18 February 2026

Company Update| Sector: Cement

JK Cement

BSE SENSEX	S&P CNX
83,734	25,819

JKcement

Bloomberg	JKCE IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	456.8 / 5
52-Week Range (INR)	7566 / 4219
1, 6, 12 Rel. Per (%)	0/-23/18
12M Avg Val (INR M)	703

Financials &Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	136.8	153.8	174.4
EBITDA	24.5	28.7	33.7
Adj. PAT	10.5	12.0	14.8
EBITDA Margin (%)	17.9	18.7	19.3
Adj. EPS (INR)	135.1	155.1	190.2
EPS Gr. (%)	30.5	14.8	22.7
BV/Sh. (INR)	904	1,040	1,211
Ratios			
Net D:E	0.8	0.9	0.6
RoE (%)	16.0	16.0	17.0
RoCE (%)	10.6	10.6	11.3
Payout (%)	11.5	12.9	10.5
Valuations			
P/E (x)	43.7	38.1	31.1
P/BV (x)	6.5	5.7	4.9
EV/EBITDA(x)	20.1	17.4	15.0
EV/ton (USD)	157	161	134
Div. Yield (%)	0.3	0.3	0.3
FCF Yield (%)	(1.6)	(1.7)	3.7

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	45.7	45.7	45.7
DII	22.5	21.8	23.7
FII	17.9	18.6	16.9
Others	14.0	14.0	13.7

FII Includes depository receipts

CMP: INR5,912 TP: INR6,780 (+15%) Buy

On-time expansion reinforces execution strength

Capacity concerns drive underperformance; structural growth intact

- JK Cement's (JKCE) stock has underperformed broader indices and other top cement companies in the past few months (over Sep-Feb'26 MTD) on account of margin contraction and higher expected capacity additions in its core markets (North and Central) over the next two years. However, the company remained resilient in terms of robust volume growth, strong execution strategies, market share gains, and timely completion of capacity expansion projects. The company recently completed its 6.0mtpa grey cement capacity expansion in the Central and Bihar markets.
- We believe North and Central region markets remain structurally attractive, supported by sustained demand from infrastructure and housing segments. We estimate average capacity utilization in the North/Central regions at +80%/+75% in FY27/FY28, despite higher capacity additions. While headline cement capacity expansion announcements remain elevated, execution cadence and timely commissioning are critical in assessing the real extent of oversupply risk.
- JKCE will continue to have a higher capacity mix in the North and Central regions, at ~80% of its overall grinding capacity by FY28E vs. ~75% currently. The company is among the earliest movers in Jaisalmer, with an integrated cement plant (clinker/grinding capacity of 4.0mtpa/3.0mtpa) to be commissioned in 1HFY28. The company has secured long-term limestone reserves at benign costs, providing long-term raw material security and cost benefits. In addition, it is setting up two split-location grinding units (GU) in the North—at Bikaner (Rajasthan) and Bathinda (Punjab)—with capacities of 2mtpa (each).
- We expect JKCE to report robust volume growth (~13% CAGR over FY26-28), driven by capacity expansions. We estimate its consolidated revenue/EBITDA/PAT CAGR at 13%/17%/19% over FY26-28, and EBITDA/t at INR1,107/INR1,140 in FY27/FY28 vs. INR1,060 in FY26. We value it at 17x FY28E EV/EBITDA to arrive at our TP of INR6,780. We reiterate our BUY rating on the stock.

Strong demand tailwinds drive higher utilizations in North and Central

- Northern and Central regions continue to remain structurally attractive despite concerns around higher capacity additions. These regions are key beneficiaries of sustained infrastructure spending, housing demand, and urbanization-led construction activity. States such as Uttar Pradesh, Rajasthan, Madhya Pradesh, Haryana, and Delhi NCR continue to witness strong demand from roads, bridges, affordable housing, and urban redevelopment. We estimate average grinding capacity utilization in the North/Central regions at +80%/+75% by FY28. We believe continued higher utilization will support strong pricing in the regions.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- In FY26, North region was expected to add ~14mtpa of capacity; however, only ~10mtpa has been commissioned YTD. Similarly, Central region had ~15mtpa of planned capacity additions, of which just ~8mtpa has been commissioned so far. At the all-India level, against an anticipated ~63mtpa of capacity additions, only ~35mtpa has materialized YTD. This divergence between announced and commissioned capacity suggests that the effective supply addition is tracking meaningfully below initial expectations, moderating near-term oversupply concerns.
- JKCE will continue to have a higher capacity mix in the North and Central regions, at ~80% of its overall grinding capacity by FY28E vs. ~75% currently. We estimate the company's grey cement volume CAGR at ~14% over FY26-28, backed by strong demand and capacity expansions. We estimate the company's average capacity utilization at ~75% over FY26-28 on the expanded capacity vs. ~79% over FY22-25.

Panna phase-2 commissioned on time; Jaisalmer expansion in full swing

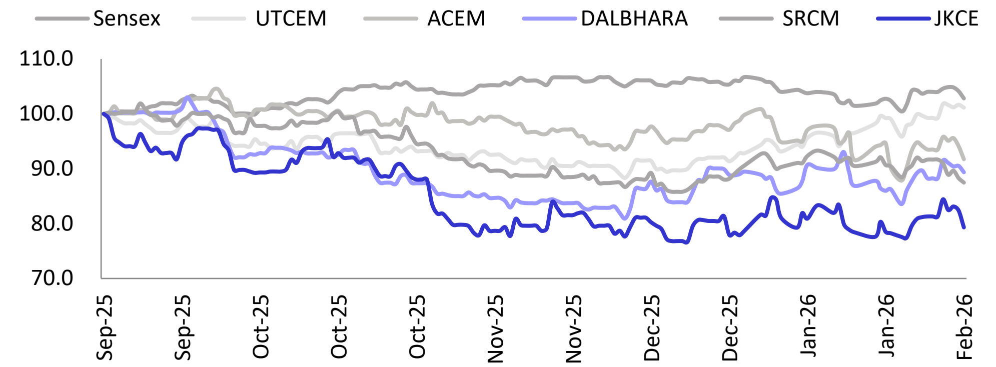
- In Jan'24, the company announced its Phase-2 expansion in Panna, with 3.3mtpa clinker and 3.0mtpa grinding capacity in Central region and one 3.0mtpa greenfield GU in Bihar. The company has completed this expansion on time, and its consolidated grey cement grinding capacity now stands at 31.8mtpa.
- The company is currently focusing on its greenfield expansion in Jaisalmer, Rajasthan. Construction work for the 4.0mtpa clinker unit, along with 3mtpa GU at Jaisalmer, is progressing according to schedule, and ordering for equipment has been completed. In addition, the company is setting up two split-location GUs in Rajasthan and Punjab, with capacities of 2mtpa (each). In Rajasthan, it is setting up a GU in Bikaner, for which Bhoomi Poojan was performed in Feb'26. This GU is situated ~400km from the Jaisalmer plant. In Punjab, it is setting up a GU in Bathinda, for which it has started placing orders. The lead distance for this GU from the Jaisalmer plant is expected to be ~550-600km.
- The Jaisalmer expansion is likely to be completed in 1HFY28. The expansion will strengthen its competitive positioning in northwest Rajasthan by securing long-life, low-cost limestone reserves in a region with limited existing clinker capacity. This expansion will enable efficient dispatches into parts of Rajasthan, Gujarat, Haryana, and Punjab, improving its regional market share.

View and valuation

- We estimate JKCE's consolidated revenue/EBITDA/PAT CAGR at 13%/17%/19% over FY26-28, driven by robust volume growth and improved profitability. We anticipate the company's consolidated volumes to post ~13% CAGR over FY26-28, and OPM to expand 1.4pp to ~19% by FY28. We estimate its EBITDA/t at INR1,107/ INR1,140 in FY27/FY28 vs. INR1,060 in FY26.
- We estimate JKCE to generate a cumulative OCF of INR76.7b during FY26-27, with cumulative capex estimated at INR75.0b over the same period. The company's net debt is estimated to increase to INR68.5b due to the Jaisalmer expansion in FY27. However, this is estimated to decline in FY28 to INR58.9b, given the strong OCF generation from new capacities. Meanwhile, the net debt-to-EBITDA ratio is estimated to remain below 2.5x by FY27. We anticipate its RoE/RoCE (post tax) at ~17%/11% in FY28, higher than its peers and best in class in the industry.
- Our EBITDA estimates of JKCE for FY27/FY28 are broadly in line with consensus estimates. It is currently trading at 17x/15x FY27/FY28E EV/EBITDA. We value JKCE at 17x FY28E EV/EBITDA to arrive at our TP of INR6,780. We reiterate our BUY rating on the stock.

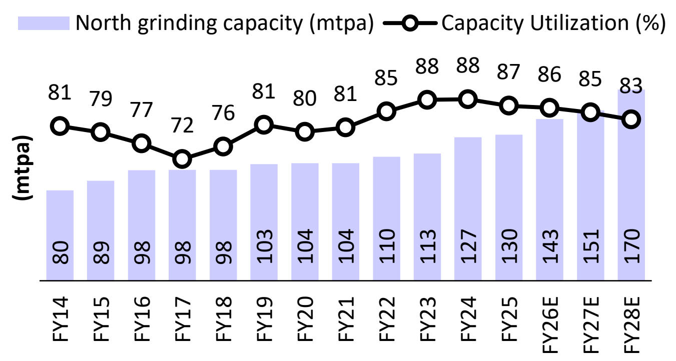
Story in charts

Exhibit 1: JKCE has underperformed broader indices and the other four leading cement companies over the past few months



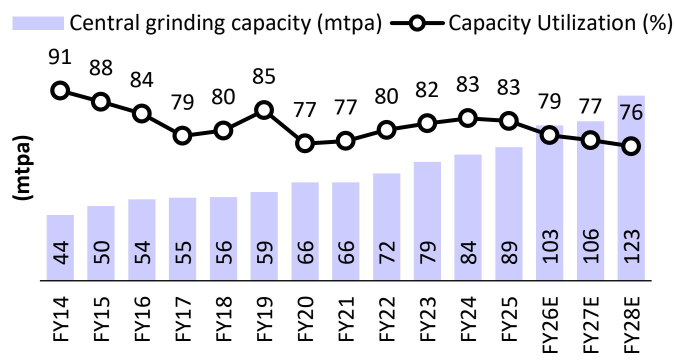
Source: MOFSL, Company

Exhibit 2: Northern region's total grinding capacity and utilization



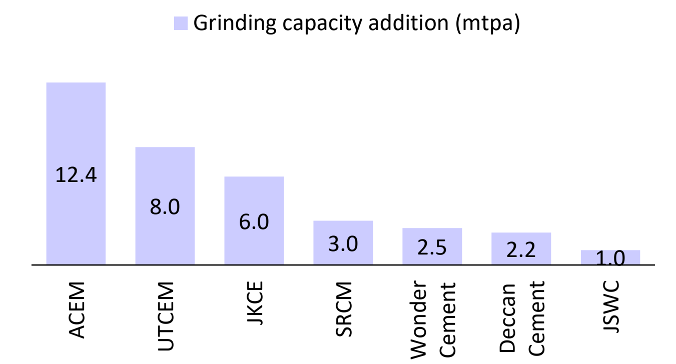
Sources: MOFSL, Company

Exhibit 3: Central region's total grinding capacity and utilization



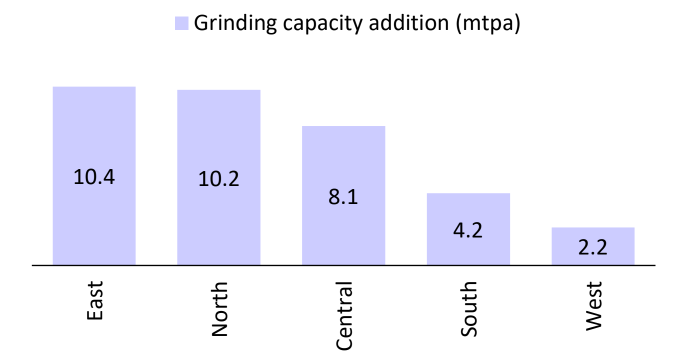
Sources: MOFSL, Company;

Exhibit 4: Capacity addition by industry players (FY26YTD)



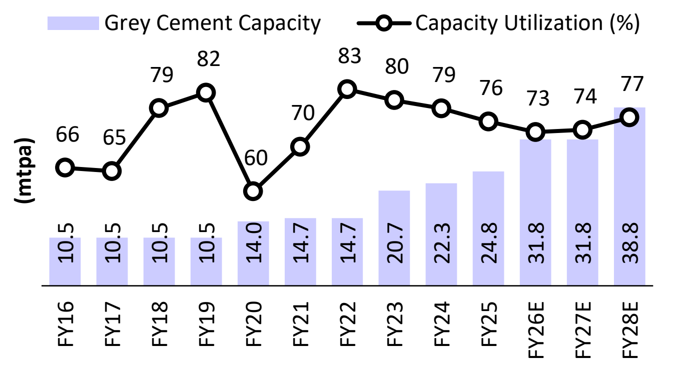
Sources: MOFSL, Company

Exhibit 5: Capacity addition regionally (FY26YTD)



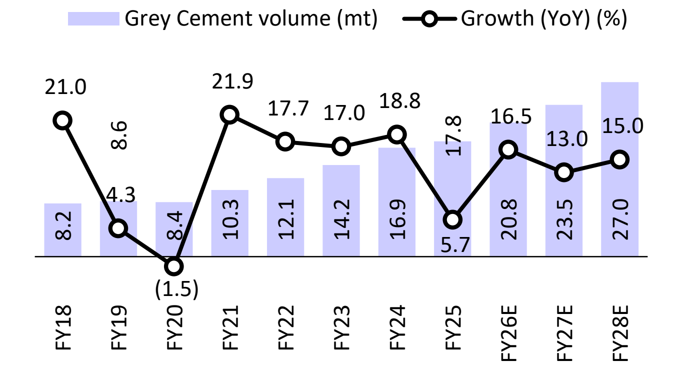
Sources: MOFSL, Company;

Exhibit 6: JKCE capacity utilization remains over 70%



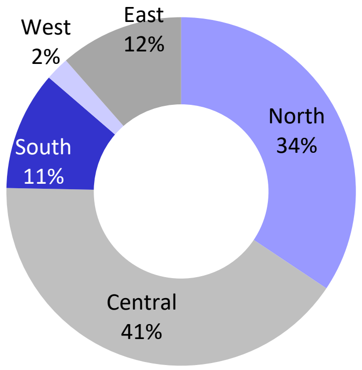
Sources: MOFSL, Company

Exhibit 7: Grey cement volume CAGR at ~14% over FY26-28E



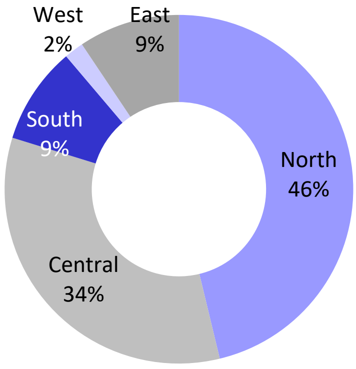
Sources: MOFSL, Company;

Exhibit 8: JKCE regional capacity mix (FY26)



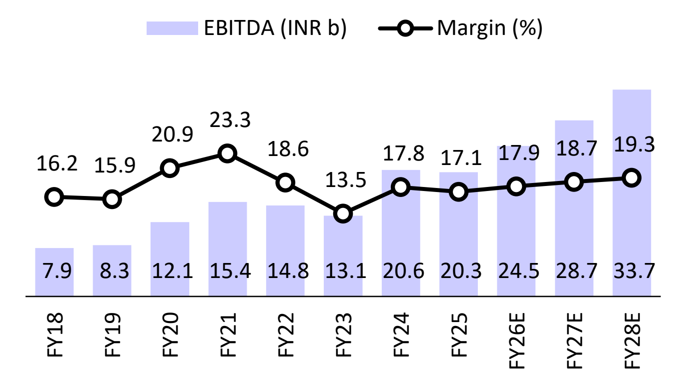
Sources: MOFSL, Company

Exhibit 9: JKCE regional capacity mix (FY28E)



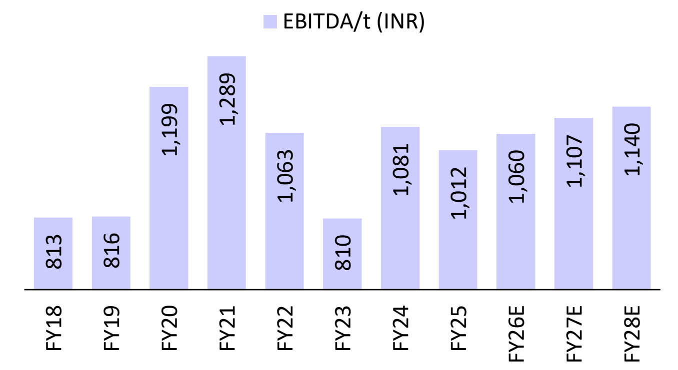
Sources: MOFSL, Company

Exhibit 10: Estimate ~17% consol. EBITDA CAGR over FY26-28



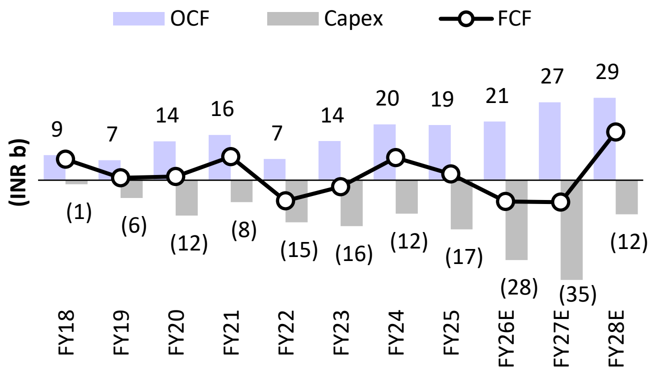
Sources: Company, MOFSL, Note: Consolidated EBITDA

Exhibit 11: Consol. EBITDA/t to inch up



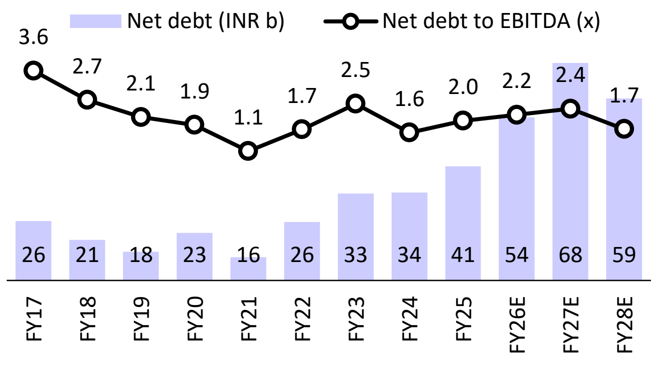
Sources: Company, MOFSL, Note: Consolidated EBITDA/t

Exhibit 12: OCF will support JKCE's expansion plans



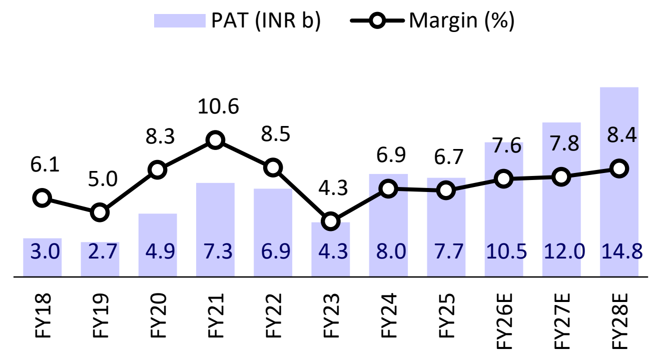
Sources: MOFSL, Company

Exhibit 13: Net debt is estimated to peak out in FY27



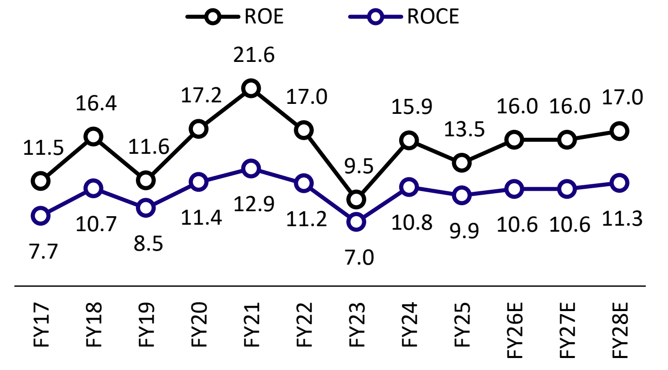
Sources: MOFSL, Company

Exhibit 14: Estimate ~19% consol. PAT CAGR over FY26-28



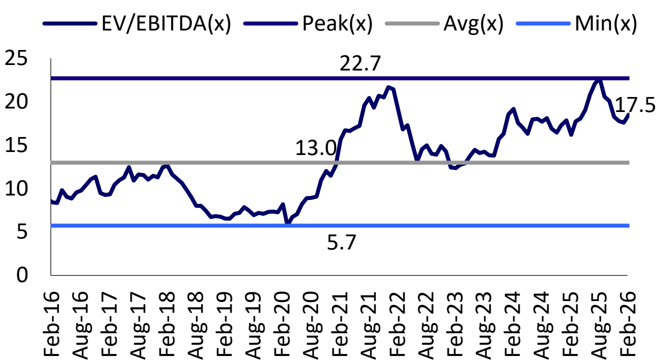
Sources: MOFSL, Company

Exhibit 15: JKCE has higher return ratios



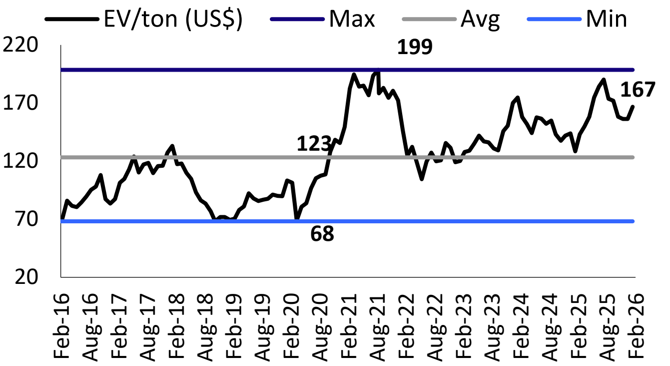
Sources: MOFSL, Company

Exhibit 16: One-year forward EV/EBITDA (x) trend



Sources: MOFSL, Company

Exhibit 17: One-year forward EV/t (USD) trend



Sources: MOFSL, Company

Consolidated financials and valuations

Income Statement								(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Net Sales	**66,061**	**79,908**	**97,202**	**1,15,560**	**1,18,792**	**1,36,837**	**1,53,808**	**1,74,416**
Change (%)	13.9	21.0	21.6	18.9	2.8	15.2	12.4	13.4
EBITDA	**15,387**	**14,824**	**13,143**	**20,598**	**20,271**	**24,543**	**28,727**	**33,723**
Margin (%)	23.3	18.6	13.5	17.8	17.1	17.9	18.7	19.3
Depreciation	3,062	3,425	4,582	5,726	6,015	6,561	7,725	8,379
EBIT	**12,325**	**11,399**	**8,561**	**14,872**	**14,257**	**17,982**	**21,002**	**25,344**
Int. and Finance Charges	2,528	2,697	3,122	4,531	4,592	4,566	5,340	5,828
Other Income – Rec.	1,130	1,429	874	1,451	1,730	2,162	2,223	2,422
PBT bef. EO Exp.	**10,927**	**10,131**	**6,313**	**11,791**	**11,395**	**15,578**	**17,884**	**21,937**
EO Expense/(Income)	0	0	0	55	-1,024	478	0	0
PBT after EO Exp.	**10,927**	**10,131**	**6,313**	**11,736**	**12,418**	**15,100**	**17,884**	**21,937**
Current Tax	3,296	2,429	1,424	1,487	2,235	4,983	5,902	7,239
Deferred Tax	600	908	698	2,350	1,467	0	0	0
Tax Rate (%)	35.7	32.9	33.6	32.7	29.8	33.0	33.0	33.0
Reported PAT	**7,031**	**6,794**	**4,191**	**7,899**	**8,716**	**10,117**	**11,982**	**14,698**
PAT adj. for EO items	**7,031**	**6,794**	**4,191**	**7,936**	**7,997**	**10,437**	**11,982**	**14,698**
Change (%)	45.5	-3.4	-38.3	89.4	0.8	30.5	14.8	22.7
Margin (%)	10.6	8.5	4.3	6.9	6.7	7.6	7.8	8.4
Less: Minority Interest	-66.2	-77.0	-72.5	-24.1	98.5	-41.0	-50.0	-60.0
Net Profit	**7,317**	**6,871**	**4,263**	**8,013**	**7,718**	**10,478**	**12,032**	**14,758**

Balance Sheet								(INR m)
Y/E March	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
Equity Share Capital	773	773	773	773	773	773	773	773
Total Reserves	36,595	42,476	46,095	52,899	60,117	69,116	79,603	92,816
Net Worth	**37,367**	**43,249**	**46,868**	**53,671**	**60,890**	**69,889**	**80,376**	**93,588**
Deferred Liabilities	5,930	7,383	8,094	10,756	12,215	12,215	12,215	12,215
Minority Interest	-257	-343	-444	-455	-338	-379	-429	-489
Total Loans	34,017	38,549	49,951	52,385	58,955	64,455	77,955	77,455
Capital Employed	**77,057**	**88,838**	**1,04,469**	**1,16,358**	**1,31,723**	**1,46,180**	**1,70,117**	**1,82,770**
Gross Block	82,126	91,614	1,12,857	1,29,469	1,37,688	1,63,863	1,96,863	2,17,863
Less: Accum. Deprn.	22,752	26,177	30,759	36,486	42,500	49,061	56,786	65,165
Net Fixed Assets	**59,374**	**65,437**	**82,097**	**92,983**	**95,188**	**1,14,801**	**1,40,076**	**1,52,697**
Capital WIP	5,093	10,321	5,920	4,639	13,175	15,000	17,000	8,000
Total Investments	**1,422**	**2,157**	**923**	**3,683**	**6,009**	**6,009**	**6,009**	**6,009**
Curr. Assets, Loans, and Adv.	**32,831**	**36,115**	**41,552**	**46,716**	**52,444**	**48,515**	**48,026**	**60,304**
Inventory	7,566	12,087	9,821	11,816	11,751	13,394	14,821	16,672
Account Receivables	3,615	4,268	4,801	5,663	7,866	8,955	7,637	8,542
Cash and Bank Balance	16,416	10,793	15,874	17,749	13,697	6,034	4,938	13,959
Loans and Advances	5,233	8,967	11,056	11,488	19,131	20,131	20,631	21,131
Curr. Liability and Prov.	**21,663**	**25,192**	**26,024**	**31,663**	**35,093**	**38,145**	**40,994**	**44,240**
Account Payables	20,276	23,803	24,512	29,955	33,268	36,303	39,135	42,364
Provisions	1,388	1,389	1,511	1,709	1,826	1,842	1,859	1,876
Net Current Assets	**11,167**	**10,923**	**15,528**	**15,053**	**17,351**	**10,370**	**7,032**	**16,064**
Appl. of Funds	**77,057**	**88,838**	**1,04,469**	**1,16,358**	**1,31,723**	**1,46,180**	**1,70,117**	**1,82,770**

Source: Company, MOFSL estimates

Consolidated financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)*								
Consol. EPS	**91.0**	**87.9**	**54.2**	**102.7**	**103.5**	**135.1**	**155.1**	**190.2**
Cash EPS	130.6	132.3	113.5	176.8	181.3	220.0	255.0	298.7
BV/Share	483.6	559.7	606.6	694.6	788.0	904.5	1,040.2	1,211.2
DPS	15.0	15.0	15.0	20.0	15.0	15.0	20.0	20.0
Payout (%)	16.5	17.1	27.7	19.6	13.3	11.5	12.9	10.5
Valuation (x)*								
P/E	64.4	66.6	108.0	57.0	56.6	43.4	37.8	30.8
Cash P/E	44.8	44.3	51.6	33.1	32.3	26.6	23.0	19.6
P/BV	12.1	10.5	9.7	8.4	7.4	6.5	5.6	4.8
EV/Sales	7.0	5.9	4.9	4.2	4.0	3.6	3.3	2.9
EV/EBITDA	30.1	31.6	36.5	23.3	23.6	20.0	17.4	15.0
EV/t (USD)	307	303	231	216	200	155	159	133
Dividend Yield (%)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Return Ratios (%)								
RoIC	15.0	12.8	7.7	11.6	10.6	11.1	10.8	11.4
RoE	21.6	17.0	9.5	15.9	13.5	16.0	16.0	17.0
RoCE	12.9	11.2	7.0	10.8	9.9	10.6	10.6	11.3
Working Capital Ratios								
Asset Turnover (x)	0.9	0.9	0.9	1.0	0.9	0.9	0.9	1.0
Inventory (Days)	42	55	37	37	36	36	35	35
Debtor (Days)	20	19	18	18	24	24	18	18
Creditor (Days)	112	109	92	95	102	97	93	89
Working Capital Turnover (Days)	-29	1	-1	-9	11	12	5	4
Leverage Ratio (x)								
Current Ratio	1.5	1.4	1.6	1.5	1.5	1.3	1.2	1.4
Debt/Equity ratio	0.9	0.9	1.1	1.0	1.0	0.9	1.0	0.8

Cash Flow Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	10,927	10,131	6,276	11,736	12,424	15,578	17,884	21,937
Depreciation	3,062	3,425	4,619	5,726	6,015	6,561	7,725	8,379
Interest and Finance Charges	1,666	2,697	3,019	4,435	4,507	4,566	5,340	5,828
Direct Taxes Paid	-1,959	-2,429	-1,622	-1,542	-2,004	-4,983	-5,902	-7,239
(Inc.)/Dec. in WC	1,715	-5,379	2,276	2,352	-6,351	-682	2,242	-11
CF from Operations	**15,411**	**8,445**	**14,568**	**22,708**	**14,590**	**21,040**	**27,290**	**28,894**
Others	490	(967)	(797)	(3,117)	4,804	(478)	-	-
CF from Operations incl. EO	**15,901**	**7,478**	**13,771**	**19,591**	**19,394**	**20,562**	**27,290**	**28,894**
(Inc.)/Dec. in FA	-7,678	-14,716	-16,115	-11,726	-17,198	-28,000	-35,000	-12,000
Free Cash Flow	**8,223**	**-7,238**	**-2,344**	**7,865**	**2,196**	**-7,438**	**-7,710**	**16,894**
(Pur.)/Sale of Investments	-11,747	-734	-2,021	-5,634	-3,703	0	0	0
Others	11,665	2,232	-2,012	1,002	1,804	0	0	0
CF from Investments	**-7,760**	**-13,218**	**-20,148**	**-16,358**	**-19,097**	**-28,000**	**-35,000**	**-12,000**
Issue of Shares	0	0	0	0	0	0	0	0
Inc./(Dec.) in Debt	1,120	4,532	11,560	1,431	6,987	5,500	13,500	-500
Interest Paid	-2,427	-2,697	-2,841	-4,324	-4,401	-4,566	-5,340	-5,828
Dividend Paid	0	-1,159	-1,159	-1,158	-1,544	-1,159	-1,545	-1,545
Others	-68	-559	-147	-106	-303	1	0	0
CF from Fin. Activity	**-1,375**	**117**	**7,413**	**-4,157**	**738**	**-224**	**6,614**	**-7,873**
Inc./Dec. in Cash	**6,767**	**-5,623**	**1,036**	**-924**	**1,035**	**-7,663**	**-1,096**	**9,021**
Opening Balance	9,650	16,416	14,838	18,674	12,662	13,697	6,034	4,938
Closing Balance	**16,416**	**10,793**	**15,874**	**17,749**	**13,697**	**6,034**	**4,938**	**13,959**

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N O T E S

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SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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