

**SELL****TP: Rs 5,652 | ▼ 12%****JK CEMENT**

Cement

22 July 2025

## Valuations pricey well ahead of earnings, downgrade to SELL

- Grey cement volumes at 4.98mt (ex-clinker volumes) rose by ~15% YoY, driven by new regions growth in the East and Central India
- EBITDA gains by ~41% YoY on a weak base to ~Rs 6.7bn; EBITDA margin at 21% vs 18% YoY on realisations, cost may inflate in near term
- FY26E/FY27E earnings retained, introduce FY28 earnings, value JKCE at 15x 1YF EV/EBITDA and revise TP to Rs 5,652. Downgrade to SELL

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**Performance push by healthy cement volume growth:** JKCE's revenue grew by a healthy ~19% YoY (-5.8% QoQ) at Rs31.5bn, underpinned by 6% YoY gain in realisations and strong grey cement volume growth of ~15% YoY (realisations flat QoQ despite fall in volume) of 4.98mnt. Volume growth was supported by healthy growth in newer regions like eastern India and lower base. Clinker sales also added to revenue performance. Overall revenue included incentives of Rs 800mn and Rs 741mn from the paints business.

**Cost remains flat but may reverse in medium term:** Total costs remained flat YoY/QoQ at Rs 4,584/t, with energy costs (adjusted for raw material) softened 10%/2% YoY /QoQ to Rs 1,714/t, due to lower fuel prices (Rs 1.53/kcal vs Rs 1.62/kcal YoY). Logistics costs rose 6% YoY to Rs 1,325/t on increased lead distance (+21km YoY to 436km); traded goods costs surged ~90% YoY due to paints sales. Other operating expenses were controlled under Rs ~4.6bn, driven by better operating leverage and lower marketing costs.

**EBITDA/margins gain YoY, down QoQ:** EBITDA rose ~41% YoY to ~Rs 6.7bn (down ~9% QoQ), with EBITDA margin gaining to 21% from 18% YoY (flat QoQ). EBITDA/t rose to Rs 1,247/t (+23%/-4% YoY/QoQ), helped by realisations gain YoY.

**No change in expansion plans:** Clinker line capacity at Panna has been increased from 3.3mt to 4mt, due to cooler capacity. The expansion plan at Jaisalmer is ready, however, orders for equipment are yet to be finalised while discussions for limestone lease in Orissa are ongoing.

**Downgrade to SELL on steep valuations:** We maintain EBITDA estimates for FY26/FY27, owing to a healthy recovery in performance by JKCE. We also introduce FY28 earnings with 12% growth. Our Revenue/EBITDA/PAT CAGR continues to be at 17%/26%/27% over FY25-28E. We believe JKCE's overall performance stays intact, though the valuations run-up is far ahead of earnings. We continue to value JKCE at 15x 1YF EV/EBITDA to arrive at a revised TP of Rs 5,652 (from Rs 5,208). We downgrade JKCE to SELL from HOLD on steep valuations.

## Key changes

Target	Rating
▲	▼

Ticker/Price	JKCE IN/Rs 6,416
Market cap	US\$ 5.7bn
Free float	54%
3M ADV	US\$ 8.7mn
52wk high/low	Rs 6,666/Rs 3,891
Promoter/FPI/DII	46%/16%/22%

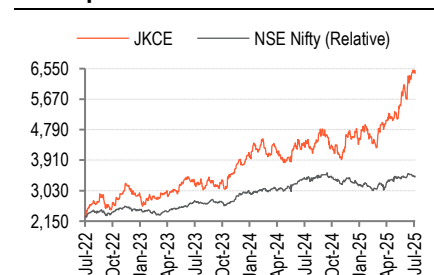
Source: NSE | Price as of 21 Jul 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	1,07,079	1,37,737	1,57,880
EBITDA (Rs mn)	15,924	23,889	29,791
Adj. net profit (Rs mn)	8,156	11,542	13,929
Adj. EPS (Rs)	105.6	149.4	180.3
Consensus EPS (Rs)	105.6	142.0	180.0
Adj. ROAE (%)	15.4	18.8	18.2
Adj. P/E (x)	60.8	43.0	35.6
EV/EBITDA (x)	33.7	19.0	15.3
Adj. EPS growth (%)	(2.5)	41.5	20.7

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – Earnings call highlights**

Parameter	Q1FY26	Q4FY25	Our view
Volumes	<p>Consolidated net sales grew 19% YoY to Rs 30.3bn (down 6% QoQ). Grey cement volume guidance for FY26 remains at 20mt. Central India drove strong volume growth, with ~50% growth. White Cement and Putty volumes are expected to grow 7-10% in FY26, though realisations face pressure due to competition (e.g., Asian Paints).</p> <p>Trade Mix stood at 68% vs 71% in Q4FY25, with Bihar's new grinding unit (3mt) expected to maintain high trade share.</p>	<p>Consolidated net sales rose 23%/15% QoQ/YoY to Rs 34.7bn, driven by strong volume growth in Central India. Grey cement volume guidance for FY26 is 20mnt, with a combined (grey + white) volume target of 22mnt. Clinker utilisation reached 94% in Q4FY25, with annual clinker production at 11.92mnt.</p> <p>White cement and putty segments faced declining realisations QoQ on competitive pressure, particularly in putty. Management expects white cement volume growth to be nominal in FY26.</p> <p>Trade mix improved to 71% in Q4FY25 (vs 61%/66% YoY/QoQ) as the new market (i.e. Bihar) was completely trade segment.</p> <p>FY25 volume split was approximately 65% North/South and 35% Central/East.</p>	<p>With the Q1 performance, we feel volume guidance may be revised upwards. White cement business continues to face challenges, though limited headwinds are indicated in the medium term.</p>
Margins	<p>EBITDA was Rs 6.7bn, up 41% YoY but down 9% QoQ, with a margin of 22.3% (vs 18.7% YoY, 22.8% QoQ). Power and fuel costs rose QoQ, given higher petcoke prices and balance clinker production (vs stock usage in Q4). Fuel mix was 60% petcoke and balance alternate fuels. Freight costs rose by 6% due to 21km higher lead distance YoY. Green power share stood at 52% (184 MW capacity as of June 30, 2025), targeting 60% by FY26 end, contributing to Rs 40-50/t cost savings. Other expenses likely to rise by Rs 400-500mn QoQ in Q2FY26, due to marketing and maintenance.</p>	<p>Consolidated EBITDA was ~Rs 7.7bn (Rs 4.9bn/RS 5.6bn QoQ/YoY), with a margin of 22.1% (17.4%/18.5% QoQ/YoY). Cost reduction efforts resulted in savings of Rs 75/t, with logistics cost savings at Rs 35-40/t. Management expects an additional Rs 25/t savings in FY26, aiming for an average annual saving of Rs 40-50/t.</p> <p>Fuel mix for Q4FY25 was 70% petcoke and balance alternate fuels (Indian and imported). Green power share came at ~51% and is expected to reach ~60% by FY26.</p>	<p>Margin gain driven by realisation gains. JKCE must take incremental efforts to check the cost. Q2 cost will be higher due to maintenance, dealer incentives and marketing-related expenses.</p>
Expansion	<p>Bihar grinding unit (3mt), and 1mt units in Hamirpur, Prayagraj, and Panna on track for Dec'25/Jan'26.</p> <p>Post-FY26, expansions are under review for Jaisalmer, Karnataka, Orissa, or additional Panna line. The Jaisalmer location is ready, but no equipment orders are placed. Orissa limestone lease discussions are ongoing.</p> <p>Total clinker capacity currently at ~19.6mt with Saifco and Toshali.</p>	<p>Brownfield expansion at Panna (3.3mnt clinker line-II) and greenfield GU in Bihar (3mnt), plus 1mnt each in Hamirpur, Prayagraj, and Panna, are on track for completion by Dec'25/Jan'26.</p> <p>Expansion plans (post-FY26) are under evaluation for Jaisalmer, Karnataka, Orissa, or an additional Panna line. The Jaisalmer cluster is ready for development, though no equipment orders have been confirmed.</p> <p>Orissa limestone mining lease discussions ongoing with government with no firm update yet.</p>	<p>No major change in the timelines of JKCE's capacity expansion plans. All project execution is underway as per the earlier guidance with minor delays related to systemic issues.</p> <p>Entry into a new region comes with challenges and opportunities and will be watched keenly.</p>
Capex	<p>FY26 capex will be close to Rs 20bn. Paints capex is planned at Rs 6bn; of which Rs 4.5bn have been invested and incremental planned by FY27. For FY27, capex management has plans for normal</p>	<p>Capex guidance for FY26 is Rs 18-20bn. Future expansions (post-FY26) may require Rs 110-120bn to achieve the 50mnt target.</p>	<p>No major change in capex. Capex years not impacting balance-sheet health as management indicated peak EV/EBIDTA not exceeding 2x..</p>

Parameter	Q1FY26	Q4FY25	Our view
	capex and putty expansion close to Rs 6bn. Net debt/EBITDA is at 1.3x, targeted below 2x for future expansions.		
Other key points	<p>Gross debt currently is ~ Rs 52bn, net debt at Rs 25.4bn and is steady over the period.</p> <p>Paints' revenue came in at Rs 860mn in Q1FY26, with Rs 100mn EBITDA loss. FY26 revenue target is Rs 4.5bn, FY27 at Rs 6bn, with breakeven by FY27. Capacity currently at 60,000 kiloliters.</p> <p>UAE Plant: Quarterly EBITDA have reached the level of Rs 150-200mn; annual estimate of Rs 800-900mn. Incentives for the next 3-5 years likely to be around Rs 3bn annually.</p> <p>Imported gypsum, chemical gypsum and local mineral gypsum are used for mixing, no captive production.</p> <p>Marginal pricing pressure in North/Central, stable in South. Trade/non-trade price differential around Rs 20-25/bag.</p>	<p>Gross debt at FY25-end was Rs 51bn (vs Rs 45.9bn in FY24), cash balance at Rs 25.4bn (vs Rs 20.1bn), net debt at Rs 25.7bn (vs Rs 25.9bn). Net debt/EBITDA at 1.3x (vs 1.29x YoY), net debt/equity at 0.48.</p> <p>Paints segment incurred an EBITDA loss of Rs 0.45mn (Q4FY25 loss ~Rs 30mn vs Rs 0.15-0.17bn in Q3FY25). FY26 revenue target is Rs 4-4.5bn, with breakeven expected by FY27. Margin improvement will be driven by revised discount structures and modernisation.</p> <p>UAE plant contributes Rs 0.15-0.2bn quarterly EBITDA.</p> <p>In Q4FY25, booked Rs 0.75-0.8bn with an additional Rs 0.12bn from Prayagraj. Similar incentives are expected in FY26.</p> <p>Post-March, prices rose ~1% in North/Central and 5-7% in South (mainly Karnataka, less in Pune). Premium cement share was 15% in Q4FY25 (14% for FY25), targeting 15-17% in FY26.</p> <p>Rail movement at 12% in Q4FY25.</p>	<p>Capex mode balance sheet is reasonable to handle risks.</p> <p>Challenges following increased competitive intensity is impacting the white cement segment and is unlikely to ease in near future.</p> <p>North and West India continue to face demand-related concerns impacting secular upward movement in cement pricing.</p>

Source: Company, BOBCAPS Research | AFR: Alternative Fuels and Raw Material

**Fig 2 – Key metrics**

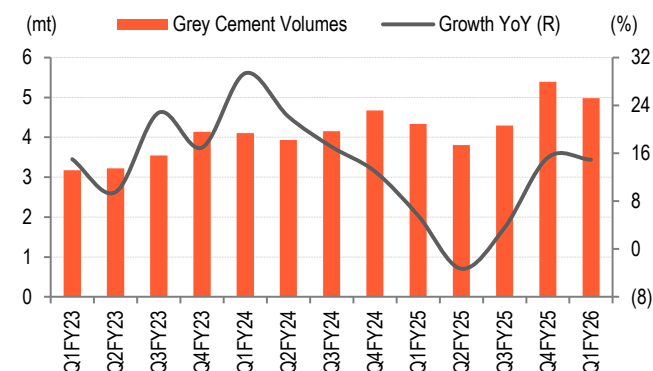
Particulars	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Aggregate volumes (mn mt)	5.4	4.7	14.3	5.8	(7.2)
Grey cement (mn mt)	5.0	4.3	14.9	5.4	(7.6)
White Cement and Putty (mn mt)	0.4	0.4	8.0	0.4	(2.1)
Aggregate realisations (Rs/mt)	4,938	4,670	5.7	4,899	0.8
Operating costs (Rs/mt)	4,584	4,581	0.1	4,573	0.2
Aggregate EBITDA (Rs/mt)	1,247	1,014	23.0	1,292	(3.5)

Source: Company, BOBCAPS Research

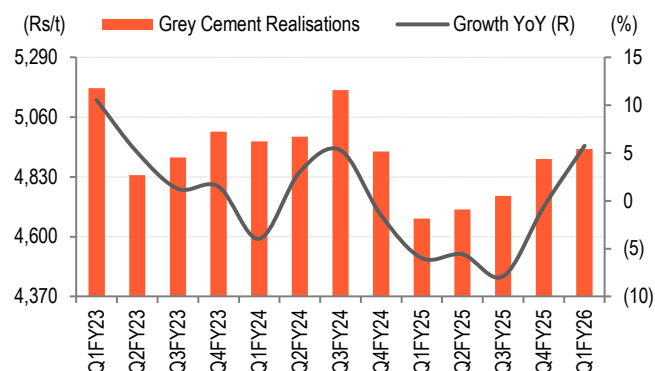
**Fig 3 – Quarterly performance**

(Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Q1FY26E	Deviation (%)
<b>Net Sales</b>	<b>31,498</b>	<b>26,431</b>	<b>19.2</b>	<b>33,430</b>	<b>(5.8)</b>	<b>29,470</b>	<b>6.9</b>
<b>Expenditure</b>							
Change in stock	(281.6)	(83.9)	235.6	798.9	(135.2)	(137.0)	105.5
Raw material	3,913	3,703	5.7	3,922	(0.2)	4,217	(7.2)
purchased products	1,584	851	86.1	984	61.0	814	94.6
Power & fuel	5,626	5,369	4.8	5,276	6.6	4,690	20.0
Freight	7,160	5,908	21.2	7,686	(6.8)	6,880	4.1
Employee costs	2,206	1,992	10.8	2,072	6.5	2,184	1.0
Other exp	4,552	3,902	16.6	5,327	(14.6)	4,715	(3.5)
Total Operating Expenses	24,760	21,641	14.4	26,065	(5.0)	23,363	6.0
<b>EBITDA</b>	<b>6,738</b>	<b>4,790</b>	<b>40.7</b>	<b>7,364</b>	<b>(8.5)</b>	<b>6,107</b>	<b>10.3</b>
EBITDA margin (%)	21.4	18.1	327bps	22.0	(64bps)	20.7	67bps
Other Income	554	438	26.6	442	25.5	421	31.7
Interest	1,055	1,066	(1.0)	1,089	(3.1)	1,112	(5.1)
Depreciation	1,225	1,245	(1.5)	1,329	(7.8)	1,335	(8.2)
PBT	5,012	2,918	71.8	5,387	(7.0)	4,081	22.8
Non-recurring items	0.0	0.0	-	543.8	-	0.0	-
PBT (after non-recurring items)	5,012	2,918	71.8	4,844	3.5	4,081	22.8
Tax	1,656	891	85.8	1,758	(5.8)	1,204	37.5
Reported PAT	3,356	2,027	65.6	3,086	8.8	2,877	16.6
<b>Adjusted PAT</b>	<b>3,356</b>	<b>2,027</b>	<b>65.6</b>	<b>3,629</b>	<b>(7.5)</b>	<b>2,877</b>	<b>16.6</b>
NPM (%)	10.7	7.7	299bps	10.9	(20bps)	9.8	89bps
<b>Adjusted EPS (Rs)</b>	<b>43.4</b>	<b>26.2</b>	<b>65.6</b>	<b>47.0</b>	<b>(7.5)</b>	<b>37.2</b>	<b>16.6</b>

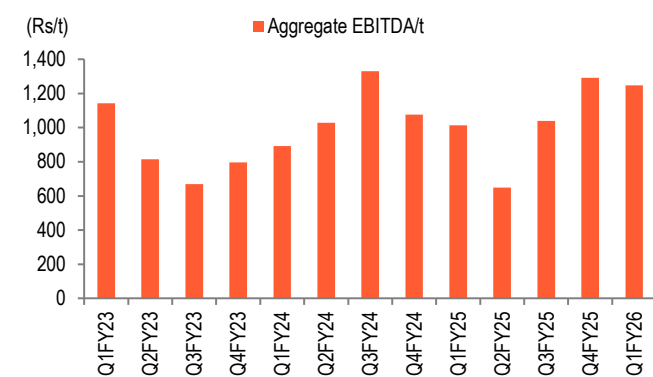
Source: Company, BOBCAPS Research

**Fig 4 – Volume gains YoY helped by new regions and lower base**


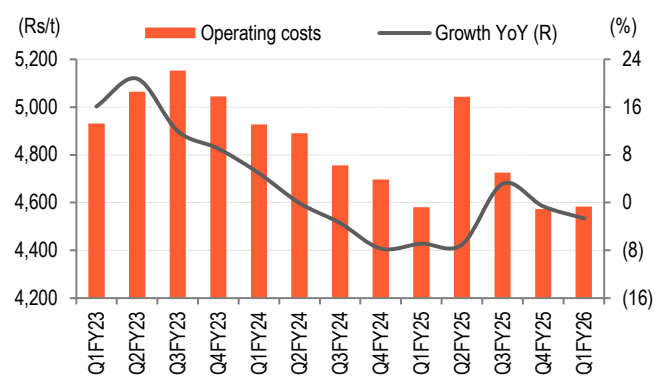
Source: Company, BOBCAPS Research

**Fig 5 – Prices recovering YoY/QoQ, helped by southern region**


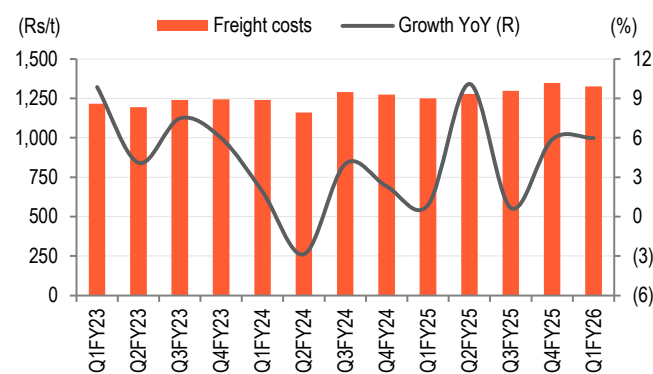
Source: Company, BOBCAPS Research

**Fig 6 – Cost savings limited, may reverse in the medium term**


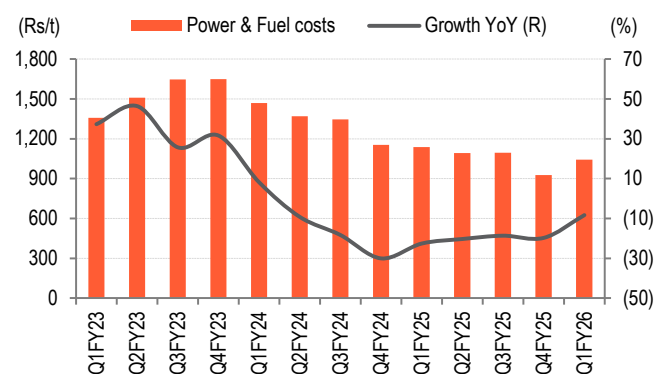
Source: Company, BOBCAPS Research

**Fig 7 – Overall cost efficiencies driven by energy and other expenses savings**


Source: Company, BOBCAPS Research

**Fig 8 – Freight cost inched up YoY on travelling farther distance in eastern region**


Source: Company, BOBCAPS Research

**Fig 9 – Limited levers for fuel cost savings**


Source: Company, BOBCAPS Research

## Valuation Methodology

We maintain our EBITDA estimates for FY26/FY27, owing to a healthy recovery in performance by JKCE. We also introduce FY28 earnings with 12% growth. Our Revenue/EBITDA/PAT CAGR continues to be at 17%/26%/27% over FY25-28E. We believe JKCE's overall performance stays intact, and focus remains on long-term growth with timely capex. However, improving earnings quality and focusing on balance sheet health are key, and the valuations run-up is far ahead of earnings.

The white cement segment is currently under stress, given stiff competition from paint companies (in the putty segment). We believe this can further escalate with Asian Paints having its own white cement manufacturing unit in the Middle East (Gulf). However, consolidating position in Central India and focusing on other remunerative areas like the North for expansion, are healthy strategies. Additionally, balance sheet focus will be the key as focus remains on capacity expansion.

Effectively, we continue to value JKCE at 15x 1YF EV/EBITDA to arrive at a revised TP of Rs 5,652 (from Rs 5,208). We downgrade the stock to SELL from HOLD earlier. At our TP, the stock trades at a replacement cost of ~Rs 17bn (\$214/tn); which is steep.

**Fig 10 – Revised estimates**

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	1,37,737	1,57,880	1,70,192	1,37,737	1,57,880		0.0	0.0	0.0
EBITDA	23,889	29,791	32,604	23,901	29,041		0.0	2.6	0.0
Adj PAT	11,542	13,929	16,555	11,227	13,489		2.8	3.3	0.0
Adj EPS (Rs)	149.4	180.3	214.3	145.3	174.6		2.8	3.2	0.0

Source: Company, BOBCAPS Research

**Fig 11 – Key assumptions**

Parameter	FY25	FY26E	FY27E	FY28E
Volumes (mt)	18.75	22.13	24.78	26.02
Realisations (Rs/t)	5,013	5,150	5,305	5,464
Operating costs (Rs/t)	4,861	5,145	5,142	5,289
EBITDA/t (Rs/t)	783	1004	1144	1166

Source: Company, BOBCAPS Research, Note: Grey Cement Realisation only, cost is aggregate including White cement segment

**Fig 12 – Valuation summary**

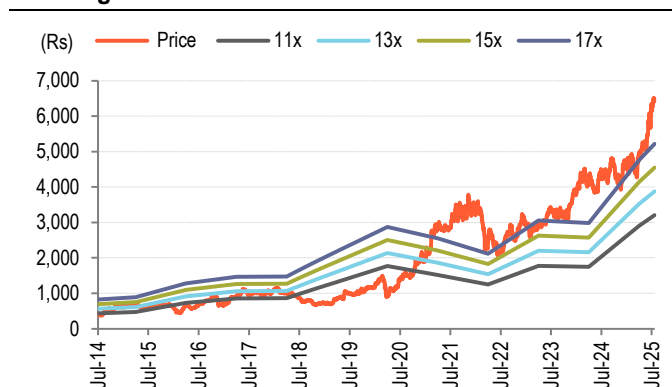
Business (Rs mn)	FY26E
Target EV/EBITDA (x)	15.0
EBITDA	30,494
<b>Target EV</b>	<b>470,832</b>
Total EV	470,832
Net debt	34,100
Target market capitalisation	436,731
<b>Target price (Rs/sh)</b>	<b>5,652</b>
Weighted average shares (mn)	77.2

Source: BOBCAPS Research, Note: 1-year forward multiple includes partial earnings of FY28E

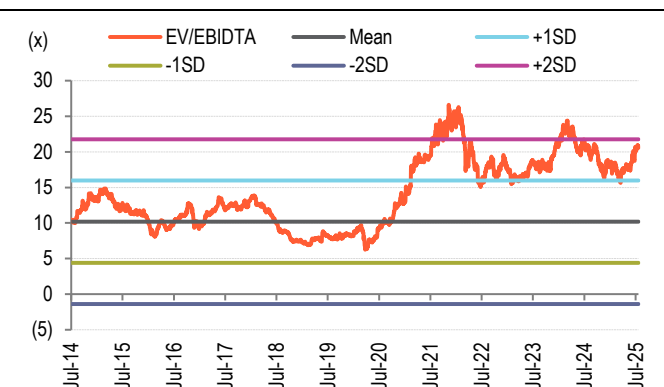
**Fig 13 – Peer comparison**

	Rating	Target Price (Rs)	EV/EBITDA (x)			EV/tonne (US\$)			ROE (%)			ROCE (%)		
			FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
JKCE IN	SELL	5,652	33.7	19.0	15.3	270	215	214	15.4	18.8	18.2	13.1	16.3	17.7
DALBHARA IN	SELL	1,742	16.9	12.4	9.9	97.0	97.4	99.3	4.6	4.7	6.5	5.5	6.0	7.5
TRCL IN	SELL	699	33.7	22.4	17.4	145	129	130	1.5	4.3	7.5	4.4	6.7	9.2

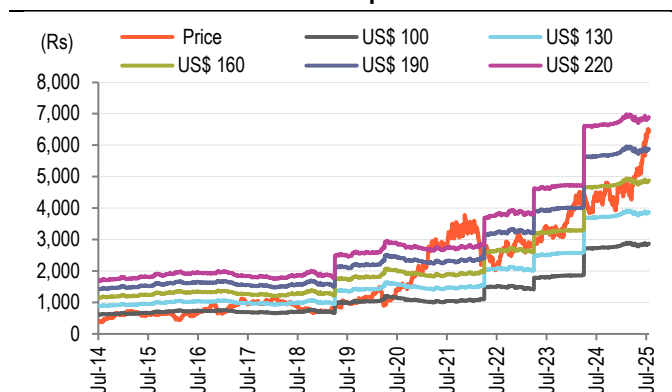
Source: BOBCAPS Research

**Fig 14 – Current valuations have run up steeply ahead of earnings**

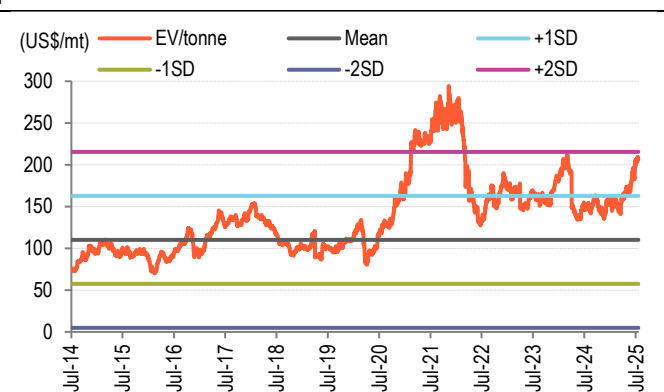
Source: Bloomberg, BOBCAPS Research

**Fig 15 – Valuations have no room for further upside**

Source: Bloomberg, BOBCAPS Research

**Fig 16 – Replacement cost premium despite factoring in white cement business is steep**

Source: Bloomberg, BOBCAPS Research

**Fig 17 – Replacement cost premium ahead of performance**

Source: Bloomberg, BOBCAPS Research

## Key risks

Key upside risks to our estimates:

- Faster-than-estimated recovery in demand, especially in JKCE's key operating markets including Central India.
- The softening of higher-than-estimated costs poses upside risk to earnings.
- New capacity expansion announcements that can enhance growth ahead of our estimates.

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Total revenue</b>	<b>1,05,632</b>	<b>1,07,079</b>	<b>1,37,737</b>	<b>1,57,880</b>	<b>1,70,192</b>
EBITDA	16,502	15,924	23,889	29,791	32,604
Depreciation	(4,859)	(5,083)	(6,959)	(7,956)	(7,717)
EBIT	16,545	16,383	22,441	26,643	30,279
Net interest inc./(exp.)	(4,366)	(4,493)	(5,953)	(6,160)	(5,933)
Other inc./(exp.)	4,902	5,542	5,511	4,808	5,393
Exceptional items	0	0	0	0	0
EBT	12,179	11,890	16,488	20,484	24,346
Income taxes	(3,817)	(3,734)	(4,947)	(6,555)	(7,791)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>8,361</b>	<b>8,156</b>	<b>11,542</b>	<b>13,929</b>	<b>16,555</b>
Adjustments	0	0	0	0	0
<b>Adjusted net profit</b>	<b>8,361</b>	<b>8,156</b>	<b>11,542</b>	<b>13,929</b>	<b>16,555</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	8,092	15,234	18,715	21,056	22,617
Other current liabilities	11,187	15,280	9,118	9,209	9,301
Provisions	1,556	1,605	1,658	1,715	1,777
Debt funds	52,216	59,079	59,797	56,563	53,373
Other liabilities	16,262	17,871	16,084	15,106	14,239
Equity capital	773	773	773	773	773
Reserves & surplus	51,934	52,164	69,238	81,912	97,212
Shareholders' fund	52,707	52,937	70,011	82,684	97,985
<b>Total liab. and equities</b>	<b>1,42,019</b>	<b>1,62,006</b>	<b>1,75,382</b>	<b>1,86,333</b>	<b>1,99,292</b>
Cash and cash eq.	7,777	18,933	21,463	21,204	23,048
Accounts receivables	4,604	6,593	5,849	6,596	7,111
Inventories	10,675	9,940	12,453	13,625	14,688
Other current assets	19,993	18,585	20,015	21,557	23,219
Investments	14,001	10,976	10,976	10,976	10,976
Net fixed assets	77,458	80,567	94,658	1,06,904	1,15,777
CWIP	6,073	14,948	8,500	4,000	3,000
Intangible assets	1,437	1,464	1,467	1,470	1,473
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>1,42,019</b>	<b>1,62,007</b>	<b>1,75,382</b>	<b>1,86,333</b>	<b>1,99,292</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Cash flow from operations</b>	<b>8,185</b>	<b>25,675</b>	<b>8,233</b>	<b>17,008</b>	<b>17,566</b>
Capital expenditures	(34,485)	(16,553)	(11,880)	(12,778)	(11,278)
Change in investments	8,603	3,026	0	0	0
Other investing cash flows	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(25,882)</b>	<b>(13,528)</b>	<b>(11,880)</b>	<b>(12,778)</b>	<b>(11,278)</b>
Equities issued/Others	1,501	(6,818)	6,881	94	94
Debt raised/repaid	20,139	6,864	718	(3,234)	(3,190)
Interest expenses	0	0	0	0	0
Dividends paid	(1,159)	(1,474)	(1,427)	(1,356)	(1,356)
Other financing cash flows	(685)	437	6	7	7
<b>Cash flow from financing</b>	<b>19,796</b>	<b>(992)</b>	<b>6,178</b>	<b>(4,489)</b>	<b>(4,445)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>2,099</b>	<b>11,156</b>	<b>2,530</b>	<b>(259)</b>	<b>1,844</b>
<b>Closing cash &amp; cash eq.</b>	<b>7,776</b>	<b>18,932</b>	<b>21,463</b>	<b>21,205</b>	<b>23,048</b>

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	108.2	105.6	149.4	180.3	214.3
Adjusted EPS	108.2	105.6	149.4	180.3	214.3
Dividend per share	15.0	20.0	15.0	15.0	15.0
Book value per share	682.1	685.1	906.1	1,070.1	1,268.1

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	5.1	5.0	3.3	2.9	2.7
EV/EBITDA	32.7	33.7	19.0	15.3	14.1
Adjusted P/E	59.3	60.8	43.0	35.6	29.9
P/BV	9.4	9.4	7.1	6.0	5.1

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	68.7	68.6	70.0	68.0	68.0
Interest burden (PBT/EBIT)	73.6	72.6	73.5	76.9	80.4
EBIT margin (EBIT/Revenue)	15.7	15.3	16.3	16.9	17.8
Asset turnover (Rev./Avg TA)	87.0	70.4	81.6	87.3	88.3
Leverage (Avg TA/Avg Equity)	2.5	2.9	2.7	2.4	2.1
<b>Adjusted ROAE</b>	<b>17.2</b>	<b>15.4</b>	<b>18.8</b>	<b>18.2</b>	<b>18.3</b>

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Revenue	20.4	1.4	28.6	14.6	7.8
EBITDA	47.7	(3.5)	50.0	24.7	9.4
Adjusted EPS	48.6	(2.5)	41.5	20.7	18.9
<b>Profitability &amp; Return ratios (%)</b>					
EBITDA margin	15.6	14.9	17.3	18.9	19.2
EBIT margin	15.7	15.3	16.3	16.9	17.8
Adjusted profit margin	7.9	7.6	8.4	8.8	9.7
Adjusted ROAE	17.2	15.4	18.8	18.2	18.3
ROCE	16.0	13.1	16.3	17.7	18.9
<b>Working capital days (days)</b>					
Receivables	16	22	16	15	15
Inventory	37	34	33	32	32
Payables	33	61	60	60	60
<b>Ratios (x)</b>					
Gross asset turnover	1.0	0.9	1.0	1.1	1.0
Current ratio	2.1	1.7	2.0	2.0	2.0
Net interest coverage ratio	3.8	3.6	3.8	4.3	5.1
<b>Adjusted debt/equity</b>	<b>1.0</b>	<b>1.1</b>	<b>0.9</b>	<b>0.7</b>	<b>0.5</b>

Source: Company, BOBCAPS Research | Note: TA = Total Assets



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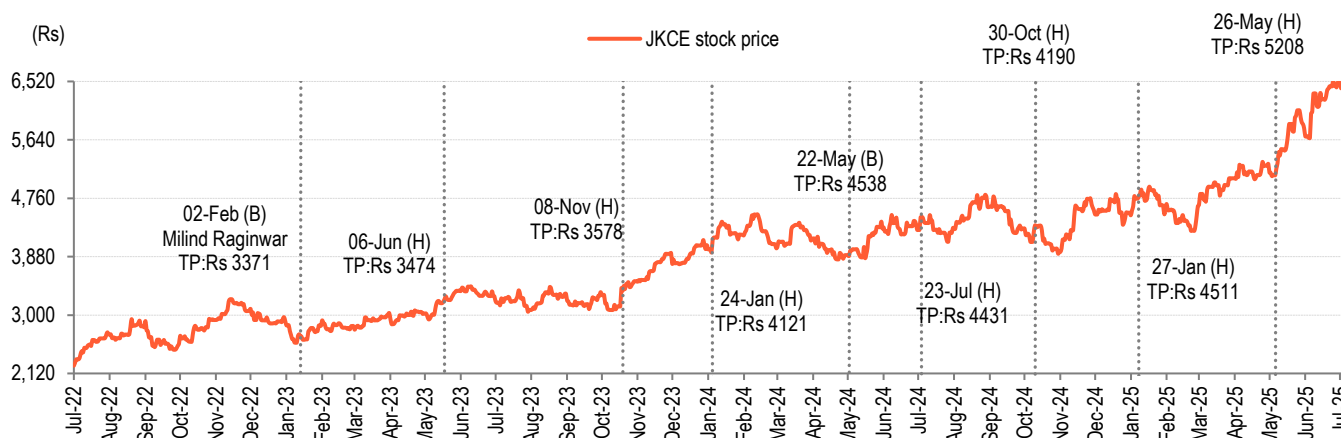
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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