.6) | (10.7) | 20.1 |
| Relative | (3.4) | (11.8) | 11.0 |

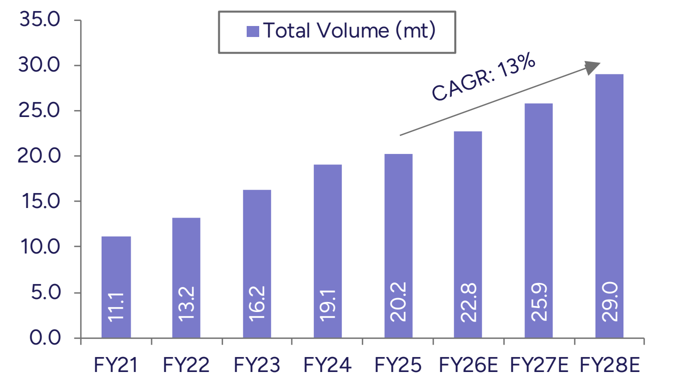

**Tushar Chaudhari**
tusharchaudhari@plindia.com | 91-22-663222391

**Satyam Kesarwani**
satyamkesarwani@plindia.com | 91-22-66322218

**Pranav Iyer**
pranaviyer@plindia.com | 91-22-66322539

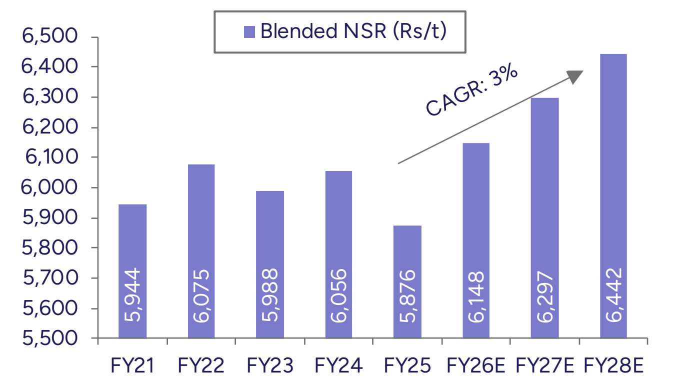
## Story in Charts

**Exhibit 25: Volumes to grow at 13% CAGR over FY25-28E**



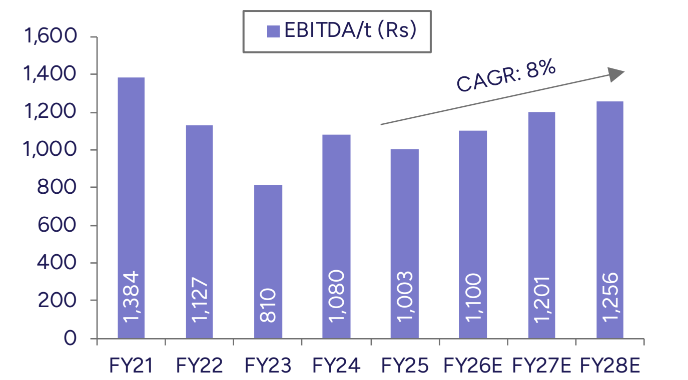

*Source: Company, PL*

**Exhibit 26: 3% CAGR assumed for blended NSR over FY25-28E**



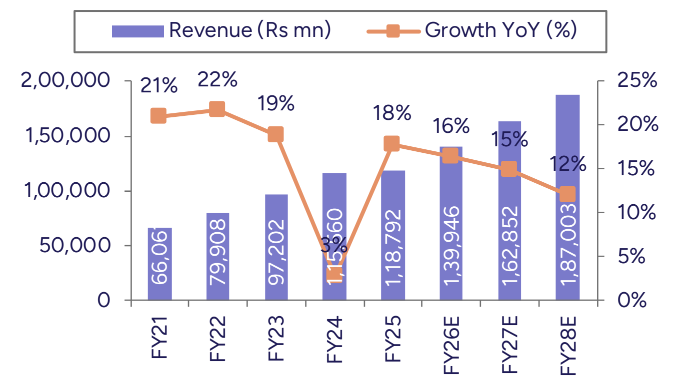

*Source: Company, PL*

**Exhibit 27: EBITDA/t to grow at 8% CAGR over FY25-28E**



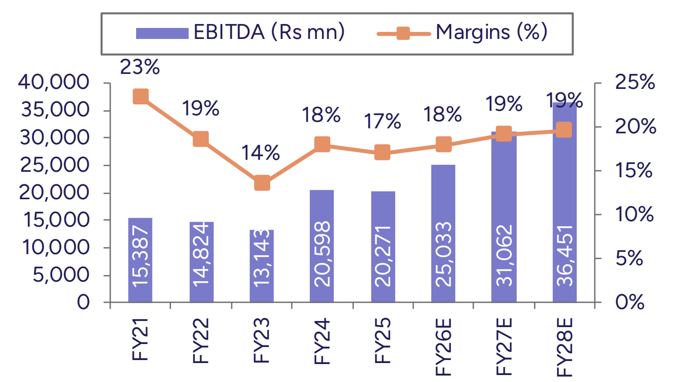

*Source: Company, PL*

**Exhibit 28: Strong revenue growth momentum led by volume**



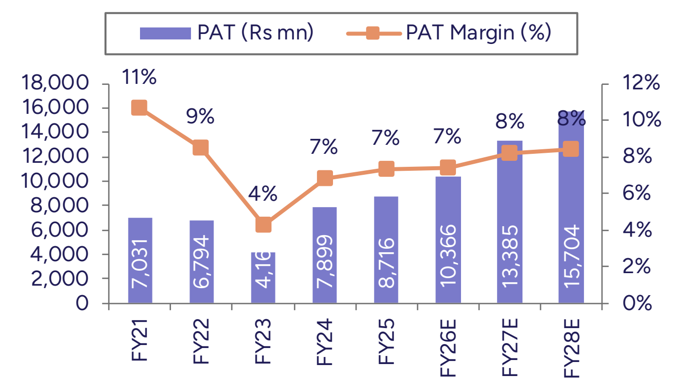

*Source: Company, PL*

**Exhibit 29: EBITDA margin to remain stable over FY25-28E**




*Source: Company, PL*

**Exhibit 30: PAT margin to gradually rise over FY25-28E**




*Source: Company, PL*

# JKCE: Focused on efficient growth

## About the Company

JK Cement Ltd (JKCE), a flagship company of the JK Organisation, is among India's top 5 cement manufacturers. Its first unit was established in 1975 at Nimbahera (Rajasthan) with a modest 0.3mtpa capacity. Over the last 5 decades, the company has evolved from a regional northern player into a pan-India franchise. Its consolidated grey cement capacity stands at 26.26mtpa and white cement and putty capacity at 3.05mtpa, making it a global leader in white cement.

The company operates through a well-diversified portfolio comprising grey cement, white cement, wall putty, tile adhesives, grouts, gypsum plaster, and paints under the JK Maxx brand. Its grey cement offerings include OPC, PPC, PSC, and premium variants like JK Super Strong and JK Super Protect, which cater to both trade and non-trade segments. With 15 manufacturing plants spread across 9 states and a unit in the UAE, the company caters to 22 states and union territories in India and exports white cement to over 38 countries, supported by a robust distribution network of ~92,000 channel partners.

JKCE has consistently delivered industry-leading EBITDA/t supported by its diverse product portfolio, strong logistics network, and disciplined cost management. Its focus on both expanding capacity and deepening market penetration, especially in high-growth regions like North and Central India, positions it well to capture incremental demand. At the same time, JKCE is leveraging its leadership in white cement and wall putty to build a broader building materials platform. This diversified approach, supported by prudent capital allocation and a strong execution track record, gives JKCE a competitive edge in this sector and sets the company for long-term growth.

## Investment Thesis

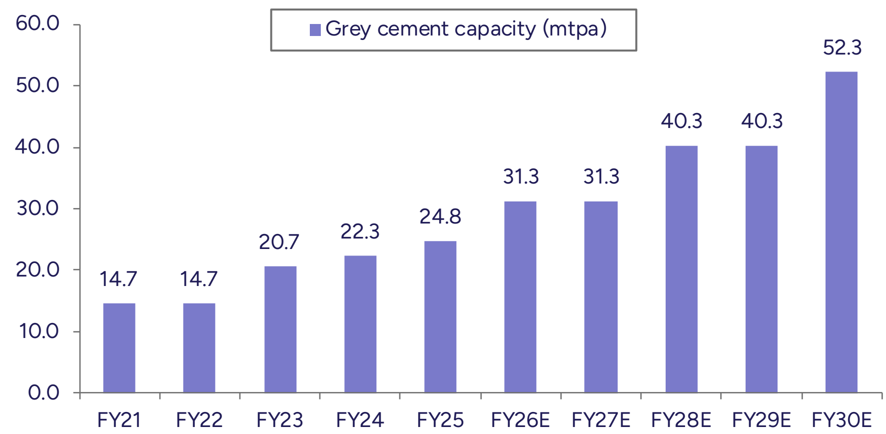
- Second fastest multiplier of capacities over past two decades (11% CAGR over FY05-26E)
- Visible capacity-led volume growth with geographic diversification into Central and East India and J&K, which should lift market share while offsetting regional price volatility to some extent
- Structural cost advantages from a high share of green power, expanding WHR, AFR ramp-up and blended cement orientation creating EBITDA/t resilience relative to peers
- Premiumization and value-added portfolio expansion with white cement and putty, provide margin accretion and diversification opportunities
- India's multi-year infrastructure and housing cycle, government capex at scale, and various government initiatives, to aid JKCE's growth plans

# Investment Arguments

## Fastest-growing cement producer in India

JKCE is in the strongest capacity expansion phase in its history. The management has outlined a roadmap to reach 50+mtpa by FY30E (16% CAGR over FY25-30E). JKCE plans to increase its grey cement capacity from 26.26mtpa to 31mtpa by end-FY26. As part of this, recently, a 1mtpa grinding unit at Prayagraj and a 3.3mtpa clinker line in Panna have been commissioned. The ongoing expansions, a mix of brownfield and greenfield projects, are aimed at deepening JKCE's presence across India.

**Exhibit 31: On track to achieve 50mtpa capacity by FY30E**




*Source: Company, PL*

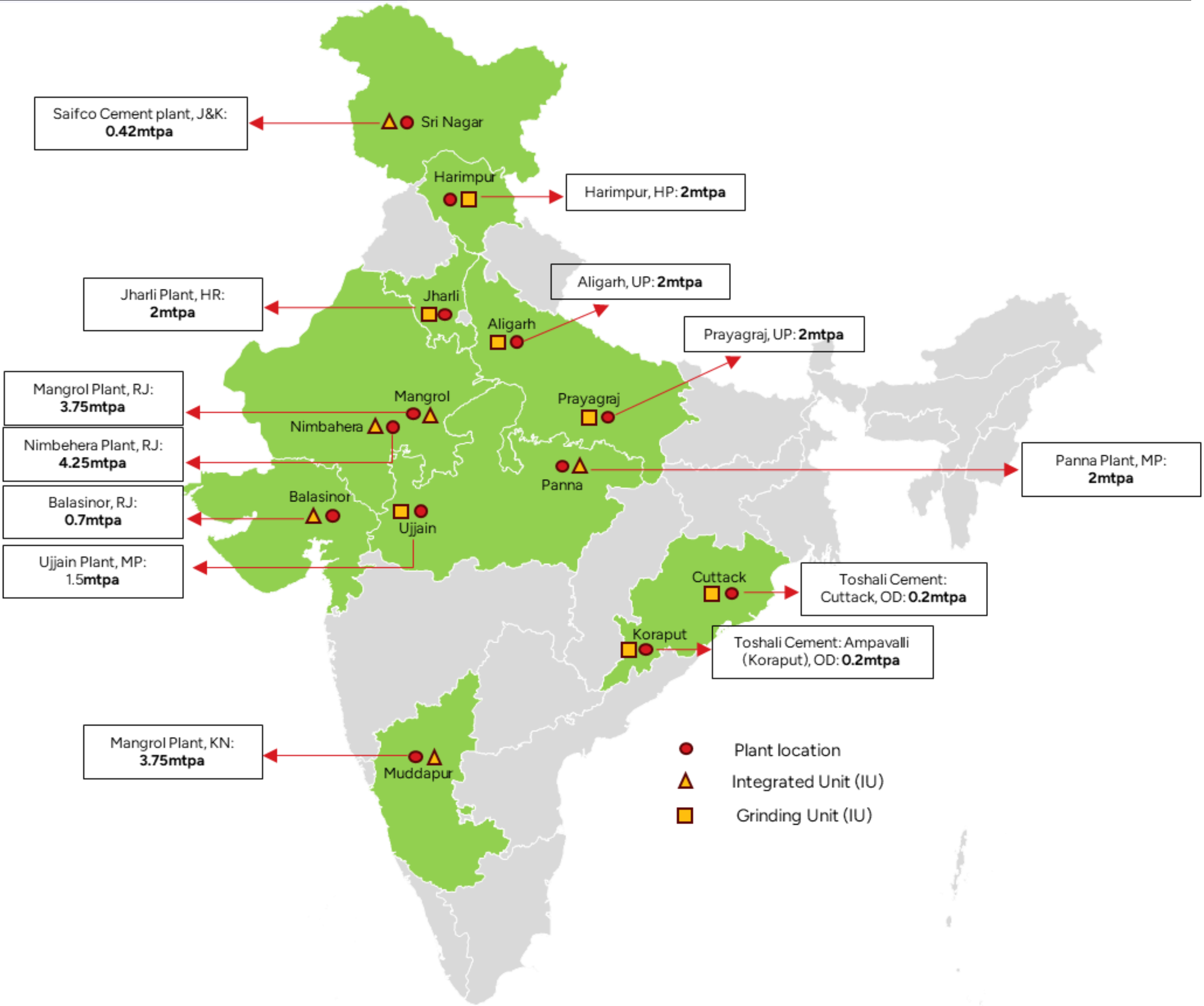
JKCE plans to scale its grey capacity from 26.26mtpa as of Oct'25 to ~31mtpa by the end of FY26 through ongoing expansions of 3mtpa split grinding unit at Buxar (BR) and 1mtpa each at Panna (MP) and Hamirpur (HP). Recently, the company has announced a sizable capex of ~Rs48bn for a greenfield expansion of 7mtpa, including 3mtpa at Jaisalmer and 2mtpa each in Rajasthan and Punjab. Further capacity additions planned at Panna, Muddapur and Odisha are expected to take JKCE's total capacity 50+mtpa by FY30, ensuring strong growth visibility and expanding market footprint.

**Exhibit 32: Capacity addition roadmap – FY26-30E**

| Plant | State | Region | Type | Capacity (mtpa) | Timeline |
|---|---|---|---|---|---|
| Panna | Madhya Pradesh | Central | Brownfield | 1 | FY26 |
| Hamirpur | Himachal Pradesh | North | Brownfield | 1 | FY26 |
| Buxar | Bihar | East | Greenfield | 3 | FY26 |
| Nimbahera | Rajasthan | North | Brownfield | 2 | FY28 |
| Muddapur | Karnataka | South | Brownfield | 2 | FY28 |
| Jaisalmer | Rajasthan | North | Greenfield | 3 | FY28 |
| Punjab | Punjab | North | Greenfield | 2 | FY28 |
| Muddapur | Karnataka | South | Brownfield | 3 | FY30 |
| Jaisalmer | Rajasthan | North | Brownfield | 3 | FY30 |
| Odisha | Odisha | East | Greenfield | 3 | FY30 |
| | | | **Total** | **26** | |

*Source: Company, PL*

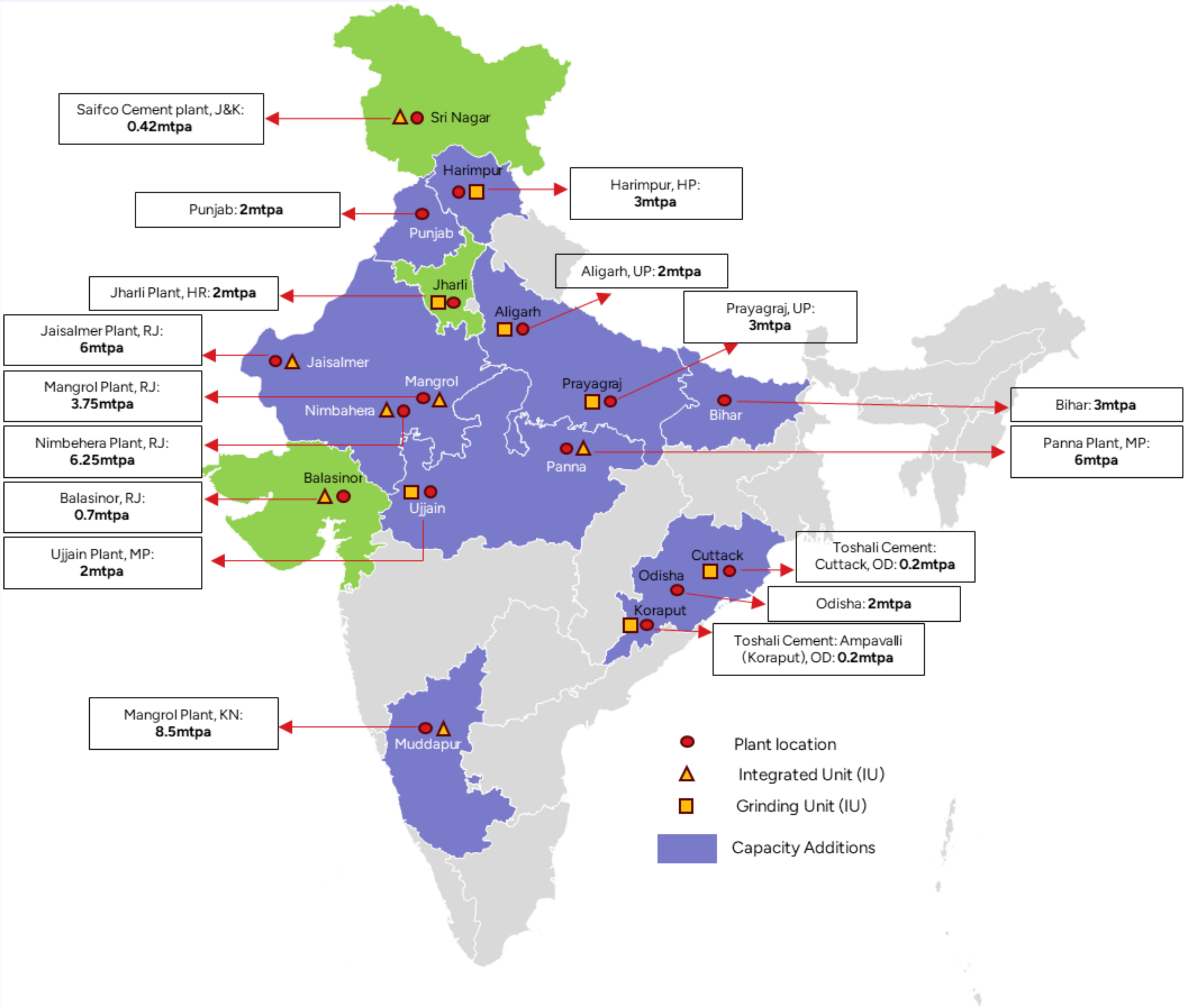
**Exhibit 33: Strong presence in high-growth regions – Total capacity stands at 26.26mtpa**




*Source: Company, PL*

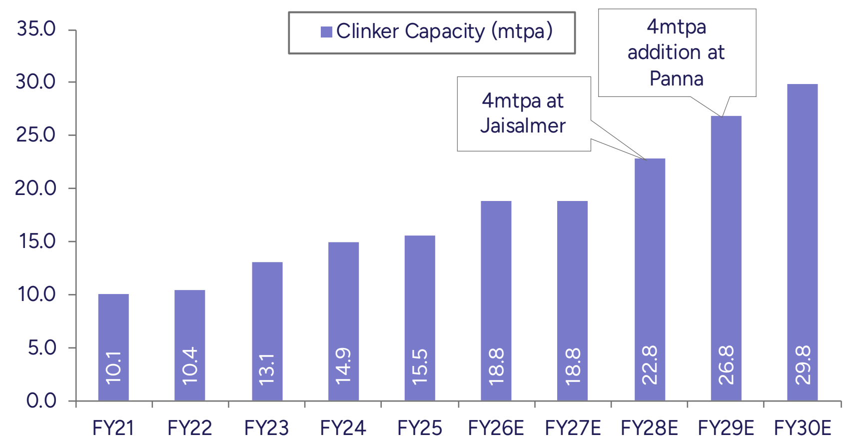
JKCE is planning to further increase its capacity by ~20mtpa by FY30. This will be achieved through capacity addition in Odisha (3mtpa), Muddapur (5mtpa), Panna (3mtpa) and Jaisalmer (3mtpa). This will transform JKCE into a pan-India player. Recently, it has acquired 60% stake in Saifco Cements in J&K, marking its entry in the region.

**Exhibit 34: Deepening its presence in high-growth regions – Total capacity to reach ~50mtpa by FY30E**




*Source: Company, PL*

**Exhibit 35: Clinker capacity additions of 4mtpa each at Jaisalmer & Panna**



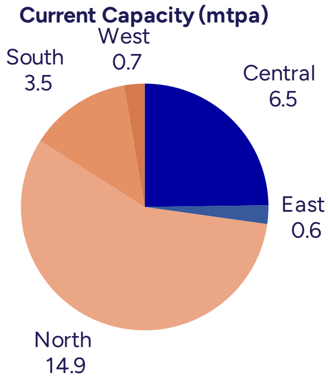

*Source: Company, PL*

Importantly, this expansion is happening without market dilution, because JKCE has already started building dealer presence in the regions before commissioning, ensuring immediate volume absorption.

## Focused on stronger regions

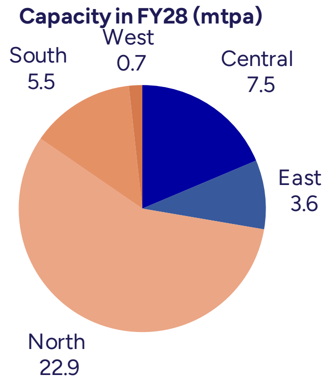
JKCE has a strong regional positioning with ~80% of its grey cement capacity located in the stable northern and central markets, 2 regions where the company has established strong brand equity, dealer relationships, and logistical advantages. In the northern region alone, JKCE commands ~12% market share, making it the 3rd largest player in a region that is known for stable pricing and steady demand. Despite FY25 being a challenging year for the industry due to general elections, weak demand and heightened competitive pressure, JKCE successfully maintained its market share across its major core markets.

**Exhibit 36: Current cement capacity (mtpa)**




*Source: Company, PL*

**Exhibit 37: Cement capacity to reach ~40mtpa in FY28**




*Source: Company, PL*

### Strategic entry into J&K through Saifco Cements stake acquisition

Acquisition of 60% stake in Saifco Cements (J&K) strategically strengthens JKCE's foothold in the high-potential northern region. J&K presents an attractive opportunity driven by robust government-led infrastructure spending, improving connectivity, and rising housing demand. The region has historically relied on clinker and cement inflows from nearby states like Punjab, Himachal Pradesh and Haryana, leading to higher delivered costs and inconsistent availability. With Saifco acquisition, JKCE gains a direct, on-ground manufacturing base in this supply-deficit market.

Saifco's integrated unit (0.26mt clinker and 0.42mt grinding) provides JKCE immediate access to local limestone. JKCE is the first major national cement manufacturer to establish direct capacity in the region, significantly enhancing its long-term competitiveness. With strong brand equity in North India and an established dealer network, JKCE can quickly scale Saifco's utilization level while pushing its premium products into a market where branded penetration remains relatively low.

JKCE is well positioned to capture early mover advantages, gain market share, and deepen its presence in a market with structural entry barriers. Overall, the Saifco acquisition aligns with JKCE's broader objective of becoming a top 5 player in all key operating regions by FY30E.

**Exhibit 38: Region-wise top 5 listed players in India – As of today**

| Central (75mtpa) | Share (%) | East (155mtpa) | Share (%) | North (139mtpa) | Share (%) | South (167mtpa) | Share (%) | West (89mtpa) | Share (%) |
|---|---|---|---|---|---|---|---|---|---|
| Ultratech | 39% | Ultratech | 19% | Ultratech | 26% | Ultratech | 23% | Ultratech | 34% |
| Birla Corp | 11% | Dalmia | 17% | Shree | 23% | Ramco | 9% | Ambuja | 20% |
| ACC | 9% | Shree | 12% | JK Cement | 9% | Ambuja | 9% | Nuvoco | 6% |
| JK Cement | 8% | Nuvoco | 11% | Ambuja | 8% | Dalmia | 8% | JSW Cement | 4% |
| Heidelberg | 7% | Ambuja | 7% | JK Lakshmi Cement | 7% | JSW Cement | 5% | Birla Corp | 4% |

*Source: Company, PL*

Management's strategy is to gain market share through calibrated capacity expansion. Upcoming capacities at Panna, Hamirpur and Buxar will not only deepen JKCE's presence in North and Central India but also open access to the promising eastern markets once growth picks up.

**Exhibit 39: Region-wise top 5 listed players – FY28E***

| Central (95mtpa) | Share (%) | East (186mtpa) | Share (%) | North (185mtpa) | Share (%) | South (206mtpa) | Share (%) | West (115mtpa) | Share (%) |
|---|---|---|---|---|---|---|---|---|---|
| Ultratech | 37% | Ultratech | 21% | Ultratech | 29% | Ultratech | 23% | Ultratech | 32% |
| Birla Corp | 13% | Dalmia | 15% | Shree | 20% | Ambuja | 11% | Ambuja | 26% |
| ACC | 7% | Ambuja | 12% | Ambuja | 13% | Dalmia | 10% | JSW Cement | 7% |
| JK Cement | 7% | Nuvoco | 11% | JK Cement | 12% | Ramco | 8% | Nuvoco | 5% |
| Ambuja | 7% | Shree | 10% | JK Lakshmi | 5% | JSW Cement | 5% | Dalmia | 5% |

*Source: Company, PL; *Comparison based on capacities announced by major players till FY28*

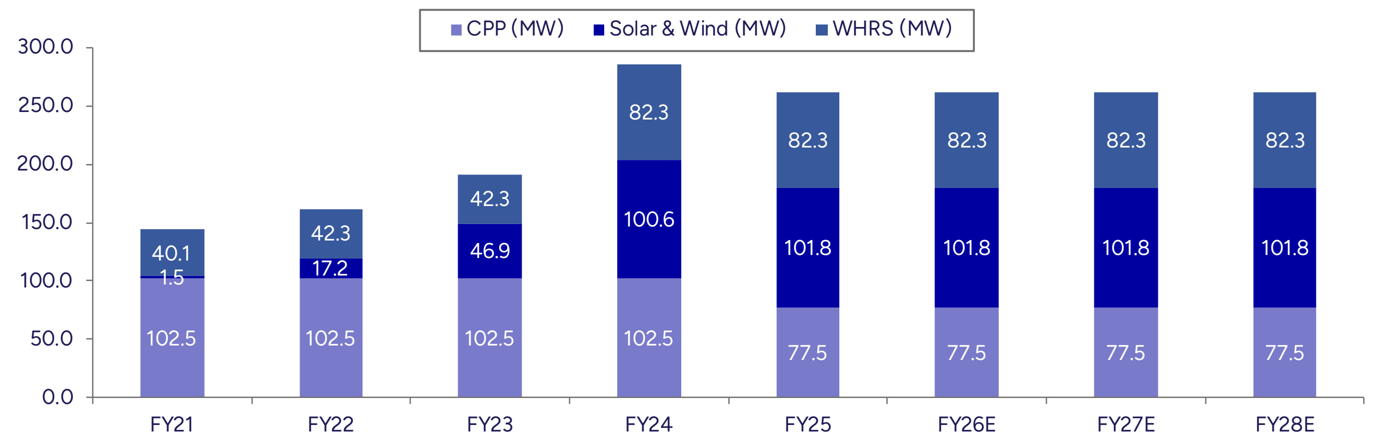
Overall, JKCE's entrenched presence in the North, coupled with its expansion-driven scale-up across North, Central and East India, positions it well to capture market-share gains, optimize logistics cost, and consolidate leadership in its core markets over FY26-30E.

## Rising green energy share to aid profitability

JKCE continued to strengthen its energy efficiency profile in FY25, with a rising share of green and waste-heat-based power, materially supporting its cost structure. The company now operates 82.3MW of WHRS across its key plants (Nimbahera, Mangrol, Muddapur and Panna), alongside a rapidly expanding RE mix through group-captive and third-party solar/wind tie-ups.

JKCE has emerged as one of the leaders in energy transition in the cement sector, with its RE share steadily scaling up from 19% in FY20 to 51% in FY25, which is above the sector average. The mix is well diversified, with 35.5% from WHRS, 4% from captive renewable plants, and 11.5% from purchased RE.

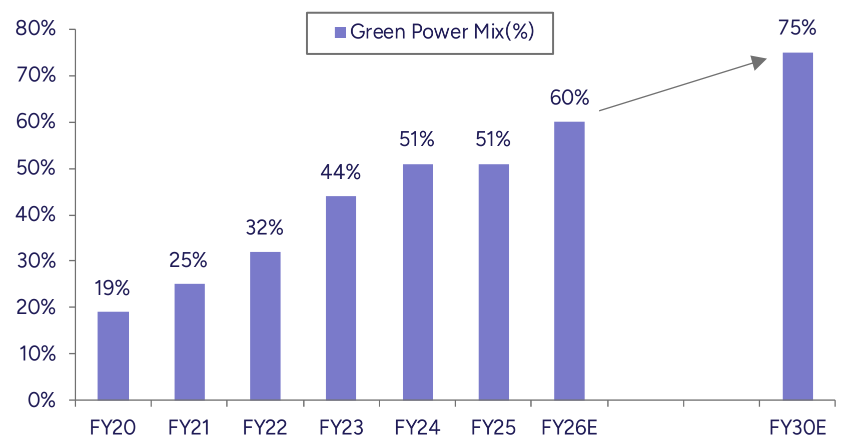
**Exhibit 40: Green power capacity (MW)**




*Source: Company, PL*

The company plans to increase its RE share to 75% by FY30E backed by capacity additions in WHRS and long-term renewable tie-ups.

**Exhibit 41: On track to cross 75% green power share by FY30E**




*Source: Company, PL*

Currently, the company has ~274MW of solar and wind PPAs signed, which will progressively ramp up its green power availability over the medium term. This shift toward green power is strategically important as it provides a structural hedge against fuel price volatility, supports margin resilience, and helps sustain industry-leading EBITDA/t.

**Exhibit 42: Proposed green power capacity additions**

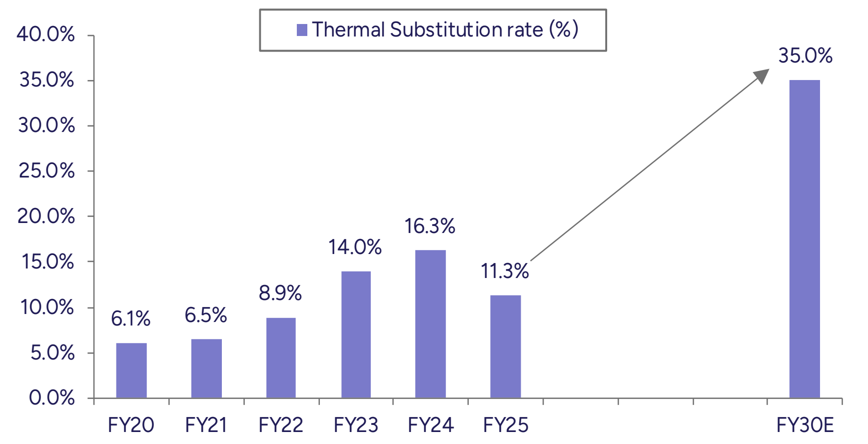
| Plant | State | Region | Proposed capacity (MW) |
|---|---|---|---|
| Nimbahera | Rajasthan | North | 70.0 |
| Mangrol | Rajasthan | North | 70.0 |
| Muddapur | Karnataka | South | 11.6 |
| Gotan | Rajasthan | North | 12.0 |
| Balasinor | Gujarat | West | 4.6 |
| Hamirpur | Himachal Pradesh | North | 9.0 |
| Prayagraj | Uttar Pradesh | Central | 13.0 |
| **Total** | | | **190.2** |

*Source: Company, PL*

The energy transition is strategically important because power and fuel account for a large part of cement manufacturing cost. WHRS and renewables provide power at a substantially lower cost compared to the grid and thermal sources, shielding JKCE from volatility in imported coal/petcoke prices.

As new capacities at Panna and Hamirpur, and the upcoming Bihar grinding unit ramp up through FY27, their integrated WHRS and green power linkages will drive incremental savings, improving the consolidated EBITDA/t trajectory from FY25 levels.

**Exhibit 43: JKCE plans to reach 35% TSR by FY30E**




*Source: Company, PL*

Thermal substitution rate (TSR) declined to 11.34% in FY25 from 16.3% in FY24 due to lower availability of alternative fuels and biomass, coupled with operational ramp-up at newer units, which initially rely more on conventional kiln fuels.

As these plants stabilize and AF sourcing improves, TSR is expected to recover gradually. The management expects TSR to increase to 35% by FY30E through AF and biomass. The increase in green power would show stronger acceptance of its premium green products (PSC, PPC, Weather Shield, Wall Maxx) across trade markets.

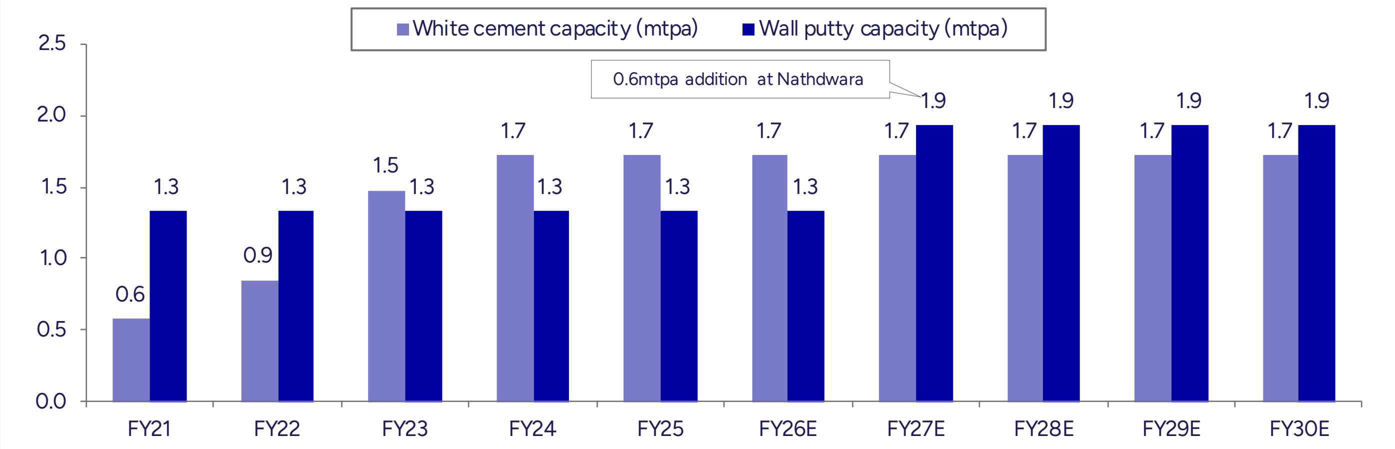
Expanding RE sourcing and a declining clinker factor create structural margin tailwinds, helping improve profitability as the full benefit of JKCE's energy transition flows through over the years.

## Consistently added capacities in white cement & putty

JKCE has emerged as India's undisputed leader in white cement, backed by a 40-year legacy and a fully integrated manufacturing platform that provides a steady margin and pricing advantage over peers. Over years, it has consistently added capacities both in white cement and putty to reach consolidated 3.05mtpa capacity, including its Fujairah (UAE) facility, supported by domestic manufacturing at Gotan (Rajasthan) and Katni (Madhya Pradesh). With ongoing capex of 0.6mtpa at Nathdwara (Rajasthan), total white cement capacity would reach 3.65mtpa by FY27E. This will position JKCE among the largest white cement producers globally and a clear market leader in India.

White cement and value-added products contributed to ~19% of FY25 revenue, providing stability to earnings versus the volatile grey cement business during a difficult year for the cement industry. JKCE's brands – JK Super Cement, JK White Cement, JK WallMaxX Putty, and JK Maxx Paints – enjoy strong visibility across urban and rural markets, supported by a large network of ~92,000 dealers/retailers.

**Exhibit 44: Leader in white cement and wall putty segments in India**



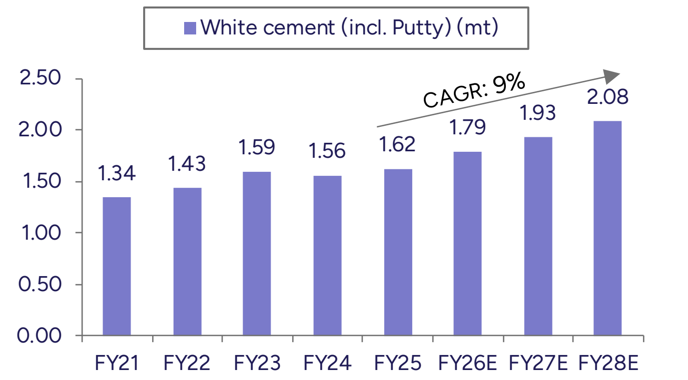

*Source: Company, PL*

JKCE pioneered India's first limestone-based dry-process white cement plant at Gotan in the 1980s. Today, JKCE runs 2 white cement lines at Gotan and a putty plant at Katni. Domestic footprint is complemented by its international white cement facility in Fujairah (UAE), which supplies white cement to 38 countries across GCC, Africa, South Asia and Latin America – the highest by any Indian player.

**Exhibit 45: JKCE's white cement and wall putty product portfolio**

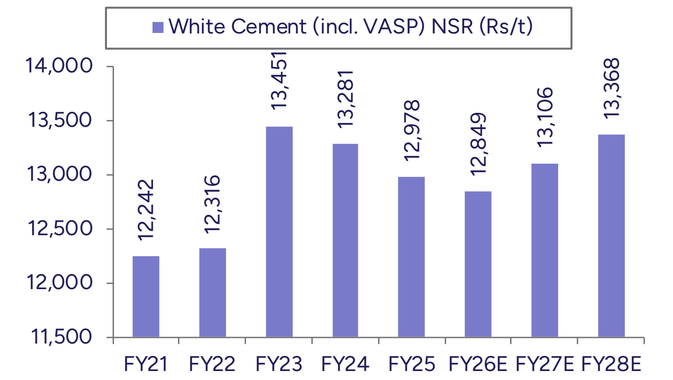

*Source: Company*

**Exhibit 46: White cement volume to grow at 9% CAGR**




*Source: Company, PL*

**Exhibit 47: Rising competition impacted white cement NSR**




*Source: Company, PL*

Volume is expected to grow at ~9% CAGR from FY25-28E. Limited competition allows the company to consistently pass on cost increases and maintain premium pricing. Although over last few years, there was incremental pressure on NSR from new players in putty, with rising growth, all capacities are expected to get absorbed stabilizing prices. This business acts as a margin driver for JKCE, offering earnings stability and supporting the company's premiumization strategy.

## Well-diversified product portfolio

Over the years, JKCE has evolved from a pure-play grey cement producer into a multi-category building materials platform, with meaningful contributions from white cement, wall putty, allied products, and paints. This diversification has strengthened the company's earnings profile and positioned JKCE to capture value across the broader home-building ecosystem.

White cement and putty remain margin accretive for the company, while tile adhesives and grouts will benefit with the anticipated rise in tiles markets and modern construction practices.

**Exhibit 48: Tile adhesives & grouts**


*Source: Company*

In the allied category, JKCE has expanded aggressively into tile adhesives, epoxy and cementitious grouts, waterproofing solutions, gypsum plasters, and wood finishes, leveraging its white cement brand equity and distribution network.

**Exhibit 49: Gypsum plasters & wood finishes**


*Source: Company*

The paints segment (JK Maxx Paints) has scaled rapidly, achieving ~Rs2.75bn in gross revenue in FY25, just 2 years after launch. The management expects the business to reach Rs4–5bn in FY26 and ~Rs6bn by FY27, with EBITDA breakeven targeted by FY27, as operating leverage and distribution ramp-up kick in.

**Exhibit 50: Growing product portfolio in the paints segment**

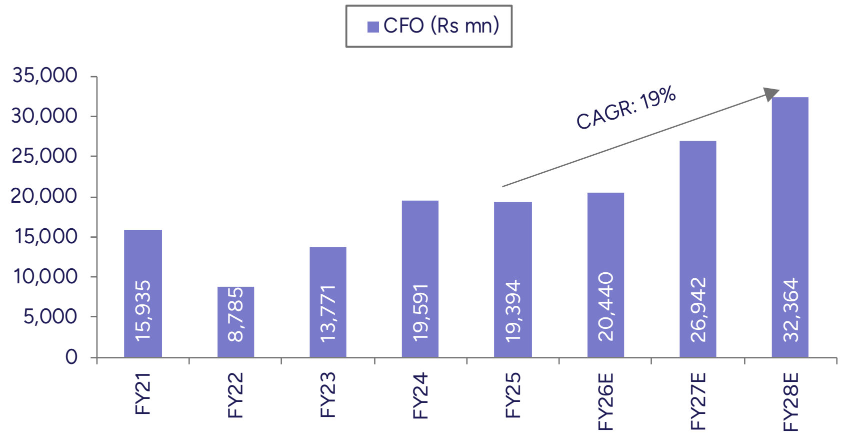

*Source: Company*

This diversified portfolio reduces dependence on the cyclical grey cement pricing, enhances margin resilience, and deepens customer stickiness across construction stages.

## Robust operating cash flows to support growth

JKCE continues to generate strong and consistent operating cash flows, enabling it to fund its accelerated capacity expansion cycle without stretching the balance sheet. Healthy profitability disciplined working capital management, and rising utilization have supported solid cash flow generation over the years, helping the company maintain a comfortable leverage, despite ongoing capex.

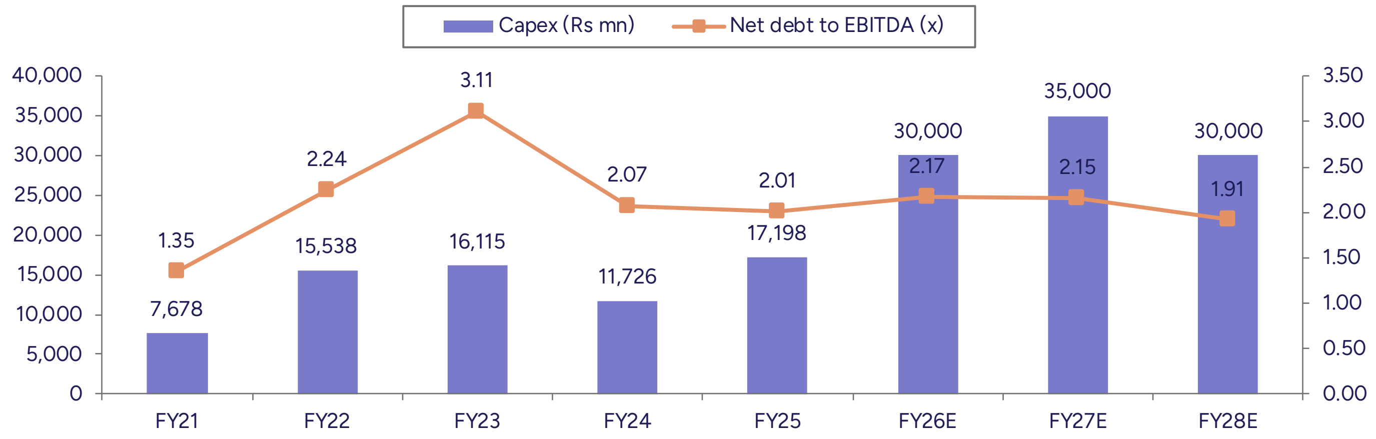
**Exhibit 51: Robust cash flows to aid capacity additions over FY25-28E**




*Source: Company, PL*

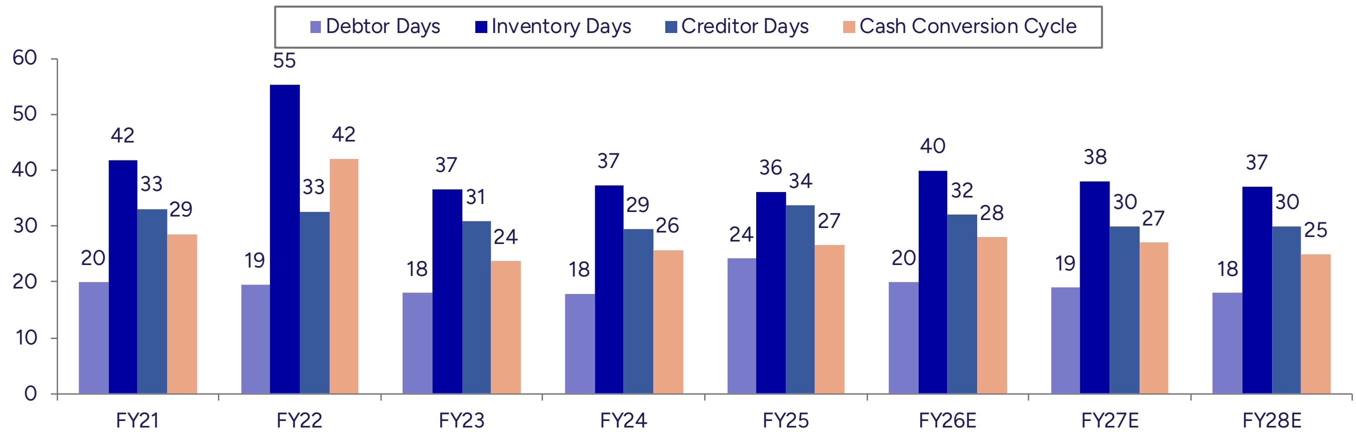
JKCE has been consistently generating strong operating cash flows averaging ~Rs15bn over FY20-25. This is expected to continue aided by the increase in market share across the regions through capacity additions.

**Exhibit 52: Net debt to EBITDA to remain around the guided level of 2x despite ongoing capex**




*Source: Company, PL*

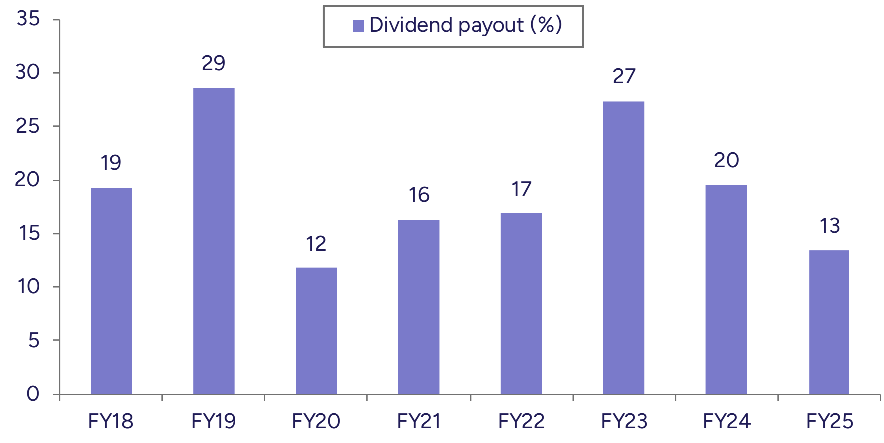
**Exhibit 53: Stable core capital working days indicating steady operations and low volatility in day-to-day cash flows**




*Source: Company, PL*

We expect the company's strong cash flow profile to sustain, aided by steady prices across key regions, margin resilience from premium products, rising green energy share, and steady volume growth, providing adequate headroom for future capex without materially straining the balance sheet. Going ahead, we expect JKCE to deliver ~Rs24bn average over FY26-28E.

**Exhibit 54: Consistency in returning capital to shareholders along with growth**




*Source: Company, PL*

A consistent dividend payout reflects the company's strong cash-flow-generation capability over the years while maintaining growth capex. We believe the company will continue returning capital to shareholders, supported by steady growth in operating cash flows.

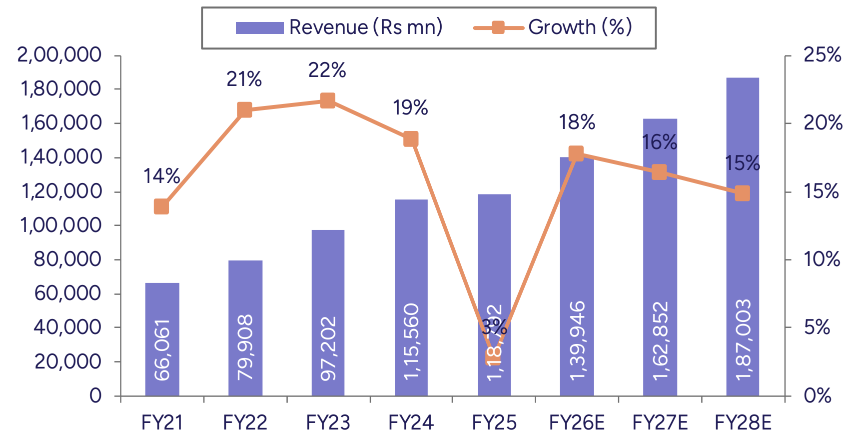
## Financial Overview

### Revenue to clock 16% CAGR over FY25-28E

JKCE delivered 13% revenue CAGR over FY15–25, driven by consistent growth in grey cement sales volume. White cement also played a significant role, growing at 6% CAGR.

Going forward, we expect total revenue to grow at 16% CAGR over FY25–28E, led by robust volume growth supported by aggressive capacity additions. Realizations are also expected to improve, driven by new capacities coming up in high-growth regions like North and Central India. Further improvements from premium products and rising contribution from value-added segments like putty, paints and grouts should provide an incremental boost to revenue growth.

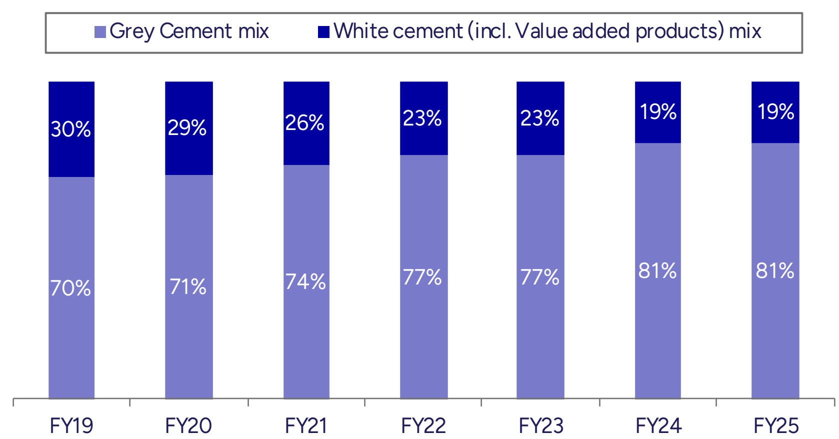
**Exhibit 55: Revenue to clock 16% CAGR over FY25-28E**




*Source: Company, PL*

Despite increasing diversification into white cement, putty and paints, grey cement will continue to remain the core business, contributing to ~80% of JKCE's revenue over the forecast period. Therefore, volume growth from upcoming grey cement capacities will remain the primary driver of top-line momentum.

**Exhibit 56: Grey cement accounts for ~80% of total revenue**



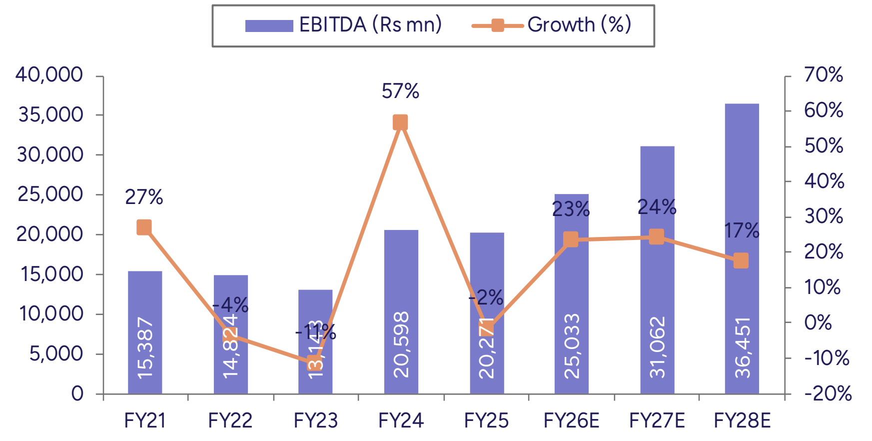

*Source: Company, PL*

## Expect EBITDA CAGR of ~22% over FY25-28E

We expect EBITDA margin to remain in the range of 17–24% during FY25–28E, supported by better pricing, volume growth in higher priced regions, and lower operating costs.

Improving green power mix and rising blended cement share should further stabilize margins, while operating leverage from the ramp-up of new capacities is likely to provide incremental upside to EBITDA growth.

**Exhibit 57: EBITDA CAGR to be 22% over FY25-28E**



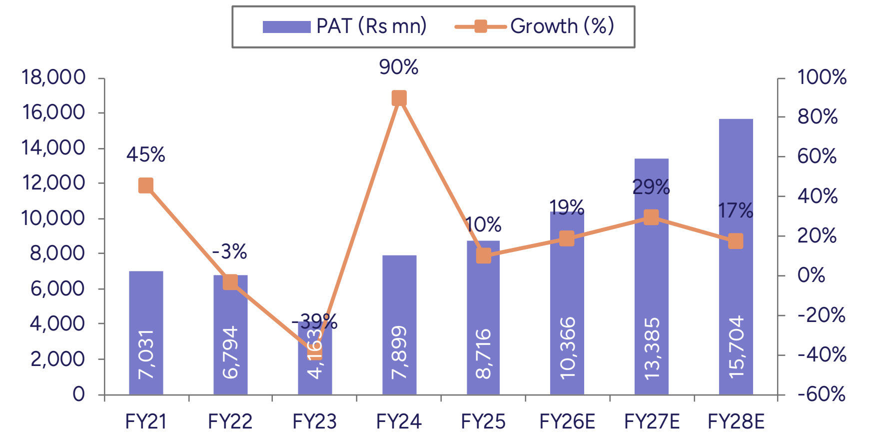

*Source: Company, PL*

## PAT CAGR of 22% expected over FY25-28E

Cement, being a cash-generative business, is expected to continue delivering strong profitability, resulting in robust average annual cash flow generation of around ~Rs26bn.

This improvement will be driven by operating leverage from new capacities, lower fuel and power costs, and a diverse product mix. Strengthening balance-sheet metrics and rising internal accruals will further support JKCE's growth strategy.

**Exhibit 58: PAT to clock 22% CAGR in FY25-28E**

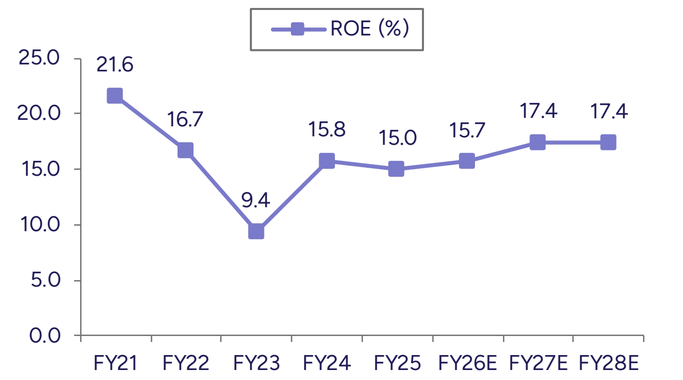



*Source: Company, PL*

JKCE's return ratios are set to rise meaningfully over the forecast period as the company enters the next leg of expansion cycle. After falling to 9.4% in FY23 due to subdued profitability and ongoing capex, RoE recovered to 15.0% in FY25 and is expected to rise steadily to ~17% by FY28E, driven by stronger earnings, margin expansion, and better utilization of recently commissioned capacities.

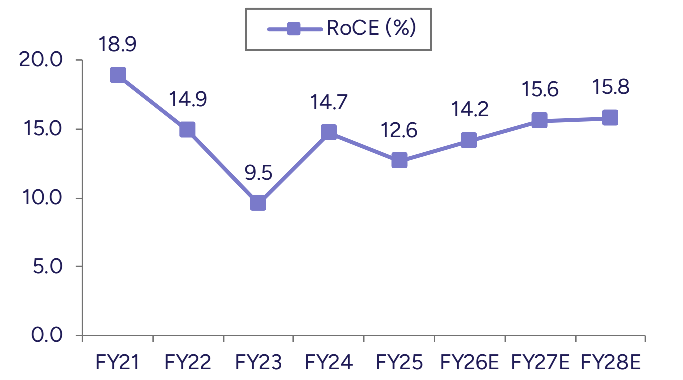
Similarly, RoCE is projected to increase from 12.6% in FY25 to ~16% by FY28E, reflecting improving asset turns as large projects ramp up and start contributing to returns. Operating leverage, higher green power mix, and diverse product mix will support this sustained improvement in return ratios, positioning JKCE for stronger capital efficiency through FY28E.

**Exhibit 59: RoE consistently rising**




*Source: Company, PL*

**Exhibit 60: RoCE improvement to continue**

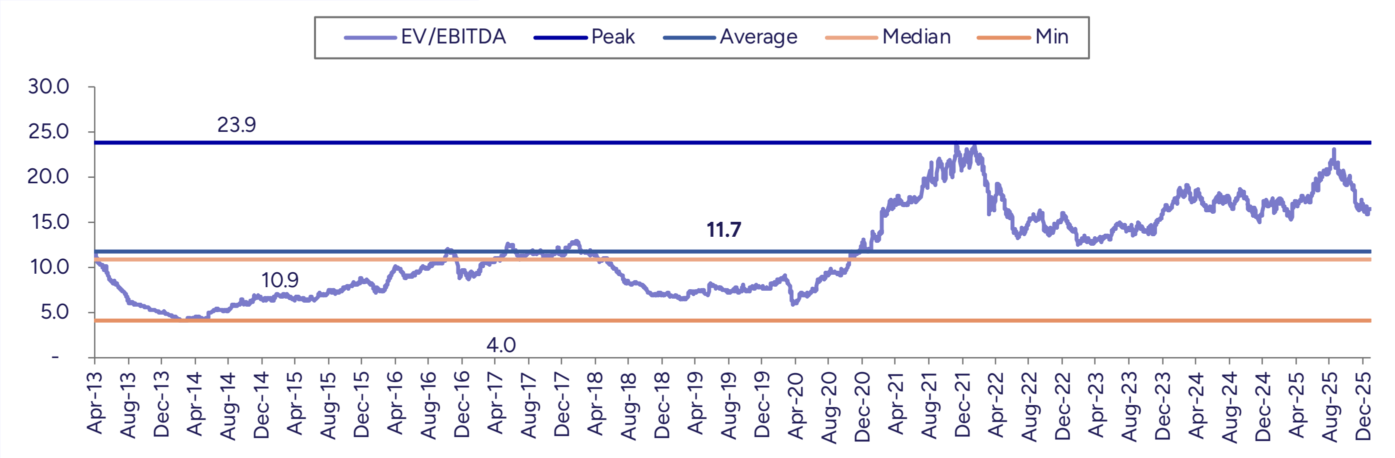



*Source: Company, PL*

## Valuation

JKCE is transitioning into a phase of stronger earnings visibility as its recent and ongoing capacity additions begin to meaningfully contribute to volumes and margins. With the ~30mtpa/40mtpa capacity visibility by FY26E/FY28E, the company is positioned to benefit from improving utilisation, operating leverage, and cost efficiencies. Structural advantages from secured raw materials, rising low-cost green power, and disciplined capital allocation support a sustained improvement in profitability, forming the basis for a higher valuation multiple.

**Exhibit 61: EV/EBITDA band chart – Long-term average is ~12x for JKCE**




*Source: Company, PL*

We believe JKCE deserves to trade above its long-term average multiple due to clear visibility on sustained volume growth, structurally higher margins, and improving return ratios as the company scales toward ~50mtpa. Additionally, timely multiplying capacities, leadership in white cement, rising green power share, and strong cash-flow generation warrant a premium to historical average valuations of 12x. We assign JKCE 15x Mar'28E EV/EBITDA multiple.

With the cement sector entering a multi-year upcycle led by government infrastructure, JKCE is well positioned to deliver robust growth and improve profitability. We expect JKCE to deliver EBITDA CAGR of ~22% over FY25-28E. At CMP the stock trades at an EV of 15.8x/13.6x FY27E/FY28E EBITDA. Initiate coverage with **'ACCUMULATE' rating** and **TP of Rs6,173.**

**Exhibit 62: Valuation table**

| Consolidated | |
|---|---|
| EBITDA-Mar'28E (Rs mn) | 36,451 |
| EV/EBITDA (x) | 15 |
| EV (Rs mn)-(a) | 5,46,768 |
| Less: Net debt (Rs mn)-(b) | 69,802 |
| Residual Value (Rs mn)-(a-b) | 4,76,966 |
| Shares Outstanding (mn) | 77 |
| **Fair Value/ share (Rs)** | **6,173** |

*Source: PL*

## Key Risks

Pricing fragility remains a sector characteristic: elevated competitive intensity, particularly in North India clusters, where larger players are active, can compress margins, despite cost efficiencies if muted demand scenario persists.

Volatility in petcoke/coal prices and rail logistics constraints could temporarily offset benefits from renewable and WHR expansion.

Execution risk around greenfield timelines, including regulatory approvals, may push out capacity dates, impacting planned volume ramps.

The paints venture, while promising, carries scale-up risks on brand preference, channel stickiness and working-capital discipline; prolonged losses would dilute consolidated margins if not contained.

# Financials

**Income Statement (Rs m)**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| **Net Revenues** | **1,18,792** | **1,39,946** | **1,62,852** | **1,87,003** |
| *YoY gr. (%)* | *2.8* | *17.8* | *16.4* | *14.8* |
| Cost of Goods Sold | 20,175 | 24,077 | 27,083 | 30,705 |
| Gross Profit | 98,616 | 1,15,869 | 1,35,770 | 1,56,298 |
| *Margin (%)* | *83.0* | *82.8* | *83.4* | *83.6* |
| Employee Cost | 9,017 | 9,919 | 10,713 | 11,570 |
| Other Expenses | 69,327 | 80,916 | 93,995 | 1,08,277 |
| | | | | |
| **EBITDA** | **20,271** | **25,033** | **31,062** | **36,451** |
| *YoY gr. (%)* | *(1.6)* | *23.5* | *24.1* | *17.4* |
| *Margin (%)* | *17.1* | *17.9* | *19.1* | *19.5* |
| | | | | |
| Depreciation and Amortization | 6,015 | 7,279 | 8,404 | 9,779 |
| | | | | |
| **EBIT** | **14,257** | **17,754** | **22,658** | **26,672** |
| *Margin (%)* | *12.0* | *12.7* | *13.9* | *14.3* |
| | | | | |
| Net Interest | 4,592 | 4,796 | 5,516 | 6,356 |
| Other Income | 1,730 | 1,851 | 1,980 | 2,119 |
| | | | | |
| **Profit Before Tax** | **12,418** | **14,808** | **19,121** | **22,435** |
| *Margin (%)* | *10.5* | *10.6* | *11.7* | *12.0* |
| | | | | |
| Total Tax | 3,702 | 4,443 | 5,736 | 6,730 |
| *Effective tax rate (%)* | *29.8* | *30.0* | *30.0* | *30.0* |
| | | | | |
| **Profit after tax** | **8,716** | **10,366** | **13,385** | **15,704** |
| Minority interest | 111 | 111 | 113 | 115 |
| Share Profit from Associate | 6 | 23 | 23 | 23 |
| | | | | |
| **Adjusted PAT** | **8,619** | **10,278** | **13,295** | **15,612** |
| *YoY gr. (%)* | *8.7* | *19.3* | *29.4* | *17.4* |
| *Margin (%)* | *7.3* | *7.3* | *8.2* | *8.3* |
| Extra Ord. Income / (Exp) | - | - | - | - |
| | | | | |
| **Reported PAT** | **8,611** | **10,278** | **13,295** | **15,612** |
| *YoY gr. (%)* | *8.9* | *19.4* | *29.4* | *17.4* |
| *Margin (%)* | *7.2* | *7.3* | *8.2* | *8.3* |
| | | | | |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 8,611 | 10,278 | 13,295 | 15,612 |
| **Equity Shares O/s (m)** | **77** | **77** | **77** | **77** |
| **EPS (Rs)** | **111.5** | **133.0** | **172.1** | **202.0** |

*Source: Company Data, PL Research*

**Balance Sheet Abstract (Rs m)**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| **Non-Current Assets** | | | | |
| | | | | |
| **Gross Block** | **1,30,858** | **1,65,170** | **1,75,170** | **2,20,170** |
| Tangibles | 1,28,078 | 1,63,078 | 1,73,078 | 2,18,078 |
| Intangibles | 2,780 | 2,092 | 2,092 | 2,092 |
| | | | | |
| **Acc: Dep / Amortization** | **39,244** | **45,836** | **54,240** | **64,018** |
| Tangibles | 38,557 | 45,836 | 54,240 | 64,018 |
| Intangibles | 688 | - | - | - |
| | | | | |
| **Net fixed assets** | **91,613** | **1,19,334** | **1,20,930** | **1,56,152** |
| Tangibles | 89,521 | 1,17,242 | 1,18,838 | 1,54,059 |
| Intangibles | 2,092 | 2,092 | 2,092 | 2,092 |
| | | | | |
| Capital Work In Progress | 13,175 | 8,175 | 33,175 | 18,175 |
| Goodwill | 1,602 | 1,602 | 1,602 | 1,602 |
| Non-Current Investments | 5,383 | 5,383 | 5,383 | 5,383 |
| Net Deferred tax assets | (12,215) | (14,288) | (16,965) | (20,106) |
| Other Non-Current Assets | 5,007 | 5,007 | 5,007 | 5,007 |
| | | | | |
| **Current Assets** | | | | |
| Investments | 4,567 | 4,567 | 4,567 | 4,567 |
| Inventories | 11,751 | 15,337 | 16,954 | 18,956 |
| Trade receivables | 7,866 | 7,668 | 8,477 | 9,222 |
| Cash & Bank Balance | 13,697 | 2,143 | 5,503 | 7,586 |
| Other Current Assets | 4,715 | 5,423 | 6,239 | 7,099 |
| **Total Assets** | **1,66,816** | **1,83,567** | **2,18,210** | **2,45,643** |
| | | | | |
| **Equity** | | | | |
| Equity Share Capital | 773 | 773 | 773 | 773 |
| Other Equity | 60,117 | 69,324 | 81,550 | 96,095 |
| **Total Networth** | **60,890** | **70,097** | **82,323** | **96,868** |
| | | | | |
| **Non-Current Liabilities** | | | | |
| Long Term borrowings | 46,003 | 48,003 | 64,003 | 69,003 |
| Provisions | 335 | 335 | 335 | 335 |
| Other non current liabilities | 7,518 | 7,518 | 7,518 | 7,518 |
| | | | | |
| **Current Liabilities** | | | | |
| ST Debt / Current of LT Debt | 12,952 | 12,952 | 12,952 | 12,952 |
| Trade payables | 10,981 | 12,269 | 13,385 | 15,370 |
| Other current liabilities | 15,147 | 17,219 | 19,729 | 22,376 |
| **Total Equity & Liabilities** | **1,66,816** | **1,83,567** | **2,18,210** | **2,45,643** |

*Source: Company Data, PL Research*

### Cash Flow (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| PBT | 12,424 | 14,808 | 19,121 | 22,435 |
| Add. Depreciation | 6,015 | 7,279 | 8,404 | 9,779 |
| Add. Interest | 4,507 | 4,796 | 5,516 | 6,356 |
| Less Financial Other Income | 1,730 | 1,851 | 1,980 | 2,119 |
| Add. Other | (1,639) | (1,851) | (1,980) | (2,119) |
| Op. profit before WC changes | 21,306 | 25,033 | 31,062 | 36,451 |
| Net Changes-WC | 92 | (2,223) | (1,060) | (497) |
| Direct tax | (2,004) | (2,369) | (3,059) | (3,590) |
| **Net cash from Op. activities** | **19,394** | **20,440** | **26,942** | **32,364** |
| Capital expenditures | (16,983) | (30,000) | (35,000) | (30,000) |
| Interest / Dividend Income | 1,627 | 1,851 | 1,980 | 2,119 |
| Others | (3,740) | - | - | - |
| **Net Cash from Invt. activities** | **(19,097)** | **(28,149)** | **(33,020)** | **(27,881)** |
| Issue of share cap. / premium | - | - | - | - |
| Debt changes | 6,987 | 2,000 | 16,000 | 5,000 |
| Dividend paid | (1,544) | (1,159) | (1,159) | (1,159) |
| Interest paid | (4,401) | (4,796) | (5,516) | (6,356) |
| Others | (303) | 111 | 113 | 115 |
| **Net cash from Fin. activities** | **738** | **(3,845)** | **9,438** | **(2,400)** |
| **Net change in cash** | **1,035** | **(11,554)** | **3,360** | **2,083** |
| Free Cash Flow | 2,196 | (9,560) | (8,058) | 2,364 |

*Source: Company Data, PL Research*

### Key Financial Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| **Per Share(Rs)** | | | | |
| EPS | 111.5 | 133.0 | 172.1 | 202.0 |
| CEPS | 189.4 | 227.2 | 280.8 | 328.6 |
| BVPS | 788.0 | 907.2 | 1,065.4 | 1,253.6 |
| FCF | 28.4 | (123.7) | (104.3) | 30.6 |
| DPS | 15.0 | 15.0 | 15.0 | 15.0 |
| **Return Ratio(%)** | | | | |
| RoCE | 12.6 | 14.2 | 15.6 | 15.8 |
| ROIC | 10.6 | 10.5 | 11.7 | 11.9 |
| RoE | 15.0 | 15.7 | 17.4 | 17.4 |
| **Balance Sheet** | | | | |
| Net Debt : Equity (x) | 0.7 | 0.8 | 0.8 | 0.7 |
| Net Working Capital (Days) | 27 | 28 | 27 | 25 |
| **Valuation(x)** | | | | |
| PER | 49.3 | 41.3 | 31.9 | 27.2 |
| P/B | 7.0 | 6.1 | 5.2 | 4.4 |
| P/CEPS | 29.0 | 24.2 | 19.6 | 16.7 |
| EV/EBITDA | 22.9 | 19.1 | 15.8 | 13.6 |
| EV/Sales | 3.9 | 3.4 | 3.0 | 2.6 |
| Dividend Yield (%) | 0.3 | 0.3 | 0.3 | 0.3 |

*Source: Company Data, PL Research*

### Quarterly Financials (Rs m)

| Y/e Mar | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 |
|---|---|---|---|---|
| **Net Revenue** | **29,303** | **35,812** | **33,525** | **30,192** |
| *YoY gr. (%)* | *(0.2)* | *15.3* | *19.4* | *17.9* |
| Raw Material Expenses | 4,774 | 6,097 | 5,516 | 4,647 |
| Gross Profit | 24,529 | 29,715 | 28,009 | 25,545 |
| *Margin (%)* | *83.7* | *83.0* | *83.5* | *84.6* |
| **EBITDA** | **4,921** | **7,649** | **6,877** | **4,466** |
| *YoY gr. (%)* | *(21.3)* | *36.6* | *41.4* | *57.3* |
| *Margin (%)* | *16.8* | *21.4* | *20.5* | *14.8* |
| Depreciation / Depletion | 1,457 | 1,623 | 1,464 | 1,495 |
| **EBIT** | **3,465** | **6,026** | **5,412** | **2,971** |
| *Margin (%)* | *11.8* | *16.8* | *16.1* | *9.8* |
| Net Interest | 1,124 | 1,135 | 1,085 | 1,053 |
| Other Income | 446 | 459 | 564 | 509 |
| **Profit before Tax** | **2,786** | **5,350** | **4,891** | **2,427** |
| *Margin (%)* | *9.5* | *14.9* | *14.6* | *8.0* |
| Total Tax | 894 | 1,736 | 1,649 | 836 |
| *Effective tax rate (%)* | *32.1* | *32.5* | *33.7* | *34.5* |
| **Profit after Tax** | **1,892** | **3,614** | **3,242** | **1,591** |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| **Adjusted PAT** | **1,892** | **3,614** | **3,242** | **1,591** |
| *YoY gr. (%)* | *(33.3)* | *64.5* | *75.4* | *(332.1)* |
| *Margin (%)* | *6.5* | *10.1* | *9.7* | *5.3* |
| Extra Ord. Income / (Exp) | - | - | - | - |
| **Reported PAT** | **1,892** | **3,614** | **3,242** | **1,591** |
| *YoY gr. (%)* | *(33.3)* | *64.5* | *75.4* | *(332.1)* |
| *Margin (%)* | *6.5* | *10.1* | *9.7* | *5.3* |
| Other Comprehensive Income | - | - | - | - |
| **Total Comprehensive Income** | **1,892** | **3,614** | **3,242** | **1,591** |
| Avg. Shares O/s (m) | *77* | *77* | *77* | *77* |
| **EPS (Rs)** | **24.5** | **46.8** | **42.0** | **20.6** |

*Source: Company Data, PL Research*

### Key Operating Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| Total cement volume (mt) | 20 | 23 | 26 | 29 |
| Blended Real. (Rs/t) | 5,876 | 6,148 | 6,297 | 6,442 |
| Blended EBITDA/t (Rs) | 1,003 | 1,100 | 1,201 | 1,256 |

*Source: Company Data, PL Research*

PL Capital
PRABHUDAS LILLADHER

# JK Lakshmi Cement (JKLC IN)

## Rating: BUY | CMP: Rs770 | TP: Rs891

December 31, 2025

## Company Initiation

**Key Financials - Consolidated**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| Sales (Rs. m) | 61,926 | 70,932 | 79,166 | 90,300 |
| EBITDA (Rs. m) | 8,646 | 11,339 | 13,193 | 15,450 |
| *Margin (%)* | *14.0* | *16.0* | *16.7* | *17.1* |
| PAT (Rs. m) | 2,999 | 4,433 | 4,651 | 4,865 |
| EPS (Rs.) | 25.5 | 37.7 | 39.5 | 41.3 |
| *Gr. (%)* | *(37.8)* | *47.8* | *4.9* | *4.6* |
| DPS (Rs.) | 8.5 | 9.4 | 9.9 | 10.4 |
| *Yield (%)* | *1.1* | *1.2* | *1.3* | *1.3* |
| *RoE (%)* | *8.8* | *11.9* | *11.5* | *11.0* |
| *RoCE (%)* | *10.3* | *12.8* | *12.3* | *11.5* |
| EV/Sales (x) | 1.7 | 1.6 | 1.5 | 1.5 |
| EV/EBITDA (x) | 12.3 | 9.9 | 9.3 | 8.7 |
| PE (x) | 30.2 | 20.4 | 19.5 | 18.6 |
| P/BV (x) | 2.5 | 2.3 | 2.1 | 2.0 |

| Key Data | JKLC.BO \| JKLC IN |
|---|---|
| 52-W High / Low | Rs.1,021 / Rs.661 |
| Sensex / Nifty | 84,675 / 25,939 |
| Market Cap | Rs.96bn/ $ 1,064m |
| Shares Outstanding | 124m |
| 3M Avg. Daily Value | Rs.112.7m |

**Shareholding Pattern (%)**

| | |
|---|---|
| Promoter's | 45.12 |
| Foreign | 12.54 |
| Domestic Institution | 22.83 |
| Public & Others | 19.51 |
| Promoter Pledge (Rs bn) | - |

**Stock Performance (%)**

| | 1M | 6M | 12M |
|---|---|---|---|
| Absolute | 1.4 | (14.4) | (7.8) |
| Relative | 2.7 | (15.5) | (14.8) |

**Tushar Chaudhari**
tusharchaudhari@plindia.com | 91-22-663222391

**Satyam Kesarwani**
satyamkesarwani@plindia.com | 91-22-66322218

**Pranav Iyer**
pranaviyer@plindia.com | 91-22-66322539

## *Strengthening presence across markets*

***We initiate coverage on JK Lakshmi Cement Ltd (JKLC) with 'BUY' rating at TP of Rs891, valuing the stock at EV of 10x Mar'28E. With a total capacity of 18mtpa, JKLC is one of India's fastest-growing mid-size grey cement producers, having strong presence in northern and eastern markets. JKLC is planning to reach 30mtpa by FY30E, with medium-term target of 22.4mtpa by FY28E at Rs25bn capex. Although capex intensity is low as of now amid weak market dynamics, we expect JKLC to step up capex intensity to achieve its medium-term target. Further, as cash flows improve, JKLC is likely to increase capex toward announced greenfield projects to maintain its share in the fast-growing markets and penetrate untapped regions.***

***We believe JKLC is well-positioned to benefit from India's infrastructure growth story, supported by a) steady capacity additions driving volumes, b) increasing market penetration in existing markets and increasing capacities in fast growing states, and c) aiming to become a pan-India player in the long term, by targeting new regions. We expect JKLC to deliver a strong 9% volume CAGR and revenue/EBITDA/PAT to grow at 13%/21%/25% CAGR over FY25-28E. The stock is currently trading at an attractive EV of ~9.3x/8.7x EBITDA of FY27E/28E. Initiate with 'BUY'.***

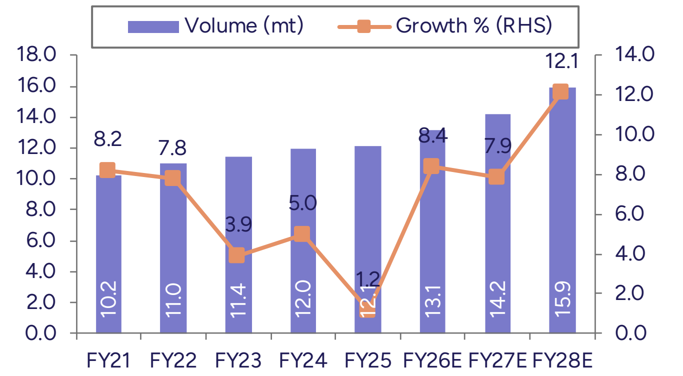
**One of India's fastest-growing cement players:** Over the past 2 decades, JKLC has added capacities at a strong 10.1% CAGR from 2.4mtpa in FY05 to 16.5mtpa in FY25. Recent addition of a grinding unit of 1.35mtpa at Surat, takes total grey cement capacity to ~18mtpa. JKLC aims to cross 30mtpa mark by FY30 with planned greenfield capacities at 3 locations. Ongoing expansions consist of a mix of brownfield and greenfield projects aimed at deepening presence across India.

**Improving market penetration:** JKLC has a strong regional positioning with ~80% of its grey cement capacity located in North and West India, where the company has established strong brand equity through the "Soch Karo Buland" campaign and the launch of value-added products such as Green Plus cement. With recent capacity additions, JKLC looks to ring fence and consolidate presence across North, Central and East India, along with exploring new markets in Bihar and Jharkhand. JKLC is not competing on price alone – it is winning through a solutions-led, digitally enabled, ESG-responsible model.

**Operating cash flows to double, but net debt to rise as capex intensity rises:** JKLC has been consistently generating decent operating cash flows averaging ~Rs6bn over FY14-25. This is expected to double over the next 3 years as volumes increase led by capacity additions. With capex expected to step up over the next few years, free cash flows would reduce, and the company's gearing will increase. This can put pressure on the company if the domestic weak pricing environment persists. In such a scenario, the company's aim of reaching 30mtpa by FY30 could take a hit.

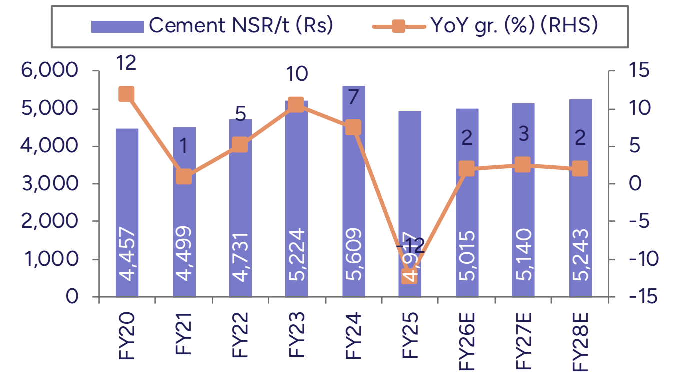
## Story in Charts

**Exhibit 63: Volumes to grow at 9% CAGR over FY25-28E**



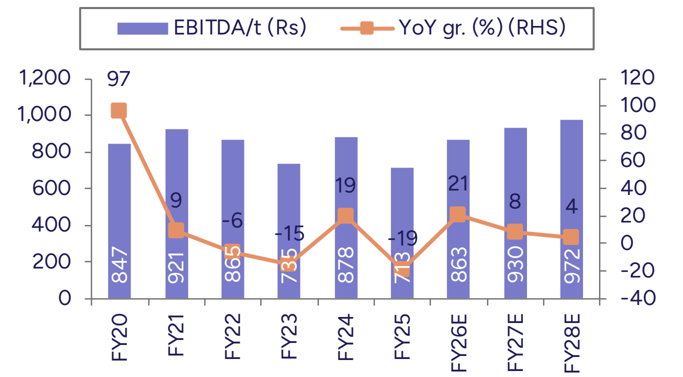

*Source: Company, PL*

**Exhibit 64: Cement prices would play key role in expansions**



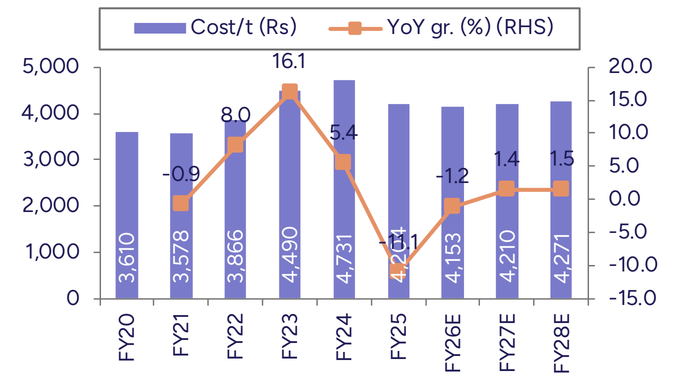

*Source: Company, PL*

**Exhibit 65: EBITDA/t to grow at 11% CAGR on weak base**



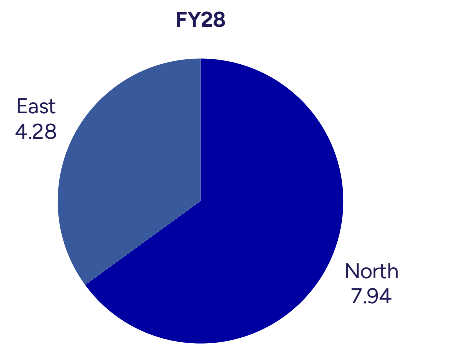

*Source: Company, PL*

**Exhibit 66: Initiatives to keep costs in control**



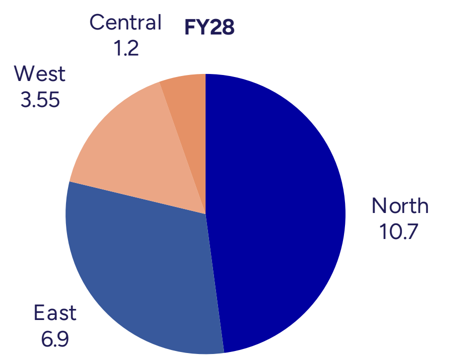

*Source: Company, PL*

**Exhibit 67: Clinker cap to grow in East by ~2x by FY28E (mt)**




*Source: Company, PL*

**Exhibit 68: Penetrating untapped regions with split GUs (mt)**




*Source: Company, PL*

# JKLC: Focusing to deepen in high growing regions

## About the Company

JK Lakshmi Cement Ltd (JKLC), a part of the JK Organisation, was promoted by the late Mr. Lala Lakshmipat Singhania and late Mr. Hari Shankar Singhania. The company is now headed by Mr. Bharat Hari Singhania (Chairman Emeritus) and Smt. Vinita Singhania (Chairperson and Managing Director). JKLC is one of India's fastest-growing Indian cement manufacturers with strong footprint in North, West and East India. Group has presence across diverse verticals including tires, cement, paper, power transmission, dairy and textiles. Established in 1982 with 0.5mtpa integrated plant at Sirohi, Rajasthan, which has now increased to 18mtpa and clinker capacity of 10mtpa as on Q2FY26. It has integrated units in Sirohi, Udaipur and Durg, and grinding units in Jhajjar, Cuttack, Kalol and Surat.

It has a total of 235MW of captive power capacity at the consolidated level, which includes thermal power plant of 74MW, waste heat recovery plant of 45MW, solar power plant of 112MW and power purchase agreement for wind power capacity of 4MW.

Over last 4 decades, JKLC operated an integrated manufacturing model with captive power, blended cement focus, and a growing presence in value-added products. With recently commissioned 1.4mtpa grinding unit at Surat, JKLC has total installed capacity of ~18mtpa spread across North, West and Eastern regions of India supplying to key markets of Rajasthan, Gujarat, Haryana, Uttar Pradesh, Bihar and Odisha. Its "JK Lakshmi" brand is well-recognized across India having OPC, PPC, PSC, RMC, white cement and specialty products.

## Investment Thesis

- Capacity-led volume growth with geographic diversification into high growing Central and East markets, which should lift market share
- Delivered 10% CAGR in capacity addition over FY05-26E
- Structural cost advantages from a high share of green power, expanding WHR, AFR ramp-up and blended cement orientation creating EBITDA/t resilience relative to peers
- Premiumization and value-added portfolio expansion with Green Plus cement and RMC, provide margin accretion
- India's multi-year infrastructure and housing cycle, government capex at scale and various initiatives to push India's growth story expected to aid JKLC's growth plans

## Investment Arguments

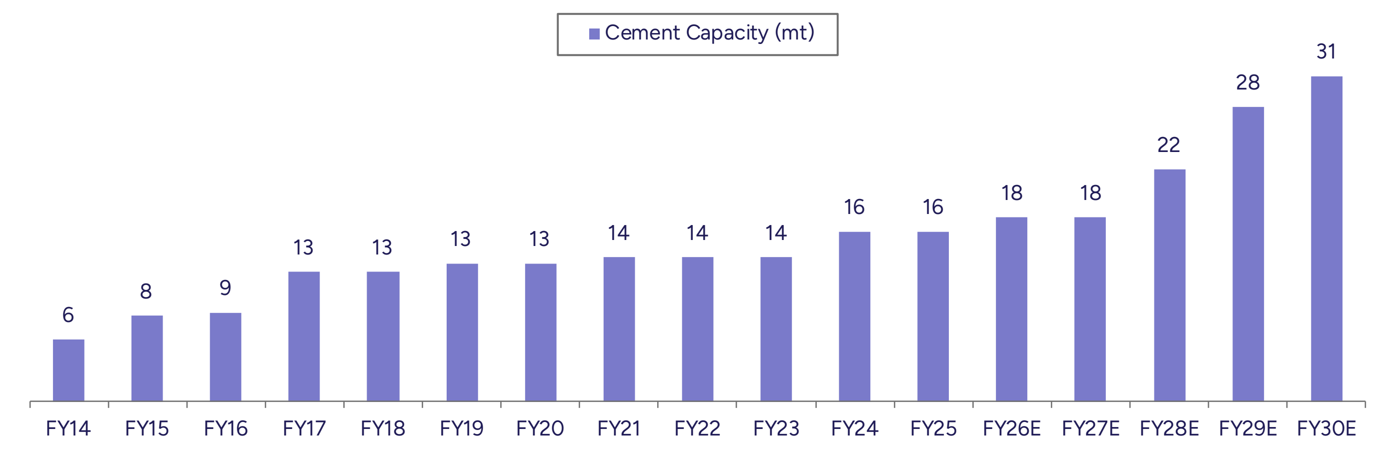
### One of India's fastest-growing cement producers

Over past 2 decades, JKLC has added capacities at a strong 10.1% CAGR from 2.4mtpa in FY05 to 16.5mtpa in FY25. Recent addition of grinding unit of 1.35mtpa at Surat, takes total grey cement capacity to ~18mtpa today. JKLC aims to cross 30mtpa mark by FY30 with planned greenfield capacities at 3 locations: Cement capacity will increase from ~18mtpa to ~22mtpa by FY28, and to 31.4mtpa by FY30E. The ongoing expansion consists of a mix of brownfield and greenfield projects aimed at deepening presence across India.

JKLC's current capacity of 18mtpa (Sep'25) is expected to scale up to ~22mtpa by the end of FY28E through ongoing brownfield expansion at Durg clinker line 2 of 2.3mtpa and multiple grinding units of 1-1.2mtpa each at Prayagraj (UP), Madhubani (BH) and Patratu (JH). The company has announced total capex of ~Rs25bn this expansion of adding 2.3mtpa clinker backed 4.6mtpa split grinding units at locations closer to user markets. Beyond these, further capacity additions is planned as greenfield integrated units at Kutch (GJ), Nagaur (RJ) and Assam (NE) with 3mtpa cement making capacities. Although capex intensity is lower over the last few quarters, management is confident of fast tracking it over the next few years to reach its stated strategy of reaching 30mtpa by 2030.

With near term expansion, JKLC would penetrate growing central market and deepen its network in high potential eastern markets, mainly Chhattisgarh, Bihar and Jharkhand states. However, we believe with its past 2 decades' track record, it can reach ~28mtpa by FY30 as capex intensity will have to increase sharply keeping gearing ratios in check, which seems a bit tough task considering weak pricing in key regions and rising competitive intensity.

**Exhibit 69: Plans to achieve 30mtpa+ capacity by FY30E**



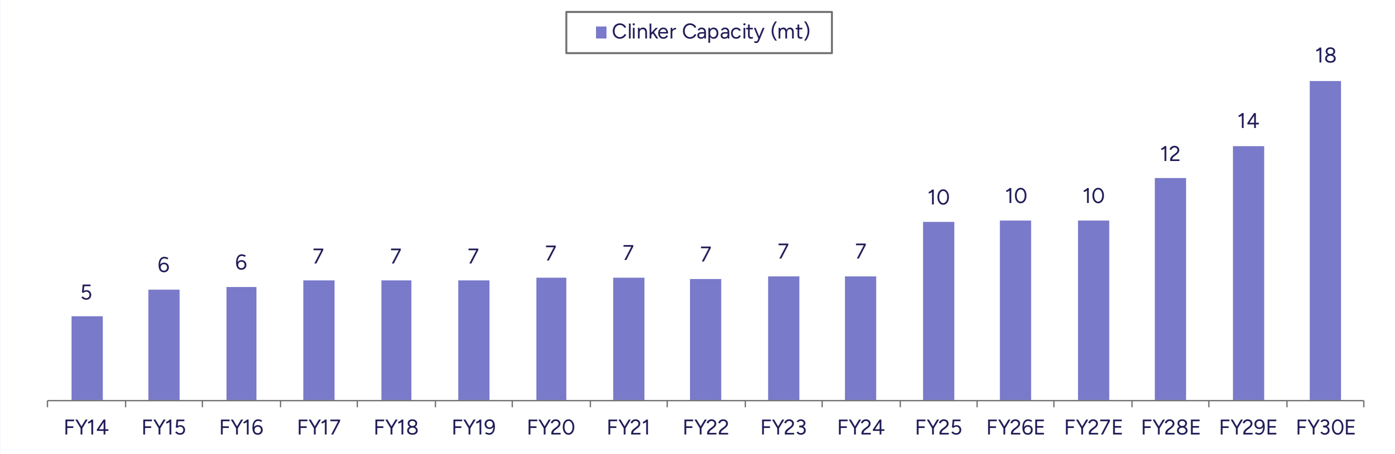

*Source: Company, PL*

**Exhibit 70: Capacity addition roadmap till FY30E**

| Plants | State | Regions | Type | Capacity (mtpa) | Timeline |
|---|---|---|---|---|---|
| Durg | Chhattisgarh | East | Brownfield | 1.2 | FY28 |
| Prayagraj | Uttar Pradesh | Central | Greenfield | 1.2 | FY28 |
| Madhubani | Bihar | East | Greenfield | 1.2 | FY29 |
| Patratu | Jharkhand | East | Greenfield | 1 | FY29 |
| Kutch | Gujarat | West | Greenfield | 3 | FY29 |
| Nagaur | Rajasthan | North | Greenfield | 3 | FY30 |
| North-East | Assam | North-East | Greenfield | 3 | FY30 |

*Source: Company, PL*

**Exhibit 71: Clinker capacity additions of 2.3mtpa at CG and 1.8mtpa each at AS, RJ & GJ**

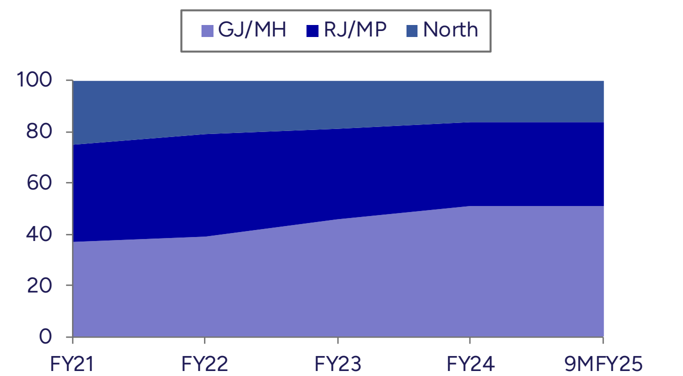



*Source: Company, PL*

## Improving market penetration

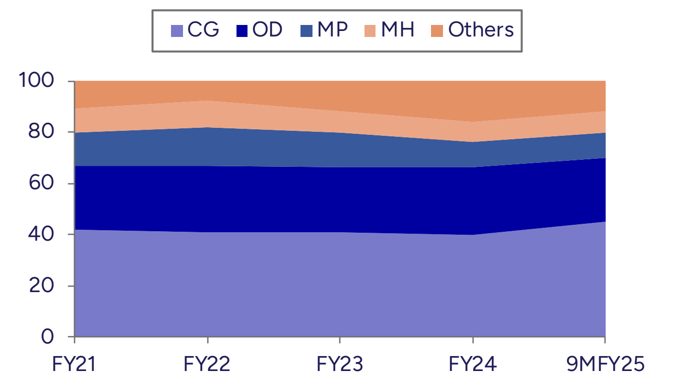
JKLC has a strong regional positioning with ~80% of its grey cement capacity located in the Northern and Western markets, two regions where the company has established strong brand equity through "Soch Karo Buland" campaign and the launch of value-added products such as Green Plus cement. With recent capacity additions, JKLC looks to ring fence and consolidate presence across North, Central and Eastern India with exploring new markets in Bihar and Jharkhand. In recent past, JKLC is not competing on price alone – it's winning through a solutions led, digitally enabled, ESG-responsible model.

**Exhibit 72: State-wise sales break-up in North & West India (%)**




*Source: Company, PL*

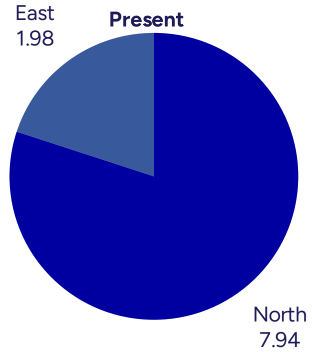
**Exhibit 73: State-wise sales break-up in East India (%)**




*Source: Company, PL*

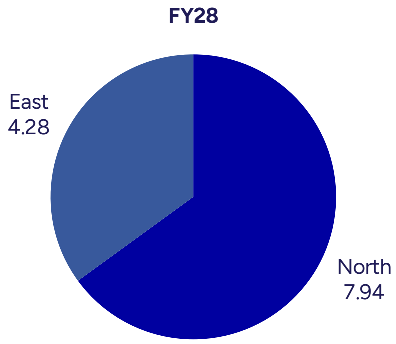
Despite last few quarters being a challenging one for the industry due to general elections, muted demand and heightened competitive pressure, JKLC has successfully maintained its volume growth targeting high growth markets across the operating states.

**Exhibit 74: Clinker capacity as of today (mt)**




*Source: Company, PL*

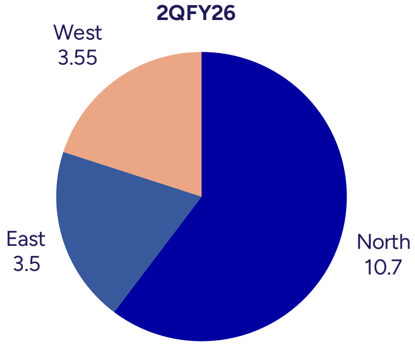
**Exhibit 75: Clinker capacity in FY28 (mt)**




*Source: Company, PL*

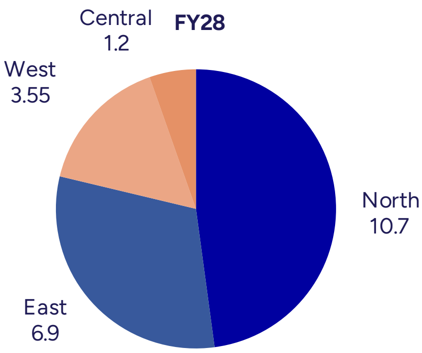
With planned clinker capacity at Durg, JKLC is expecting to cater to untapped high growing regions of key states such as Bihar, Jharkhand and Chhattisgarh. Recently added Surat grinding unit is expected to inch up penetration in western markets.

**Exhibit 76: Region wise existing cement capacity (mt)**




*Source: Company, PL*

**Exhibit 77: Trying to penetrate high-growth regions (mt)**




*Source: Company, PL*

With planned greenfield integrated units over FY30, JKLC's strategy is to become a pan-India player with gaining market share in high growth regions. JKLC has also started working on North-East region with acquisition of limestone mines.

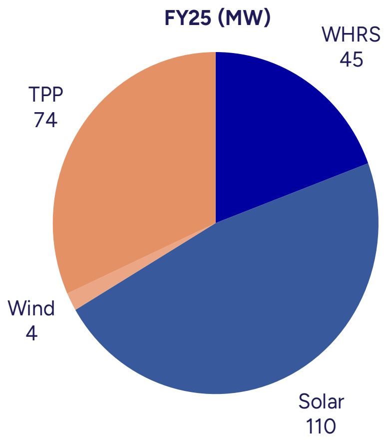
Overall, JKLC's entrenched presence in the North, coupled with its expansion-driven scale-up across Central, East and Western India, positions the company well to capture market-share gains, optimize logistics cost, and consolidate leadership in its core markets over FY26-28E.

## Rising green energy share to aid profitability

JKLC is already working toward increasing green share in energy consumption over the last decade. Durg facility is already 75% green, and all WHRS are operating at full utilization. Additions can only come from solar/wind power. North operation is ~35% green which is expected to inch up on renewable share aiding EBITDA/t. every 1% green conversion would save Rs3/unit. JKLC's green share has steadily scaled up from 27% in FY20 to 49% in FY25, which is above the sector average. The mix is well concentrated toward solar and WHRS, with 19% of capacities are WHRS, 47% Solar and 32% CPP capacities. JKLC consistently adding renewable capacities across units to adhere with industry's target of reducing emissions. This shift toward green power is strategically important as it provides a structural hedge against fuel price volatility, supports margin resilience, and helps sustain EBITDA/t.

Mgmt. is also trying to increase TSR at various plants and using digital ways to improve supply chain cost. Thermal substitution rate has increased to 7-8% with well-articulated steps to 20% by FY30 through AFR and biomass, while the clinker factor has been reduced to ~65% as blended cement reached 66% of output.

**Exhibit 78: Existing share of green power at 49%**




*Source: Company, PL*

## Well-diversified product portfolio

JKLC has a wide product portfolio catering to the varied construction requirements of the discerning customers. It is planning to become a complete solution provider to customers looking to make their dream homes.

The product range includes an array of cement products like Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC), Portland Slag Cement (PSC) and newly introduced Composite Cement. In addition to cement products, JKLC provide a host of value-added products and services viz. Ready-mix Concrete, Gypsum Plaster, Wall Putty, Autoclaved Aerated Blocks and Adhesives.

**Exhibit 79: Focused on value-added products**


*Source: Company*

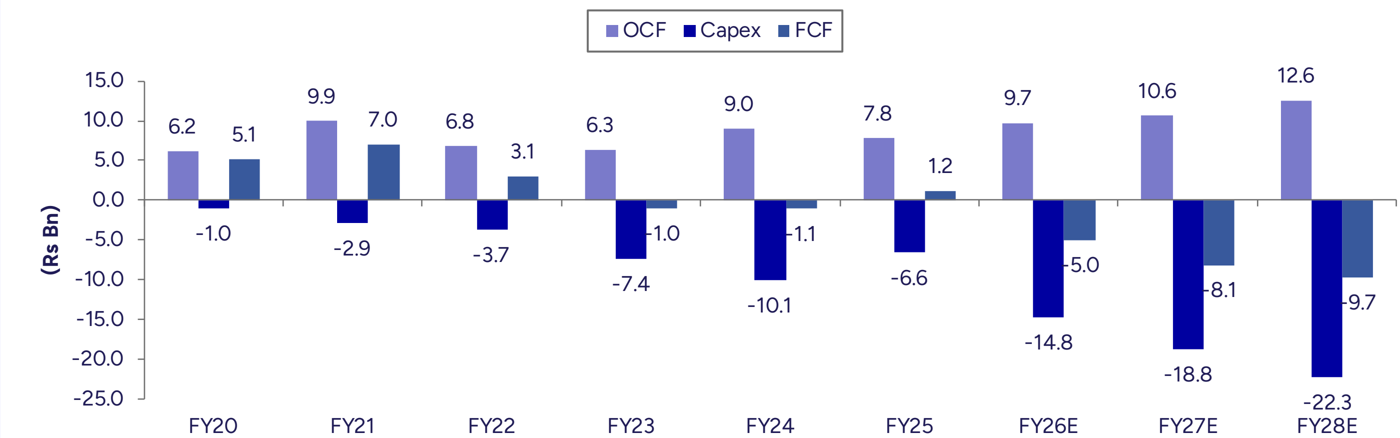
In allied products category, JKLC has also expanded aggressively into RMC, gypsum plaster, wall putty, fly ash blocks, etc. leveraging its own brand equity and distribution network. RMC and AAC blocks are major products in non-cement revenue (~10% of total revenue in FY25).

## Operating cash flows to double over FY25-28

JKLC has been consistently generating decent operating cash flows averaging ~Rs6bn over FY14-25. This is expected to double over the next 3 years as volumes increase through addition to capacities. With capex to step up over the next few years, free cash flows would reduce, and company's gearing will increase. This can put pressure on company if weak pricing environment sustains in Indian cement industry. In such a scenario, the company's aim of reaching 30mtpa by FY30 could take a hit.

With average capex of Rs18-20bn every year till FY30, we expect net debt to EBITDA to reach ~3x in FY28-29E as we assume flattish cement prices. In near term, we expect JKLC to deliver operating cash flows of ~Rs11bn on an average over FY26-28E.

**Exhibit 80: Higher capex to restrict cash flow generation in capex phase (Rs bn)**



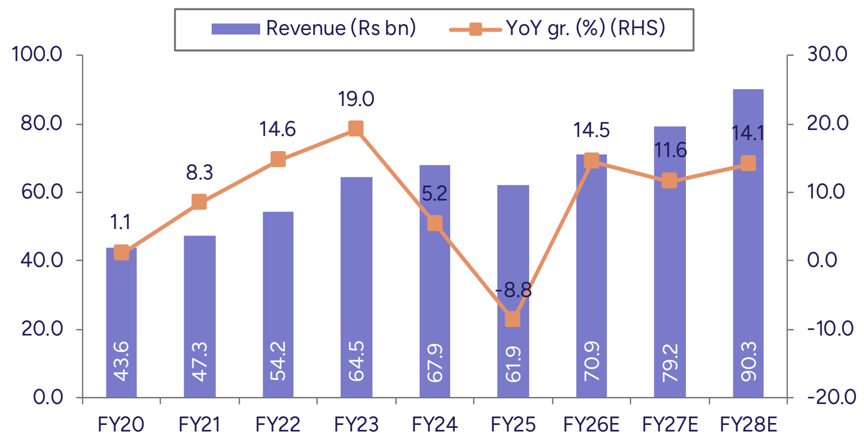

*Source: Company, PL*

## Financial Overview

### Revenue to clock 13% CAGR over FY25-28E

JKLC delivered 9% revenue CAGR over FY14-25, driven by consistent growth in grey cement sales volumes which grew at 7% CAGR. Going forward, we expect total revenue to grow at 13% CAGR over FY25-28E, led by 9% volume CAGR supported by recent capacity additions. Realizations are also expected to improve, driven by higher value-added products and overall premiumization trend post GST 2.0.

**Exhibit 81: Revenue to clock 13% CAGR over FY25-28E**

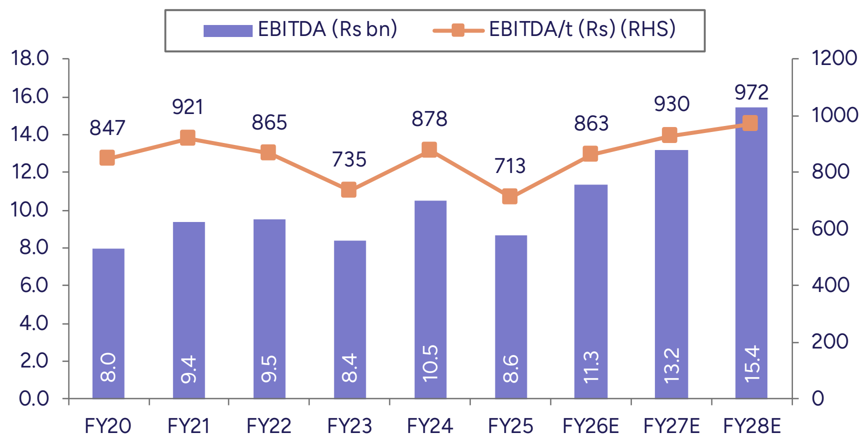



*Source: Company, PL*

### Expect EBITDA CAGR of 21% over FY25-28E

We expect EBITDA per ton to remain in the range of Rs860-970 during FY26-28E, supported by expected uptick in pricing led by higher volume growth in eastern region, rising contribution from Western markets, and lower operating costs led by improving green share and VAP. We expect EBITDA to grow at a strong 21% CAGR over FY25-28 on weak FY25 base.

**Exhibit 82: EBITDA CAGR to be 21% over FY25-28E**

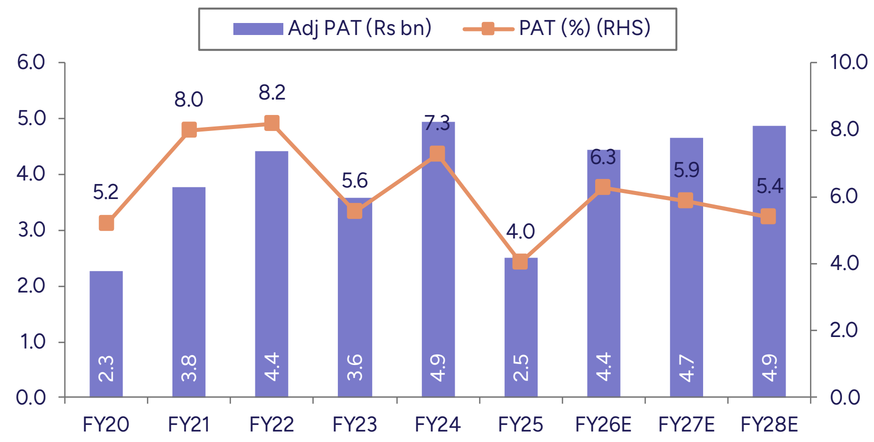



*Source: Company, PL*

## PAT to grow at 25% CAGR over FY25-28E

JKLC's adjusted PAT grew at 11% CAGR over FY14-25 despite weaker EBITDA/t. With similar EBITDA/t over the next few years, we expect PAT to grow at 25% CAGR, aided by stronger volume growth. It has generated on an average Rs6bn annual operating cash flows over the last decade. As volumes grow the operating cash flow generation is expected to double over the next 5 years. We expect PAT margin to remain in 5-6% range as interest and depreciation costs will also increase in next few years.

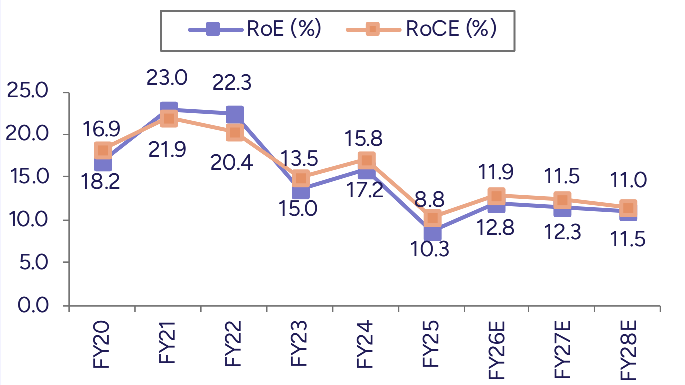
**Exhibit 83: PAT to clock 25% CAGR in FY25-28E**




*Source: Company, PL*

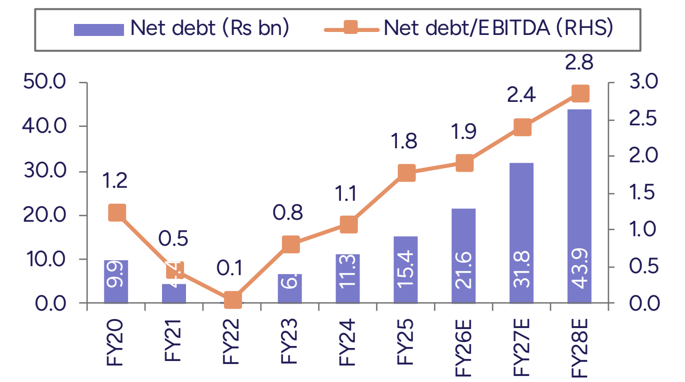
JKLC's return ratios are expected to remain muted amid expansion phase. As capacities come on board and asset turn improves return ratios would improve. Operating leverage, higher green power mix, and diverse product mix would support this sustained improvement in return ratios post FY30E.

**Exhibit 84: Return ratios to remain muted in expansion phase**




*Source: Company, PL*

**Exhibit 85: Net debt to rise as capex intensity increases**



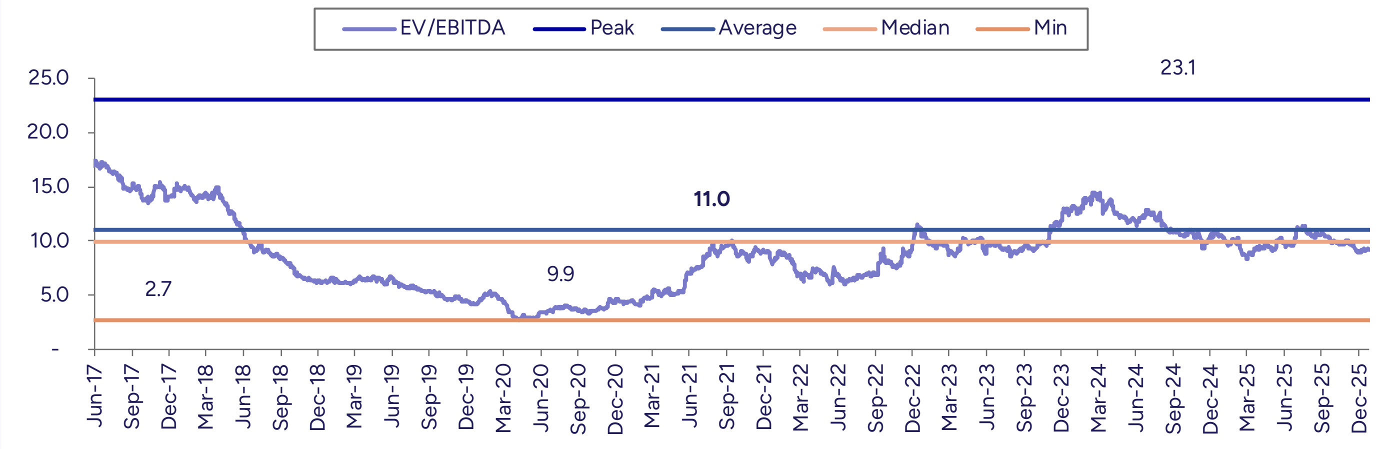

*Source: Company, PL*

## Valuation

### Valuations attractive amid recent weak cement pricing

Over FY14-FY25, JKLC has increased capacities at 10% CAGR across both regions. Going forward, the company plans to add another 4.6mtpa via ongoing greenfield and brownfield expansion which are underway to reach 22.4mtpa by FY28E. We like JKLC as it is growing volumes by reaching new untapped markets, adding capacities slow and steady in organic way and delivering on volume growth and EBITDA margins.

**Exhibit 86: EV/EBITDA band chart – Long-term average is ~11x for JKLC**




*Source: Company, PL*

At CMP, JKLC trades at a EV of 9.3x/8.7x FY27E/28E EBITDA. We initiate coverage with 'BUY' rating and TP of Rs891 per share assigning 10x FY28E EV/EBITDA valuing it at 10% discount to its long-term average multiple of 11x due to impending risk of lower utilization in North and lower capex intensity in recent past.

**Exhibit 87: Valuation table**

| Consolidated | |
|---|---|
| EBITDA - Mar'28E (Rs mn) | 15,450 |
| EV/EBITDA (x) | 10 |
| EV (Rs mn)-(a) | 1,54,497 |
| Less: Net debt (Rs mn)-(b) | 43,944 |
| Residual Value (Rs mn)-(a-b) | 1,10,553 |
| Shares Outstanding (mn) | 124 |
| **Fair Value/ share (Rs)** | **891** |

*Source: Company, PL*

## Key Risks

- Pricing fragility remains a sector characteristic. Elevated competitive intensity, particularly in the East region, where larger players are active, can compress margins despite cost efficiencies.
- Input volatility in petcoke/coal prices and rail logistics constraints could temporarily offset benefits from renewable and WHR expansion.
- Execution risk around greenfield timelines, including regulatory approvals, may push out capacity dates, impacting planned volume ramp-ups.

# Financials

**Income Statement (Rs m)**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| **Net Revenues** | **61,926** | **70,932** | **79,166** | **90,300** |
| *YoY gr. (%)* | *(8.8)* | *14.5* | *11.6* | *14.1* |
| Cost of Goods Sold | 12,347 | 13,124 | 15,281 | 17,861 |
| Gross Profit | 49,579 | 57,808 | 63,884 | 72,439 |
| *Margin (%)* | *80.1* | *81.5* | *80.7* | *80.2* |
| Employee Cost | 4,395 | 4,746 | 5,126 | 5,536 |
| Other Expenses | 8,482 | 9,754 | 11,120 | 12,676 |
| | | | | |
| **EBITDA** | **8,646** | **11,339** | **13,193** | **15,450** |
| *YoY gr. (%)* | *(17.8)* | *31.2* | *16.4* | *17.1* |
| *Margin (%)* | *14.0* | *16.0* | *16.7* | *17.1* |
| | | | | |
| Depreciation and Amortization | 2,994 | 3,320 | 4,087 | 5,012 |
| | | | | |
| **EBIT** | **5,652** | **8,019** | **9,106** | **10,438** |
| *Margin (%)* | *9.1* | *11.3* | *11.5* | *11.6* |
| | | | | |
| Net Interest | 1,812 | 2,203 | 2,832 | 3,980 |
| Other Income | 464 | 517 | 371 | 492 |
| | | | | |
| **Profit Before Tax** | **3,950** | **6,333** | **6,645** | **6,950** |
| *Margin (%)* | *6.4* | *8.9* | *8.4* | *7.7* |
| | | | | |
| Total Tax | 1,184 | 1,900 | 1,993 | 2,085 |
| *Effective tax rate (%)* | *30.0* | *30.0* | *30.0* | *30.0* |
| | | | | |
| **Profit after tax** | **2,766** | **4,433** | **4,651** | **4,865** |
| Minority interest | 9 | - | - | - |
| Share Profit from Associate | (6) | - | - | - |
| | | | | |
| **Adjusted PAT** | **2,999** | **4,433** | **4,651** | **4,865** |
| *YoY gr. (%)* | *(37.8)* | *47.8* | *4.9* | *4.6* |
| *Margin (%)* | *4.8* | *6.3* | *5.9* | *5.4* |
| Extra Ord. Income / (Exp) | (248) | - | - | - |
| | | | | |
| **Reported PAT** | **2,751** | **4,433** | **4,651** | **4,865** |
| *YoY gr. (%)* | *(43.6)* | *61.2* | *4.9* | *4.6* |
| *Margin (%)* | *4.4* | *6.3* | *5.9* | *5.4* |
| | | | | |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 2,751 | 4,433 | 4,651 | 4,865 |
| **Equity Shares O/s (m)** | **118** | **118** | **118** | **118** |
| **EPS (Rs)** | **25.5** | **37.7** | **39.5** | **41.3** |

*Source: Company Data, PL Research*

**Balance Sheet Abstract (Rs m)**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| **Non-Current Assets** | | | | |
| | | | | |
| **Gross Block** | **75,557** | **82,557** | **1,07,557** | **1,25,557** |
| Tangibles | 75,557 | 82,557 | 1,07,557 | 1,25,557 |
| Intangibles | - | - | - | - |
| | | | | |
| **Acc: Dep / Amortization** | **21,194** | **24,515** | **28,602** | **33,614** |
| Tangibles | 21,194 | 24,515 | 28,602 | 33,614 |
| Intangibles | - | - | - | - |
| | | | | |
| **Net fixed assets** | **54,362** | **58,042** | **78,954** | **91,943** |
| Tangibles | 54,362 | 58,042 | 78,954 | 91,943 |
| Intangibles | - | - | - | - |
| | | | | |
| Capital Work In Progress | 2,777 | 10,527 | 4,277 | 8,527 |
| Goodwill | - | - | - | - |
| Non-Current Investments | 2,991 | 2,991 | 2,991 | 2,991 |
| Net Deferred tax assets | (4,023) | (4,023) | (4,023) | (4,023) |
| Other Non-Current Assets | 4,708 | 4,708 | 4,708 | 4,708 |
| | | | | |
| **Current Assets** | | | | |
| Investments | 5,990 | 5,990 | 5,990 | 5,990 |
| Inventories | 8,648 | 9,717 | 10,845 | 12,370 |
| Trade receivables | 1,068 | 1,360 | 1,518 | 1,732 |
| Cash & Bank Balance | 1,969 | (287) | 1,576 | 4,384 |
| Other Current Assets | 181 | 389 | 434 | 495 |
| **Total Assets** | **84,445** | **95,187** | **1,13,044** | **1,34,890** |
| | | | | |
| **Equity** | | | | |
| Equity Share Capital | 589 | 589 | 589 | 589 |
| Other Equity | 34,947 | 38,273 | 41,761 | 45,404 |
| **Total Networth** | **35,536** | **38,861** | **42,349** | **45,993** |
| | | | | |
| **Non-Current Liabilities** | | | | |
| Long Term borrowings | 20,511 | 24,511 | 36,511 | 51,511 |
| Provisions | 200 | 200 | 200 | 200 |
| Other non current liabilities | 4,335 | 4,335 | 4,335 | 4,335 |
| | | | | |
| **Current Liabilities** | | | | |
| ST Debt / Current of LT Debt | 2,807 | 2,807 | 2,807 | 2,807 |
| Trade payables | 4,548 | 5,830 | 6,507 | 7,422 |
| Other current liabilities | 12,495 | 14,629 | 16,321 | 18,609 |
| **Total Equity & Liabilities** | **84,445** | **95,187** | **1,13,044** | **1,34,890** |

*Source: Company Data, PL Research*

### Cash Flow (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| PBT | 3,944 | 6,333 | 6,645 | 6,950 |
| Add. Depreciation | 2,994 | 3,320 | 4,087 | 5,012 |
| Add. Interest | 1,504 | 1,685 | 2,461 | 3,488 |
| Less Financial Other Income | 464 | 517 | 371 | 492 |
| Add. Other | (144) | - | - | - |
| Op. profit before WC changes | 8,298 | 11,339 | 13,193 | 15,450 |
| Net Changes-WC | (136) | 1,848 | 1,038 | 1,403 |
| Direct tax | (338) | (1,900) | (1,993) | (2,085) |
| **Net cash from Op. activities** | **7,824** | **11,287** | **12,238** | **14,768** |
| Capital expenditures | (6,521) | (14,750) | (18,750) | (22,250) |
| Interest / Dividend Income | 457 | 517 | 371 | 492 |
| Others | (5,445) | - | - | - |
| **Net Cash from Invt. activities** | **(11,509)** | **(14,233)** | **(18,379)** | **(21,758)** |
| Issue of share cap. / premium | - | - | - | - |
| Debt changes | 4,864 | 4,000 | 12,000 | 15,000 |
| Dividend paid | (532) | (1,108) | (1,163) | (1,222) |
| Interest paid | (2,034) | (2,203) | (2,832) | (3,980) |
| Others | 880 | - | - | - |
| **Net cash from Fin. activities** | **3,179** | **689** | **8,005** | **9,799** |
| **Net change in cash** | **(507)** | **(2,256)** | **1,863** | **2,809** |
| Free Cash Flow | 1,217 | (3,463) | (6,512) | (7,482) |

*Source: Company Data, PL Research*

### Key Financial Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| **Per Share(Rs)** | | | | |
| EPS | 25.5 | 37.7 | 39.5 | 41.3 |
| CEPS | 50.9 | 65.9 | 74.2 | 83.9 |
| BVPS | 301.9 | 330.2 | 359.8 | 390.8 |
| FCF | 10.3 | (29.4) | (55.3) | (63.6) |
| DPS | 8.5 | 9.4 | 9.9 | 10.4 |
| **Return Ratio(%)** | | | | |
| RoCE | 10.3 | 12.8 | 12.3 | 11.5 |
| ROIC | 8.5 | 9.9 | 9.6 | 9.1 |
| RoE | 8.8 | 11.9 | 11.5 | 11.0 |
| **Balance Sheet** | | | | |
| Net Debt : Equity (x) | 0.4 | 0.6 | 0.7 | 1.0 |
| Net Working Capital (Days) | 30 | 27 | 27 | 27 |
| **Valuation(x)** | | | | |
| PER | 30.2 | 20.4 | 19.5 | 18.6 |
| P/B | 2.5 | 2.3 | 2.1 | 2.0 |
| P/CEPS | 15.1 | 11.7 | 10.4 | 9.2 |
| EV/EBITDA | 12.3 | 9.9 | 9.3 | 8.7 |
| EV/Sales | 1.7 | 1.6 | 1.5 | 1.5 |
| Dividend Yield (%) | 1.1 | 1.2 | 1.3 | 1.3 |

*Source: Company Data, PL Research*

### Quarterly Financials (Rs m)

| Y/e Mar | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 |
|---|---|---|---|---|
| **Net Revenue** | **14,968** | **18,976** | **17,409** | **15,318** |
| *YoY gr. (%)* | *(12.1)* | *6.6* | *11.3* | *24.1* |
| Raw Material Expenses | 2,748 | 3,492 | 3,065 | 2,679 |
| Gross Profit | 12,220 | 15,484 | 14,344 | 12,639 |
| *Margin (%)* | *81.6* | *81.6* | *82.4* | *82.5* |
| **EBITDA** | **2,018** | **3,512** | **3,112** | **2,083** |
| *YoY gr. (%)* | *(33.2)* | *4.4* | *39.9* | *133.3* |
| *Margin (%)* | *13.5* | *18.5* | *17.9* | *13.6* |
| Depreciation / Depletion | 762 | 767 | 773 | 777 |
| **EBIT** | **1,256** | **2,745** | **2,339** | **1,306** |
| *Margin (%)* | *8.4* | *14.5* | *13.4* | *8.5* |
| Net Interest | 453 | 444 | 522 | 505 |
| Other Income | 90 | 159 | 222 | 227 |
| **Profit before Tax** | **893** | **2,461** | **2,039** | **1,027** |
| *Margin (%)* | *6.0* | *13.0* | *11.7* | *6.7* |
| Total Tax | 266 | 781 | 541 | 221 |
| *Effective tax rate (%)* | *29.7* | *31.7* | *26.5* | *21.5* |
| **Profit after Tax** | **628** | **1,680** | **1,498** | **806** |
| Minority interest | (11) | 3 | 3 | 3 |
| Share Profit from Associates | 74 | 1 | - | (1) |
| **Adjusted PAT** | **712** | **1,677** | **1,495** | **802** |
| *YoY gr. (%)* | *(48.2)* | *4.9* | *115.0* | *(534.0)* |
| *Margin (%)* | *4.8* | *8.8* | *8.6* | *5.2* |
| Extra Ord. Income / (Exp) | - | - | - | - |
| **Reported PAT** | **712** | **1,677** | **1,495** | **802** |
| *YoY gr. (%)* | *(50.3)* | *4.9* | *228.1* | *(534.0)* |
| *Margin (%)* | *4.8* | *8.8* | *8.6* | *5.2* |
| Other Comprehensive Income | - | - | - | - |
| **Total Comprehensive Income** | **712** | **1,677** | **1,495** | **802** |
| Avg. Shares O/s (m) | 118 | 118 | 118 | 118 |
| **EPS (Rs)** | **6.0** | **14.2** | **12.7** | **6.8** |

*Source: Company Data, PL Research*

### Key Operating Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| Volume (mt) | 12 | 13 | 14 | 16 |
| Blended Realisation (Rs/t) | 5,106 | 5,396 | | |
| EBITDA (Rs/t) | 713 | 863 | 930 | 972 |

*Source: Company Data, PL Research*

PL Capital
PRABHUDAS LILLADHER

# JSW Cement (JSWCEMEN IN)

## Rating: BUY | CMP: Rs120 | TP: Rs143

December 31, 2025

## Company Initiation

**Key Financials - Consolidated**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| Sales (Rs. m) | 58,131 | 69,815 | 83,992 | 94,240 |
| EBITDA (Rs. m) | 8,582 | 12,136 | 16,318 | 18,896 |
| *Margin (%)* | *14.8* | *17.4* | *19.4* | *20.1* |
| PAT (Rs. m) | (1,141) | 2,785 | 6,127 | 7,802 |
| EPS (Rs.) | (1.2) | 2.0 | 4.5 | 5.7 |
| *Gr. (%)* | *(227.1)* | *(276.6)* | *120.0* | *27.3* |
| DPS (Rs.) | - | - | - | - |
| *Yield (%)* | - | - | - | - |
| *RoE (%)* | *(4.7)* | *6.6* | *9.5* | *10.9* |
| *RoCE (%)* | *6.5* | *9.3* | *11.8* | *13.0* |
| EV/Sales (x) | 3.1 | 2.8 | 2.4 | 2.1 |
| EV/EBITDA (x) | 20.7 | 16.3 | 12.2 | 10.3 |
| PE (x) | (103.6) | 58.6 | 26.7 | 20.9 |
| P/BV (x) | 5.0 | 2.7 | 2.4 | 2.2 |

| Key Data | JSWC.BO \| JSWCEMEN IN |
|---|---|
| 52-W High / Low | Rs.162 / Rs.107 |
| Sensex / Nifty | 84,675 / 25,939 |
| Market Cap | Rs.163bn/ $ 1,819m |
| Shares Outstanding | 1,363m |
| 3M Avg. Daily Value | Rs.320.13m |

**Shareholding Pattern (%)**

| | |
|---|---|
| Promoter's | 72.33 |
| Foreign | 4.13 |
| Domestic Institution | 7.87 |
| Public & Others | 15.66 |
| Promoter Pledge (Rs bn) | - |

**Stock Performance (%)**

| | 1M | 6M | 12M |
|---|---|---|---|
| Absolute | 4.4 | - | - |
| Relative | 5.7 | - | - |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## *India's first green cement play*

***We initiate coverage on JSW Cement Ltd (JSWCEMEN) with 'BUY' rating at TP of Rs143, valuing the stock at EV of 12x Mar'28E EBITDA (at a premium to competition on North entry and higher green product mix). JSWCEMEN is a differentiated cement player with an industry-leading ~84% market share in GGBS (Ground granulated blast furnace slag), underpinned by assured slag availability from the group company JSW Steel and a strong focus on blended and green cementitious products. JSWCEMEN operates 21.6mtpa of grinding capacity (11mtpa/4.5mtpa/6.1mtpa across South/West/East India) supported by 6.44mtpa clinker capacity. JSWCEMEN is undertaking a mix of greenfield and brownfield expansions to scale grinding capacity to 41.85mtpa and clinker capacity to 13mtpa over the next 5 years. In the near term, volumes will be driven by ongoing 3.5mtpa Nagaur integrated unit (to be commissioned in Q4FY26) giving entry into the Northern region.***

***Supported by strong group synergies, high institutional exposure, consistent capacity addition and structurally lower carbon footprint, we believe JSWCEMEN is well positioned to benefit from India's infrastructure-led cement demand while delivering sustainable GGBS volume growth with stable margins over the long term. We believe with JSW group's efficient execution, it is going to be a play on strong slag generation. We expect JSWCEMEN to deliver robust volume/EBITDA CAGR of 14%/30% over FY25-28E led by planned capacity additions. Stock trades at an EV of 12.2x/10.3x Initiate with 'BUY'.***

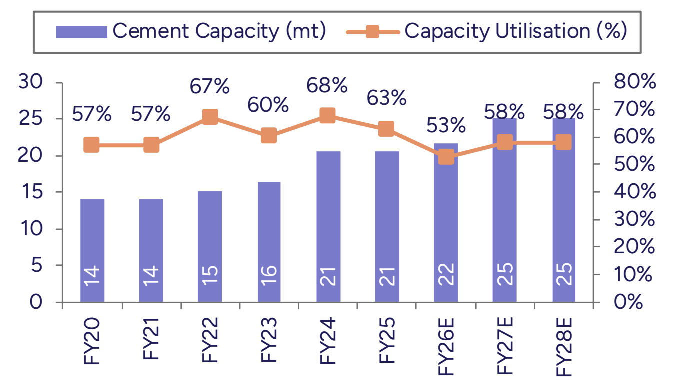
- **Rising acceptability of GGBS to benefit:** JSWCEMEN has established itself as India's dominant GGBS manufacturer with 84% market share in FY25, positioning it as a clear beneficiary of rising demand for sustainable construction solutions. GGBS now contributes over 40% of total volumes, led by consistent steel capacity addition by a group company and secured raw material supply. GGBS is well accepted in South & Eastern regions (being prime source of slag generation in India) and expected to double to ~12mt over FY25-30E. JSWCEMEN is well-placed to lead this shift, supported by cost-efficient sourcing, proven execution, and a superior product profile. We expect GGBS revenue to grow at 14% CAGR over FY25-28E.

- **Timely capacity addition in newer regions to aid:** Over FY13-25, JSWCEMEN's grinding capacity grew at 12% CAGR to 20.6mtpa. With Shiva unit and ongoing capacity expansion at Rajasthan, JSWCEMEN is expected to increase its grinding capacity by another 4.5mtpa by end FY26E. Timely addition of Nagaur integrated unit is expected to benefit JSWCEMEN to capture market share well before influx of capacities at Jaisalmer.

- **Strategically located plants:** JSWCEMEN's operations are strategically spread across southern, western, and eastern India, with integrated and grinding units positioned to ensure proximity to both raw material sources and key consumption centers. It leverages strong backward integration like limestone mines adjacent to clinker units and co-location with JSW Steel plants, to ensure efficient input sourcing and freight optimization. Rail infrastructure at major sites and proximity to core urban markets further enhance its cost competitiveness and operational agility.

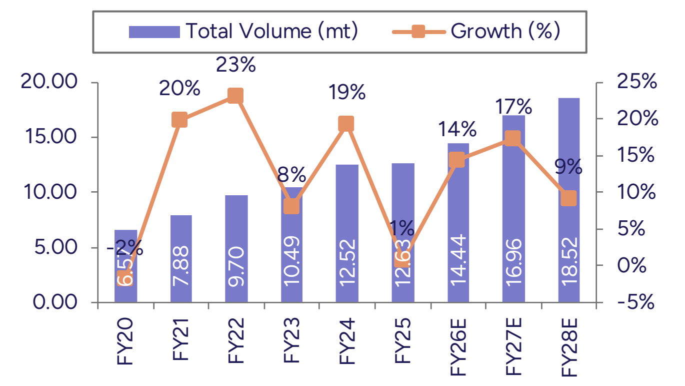
## Story in Charts

**Exhibit 88: Capacity to grow at 7% CAGR to 25mtpa by FY28E**



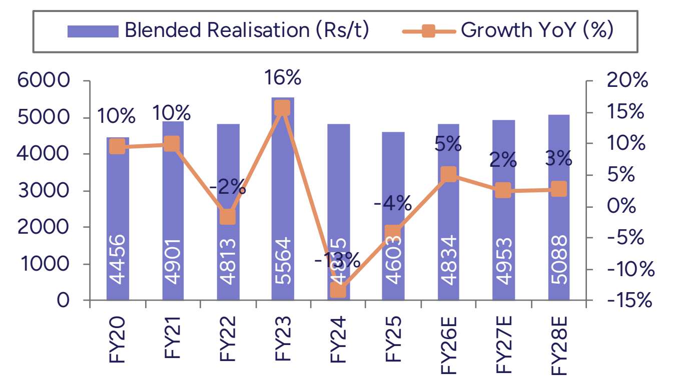

*Source: Company, PL*

**Exhibit 89: Strong volume growth over FY25-28E**



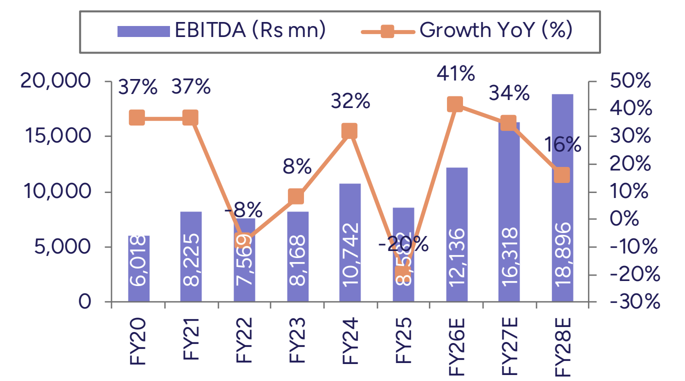

*Source: Company, PL*

**Exhibit 90: Modest NSR growth to push volumes**



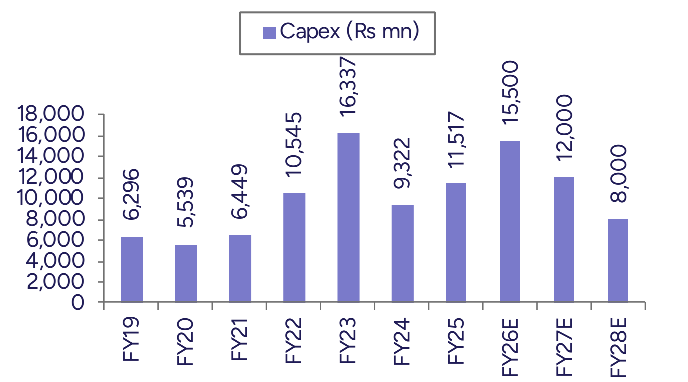

*Source: Company, PL*

**Exhibit 91: EBITDA to grow at 30% CAGR over FY25-28E**



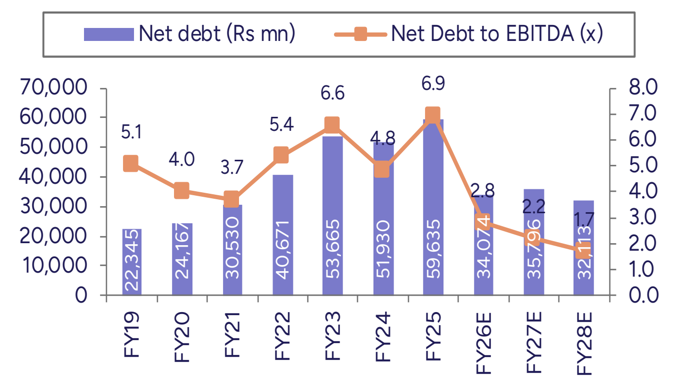

*Source: Company, PL*

**Exhibit 92: Capex to support ongoing growth plans**




*Source: Company, PL*

**Exhibit 93: Net debt to EBITDA to decline going ahead**




*Source: Company, PL*

# JSWCEMEN: Strong group synergies

## About the Company

JSW Cement Limited (JSWCEMEN), a part of the JSW Group, is engaged in the manufacturing of eco-friendly cement (GGBS) and blended cement. It has an installed grinding capacity of 21.6mtpa (51% South, 28% East and 21% West regions respectively) along with 6.44mtpa clinker capacity. It is undertaking greenfield and brownfield expansions across India, including in the north and central regions, to increase its grinding capacity to ~42mtpa and clinker capacity to ~13mtpa over the next 5 years. These expansions are supported by its limestone reserves of ~1.09bnt, which are sufficient to further scale up cement capacity to 60mtpa going ahead and establish a pan-India presence.

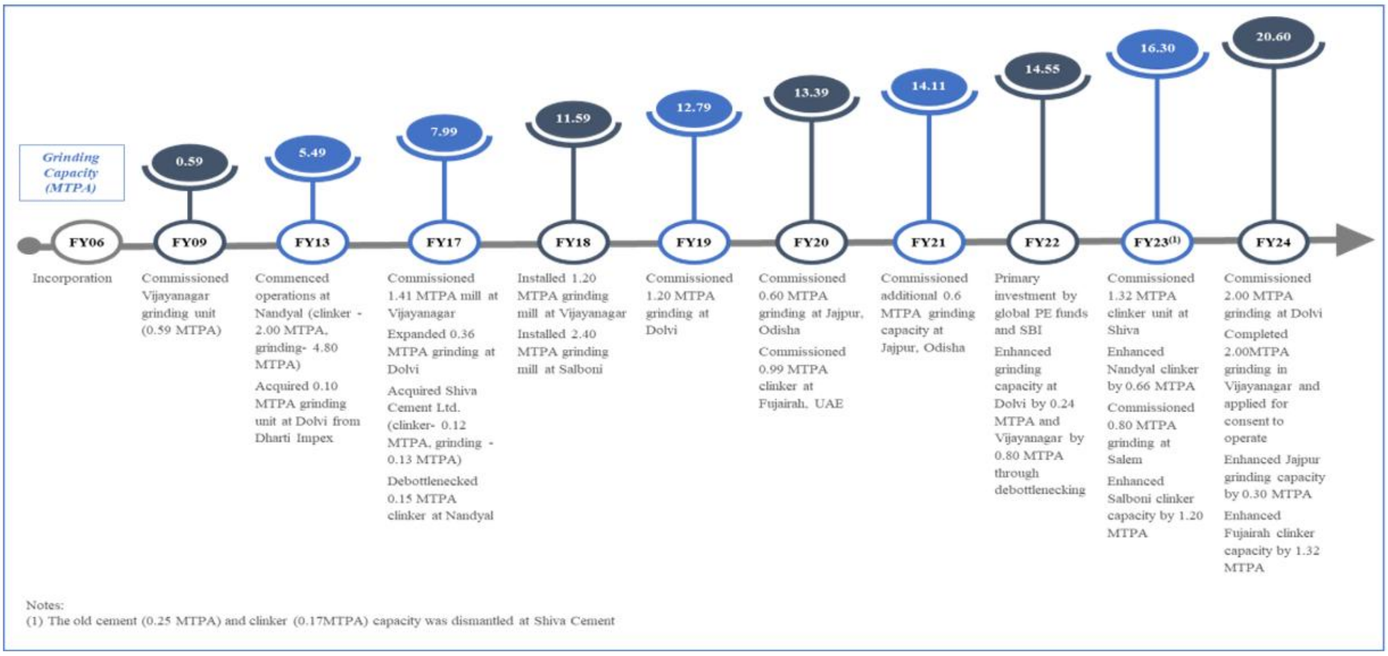
It is India's largest manufacturer of GGBS, with an ~84% market share. GGBS is an eco-friendly material produced entirely from blast furnace slag, a by-product of steel manufacturing. The company's green cementitious products include (1) those containing GGBS and (2) PSC. With JSW Steel's superior execution and well-planned capacities, we expect JSWCEMEN to be a direct beneficiary for GGBS volumes.

**Exhibit 94: Clinker capacity snapshot**

| Plant Name | Plant Type | Region | Cap. FY23 (mt) | CU FY23 (%) | Cap. FY24 (mt) | CU FY24 (%) | Cap. FY25 (mt) | CU FY25 (%) |
|---|---|---|---|---|---|---|---|---|
| Nandyal | IU | South | 2.8 | 68.8% | 2.8 | 79.9% | 2.8 | 79.4% |
| Shiva Cement Ltd. | Clinker unit | East | 1.3 | 44.6% | 1.3 | 73.1% | 1.3 | 68.4% |
| JSW Cement FZC | Clinker unit | UAE (serving West India) | 1.0 | 109.3% | 2.3 | 114.1% | 2.3 | 100.2% |
| **Total** | | | **5.1** | **66.2%** | **6.4** | **77.8%** | **6.4** | **75.9%** |

*Source: Company, PL*

**Exhibit 95: JSWCEMEN growth story over the years**




*Source: Company*

**Exhibit 96: Cement capacity snapshot**

| Plant Name | Plant Type | Region | Cap. FY23 (mt) | CU FY23 (%) | Cap. FY24 (mt) | CU FY24 (%) | Cap. FY25 (mt) | CU FY25 (%) |
|---|---|---|---|---|---|---|---|---|
| Nandyal | IU | South | 4.2 | 40.6% | 4.2 | 51.5% | 4.2 | 47.0% |
| Vijayanagar | GU | South | 4.0 | 89.3% | 6.0 | 104.9% | 6.0 | 82.9% |
| Salem | GU | South | 0.8 | 41.9% | 0.8 | 72.3% | 0.8 | 58.7% |
| Dolvi | GU | West | 2.5 | 77.8% | 4.5 | 70.9% | 4.5 | 74.4% |
| Salboni | GU | East | 3.6 | 46.4% | 3.6 | 49.8% | 3.6 | 48.0% |
| Jajpur | GU | East | 1.2 | 46.3% | 1.5 | 43.6% | 1.5 | 43.4% |
| **Total** | | | **16.3** | **60.4%** | **20.6** | **67.5%** | **20.6** | **62.9%** |

*Source: Company, PL*

## Investment Thesis

- Leadership in GGBS backed by assured slag supply from JSW Steel lowers input costs and supports margin stability
- Ongoing capacity addition in North offers clear advantage as company will get time to settle before competition's Jaisalmer capacities kick in from FY28
- Strong presence in large infrastructure projects aligns well with India's multi-year public capex cycle
- Backing of the JSW Group provides sourcing, logistics, energy and brand advantages versus standalone peers
- Focus on value-added products and institutional customers supports stable realizations despite industry competition

# Investment Arguments

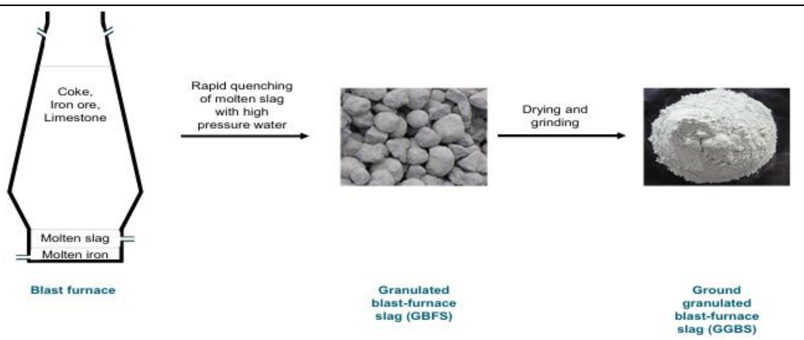
## Rising acceptability of GGBS to benefit JSWCEMEN

JSWCEMEN has established itself as India's dominant GGBS (Ground granulated blast furnace slag) manufacturer with ~84% market share in FY25, positioning it as a beneficiary of rising demand for sustainable construction solutions. GGBS is an eco-friendly material as it is produced entirely from blast furnace slag, a by-product of the steel manufacturing process. It is a cementitious material widely used in cement and concrete. Being rich in calcium silicate hydrates (CSH), GGBS enhances strength and improves the durability of concrete.

Slag is a by-product generated during the production of pig iron in a blast furnace, where iron ore is reduced using coking coal and fluxes. It is rich in calcium, alumina and magnesia oxides. In the furnace, iron ore, coke and limestone are heated to around 1,500-1,600°C, resulting in molten iron, with molten slag floating above it.

The slag is then discharged into a granulator and rapidly quenched using high-pressure water jets, forming granular particles. This process, carried out under controlled conditions to prevent crystalline formation, produces granulated blast furnace slag (GBFS). GBFS is subsequently dried and ground to obtain GGBS.

**Exhibit 97: Production process of GGBS**

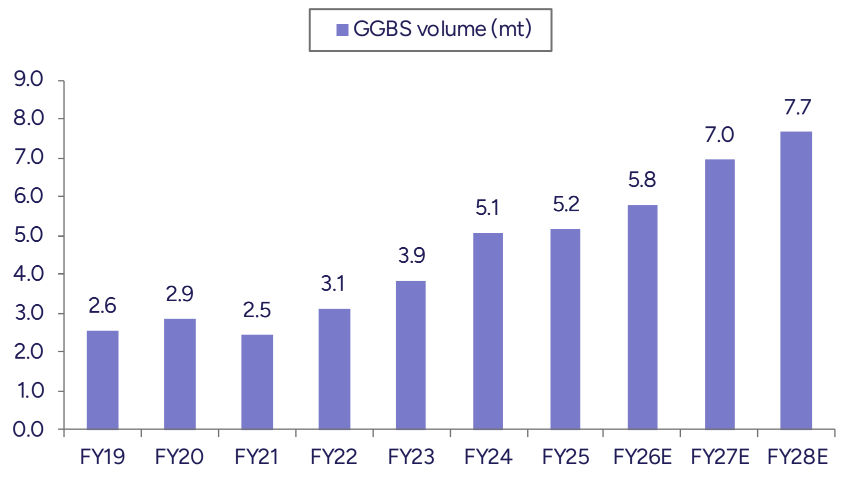



*Source: Company*

GGBS is a strength-enhancing material that improves the durability of concrete structures. Studies show that concrete made using GGBS continues to gain strength over time, resulting in better long-term performance.

GGBS now contributes over 40% of total volumes for JSWCEMEN, backed by consistent growth and a strong raw material supply secured through tie-ups with JSW Steel. GGBS is getting strong acceptability across marquee government infrastructure projects in South and Eastern markets and even in IHB considering its environmental benefits and higher strength. GGBS market is expected to double in next 5 years and JSWCEMEN is well-placed to lead this shift, supported by its cost-efficient sourcing, proven execution and superior product profile versus traditional cement blends; we expect GGBS revenues to grow at a ~14% CAGR over FY25-28E.

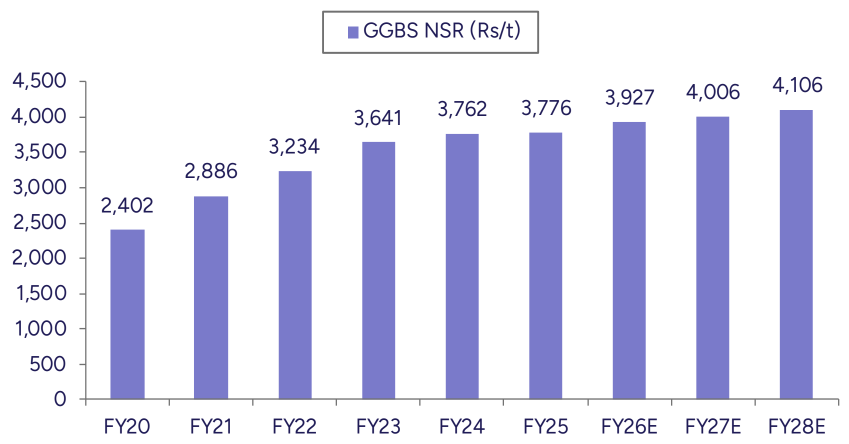
**Exhibit 98:** GGBS volume to clock 14% CAGR over FY25-28E




*Source: Company, PL*

JSWCEMEN commands a dominant market share in the GGBS segment, supported by assured slag availability from group company JSW Steel, which is the fastest growing steel producer in India. This leadership provides strong pricing power in the GGBS market. However, we expect GGBS NSR to grow at a modest CAGR of ~3% over FY25–28E, as management is focused on increasing cement volumes and driving wider GGBS adoption among infrastructure players.

**Exhibit 99:** GGBS NSR CAGR to be modest 3% over FY25-28E




*Source: Company, PL*

JSWCEMEN derives a key competitive advantage in the GGBS segment from its strategic linkage with JSW Steel. Assured and long-term access to blast furnace slag from JSW Steel's large and geographically diversified steel plants ensures raw material security, cost stability and consistent quality. This backward integration enables JSWCEMEN to scale GGBS volumes efficiently, maintain leadership in the segment and support wider adoption of blended cements, particularly in infrastructure-led demand.

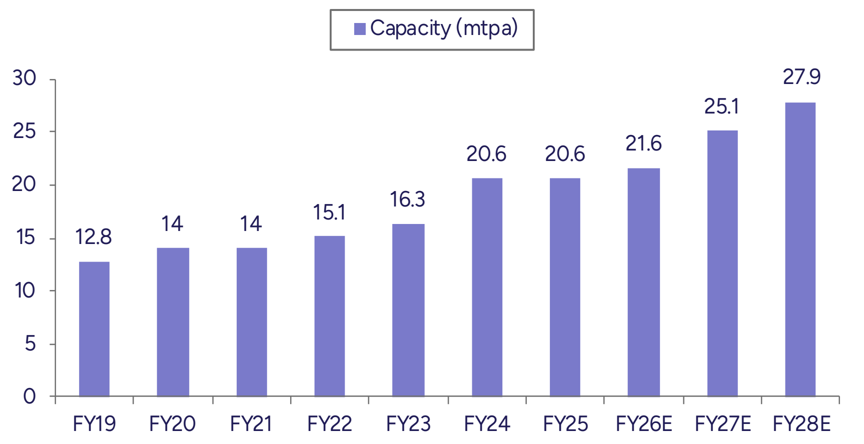
Given the lower cost, stable input sourcing and strong demand from infrastructure projects, GGBS provides earnings stability, supports margins and reduces cyclicality in the company's overall cement business, making it a key differentiator in its operating model.

## Timely capacity addition in newer regions to aid

JSWCEMEN commenced operations in 2009 and has rapidly emerged as the fastest growing cement manufacturer in India in terms of installed grinding capacity. Over FY13-25, JSWCEMEN's grinding capacity grew at 12% CAGR to 20.6mtpa. With ongoing capacity expansion at Rajasthan, JSWCEMEN is expected to increase its grinding capacity by another 3.5mtpa by end FY26E. Timely addition of Nagaur integrated unit is expected to benefit JSWCEMEN to capture market share well before influx of capacities at Jaisalmer.

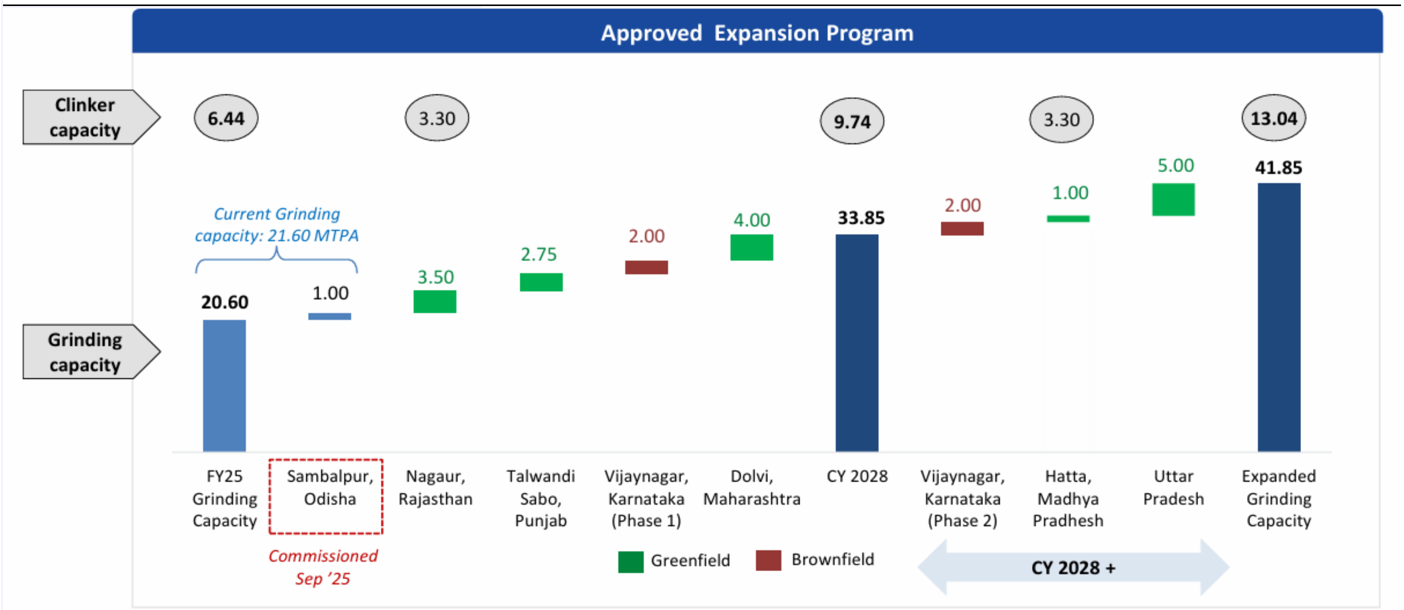
JSWCEMEN's installed grinding capacity stood at 21.60mtpa across southern (11mtpa), western (4.5mtpa), and eastern (6.1mtpa) India. Installed clinker capacity is 6.44mtpa, including JSW Cement FZC. Most capacity is developed organically, showcasing its strong project execution. With upcoming 3.5mtpa integrated plant at Naguar, Rajasthan, JSWCEMEN plans to expand its reach to Northern markets and over the next decade it plans to become a pan-India cement producer.

**Exhibit 100: Capacities to grow at 10% CAGR over FY25-28E**




*Source: Company, PL*

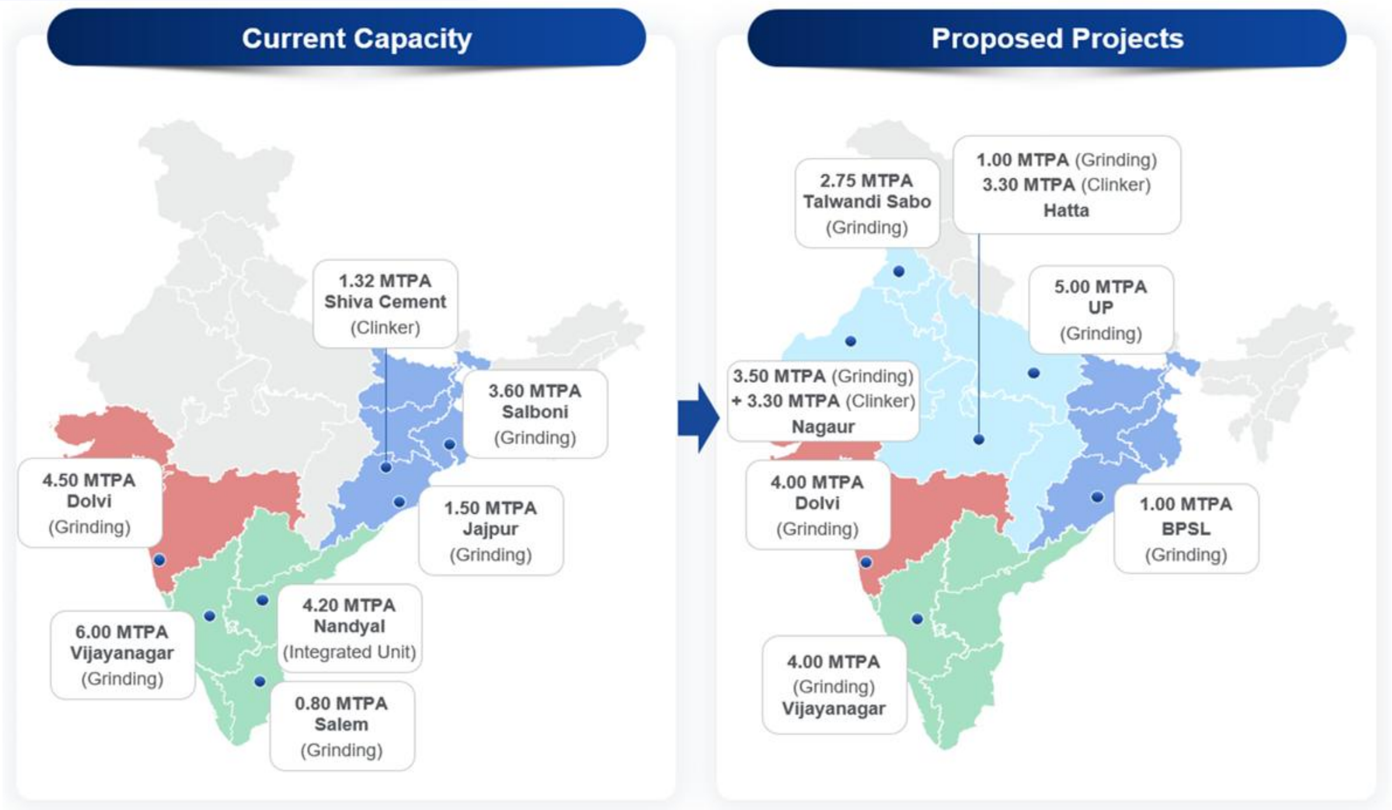
**Exhibit 101: Roadmap to develop pan-India presence by FY30E (mtpa)**




*Source: Company*

JSWCEMEN plans to expand across regions mostly via organic route and with existing planned expansions, cement capacity is expected to reach ~42mtpa over the next 5 years. Supporting clinker capacity is also expected to increase to 13mtpa.

**Exhibit 102: Growth plans to increase the capacity to 41.85mtpa by FY28E**




*Source: Company, PL*

Between FY15-25, the company's grinding capacity grew at a CAGR of 12.96%, outpacing industry averages of ~5%. With recent addition of capacities, near-term volume growth is expected to remain strong.

**Exhibit 103: Capacity growth faster than the industry**

| Particulars | FY15 | FY25 | CAGR (FY15–25) (%) | Industry Avg. CAGR (FY15–25) (%) |
|---|---|---|---|---|
| Installed Grinding Capacity (mt) | 6.09 | 20.6 | 12.96% | 4.77% |

*Source: Company, PL*

**Exhibit 104: Industry-beating volume growth over FY15-25**

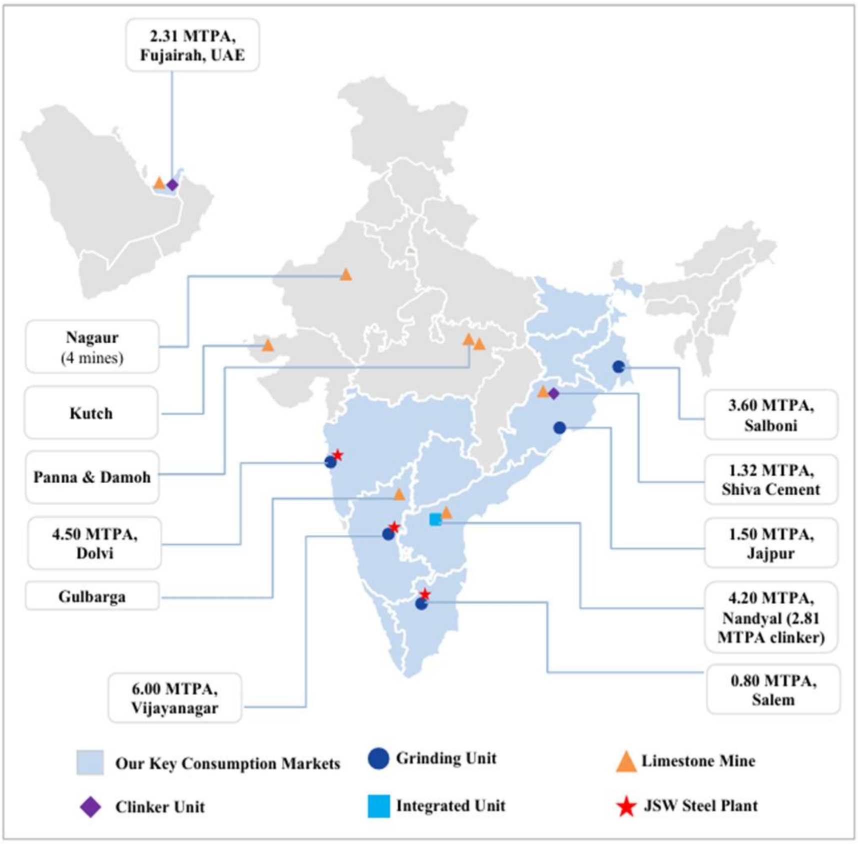
| Period | Total Volume Sold (mt) | | | Industry Avg. CAGR (%) |
|---|---|---|---|---|
| | From | To | CAGR (%) | |
| Last 10 years (FY15 to FY25) | 2.69 in FY15 | 12.64 in FY25 | 16.73% | 6.15% |
| Last 5 years (FY20 to FY25) | 7.40 in FY20 | | 11.39% | 7.42% |

*Source: Company, PL*

## Strategically located plants

JSWCEMEN operates across the southern, western, and eastern regions of India, with plants strategically positioned to ensure seamless access to raw materials and key markets. Most clinker and integrated units are located close to limestone mines, enabling cost-efficient clinker production; for instance, the Nandyal plant is just 1 km from the JSW Nandyal limestone mine. Upcoming Rajasthan plant also has similar set up which would drive cost savings.

**Exhibit 105: Well-connected plants for RM sources and key markets**




*Source: Company, PL*

Grinding units are either co-located with JSW Steel plants or well connected to regional steel hubs for efficient transportation of blast furnace slag. The network is further strengthened by in-plant railway sidings at key facilities like Vijayanagar and Salboni, while other plants, such as Nandyal, have access to nearby public sidings.

The company's plants are strategically located with strong road and rail connectivity to key consumption markets, enabling cost-efficient dispatches. Dolvi and Jajpur plants operate at average lead distances of ~100 km and ~123 km from their key markets in the Mumbai Metropolitan Region and coastal Odisha, respectively. Several plants benefit from rail connectivity, including in-plant railway sidings at Vijayanagar and Salboni, rail access within ~30–35 km for Nandyal, and proximity of the Shiva Cement clinker unit to nearby railway stations, supporting efficient bulk movement.

## Plant-wise RM/P&F/fuel sources

### *Nandayal Plant, Andhra Pradesh - Integrated unit*

The Nandyal commenced operations in FY13. The facility manufactures clinker, OPC, PSC, Concreel HD (CHD) and GGBS, with dispatches carried out through both road and rail. Rail logistics are supported by access to two railway sidings located approximately 30–35 km from the plant. The plant caters to markets across Andhra Pradesh, Telangana, Tamil Nadu and Karnataka.

**Exhibit 106: RM sources for Nandayal plant**

| Raw material/Power/Fuel | Sources of raw material | Ownership | Distance from the plant (in km) | Mode of inbound transportation |
|---|---|---|---|---|
| **Limestone** | JSW Nandyal Mine | Captive | 1. | Road |
| **Blast furnace slag** | JSW Steel Limited plant, Vijayanagar, Karnataka | Third-party | 237 | Rail and Road |
| **Gypsum** | Imported from Oman | Third-party | 305* | Road |
| **Fly ash** | JSW Energy Limited thermal power plant | Third-party | N/A | - |

*Source: Company, PL; *Receives imports at KP port; hence, its distance b/w KP port and the plant*

### *Vijayanagar Plant, Karnataka – Grinding unit*

The Vijayanagar plant commenced operations in FY09. The facility manufactures PSC, CHD, PCC, PPC, OPC and GGBS, along with allied cementitious products such as Microfine GGBS, RMC and screened slag at adjacent facilities. Dispatches are supported by an in-plant railway siding and road connectivity, with sales spread across Karnataka, Telangana, Tamil Nadu, Kerala, Maharashtra and Goa.

**Exhibit 107: RM sources for Vijaynagar plant**

| Raw material/Power/Fuel | Source(s) of raw material | Ownership | Distance from the plant (in km) | Mode of inbound transportation |
|---|---|---|---|---|
| **Clinker** | Nandyal plant | Own | 237 | Rail and road |
| **Blast furnace slag** | JSW Steel Limited plant, Vijayanagar, Karnataka. | Third-party | 6.8 | Road |
| **Fine Coal** | JSW Energy Limited, Vijayanagar, Karnataka. | Third-party | 6.8 | Road |
| **Gypsum** | Imported from Oman | Third-party | 493* | Road |
| **Fly ash** | JSW Steel Limited and JSW Energy Limited, Vijayanagar, Karnataka | Third-party | 6.8 | Road |

*Source: Company, PL; *Receives imports at KP port; hence, its distance b/w KP port and the plant*

### *Salem Plant, Tamil Nadu – Grinding unit*

The plant at Salem commenced operations in FY23. It primarily manufactures GGBS. The GGBS from this plant is sold in Tamil Nadu, Kerala and Karnataka which is transported through road transport.

**Exhibit 108: RM sources for Salem plant**

| Raw material/Power/Fuel | Source(s) of raw material | Ownership | Distance from the plant (in km) | Mode of inbound transportation |
|---|---|---|---|---|
| **Blast furnace slag** | JSW Steel Limited plant, Salem, Tamil Nadu. | Third-party | 2.2 | Road |
| | JSW Steel Limited plant, Vijayanagar, Karnataka | Third-party | 651 | Rail |
| **Fuel** | Hot air from a sinter plant at the JSW Steel Limited plant located in Salem, Tamil Nadu. | Third-party | 2.2 | Transport duct |

*Source: Company, PL*

### *Dolvi Plant, Maharashtra – Grinding unit*

The plant at Dolvi was acquired from JSW Steel in FY15. It manufactures OPC, PSC, CHD and GGBS here along with allied cementitious products such as RMC which are all transported through road.

**Exhibit 109: RM sources for Dolvi plant**

| Raw material/Power/Fuel | Source(s) of raw material | Ownership | Distance from the plant (in km) | Mode of inbound transportation |
|---|---|---|---|---|
| **Clinker** | Imported from JSW Cement FZC and third party suppliers | Own / Third-party | 5.10* | Sea & Road |
| **Blast furnace slag** | JSW Steel Dolvi works located in Dolvi, Maharashtra | Third-party | 1 | Overland belt conveyor |
| **Gypsum** | Dahaj, Gujarat | Third-party | 435 | Road |
| | Tarapur, Maharashtra | Third-party | 180 | Road |
| **Fuel** | Blast furnace gas and coke oven gas from JSW Steel Dolvi Works located in Dolvi, Maharashtra | Third-party | 1 | Pipeline |

*Source: Company, PL; *Receives imports at Dharamtar Jetty; hence, its distance b/w Dharamtar port and the plant*

### *Salboni Plant, West Bengal – Grinding unit*

The Salboni plant commenced operations in FY18 and manufactures PSC, CHD and GGBS. Dispatches are supported by both rail and road connectivity, including an in-plant railway siding with a wagon tippler for efficient inbound and outbound logistics. The plant serves markets across West Bengal, Bihar, Jharkhand and Uttar Pradesh.

**Exhibit 110: RM sources for Salboni plant**

| Raw material/Power/Fuel | Source(s) of raw material | Ownership | Distance from the plant (in km) | Mode of inbound transportation |
|---|---|---|---|---|
| Clinker | Shiva Cement Limited | Own | 365 | Rail |
| Blast furnace slag | Kalinganagar, Odisha | Third-party | 280 | Rail |
| | Jamshedpur, Jharkhand | Third-party | 163 | Rail |
| | BPSL plant, Sambalpur, Odisha | Third-party | 447 | Rail |
| Gypsum | Imported from Oman | Third-party | 133*/366* | Road |
| Fly ash | Own thermal power plant | Own | 1 | Road |
| | Mejia, West Bengal | Third-party | 135 | Road |
| Fuel | Domestic coal from traders | Third-party | N/A | - |

*Source: Company, PL; *Receives imports at Haldia or Paradip Port; hence, b/w those ports to the plant*

### *Jajpur Plant, Odisha – Grinding unit*

The Jajpur plant commenced operations in FY20 and manufactures PSC, PCC, CHD and GGBS. Dispatches are carried out primarily through road transport, with sales concentrated in the Odisha market.

**Exhibit 111: RM sources for Jajpur plant**

| Raw material/Power/Fuel | Source(s) of raw material | Ownership | Distance from the plant (in km) | Mode of inbound transportation |
|---|---|---|---|---|
| Clinker | Shiva Cement Limited | Own | 326 | Road |
| Blast furnace slag | Kalinganagar, Odisha | Third-party | 13 | Road |
| Gypsum | Imported from Oman | Third-party | 303*/135* | Road |
| Fly ash | Local power plants | Third-party | 2 | Road |
| Fuel | Domestic coal from traders | Third-party | N/A | - |

*Source: Company, PL; *Receives imports at Haldia or Paradip Port; hence, b/w those ports to the plant*

## *Shiva Cement, Odisha – Clinker unit*

The Shiva Cement clinker unit commenced commercial production on June 30, 2023. The plant manufactures clinker and is supported by both road and rail connectivity, including proximity to SH-10 and nearby railway stations at Sonakhan (~20.9 km) and Sagra (~18.3 km). Clinker from this unit is supplied to the Salboni and Jajpur plants, as well as to third-party customers.

**Exhibit 112: RM sources for Shiva Cement plant**

| Raw material/Power/Fuel | Source(s) of raw material | Ownership | Distance from the plant (in km) | Mode of inbound transportation |
|---|---|---|---|---|
| **Limestone and Dolomite** | Leased captive mine in the Sundargarh district, Odisha | Captive | 12 | Road |
| **Fly ash** | Thermal power plants located in Jharsuguda, Odisha | Third-party | 80-85 | Road |
| **Fuel** | Coal imported from the U.S, South Africa and Australia; domestic coal from traders in Odisha/Chhattisgarh | Third-party | 429*/728* | Road and Rail |

*Source: Company, PL; * Receives imports at Paradip or Gangavaram Port; hence, distance b/w those ports to the plant*

JSWCEMEN in Sept'25 commissioned 1mtpa cement plant in Sambalpur (Odisha) for which clinker is sourced from Shiva cement clinker unit.

## *Fujairah Plant, UAE – Clinker unit*

The JSW Cement FZC clinker unit in Fujairah, UAE commenced operations in FY20. Until March 21, 2023, it was a wholly owned subsidiary, after which it has been accounted as a joint venture following joint control with Aquarius Global Fund PCC. A second clinker line was commissioned in May 2024. The plant manufactures clinker, which is transported by road to Mina Saqr and Dibba ports for seaborne dispatch. Output is supplied to the Dolvi grinding unit, customers in the Gulf cooperation council market, and third-party customers across Asia and Africa.

**Exhibit 113: RM sources for Fujairah plant**

| Raw material/Power/Fuel | Source(s) of raw material | Ownership | ~ distance from the plant (in km) | Mode of inbound transportation |
|---|---|---|---|---|
| **Limestone** | Leased captive mine at Fujairah, UAE | Captive | 1.5 | Road |
| **Red shale** | Sourced locally from the UAE | Third-party | 25 | Road |
| **Iron ore** | Imported from Oman, UAE through road transport | Third-party | 620 | Road |
| **Copper Slag** | Imported / sourced locally | Third-party | 60 | Road |
| **Fuel** | (i) Imported coal; and (ii) alternate fuel sources such as biomass, pharmaceutical waste, plastic waste and municipal solid waste. | Third-party | 60(1) | Road |

*Source: Company, PL*

JSW Cement FZC has upgraded its alternate fuel feeding and handling systems to increase the use of alternative fuels in the kiln, thereby reducing coal and petcoke consumption and lowering its carbon footprint. To manage logistics costs, the company entered into a one-year charter party contract in April 2025 for the transportation of clinker from Mina Saqr or Dibba ports in the UAE to Mumbai or other Indian ports at pre-agreed freight rates, mitigating exposure to volatility in vessel hire costs.

In addition to clinker, JSW Cement FZC is engaged in limestone mining and trading. Higher-grade, steel-grade limestone from its captive mine in Fujairah was exported to JSW Steel until Sept'24, while the balance is utilized for clinker production. The company also trades limestone by sourcing from local suppliers for export outside the UAE.

**Exhibit 114: Limestone used to manufacture clinker and to be sold by FZC (mt)**

| Particulars | FY23 | FY24 | FY25 |
|---|---|---|---|
| Limestone used to manufacture clinker | 1.43 | 1.76 | 3.07 |
| Limestone sold (mined from leased captive mine at Fujairah, UAE and through trading) | 7.28 | 6.29 | 3.89 |

*Source: Company, PL*

JSWCEMEN also operates a construction chemical manufacturing plant at Vijayanagar, Karnataka, and has contract manufacturing arrangements with six additional plants - 2 in the Mumbai Metropolitan Region, 3 in Karnataka and 1 in Andhra Pradesh. Construction chemicals produced at these facilities are sold to third-party customers.

Overall, JSWCEMEN's strategically located manufacturing footprint, supported by proximity to key raw material sources, strong road and rail connectivity, and access to ports, enables cost-efficient sourcing and distribution across major consumption markets. This integrated and well-spread network lowers logistics costs, improves supply reliability and enhances regional competitiveness, making plant location a key structural strength.

## Assured raw material sourcing

### ***Limestone***

JSWCEMEN has access to adequate limestone reserves through captive mines located close to its clinker and integrated plants and merchant mines ensuring long-term raw material availability and lower logistics costs. This provides visibility on clinker production and supports sustainable capacity expansion.

**Exhibit 115: Currently available mining stage leases**

| Mine | District / State | Mining Lease execution date | Mining Lease expiry date | Residual reserves as of FY25 (in mt) | Type of mine |
|---|---|---|---|---|---|
| | | **LIMESTONE** | | | |
| JSW Nandyal Mine | Nandyal, Andhra Pradesh | April 25, 2008 | April 24, 2058 | 105.18 | Captive |
| Shiva – Khatkurbahal | Sundargarh, Odisha | January 15, 1992 | January 14, 2042 | 57.25 | Captive |
| Shiva – Khatkurbahal (North) | Sundargarh, Odisha | November 17, 2022 | November 17, 2072 | 18.11 | Merchant |
| Fujairah | Fujairah, UAE | October 30, 2017 | October 29, 2042 | 193.58 | Merchant |
| Kolkariya | Panna district, Madhya Pradesh | October 13, 2015 | October 13, 2065 | 139.17 | Captive |
| Mudhvay D* | Kutch, Gujarat | December 19, 2022 | December 19, 2072 | 112.72 | Merchant |
| 3B2 | Nagaur, Rajasthan | April 12, 2023 | April 12, 2073 | 144.61 | Merchant |
| | | **Total Limestone Reserves** | | **1,286.67** | |
| | | **DOLOMITE** | | | |
| Shiva – Khatkurbahal (North) | Sundargarh, Odisha | November 17, 2022 | November 17, 2072 | 48.27 | Merchant |

*Source: Company, PL*

Dolomite is used in cement manufacturing as a **corrective raw material** to control **MgO and CaO levels in the raw mix**, helping optimize clinker chemistry and improve kiln performance.

**Exhibit 116: Letter of intent signed for limestone reserves**

| Mine | District / State | Letter of Intent date | Validity | Residual reserves as of fy25 (in mt) | Type of mine |
|---|---|---|---|---|---|
| 3D1 | Nagaur, Rajasthan | June 30, 2023 | Three | 158.03 | Merchant |
| 3C1 | Nagaur, Rajasthan | November 15, 2022 | Three | 168.46 | Merchant |
| 3C2 | Nagaur, Rajasthan | November 15, 2022 | Three | 129.65 | Merchant |
| Pipariya Dyandas | Damoh, Madhya Pradesh | January 7, 2025 | Three | 55.91 | Merchant |
| Satunur (composite license) | Gulbarga, Karnataka | Composite License Deed validity till Oct'26 | Mining lease application to be submitted by Oct'26 | NA | Merchant |

*Source: Company, PL*

## ***Blast Furnace slag***

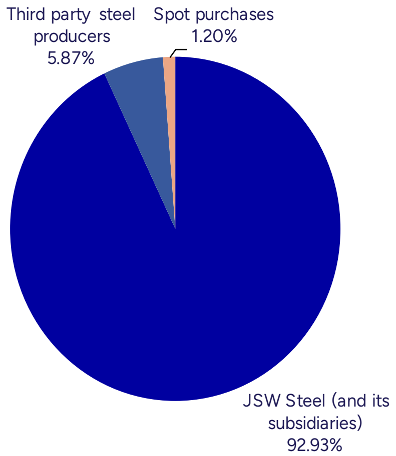
Blast furnace slag is used as a key additive raw material to manufacture blended cement products and GGBS. Blast furnace slag is obtained as a by-product of the steel manufacturing process.

**Exhibit 117: Sources of blast furnace slag for JSWCEMEN**

| Plant | Sources of blast furnace slag | Distance from the plant (in km) | Mode of inbound transportation |
|---|---|---|---|
| Vijayanagar | JSW Steel plant located in Vijayanagar, Karnataka | 6.8 | Road |
| Nandyal | JSW Steel plant located in Vijayanagar, Karnataka | 237 | Rail and road |
| Salem | JSW Steel plant located in Salem, Tamil Nadu | 2.2 | Road |
| Dolvi | JSW Steel Dolvi works located in Dolvi, Maharashtra | 1 | Overland belt conveyor |
| Salboni | Third party steel plant, Kalinganagar, Odisha | 280 | Rail |
| | Third party steel plant, Jamshedpur, Jharkhand | 163 | Rail |
| | BPSL plant, Sambalpur, Odisha | 447 | Rail |
| Jaipur | Third party steel plant, Kalinganagar Odisha | 13 | Road |

*Source: Company, PL*

**Exhibit 118: JSW Steel, a major provider of slag to JSWCEMEN**




*Source: Company, PL*

Under the agreements with the group companies, slag is supplied at fixed rates with annual revisions linked to the wholesale price index and export parity. The company has committed to purchase the entire slag output from JSW Steel and JSW Vijayanagar Metallics, and a minimum monthly quantity from BPSL. Any shortfall in offtake attracts monetary compensation equal to the applicable sale price per ton.

In addition to group sourcing, JSWCEMEN procures a majority of its remaining slag requirements from two steel manufacturers in East India under long-term contracts executed in Nov'24 (five-year term, extendable by a further five years) and Apr'25 (one-year term). These agreements provide for assured supply of specified minimum quantities of blast furnace slag at fixed rates, subject to periodic revisions on mutually agreed terms, along with defined quality specifications, dispatch mechanisms and contractual obligations, ensuring supply security and cost visibility.

***Power***

**Exhibit 119: Overview of power sources for JSWCEMEN**

| Source of power | FY23 | FY24 | FY25 |
|---|---|---|---|
| Thermal power plants | 3.31% | 23.56% | 23.06% |
| Green power sourced from WHRS power generation units and solar power plants | 3.80% | 15.01% | 21.48% |
| – WHRS power generation units | NA | 7.86% | 12.67% |
| – Solar power plants | 3.80% | 7.15% | 8.81% |
| State electricity grids | 92.89% | 61.42% | 55.46% |

*Source: Company, PL*

***Coal & Pet coke***

JSWCEMEN uses coal and pet coke as fuel for clinker manufacturing and raw material processing, sourcing requirements from both domestic and international suppliers on a purchase-order basis. To improve fuel security and reduce cost volatility, JSWCEMEN was declared the successful bidder for the Marwatola VI coal block in Madhya Pradesh in 2023 and has since been granted a prospecting license and mining lease. Upon commencement of mining operations, this captive coal source is expected to lower fuel costs and reduce exposure to imported coal and pet coke price fluctuations.

**Exhibit 120: Residual reserve of the Marwatola VI coal block as of FY25**

| Current Stage | District / State | Letter of intent date | Mining lease validity | Residual reserves as of FY25 (in mt) | Type of mine |
|---|---|---|---|---|---|
| Letter of intent stage | Umaria, Madhya Pradesh | June 8, 2023 | The mining lease is to be executed within 51 months of the letter of intent date | 30.03 (Extractable by underground mining) | Merchant |

*Source: Company, PL*

**Other and alternate fuels:** In addition to coal and pet coke, JSWCEMEN utilizes other fuels such as coal fines, coke oven gas and blast furnace gas, which are by-products of steel manufacturing. The company also co-processes industrial waste including carbon black, solvents, RDF, multilayer plastic waste and biomass/agri-waste such as rice husk as alternate fuels at its Nandyal plant, Shiva Cement clinker unit and the JSW Cement FZC clinker unit. This has enabled a rising thermal substitution rate of 16.39% in FY25 (FY24: 6.89%), reducing dependence on conventional fossil fuels.

JSWCEMEN's secure access to key raw materials - limestone through captive mines, blast furnace slag via long-term contracts with JSW Steel and other steel producers, and diversified fuel sourcing provides strong supply visibility and cost stability. This reduces exposure to input volatility and supports consistent operations making raw material security a key investment strength.

## Extensive sales and distribution network in India

JSWCEMEN benefits from the strong corporate lineage of the JSW Group and an experienced management team. As part of a diversified multinational conglomerate with presence across steel, energy, infrastructure, ports, paints and other sectors, the company derives significant brand and operational synergies from the well-established "JSW" franchise.

The company benchmarks product pricing and quality against leading regional peers and markets all products under the "JSW" brand, pursuant to a long-term brand equity and business promotion agreement. The JSW Aikyam platform supports sales by identifying large upcoming infrastructure and housing projects, strengthening demand visibility.

**Exhibit 121: Diverse product profile with strong branding**


*Source: Company*

JSWCEMEN has built a wide sales and distribution network of dealers, sub dealers and warehouses across its key markets, catering to retail demand through its trade channel and serving builders and institutional clients through its non-trade channel. To drive trade sales, JSWCEMEN launched an influencer loyalty program in FY22 aimed at masons, contractors and architects key decision influencers in construction rewarding them with redeemable points for recommending JSW products.

**Exhibit 122: Stakeholders helping in sales**

| Particulars | FY23 | FY24 | FY25 |
|---|---|---|---|
| Dealers | 5,345 | 5,043 | 4,653 |
| Sub-dealers | 10,632 | 10,412 | 8,844 |
| Direct customers | 5,268 | 6,268 | 6,559 |
| Influencers | 18,321 | 55,678 | 57,404 |

*Source: Company, PL*

**Exhibit 123: Breakdown of cement & GGBS sales through different channels**

| Particulars | FY23 | FY24 | FY25 |
|---|---|---|---|
| % of cement sold through the non-trade channel | 35.61% | 42.47% | 47.13% |
| % of GGBS sold through the non-trade channel | 100.00% | 100.00% | 100.00% |

*Source: Company, PL*

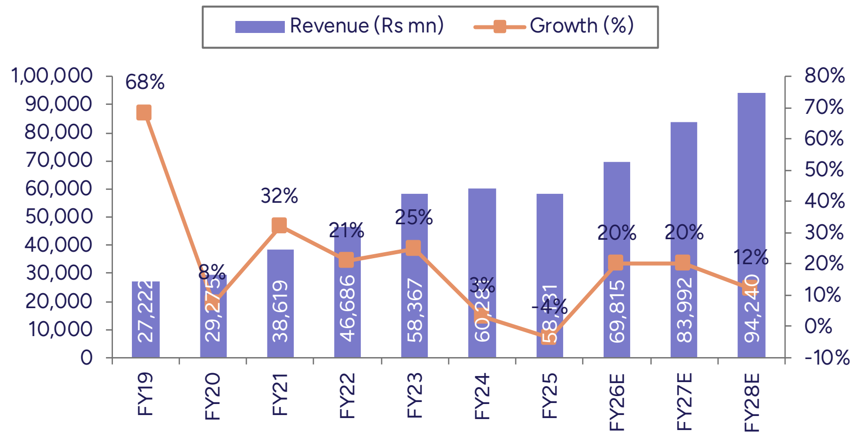
JSWCEMEN caters to both institutional customers involved in large-scale construction projects and individual home builders (IHB). The company distributes its products through two channels: (i) the trade channel, comprising sales to IHBs, contractors and small builders via a network of non-exclusive dealers and sub-dealers; and (ii) the non-trade channel, involving direct sales to large institutional and bulk customers.

# Financial Analysis

## Revenue CAGR of 17% in FY25-28E led by strong volumes

We expect revenue CAGR of 17% in FY25-28E, primarily led by volume CAGR of ~14%. Realizations are expected to grow at 3% CAGR during the same period on expectations of better demand.

**Exhibit 124: Expect revenue to grow at CAGR of 17% over FY25-28E**

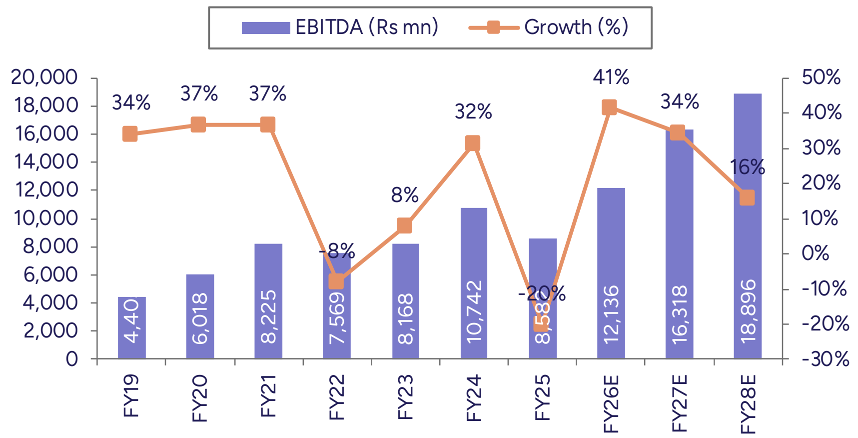



*Source: Company, PL*

## EBITDA CAGR of 30% over FY25-28E

We expect EBITDA CAGR of 30% over FY25-28E, aided by strong group synergies and lower input costs. EBITDA/t is expected to rise to 15% CAGR during the same period.

**Exhibit 125: EBITDA to clock 30% CAGR over FY25-28E**

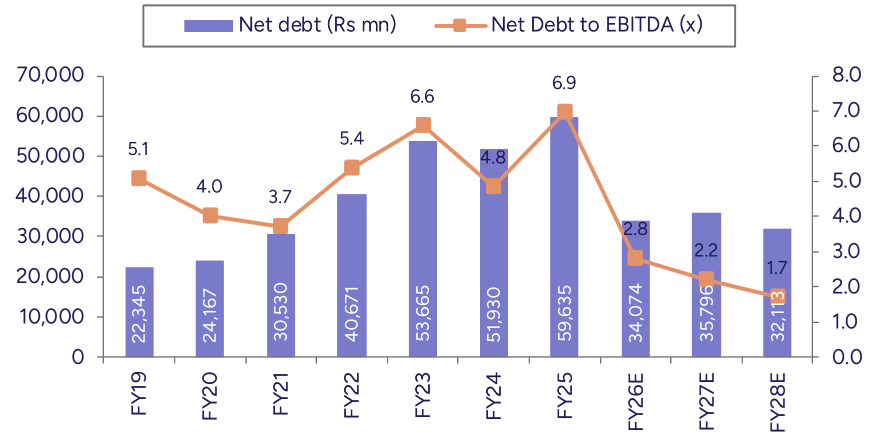



*Source: Company, PL*

## Strong EBITDA growth to lower leverage ratios

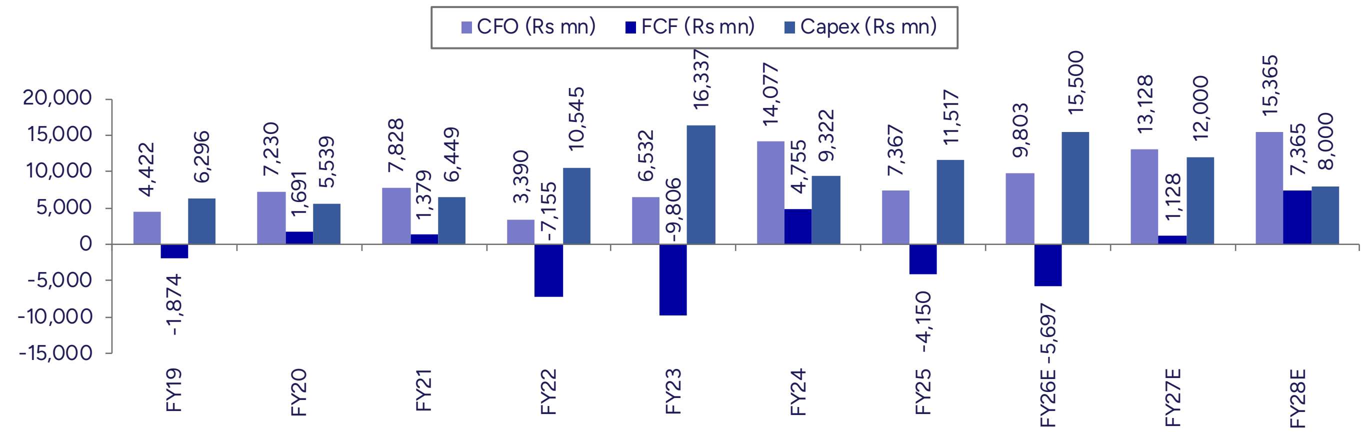
Net debt to remain flattish despite ongoing capex due to higher cash flow generation. We expect net debt to EBITDA to decline to 2x by FY28E.

**Exhibit 126: Net debt to EBITDA to decline to 2x by FY28E**




*Source: Company, PL*

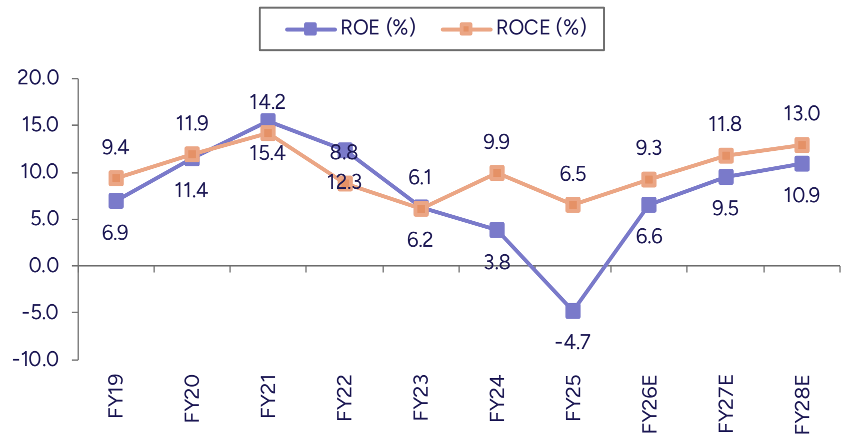
**Exhibit 127: Strong cash flow generation on the back of volume growth**




*Source: Company, PL*

## Improving return ratios aided by revenue growth

**Exhibit 128: Return ratios to improve substantially on low base**




*Source: Company, PL*

## Valuation & Recommendation

JSWCEMEN's growth has been driven primarily by organic capacity additions, with a clear strategic focus on expanding blended cement and GGBS capacities. Management has guided for sustained organic expansion over the medium to long term, supported by strong raw material security and group synergies.

The cement sector is entering a multi-year upcycle, driven by GoI's infrastructure push, robust housing demand, and premiumization trends which should aid JSWCEMEN in medium term. With capacity set to double, robust growth in green cement products, good limestone reserves, strong execution, and an expected CAGR of ~30% in EBITDA between FY25-28E. At CMP the stock trades at an EV of 12.2x/10.3x FY27E/FY28E EBITDA. Initiate coverage with **'BUY' rating** and **TP of Rs143** valuing at an EV of 12x Mar'28E EBITDA.

**Exhibit 129: Target price calculation**

| Consolidated Valuation Table | |
|---|---|
| EBITDA-Sep'27E (Rs mn) | 18,896 |
| EV/EBITDA (x) | 12 |
| EV (Rs mn)-(a) | 2,26,752 |
| Less: Net debt (Rs mn)-(b) | 32,113 |
| Residual Value (Rs mn)-(a-b) | 1,94,639 |
| Shares Outstanding (mn) | 1,363 |
| **Fair Value/share (Rs)** | **143** |

*Source: PL*

## Key Risks

- **High dependency on JSW Steel and its subsidiary for slag requirements:** JSWCEMEN is heavily contingent (93% in FY25) on JSW Steel and its subsidiaries for sourcing blast furnace slag. JSWCEMEN has five-year contracts requiring fixed-rate purchases (annually adjusted per WPI/export benchmarks) and obligations to buy its entire slag output from JSW Steel and JSW Vijayanagar Mettalics, and minimum monthly quantities from Bhushan Power and Steel. Failure to meet purchase targets triggers penalties equal to the sale price per unprocured ton. Any disruption at JSW Steel may negatively impact JSWCEMEN operations too.

- **Rise in cost of limestone:** JSWCEMEN's operations rely on limestone from four leased mines in India and one in Fujairah, Maximum supply coming from Indian sources. Rising royalties in India and premiums to acquire mining assets can impact JSWCEMEN’s margins adversely.

- **Fall in cement demand can impact profitability:** India’s cement capacities are growing at 5-6% CAGR while demand is expected to grow at 7% over next few years. In case of unexpected contraction in demand or overcapacity situation in particular region, cement prices can correct and impact profitability of company.

# Financials

**Income Statement (Rs m)**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| **Net Revenues** | **58,131** | **69,815** | **83,992** | **94,240** |
| *YoY gr. (%)* | *(3.6)* | *20.1* | *20.3* | *12.2* |
| Cost of Goods Sold | 14,829 | 17,262 | 20,253 | 22,549 |
| Gross Profit | 43,302 | 52,553 | 63,738 | 71,691 |
| *Margin (%)* | *74.5* | *75.3* | *75.9* | *76.1* |
| Employee Cost | 3,695 | 4,301 | 5,046 | 5,618 |
| Other Expenses | 8,831 | 10,281 | 12,062 | 13,429 |
| | | | | |
| **EBITDA** | **8,582** | **12,136** | **16,318** | **18,896** |
| *YoY gr. (%)* | *(20.1)* | *41.4* | *34.5* | *15.8* |
| *Margin (%)* | *14.8* | *17.4* | *19.4* | *20.1* |
| | | | | |
| Depreciation and Amortization | 3,103 | 3,617 | 4,214 | 4,648 |
| | | | | |
| **EBIT** | **5,478** | **8,518** | **12,104** | **14,248** |
| *Margin (%)* | *9.4* | *12.2* | *14.4* | *15.1* |
| | | | | |
| Net Interest | 4,501 | 3,719 | 2,850 | 2,887 |
| Other Income | (429) | (343) | (274) | (219) |
| | | | | |
| **Profit Before Tax** | **548** | **4,457** | **8,980** | **11,141** |
| *Margin (%)* | *0.9* | *6.4* | *10.7* | *11.8* |
| | | | | |
| Total Tax | 1,201 | 1,248 | 2,514 | 3,120 |
| *Effective tax rate (%)* | *219.1* | *28.0* | *28.0* | *28.0* |
| | | | | |
| **Profit after tax** | **(653)** | **3,209** | **6,465** | **8,022** |
| Minority interest | (497) | (237) | (101) | - |
| Share Profit from Associate | (985) | (661) | (440) | (220) |
| | | | | |
| **Adjusted PAT** | **(1,141)** | **2,785** | **6,127** | **7,802** |
| *YoY gr. (%)* | *(227.1)* | *(344.1)* | *120.0* | *27.3* |
| *Margin (%)* | *(2.0)* | *4.0* | *7.3* | *8.3* |
| Extra Ord. Income / (Exp) | - | - | - | - |
| | | | | |
| **Reported PAT** | **(1,141)** | **2,785** | **6,127** | **7,802** |
| *YoY gr. (%)* | *(227.1)* | *(344.1)* | *120.0* | *27.3* |
| *Margin (%)* | *(2.0)* | *4.0* | *7.3* | *8.3* |
| | | | | |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | (1,141) | 2,785 | 6,127 | 7,802 |
| **Equity Shares O/s (m)** | **986** | **1,363** | **1,363** | **1,363** |
| **EPS (Rs)** | **(1.2)** | **2.0** | **4.5** | **5.7** |

*Source: Company Data, PL Research*

**Balance Sheet Abstract (Rs m)**

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| **Non-Current Assets** | | | | |
| | | | | |
| **Gross Block** | **75,791** | **89,741** | **1,00,541** | **1,07,741** |
| Tangibles | 68,018 | 81,968 | 92,768 | 99,968 |
| Intangibles | 7,773 | 7,773 | 7,773 | 7,773 |
| | | | | |
| **Acc: Dep / Amortization** | **14,159** | **17,776** | **21,990** | **26,638** |
| Tangibles | 13,637 | 17,254 | 21,468 | 26,116 |
| Intangibles | 522 | 522 | 522 | 522 |
| | | | | |
| **Net fixed assets** | **61,632** | **71,965** | **78,551** | **81,103** |
| Tangibles | 54,381 | 64,714 | 71,300 | 73,852 |
| Intangibles | 7,251 | 7,251 | 7,251 | 7,251 |
| | | | | |
| Capital Work In Progress | 10,376 | 11,926 | 13,126 | 13,926 |
| Goodwill | 2,169 | 2,169 | 2,169 | 2,169 |
| Non-Current Investments | 7,179 | 7,179 | 7,179 | 7,179 |
| Net Deferred tax assets | (3,329) | (3,329) | (3,329) | (3,329) |
| Other Non-Current Assets | 13,427 | 13,427 | 13,427 | 13,427 |
| | | | | |
| **Current Assets** | | | | |
| Investments | 795 | 795 | 795 | 795 |
| Inventories | 4,285 | 5,164 | 6,213 | 6,971 |
| Trade receivables | 7,818 | 9,564 | 11,506 | 12,910 |
| Cash & Bank Balance | 1,235 | 2,619 | 1,897 | 6,375 |
| Other Current Assets | 5,601 | 5,601 | 5,601 | 5,601 |
| **Total Assets** | **1,20,039** | **1,35,931** | **1,45,986** | **1,55,978** |
| | | | | |
| **Equity** | | | | |
| Equity Share Capital | 9,864 | 13,634 | 13,634 | 13,634 |
| Other Equity | 13,662 | 47,654 | 53,781 | 61,582 |
| **Total Networth** | **23,526** | **61,288** | **67,414** | **75,216** |
| | | | | |
| **Non-Current Liabilities** | | | | |
| Long Term borrowings | 50,104 | 25,927 | 26,927 | 26,927 |
| Provisions | 945 | 945 | 945 | 945 |
| Other non current liabilities | 123 | 123 | 123 | 123 |
| | | | | |
| **Current Liabilities** | | | | |
| ST Debt / Current of LT Debt | 11,561 | 11,561 | 11,561 | 11,561 |
| Trade payables | 12,376 | 14,919 | 17,949 | 20,139 |
| Other current liabilities | 13,134 | 13,134 | 13,134 | 13,134 |
| **Total Equity & Liabilities** | **1,20,039** | **1,35,931** | **1,45,986** | **1,55,978** |

*Source: Company Data, PL Research*

## Cash Flow (Rs m)

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| PBT | (436) | 4,457 | 8,980 | 11,141 |
| Add. Depreciation | 3,103 | 3,617 | 4,214 | 4,648 |
| Add. Interest | - | - | - | - |
| Less Financial Other Income | (429) | (343) | (274) | (219) |
| Add. Other | 6,614 | 3,058 | 2,409 | 2,667 |
| Op. profit before WC changes | 9,281 | 11,132 | 15,603 | 18,456 |
| Net Changes-WC | (1,603) | (82) | 39 | 28 |
| Direct tax | (311) | (1,248) | (2,514) | (3,120) |
| **Net cash from Op. activities** | **7,367** | **9,803** | **13,128** | **15,365** |
| Capital expenditures | (9,580) | (15,500) | (12,000) | (8,000) |
| Interest / Dividend Income | 1,335 | - | - | - |
| Others | 2,665 | - | - | - |
| **Net Cash from Invt. activities** | **(5,580)** | **(15,500)** | **(12,000)** | **(8,000)** |
| Issue of share cap. / premium | 795 | 34,977 | - | - |
| Debt changes | 1,543 | (24,177) | 1,000 | - |
| Dividend paid | - | - | - | - |
| Interest paid | (4,656) | (3,719) | (2,850) | (2,887) |
| Others | - | - | - | - |
| **Net cash from Fin. activities** | **(2,318)** | **7,081** | **(1,850)** | **(2,887)** |
| **Net change in cash** | **(531)** | **1,384** | **(722)** | **4,478** |
| Free Cash Flow | (4,150) | (5,697) | 1,128 | 7,365 |

*Source: Company Data, PL Research*

## Key Financial Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| **Per Share(Rs)** | | | | |
| EPS | (1.2) | 2.0 | 4.5 | 5.7 |
| CEPS | 2.0 | 4.7 | 7.6 | 9.1 |
| BVPS | 23.9 | 45.0 | 49.4 | 55.2 |
| FCF | (4.2) | (4.2) | 0.8 | 5.4 |
| DPS | - | - | - | - |
| **Return Ratio(%)** | | | | |
| RoCE | 6.5 | 9.3 | 11.8 | 13.0 |
| ROIC | (7.9) | 6.9 | 8.7 | 10.0 |
| RoE | (4.7) | 6.6 | 9.5 | 10.9 |
| **Balance Sheet** | | | | |
| Net Debt : Equity (x) | 2.5 | 0.6 | 0.5 | 0.4 |
| Net Working Capital (Days) | (2) | (1) | (1) | (1) |
| **Valuation(x)** | | | | |
| PER | (103.6) | 58.6 | 26.7 | 20.9 |
| P/B | 5.0 | 2.7 | 2.4 | 2.2 |
| P/CEPS | 60.2 | 25.5 | 15.8 | 13.1 |
| EV/EBITDA | 20.7 | 16.3 | 12.2 | 10.3 |
| EV/Sales | 3.1 | 2.8 | 2.4 | 2.1 |
| Dividend Yield (%) | - | - | - | - |

*Source: Company Data, PL Research*

## Quarterly Financials (Rs m)

| Y/e Mar | Q3FY25 | Q4FY25 | Q1FY26 | Q2FY26 |
|---|---|---|---|---|
| **Net Revenue** | **14,327** | **17,094** | **15,598** | **14,364** |
| *YoY gr. (%)* | - | - | *7.8* | *17.4* |
| Raw Material Expenses | 3,444 | 4,510 | 3,992 | 3,185 |
| Gross Profit | 10,884 | 12,584 | 11,607 | 11,179 |
| *Margin (%)* | *76.0* | *73.6* | *74.4* | *77.8* |
| **EBITDA** | **1,485** | **2,402** | **3,227** | **2,675** |
| *YoY gr. (%)* | - | - | *61.4* | *113.7* |
| *Margin (%)* | *10.4* | *14.0* | *20.7* | *18.6* |
| Depreciation / Depletion | 810 | 785 | 779 | 795 |
| **EBIT** | **676** | **1,616** | **2,447** | **1,880** |
| *Margin (%)* | *4.7* | *9.5* | *15.7* | *13.1* |
| Net Interest | 1,164 | 1,141 | 1,022 | 1,003 |
| Other Income | 285 | 214 | 221 | 236 |
| **Profit before Tax** | **(203)** | **689** | **(13,018)** | **1,113** |
| *Margin (%)* | *(1.4)* | *4.0* | *(83.5)* | *7.8* |
| Total Tax | 272 | 595 | 648 | 459 |
| *Effective tax rate (%)* | *(133.9)* | *86.4* | *(5.0)* | *41.2* |
| **Profit after Tax** | **(475)** | **94** | **(13,665)** | **654** |
| Minority interest | - | - | - | - |
| Share Profit from Associates | (327) | 68 | 1 | 99 |
| **Adjusted PAT** | **(802)** | **162** | **(13,664)** | **754** |
| *YoY gr. (%)* | - | - | *5,610.0* | *(199.4)* |
| *Margin (%)* | *(5.6)* | *0.9* | *(87.6)* | *5.2* |
| Extra Ord. Income / (Exp) | - | - | - | - |
| **Reported PAT** | **(802)** | **162** | **(13,664)** | **754** |
| *YoY gr. (%)* | - | - | *5,610.0* | *(199.4)* |
| *Margin (%)* | *(5.6)* | *0.9* | *(87.6)* | *5.2* |
| Other Comprehensive Income | - | - | - | - |
| **Total Comprehensive Income** | **(802)** | **162** | **(13,664)** | **754** |
| Avg. Shares O/s (m) | - | - | - | - |
| **EPS (Rs)** | **-** | **-** | **-** | **-** |

*Source: Company Data, PL Research*

## Key Operating Metrics

| Y/e Mar | FY25 | FY26E | FY27E | FY28E |
|---|---|---|---|---|
| Total Volume (mt) | 13 | 14 | 17 | 19 |
| Blended NSR (Rs/t) | 4,603 | 4,834 | 4,953 | 5,088 |
| Blended EBITDA/t (Rs) | 679 | 840 | 962 | 1,020 |

*Source: Company Data, PL Research*

## Notes

## Notes

## Notes

## Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---|---|---|---|---|
| 1 | ACC | BUY | 2,374 | 1,882 |
| 2 | Adani Port & SEZ | BUY | 1,876 | 1,494 |
| 3 | Ambuja Cement | BUY | 718 | 577 |
| 4 | Dalmia Bharat | Accumulate | 2,263 | 2,024 |
| 5 | Hindalco Industries | Accumulate | 846 | 790 |
| 6 | Jindal Stainless | Hold | 748 | 743 |
| 7 | Jindal Steel | Accumulate | 1,151 | 1,071 |
| 8 | JSW Infrastructure | BUY | 336 | 265 |
| 9 | JSW Steel | Hold | 1,118 | 1,166 |
| 10 | National Aluminium Co. | BUY | 281 | 235 |
| 11 | NMDC | Accumulate | 86 | 77 |
| 12 | Nuvoco Vistas Corporation | Accumulate | 459 | 412 |
| 13 | Shree Cement | Accumulate | 29,850 | 26,100 |
| 14 | Steel Authority of India | Hold | 143 | 137 |
| 15 | Tata Steel | Accumulate | 188 | 166 |
| 16 | Ultratech Cement | BUY | 13,625 | 11,461 |

## PL's Recommendation Nomenclature

**Buy** : > 15%
**Accumulate** : 5% to 15%
**Hold** : +5% to -5%
**Reduce** : -5% to -15%
**Sell** : < -15%
**Not Rated (NR)** : No specific call on the stock
**Under Review (UR)** : Rating likely to change shortly

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We/I Mr. Tushar Chaudhari- MMS-Finance, Mr. Satyam Kesarwani- BFM, Passed CFA Level II, Mr. Pranav Iyer- BBA Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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