

J K Cement (JKCE) - SELL

Q4FY26 Result Update

Current Market Price (CMP) Rs.5,442	Fair Value (FV) Rs.3,800
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Rationale:

- Q4FY26 EBITDA was largely in line due to higher volumes and lower costs, largely offset by lower realizations.
- Company continues to gain market share in Q4FY26, driven by capacity additions.
- Recently announced Jaisalmer project further provides strong growth visibility over the next 2-3 years.
- Near-term cost pressures will impact margins in H1FY27E, but we expect price hikes to gradually offset any prolonged impact.
- We cut EBITDA estimates by 11%/5% for FY27/28E, led by higher costs and disruptions in the UAE operations.
- Our revised FV of Rs3,800 is based on 9x June 2028E EV/EBITDA.

👍 Positives:

- Grey cement volumes increased 12.3% yoy to 61 lakh tons (+15% qoq).
- Blended costs, at Rs4,546/ton (+1.3% yoy, (-)1.9% qoq), were lower than estimates.
- JKCE expects double-digit growth in FY27; industry growth is estimated at 6-7% yoy in FY27.

👎 Negatives:

- Blended realization was Rs5,556/ton (flat qoq, -3.1% yoy, 1.6% below our estimate).
- Management expects profitability to be impacted by ~Rs150/ton in Q1FY27, with another Rs150/ton impact in Q2FY27.

(EV: Enterprise Value; EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; UAE: United Arab Emirates)



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
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- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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