FCCL & KOHC: 1QFY27 result previews

- We present 1QFY27 earnings expectations for Fauji Cement Ltd (FCCL) and Kohat Cement Ltd (KOHC).
- FCCL is expected to post EPS of Rs1.91 in 1QFY27, up 43% YoY, driven by a 17% YoY rise in domestic dispatches, margins expansion amid nil exports and higher domestic retentions, contribution from associate ACPL (Rs0.20/sh), and lower financial charges. On a QoQ basis, we expect a 13% drop in profitability largely owing to normalized tax rate vs 23% in 4QFY26.
- KOHC, on the other hand, is expected to post a moderate 3% YoY increase in earnings to Rs3.29/sh, as Nil exports to Afghanistan offset the 4% YoY increase in domestic dispatches. On a QoQ basis, profitability is likely to drop 9% owing to a normalized tax rate vs 27% in 4QFY26.
- We maintain a Buy call on both the stocks with a TP of Rs70 for FCCL and Rs135 for KOHC.

FCCL: Strong domestic dispatch to propel earnings

Fauji Cement Ltd (FCCL) is scheduled to announce its 1QFY27 results on 27th October. We expect EPS of Rs1.91 in 1QFY27, up 43% YoY, driven by 12% growth in net sales driven by a 17% YoY increase in domestic dispatches and higher MRPs, more than offsetting nil exports to Afghanistan. Gross margins are expected to expand 3ppts YoY on the absence of exports in the sales mix. This will also mark the first full quarter for ACPL with the 46% acquisition impact, contributing Rs0.20/sh, while lower finance costs from deleveraging and cheaper SOFR-linked loans should further support earnings.

Sequentially, we expect a 13% decline in profitability due to normalized tax rate as a deferred super tax credit in 4QFY26 had led to an effective tax rate of 23%.

FCCL – Key Stats from Earnings Preview

(Rs mn)	1QFY27E	1QFY26	YoYΔ	4QFY26	QoQΔ
Net sales	26,251	23,418	12%	23,907	10%
Gross profit	9,063	7,378	23%	8,990	1%
PAT	**4,695**	**3,286**	**43%**	**5,407**	**-13%**
EPS (Rs)	1.91	1.34	43%	2.20	-13%

Source: Company announcements, JS Research

KOHC: Nil Afghan exports to temper earnings growth

Kohat Cement Ltd (KOHC) is scheduled to announce its 1QFY27 results on 27th October. We expect a moderate 3% YoY increase in earnings to Rs3.29/sh, as Nil exports to Afghanistan offset the 4% YoY increase in domestic dispatches. We expect margins to remain flattish YoY. Meanwhile, other income is likely to see a drop YoY given fair value gains in the same period last year.

Sequentially, profitability is likely to drop 9% owing to a normalized tax rate vs 27% in 4QFY26.

Wadee Zaman
wadee.zaman@js.com
+9221 111-574-111 Ext: 3035

Bloomberg Code: FCCL PA
Target Price: Rs70
Market Price: Rs49.65
Market Cap: Rs122bn, US$440mn
1-yr ADTO: 7.3mn shares, Rs386mn, US$1.4mn
1-yr High / Low: Rs59.91 / 36.87
Estimated free float: 858mn shares (35%)

Key multiples

	FY26		FY27F		Market Cap (Rs mn)
	PE(x)	DY	PE(x)	DY	
FCCL	7.94	3%	6.49	4%	121,784
KOHC	8.30	0%	6.09	0%	73,287

Source: Company announcements, JS Research

Bloomberg Code: KOHC PA
Target Price: Rs135
Market Price: Rs79.72
Market Cap: Rs73bn, US$265mn
1-yr ADTO: 0.9mn shares, Rs93mn, US$0.3mn
1-yr High / Low: Rs122.31 / 75.34
Estimated free float: 230mn shares (25%)

KOHC – Key Stats from Earnings Preview

(Rs mn)	1QFY27E	1QFY26	YoYΔ	4QFY26	QoQΔ
Net sales	11,277	10,287	10%	9,630	17%
Gross profit	3,901	3,488	12%	3,933	-1%
PAT	**3,027**	**2,944**	**3%**	**3,310**	**-9%**
EPS (Rs)	3.29	3.20	3%	3.60	-9%

Source: Company announcements, JS Research

Disclosure

JS Global hereby discloses that all its Research Analysts meet with the qualification criteria as given in the Research Analysts Regulations 2015 ('Regulations'). Each Analyst reports to the Head of Research and the Head of Research reports directly to the CEO of JS Global only. No person engaged in any non-research department has any influence over the research reports issued by JS Global and/or no person engaged in any non-research department (other than the CEO) has any influence on the performance of the Research Analysts or on their remuneration/compensation matters.

The Research Analyst(s), author of this report hereby certify that all of the views expressed in this research report accurately reflect their personal, unbiasedand independent views about any and all of the subject issuer(s) or securities, and such views are based on analysis of various information compiled from multiple sources, including (but not limited to) annual reports, newspapers, public disclosures, financial models etc. The given sources appear to be and consequently are deemed to be reliable forforming an opinion and preparation of this report. Such information may not have beenindependently verified or checked by JS Global or the Research Analyst, and therefore, all such information as given in this report may or may not prove to be correct. It is hereby certified that no part of the compensation of JS Global or the Research Analyst was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Rating System

JS Global Capital Limited uses a 3-tier rating system i.e. Buy, Hold and Sell, based on the level of expected return. Time horizon is usually the annual financial reporting period of the company.

'Buy': Stock will outperform the average total return of stocks in our universe

'Hold': Stock will perform in line with the average total return of stocks in our universe

'Sell': Stock will underperform the average total return of stocks in our universe

Target price risk

Company may not achieve its target price for various reasons including company specific risks, competition risks, sector related risks, change in laws, rules and regulations pertaining to the business of the Company as well as a change in any governmental policy. The results of operations may also be materially affected by global and country-specific economic conditions, including but not limited to commodity prices, prices of similar products internationally and locally, changes in the overall market dynamics, liquidity and financial position of the Company and change in macro-economic indicators. The company is exposed to market risks, such as changes in interest rates, foreign exchange rates and input prices. From time to time, the company may enter into transactions, including transactions in derivative instruments, to manage certain of these exposures.

Research Dissemination Policy

JS Global Capital Limited endeavours to make all reasonable efforts to disseminate research to all clients (without any preference, prejudice or biasness) in a timely manner through either physical or electronic distribution such as mail, fax and/or email.

Disclosure Pertaining To Shareholding/Conflict of Interest

The Research Analyst has not directly or indirectly received any compensation from the Subject Company for preparation of this report or for the views expressed herein, and the Subject Company is not associated with the Research Analyst in any way whatsoever.

No other material information (other than the one specifically disclosed in this report) exists (for JS Global as well as the Research Analyst) which could be a cause of conflict of interest in issuing this report.

Disclaimer of Liability

No guaranty, representation or warranty, expressed or implied, is made as to the accuracy, completeness, reasonableness, correctness, usability, suitability or purposefulness of the information contained in this report or of the sources used to compile the information contained in this report.

All information as given in this report may or may not prove to be correct, and is subject to change without notice due to market forces and/or other factors not in the knowledge of or beyond the control of JS Global or the Research Analyst(s), and neither JS Global nor any of its analysts, traders, employees, executives, directors, sponsors, officers or advisors accept any responsibility for updating this report and therefore, it should not be assumed that the information contained herein is necessarily complete, accurate, reliable or up-to-date at any given time.

The client is solely responsible for making his/her own independent investigation, appraisal, usability, suitability or purposefulness of the information contained in this report. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors who should seek further professional advice or rely upon their own judgment and acumen before making any investment. This report should also not be considered as a reflection on the concerned company's management and its performances or ability, or appreciation or criticism, as to the affairs or operations of such company or institution

Consequently, JS Global and its officers, directors, sponsors, employees, executives, consultants, advisors and analysts accept no responsibility or liability towards the Client, and assume no obligation to do (or not to do) anything with respect to the information contained in this report. Research Analyst(s) and JS Global shall also not be liable in any way and under any circumstances whatsoever for any loss, penalty, expense, charge or claim that may be suffered/incurred by the client as a result of receiving, using, or having complied and distributing this report.

Warning: This report may not be reproduced, distributed or published by any person for any purpose whatsoever. Action will be taken for unauthorized reproduction, distribution or publication.