



## “JK Cement Limited Q1 FY-26 Earnings Conference Call”

**July 21, 2025**



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**MODERATOR:** **MR. VAIBHAV AGARWAL – PHILLIPCAPITAL (INDIA) PRIVATE LIMITED**

**Moderator:** Ladies and gentlemen, good morning and welcome to the JK Cement Earnings Conference Call for the quarter ended 30<sup>th</sup> June 2025, hosted by PhillipCapital (India) Private Limited.

As a reminder all participants' line will remain in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing '\*' then '0' on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. Vaibhav Agarwal from PhillipCapital (India) Private Limited for opening remarks. Thank you and over to you.

**Vaibhav Agarwal:** Thank you, Ryan. Good morning, everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q1 FY26 call of JK Cement Limited.

On the call, we have with us Mr. Ajay Kumar Saraogi – Deputy Managing Director and Chief Financial Officer, and Mr. Prashant Seth – President, Business Information and Investor Relations.

I would like to mention on behalf of JK Cement Limited and its Management that certain statements that may be made or discussed on today's conference call may be forward-looking statements related to future developments and statements which are based on current management expectations. These statements are subject to a number of risks, uncertainties, and other important factors which may cause actual developments and results to differ materially from the statements made. JK Cement Limited and the management of the company assumes no obligation to publicly alter or update its forward-looking statements, whether as a result of new information or future events or otherwise.

I will now hand over the floor to the management of JK Cement for their opening remarks, which will be followed by our interactive Q&A. Thank you and over to you, Saraogi sir.

**Management:** Thank you, Vaibhav. Good morning and welcome to Q1 Call.

So, the Board of Directors met on 19<sup>th</sup> of July to review the performance of the company for the quarter ended 30<sup>th</sup> June 2025, and the major highlights are that the net sales grew about 19% year-on-year at Rs. 3,028 crores and whereas it de-grew by about 6% as compared to the previous quarter. The EBITDA during this quarter was Rs. 674 crores, an increase of 41% year-on-year, however, a dip of 9% over the previous quarter. The comparative margins for the first quarter was 22.3% in this quarter, vis-à-vis 18.7% year-on-year and 22.8% in the previous quarter. The per ton EBITDA was Rs. 1,247 per ton as compared to Rs. 1,014 in the previous year and Rs. 1,265 a ton in the previous quarter.

The growth in the performance is led by a 15% growth in the grey cement volume during this quarter year-on-year, which was mainly on account of substantial growth in Central India, where we grew by over 50%, attained growth in the South region, where the base was low and there

has been a good growth, a good sale of clinker during this quarter. However, there has been some de-growth in the North, mainly on account of the market conditions, as the North did not grow that much. So, if you look at the white cement, the white cement year-on-year grew by 8%. So, these are the major financial highlights.

If you look at during this quarter, the company also completed the de-bottleneck at Ujjain unit and now the consolidated capacity of the grey cement stands at 25.26 million tons. The green power capacity as on 30<sup>th</sup> June is 184 megawatts and the company also completed the acquisition of Saifco on 6<sup>th</sup> June. So, now Saifco becomes a subsidiary of the company and the management of Saifco has been taken over and now the company is working on improving the performance of Saifco in the J&K region. The 6 million tons greenfield and brownfield expansion is on track. The integrated unit at Panna, where we are adding 4 million tons clinkerization unit is on track. The brownfield grinding locations of 1 million each at Panna, Hamirpur and Prayagraj are on track and even the greenfield site at Buxar in Bihar is on track and by end of this calendar year, mostly we should be able to start and complete the expansion.

Looking to the growth in the putty volume and to meet out the peak demand, the board also decided to go in for expansion of putty by 6 lakh tons with a total capital outlay of 195 crores. This will be set up in Rajasthan. This is to meet out the growth of putty. The balance sheet position is that the gross debt as on 30<sup>th</sup> June stood at Rs. 5,203 crores as compared to Rs. 5,101 crores as on 31<sup>st</sup> March. The cash was Rs. 2,407 crores as compared to Rs. 2,536 crores. The net debt was higher at Rs. 2,796 crores as compared to Rs. 2,565 crores as on 31<sup>st</sup> March. The net debt to EBITDA as on 30<sup>th</sup> June, however, was 1.29 as compared to 1.30 and the net debt to equity was 0.44 as compared to 0.42. These are the major highlights of the performance during the quarter.

I will be happy to address your questions. Thank you.

- Moderator:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. The first question is from the line of Amit Murarka from Axis Capital. Please go ahead.
- Amit Murarka:** Good morning. Thanks for the opportunity. Firstly, on the Panna line, it was 3.3 million tons line. I just wanted to understand like why and how did it expand to 4 million tons given that we are so close to commissioning?
- Management:** No. It was always at 12,000 TPD.
- Amit Murarka:** Because the Q4 TPD still mentioned 3.3 and in this quarter only it was mentioned as 4 actually.
- Management:** The 4 million tons clinker capacity.
- Amit Murarka:** Okay fine because I think it was initially announced as 10,000 TPD is what I remember and even the Q4 TPD mentioned it as....

**Management:** Sorry, maybe there is some because 10,000 TPD was the increase from 8,000 to 10,000 for Line 1, which we did about a year back. But this has always been a 4 million tons.

**Amit Murarka:** Okay. Thanks for the clarification there. And secondly, could you let us know what was the incentive booked in the quarter?

**Management:** Incentive for the quarter was 85 crores.

**Amit Murarka:** Okay. So, I believe like last quarter it was mentioned as like 75 to 80 crores range. So, the new booking of incentives have come up for even though volumes are lower QOQ.

**Management:** No, see what happened that in the previous quarter, Aligarh unit where it has an overall ceiling. So, that ceiling got exhausted by Q3. So, there was no subsidy for the Aligarh unit in Q4. There is an annual cap on subsidy also.

**Amit Murarka:** Sure. Could you help us understand like what are the various incentives and which plants basically are earning incentives right now and how long will they continue these incentives?

**Management:** So, the incentives, we are getting one incentive in the North, which is for Nimbahera Line 3 and that would only be available in this fiscal. So, that will get concluded. Otherwise, we are entitled for subsidy for the three grinding locations, Aligarh, Hamirpur and Prayagraj. Aligarh also I think is only 1 year is left because it was for 7 years. It was commissioned in 2020. And then we are getting for Ujjain and also in case of the integrated Panna plant.

**Amit Murarka:** Sure, understood. So, like Hamirpur also has it, right?

**Management:** Yes, Hamirpur, Prayagraj both have.

**Amit Murarka:** And Panna also and Ujjain also?

**Management:** Yes.

**Amit Murarka:** And given that these are newer units, so fair to assume that these incentives will continue for few more years?

**Management:** Yes.

**Amit Murarka:** Sure. And lastly, just very quickly on other expenses, that was also quite low in the quarter. So, like, could you help us understand what are the plan for marketing spends and all which are low in the quarter?

**Management:** So, actually, it will be higher going forward because all our major marketing spends, we have these dealer tours and all. So, normally we plan the tours, everything in the second quarter, which is the lean period. So, the marketing, the other expenses will increase sequentially. So, this is what we see that this second quarter would be a tough quarter where there is also scheduled

maintenance of the kilns as well as the grinding expenses pre just the festive season. So, all that gets started in this season. So, we would be seeing an increase in the expenses in Q2.

- Amit Murarka:** Thank you so much for the detailed explanation. Will come back.
- Moderator:** Thank you. The next question comes from the line of Devesh Agarwal from IIFL Securities. Please go ahead.
- Devesh Agarwal:** Thank you. Firstly, congratulations sir, on a good set of numbers. I just wanted to understand, firstly, what would be the regional breakup of volume, sales volumes for 1Q?
- Management:** No, so regional broadly, we are not sharing the regional numbers.
- Devesh Agarwal:** So, broadly will also help, even if you give in some.
- Management:** Broadly, we have given what has been the trend of increase in volumes as we saw in central, a growth in volumes of over 50% and growth in the South because of a low base, all these numbers we have, but we are not sharing the exact regional numbers.
- Devesh Agarwal:** Sure, sir. And the kind of capacity addition that we saw through de-bottlenecking in Ujjain 0.5 million tons. What would be the potential at your other locations where you can increase capacity by de-bottlenecking?
- Management:** So, one is as a part of the expansion in central India, 1-million-ton capacity is being increased at Hamirpur and Prayagraj. That is one which is part of the expansion plan, and we see that there is a potential in the South of about 0.7 million. So, we are just working on that.
- Devesh Agarwal:** Right, sir. And you mentioned in South; we had a clinker sale this time. Could you quantify, sir, how much was clinker sale?
- Management:** Clinker sales have been much higher than the previous quarter.
- Devesh Agarwal:** No specific number?
- Management:** No, no specific number.
- Devesh Agarwal:** And sir, for your recent acquisitions, both Toshali and Saifco, what are the plans? Do you see any big opportunity there in terms of capacity addition or it will take time?
- Management:** So, we see an opportunity, I mean, one, as we said, in Toshali, we are still working out on which we have not been successful so far. And we are also evaluating alternate option of a long-term tie-up of the raw material with the government of Odisha or identify certain areas and if something comes for auction. So, that is the potential. And there, as we said, if the limestone tie-up is done, we have an opportunity of about 2.5 to 3 million tons. As regards Saifco is concerned, yes, we see an immediate opportunity for upgrading the kiln by about 300 to 400, it's already,

it's operational at about 600-650 tons per day. We see an opportunity to 850 to 900 TPD per day. So, that is an immediate, but it has good limestone reserves, and we are working out on the possibility, how, if, and that we will take maybe a year down the line, work out, see the market situation, how we settle. But we have limestone and other facilities. So, there is an opportunity of expansion up to 2 to 2.5 million tons in that region.

**Devesh Agarwal:** Right. And sir, post the 1Q where you have delivered such strong volume growth, what would be our guidance or outlook for FY26 as a whole in terms of volume growth?

**Management:** So, we have given a guidance of about 20 million in this financial year.

**Devesh Agarwal:** Okay. So, you will stick to that 20 million tons?

**Management:** Yes.

**Devesh Agarwal:** And finally, one last one, in terms of your post-Panna expansion, where do you see the next leg of expansion, the three places that you mentioned, Jaisalmer, Odisha and Karnataka, any progress that we have made and do we have visibility that next expansion will be taken at a particular location?

**Management:** Yes, we are working out, we are close to finalizing and we shall be putting up our options to the board very soon. And I think very shortly, once the board approves could be guided towards, because we have done in central, so more towards the North, but we are just, so very soon, once we are through with all the numbers and options, we will put up to the board and get back to you.

**Devesh Agarwal:** Right, sir. Thank you so much.

**Moderator:** Thank you. The next question comes from the line of Vishal Biraia from Bandhan Mutual Funds. Please go ahead.

**Vishal Biraia:** I just wanted to confirm the clinker capacity at Panna after this expansion, we would be at about -- would that be the right number?

**Management:** Pardon me, could you and Prashant you answer if you can just.

**Management:** No, I could not hear what number he spoke actually.

**Vishal Biraia:** After the expansion of clinker at Panna, what will be the capacity of clinker?

**Management:** 19 million tons.

**Vishal Biraia:** No, at Panna itself.

**Management:** 7.3 million tons.

- Vishal Biraia:** 7.3 million tons. Okay. And for total clinker at the, after the commissioning of the Saifco plant, including that, we will be close to 18 million tons at the end of March '26, this financial year?
- Management:** No, 19 I am saying on a standalone basis, then Saifco is in the subsidiary.
- Management:** Saifco and Toshali, if we add, then it will be close to 19.6 million or something.
- Vishal Biraia:** Okay. And just to reconfirm the number for grey cement, this year after we commission all the GUs that you talked about, we will be close to 32 million tons capacity?
- Management:** Yes, so we are already 25.26 million tons and 6 million tons is added, we will be 31.26. We have certain opportunities in the South which we are working out and that materializes, it will be 32 million tons by FY26.
- Vishal Biraia:** Okay. And just some basic questions on paint, what is the cumulative investment that we have done in paints and what is the capacity that we have created as of now?
- Management:** So, the capacity, Prashant, you can answer this.
- Management:** We have 60,000 kiloliters of capacity and our investment total is close to 450 crores.
- Vishal Biraia:** Okay. And how much incremental do you plan to do?
- Management:** We are in approval of 600 crores. So, the remaining would only be restricted up to an additional 150.
- Vishal Biraia:** And by when should we see that coming in?
- Management:** FY27.
- Vishal Biraia:** Okay. Perfect. Thank you.
- Moderator:** Thank you. The next question comes from the line of Navin Sahadev from ICICI Securities. Please go ahead.
- Navin Sahadev:** Good afternoon, sir and thank you for the opportunity. Also, congratulations on a good set of numbers. My first question was on volumes. So, you said that central India has done much better. So, is it that the industry itself has had fairly strong growth or we have expanded our dealer network much further to take care of the upcoming expansion, be it on the eastern part of the regions? So, before the grinding units came up, have we already started feeding those markets was my question.
- Management:** Yes, we have already started with the expansion in view. And so, we expanded, first we put up 4 million, then we expanded it to 6 million and now adding another 6 million. We are already

doing a good volume in Bihar; we have entered Bihar. And hopefully, end of this fiscal itself we should be doing about close to a million ton maybe in Bihar.

**Navin Sahadev:** And before the next question, I just want clarification. You mentioned after, because in the previous participant asked post expansion, what will be the total clinker capacity in Panna? And Prashant sir said 7.3. Shouldn't it be 8 because 4 is what we have already done with Line 1 and second line is 4. So, it will be 8 million tons or am I missing something here?

**Management:** No, line 1 is 10,000 TPD per day and line 2 is 12,000 TPD per day.

**Management:** So, line 1 is 3.3 million.

**Navin Sahadev:** Understood, that's clear. And sir, you also mentioned potential of de-bottlenecking in South by about 0.7 to a million ton. So, will it also be backed by some clinker de-bottlenecking there or it's more on the.....

**Management:** So, we are working out on de-bottlenecking in the South and other regions. Maybe we feel that about 0.7 to 1 million could be able to achieve by de-bottleneck at all locations. And there will be some de-bottleneck both on the clinker side as well as cement grinding.

**Navin Sahadev:** Understood. And sir, my last question, if I may. Margin in white is what I wanted to just point out because I believe sequentially there has been a pretty sharp drop in the white cement realizations if I understand this correctly. So, has it also led to a sharp margin decline in the segment and how should one then look at this segment given we are now looking at investing more capacity or more capital to put up a putty grinding unit in Nathdwara?

**Management:** So, as far as margins, yes, the white cement, we have seen the margins declining sequentially. But I think now as we see, it has stagnated. There is no further major dip in the white cement margins. It's ranging between 15% to 20% and we feel that it will continue to be in that region. The investment is necessary to ensure that we maintain our market share. Otherwise, this year our volume, our targeted volume, is about 1.1 million. And the peak season, the festival becomes closer to Diwali is always the peak season. And then we have peak season before the year end where to meet out the peak, the present capacity is barely able to meet out the peak season demand. In fact, we have already started some volumes on tolling to meet the peak season demand. And we are envisaging a growth in the putty segment of between 7% to 10%. So, with that growth, keeping that growth in mind we would need additional capacity.

**Navin Sahadev:** So, just one last question about the potential expansion plans. Now, I understand there is a vision to reach up to 50 million tons and you highlighted that in similar calls in the past. But with now our EBITDA averaging almost nearing to 3,000 crores or anywhere between 2,500 to 3,000 crores annually, will it be fair to say that we can handle two projects at a time? Is the company really thinking on those lines that apart from one project, we can also look at having, not just doing one project at a time, but we can look at doing two projects at a time? Is the company thinking on those lines so that growth can come in faster?



- Management:** Yes, you are right. The company is thinking, earlier we were actually taking projects after completion. So, there was a gap maybe about 2 years. So, 18 months when the project was getting completed, then we used to take up the next project. Now with our capacity reaching 30 million tons and the cash flow supporting for the investment and with a view that we get to 50 million tons by 2030, I think we could be in a way adding up a project, announcing a project every year. So, this should mean that there will be two projects going on at a particular time. It's not that we will not be announcing two projects at one time, but in between when we have already started work, we will take up the next project, not wait till completion of the project.
- Navin Sahadev:** Yes, this is so great. Thank you so much.
- Moderator:** Thank you. The next question comes from the line of Sanjeev Singh from Motilal Oswal Financial Services Limited. Please go ahead.
- Sanjeev Singh:** Good afternoon, sir. Thanks for the opportunity. If we exclude the clicker volume in 1Q, so how was the cement realization movement compared to last quarter? So, basically, I want to understand how have been the price movements in different markets where we operate and compared to 1Q, how have been the prices now?
- Management:** So, if you see, the prices on average have been more or less flat because there has been an increase in the South realization in this quarter. So, the South has compensated though in the North and central, there was a marginal pressure, but not much. And even up till now it's not much change, except a few, I mean, it's very marginal. So, it is not having any significant drop in pricing or anything. But still, we have another one and a half months, at least till the end of August to see for the monsoon, we have to see that. And we are hopeful, I think there could be only, there should not be any major dip in the pricing. Yes, definitely, there's some pressure, which is leading to some reduction in the non-trade pricing. But beyond that, as of now it is not much.
- Sanjeev Singh:** And secondly, in this quarter, we have a spend closer to 350-400 crores in our CAPEX. So, how should we look at full year numbers in FY26? Will it be closer to 1,700 crores and also, if you can guide on FY27 numbers? Thank you.
- Management:** So, in this year, it will be close to 2000 crores and next year, presently we have these plans for the normal CAPEX and the putty expansion, what we have announced. So, for all that, it should be close to 600 crores as of now.
- Sanjeev Singh:** Got it, sir. Thank you.
- Moderator:** Thank you. The next question comes from the line of Hrishikesh from Kotak Mutual Fund. Please go ahead.
- Hrishikesh:** Good morning. Is it possible to share consol gross debt and net debt?

- Management:** Rishikesh, the numbers are same because on the consol we don't have the borrowings and cash is also not there.
- Hrishikesh:** Okay and secondly, Mr. Saraogi spoke about company being comfortable taking probably two simultaneous expansions. So, is there any internal thought in terms of what could be the potential borrowing we could be comfortable with or probably cap our borrowing in probably any metrics on debt to EBITDA or anything on that line?
- Management:** So, on the net debt to EBITDA, as we said, today we are at about 1.3. our net debt to EBITDA. We are very cautious that whatever expansion we do, we try and keep the net debt to EBITDA to 2 or below 2.
- Hrishikesh:** Okay, thank you.
- Moderator:** Thank you. The next question comes from the line of Ritesh Shah from Investec Capital. Please go ahead.
- Ritesh Shah:** Thank you for the opportunity. A couple of questions. Sir, can you give the total number for paints, grouts and adhesives? And if you could break it up, that would be great, along with the EBITDA that we clocked in the last fiscal?
- Management:** No, the paint numbers are there, the grout is not part of paint. So, we will give you the paint numbers. Prashant that can be shared, you can give the paint numbers.
- Management:** The paint numbers have already shared last quarter. We did 273 crores of the turnover of the paint in the last fiscal, and this quarter our paint turnover is 86 crores.
- Ritesh Shah:** And, sir, margins?
- Management:** The gross margin in paint is about 30%.
- Ritesh Shah:** Sir, 30% EBITDA margins?
- Management:** No, gross margin. I wish in EBITDA margins; no paint company is getting 30%.
- Management:** No, EBITDA also, we shared the numbers, because I think 45 crores of the EBITDA loss last year, and in this quarter, it is 10 crores of the EBITDA loss.
- Ritesh Shah:** Okay, that's useful. Second is, Saraogi sir, you mentioned that North and central, there was some marginal pressure in pricing. However, in the South, the prices actually increased. Sir, how should one understand this dichotomy in pricing?
- Management:** So, I think, we have to wait, we have to see what really happens in the monsoon. The monsoons are now, as I said that there has been some pressure on non-trade pricing. Marginal pressure on trade pricing, but not significant enough, but we still have to wait and watch.

- Ritesh Shah:** Okay, sure. Sir, in the annual report, you do make a mention of LC3 and PLC. These are two different types of cement, I presume. Sir, what are our plans over here and how should we understand this?
- Management:** Well, it is still at a very initial stage. We are working on it and we see on LC3 what can be done. So, it is still at the pilot stage and maybe just working on it.
- Ritesh Shah:** Sure. And sir, last question, do we utilize synthetic gypsum? If yes, what is the differential or the cost arbitrage that we derive out of it?
- Management:** So, gypsum we have various mix across and depending on availability and mixing of gypsum, we use even imported gypsum, chemical gypsum. We are using local mineral gypsum which is available from the mines. So, a huge combination of gypsum products.
- Ritesh Shah:** Sir, my question is, do we manufacture anything captively or do we?
- Management:** No, we are not manufacturing anything captively, no, nothing.
- Ritesh Shah:** Okay. And sir, what will be the price gap on imported synthetic gypsum versus what we get from, hypothetically say, Rajasthan State Mineral, something RSMM, adjusted for the grade? Is there an element of cost savings over there?
- Management:** Yes. See, again, the purity part, there is a difference. It affects once we use an imported gypsum, which is definitely very costly. But again, it helps reducing the clinker consumption and using more fly ash. So, it does help. So, we only see the thing only on a totality basis. The gypsum cost may be higher, but the overall cost economics is different.
- Ritesh Shah:** Sure. And sir, just the last question, you indicated that we did certain tolling volumes in peak season for putty. Sir, possible if you could quantify the number for the full year last year?
- Management:** So, last year, the tolling, I don't have the exact number available with me, but I think it was around 50,000 tons or something. I don't have the number. Prashant, do you have the number?
- Management:** No, we don't have the last year number now.
- Management:** I will share the exact number with you.
- Ritesh Shah:** Sure, sir. Thank you so much. All the very best.
- Moderator:** Thank you. We take the next question from the line of Parvez Qazi from Nuvama Group. Please go ahead.
- Parvez Qazi:** Good afternoon, sir and congratulations for the great set of numbers. So, just two data specific questions. What was our real share this quarter and also the fuel mix in Q1? Thank you.

**Management:** Fuel mix was like 60% pet coke in this quarter.

**Parvez Qazi:** And what was the rail share?

**Management:** The rail share was 11%.

**Parvez Qazi:** Sure, sir. Thanks, and all the best.

**Moderator:** Thank you. The next question comes from the line of Girija Shankaray from Yes Securities. Please go ahead.

**Girija Shankaray:** Hi, good afternoon, sir. Thanks for taking my question. So, just wanted to check, you said, if we use imported gypsum, so that is going to increase your fly ash percentage and it will reduce your clinker consumptions, right? So, as per the rules this time how much is the percentage of the fly ash in the total clinker consumptions?

**Management:** We can use fly ash up to 35%. 33%-35%, we can go up to that.

**Girija Shankaray:** But right now, our fly ash percentage is below 35%, you are saying?

**Management:** Yes, it depends on an average when we talk about. It depends on our location and grinding location when we are talking. Each grinding location where we are getting what gypsum is available, it helps in that.

**Girija Shankaray:** Okay. And my next question is with regards to this power and fuel percentage, there is a sharp increase in power and fuel cost in quarter-on-quarter basis as well as for the freight cost also, we didn't see any kind of savings in freight cost, any particular reason in that?

**Management:** No, see, power and fuel cost increase mean there are two reasons. One reason is because of the increase in the pet coke price with the average consumption rate has gone up. And second is like a balanced clinker production in this quarter. If you are comparing QOQ basis, so last quarter it was low because we consumed some clinkers from the stocks. And this quarter the clinker production was balanced. So, these are the reasons for increase in the power and fuel cost. And freight cost increases like our lead has gone up by 2 kilometers because of seeding the Bihar markets and all that and that has resulted into a part-time freight increase by around say Rs. 5-6.

**Girija Shankaray:** Okay. And my last question will be, you mentioned in your opening remark, central India has done well. So, we have done it or we have on a company level this is good for our company or overall industry has done well in central India? And what was that percentage you mentioned I forgot?

**Management:** It's over 50% in central India. And this is because we are opening up the entire market. We have already making, we are trying to grow our market share across all the entire UP, MP, and enter the eastern region to Bihar grinding which is coming up and a new capacity is going to come up in next few months, maybe just six months down the line we will have a new capacity coming

up. So, unless we have built, we have to strengthen the entire region. Otherwise, how will we be able to supply materials from the new plants?

**Girija Shankaray:** Fair enough. Thank you very much, sir. But the last question is, can you give us the regional capacity utilization if you can provide us?

**Management:** No, we are not sharing regional capacity utilization numbers.

**Girija Shankaray:** Not an issue. Thank you very much, sir.

**Moderator:** Thank you. The next question comes from the line of Shravan Shah from Dolat Capital. Please go ahead.

**Shravan Shah:** Hi, sir. First of all, congratulations on a great set of numbers. Most of the questions were answered. Couple of things to clarify. So, first on the cost saving, what we talked about last time, Rs. 150 to 200 over the next 2 to 3 years. And this year FY26 on an average, we were looking at Rs. 40 to 50 per ton. So, that remains intact?

**Management:** Yes, that remains intact. We will, during this fiscal, get about Rs. 40 to 50 in terms of cost saving.

**Shravan Shah:** Okay, great. And in terms of the green share, which is currently at 52%. So, that we will be reaching to 61% by the end of FY26?

**Management:** Yes. So, on the green power also, which is again as a part of cost saving when we say. So, we should be closer to 60% by the end of this fiscal.

**Shravan Shah:** Okay, great. Second, sir, once the 6 million tons will start by end of this December. So, is it fair roughly to say in FY27, one can see incrementally close to a kind of a 3 million tons volume from that one can look at kind of a 50% utilization. Is that a way one can look at?

**Management:** It's too early to say, but definitely this is where we are working at and closer to the end of this fiscal, we try definitely. We are working towards that direction only. Whether it is 23 or it is 22.5, we will just work out.

**Management:** Actually, there will be some set up of the quantity which we are already feeding into that market. In Bihar already we have reached a particular level. So, for getting 50% utilization, not the fresh volume has to come up to that extent.

**Shravan Shah:** Okay. Got it. And then secondly, last time we talked about that the UAE plant likely to kind of a clock a quarterly bid of 15-20 odd crores. So, for this quarter, we have already reached to that EBITDA positive 15-20 odd crores?

**Management:** Yes, we have already reached in fact, with this quarter. The Fujairah working, I think for the year as a whole should be around 80 crores or so, 80 to 90 crores.

**Shravan Shah:** Great. Second on the paint or whatever we have said in terms of the revenue target for 400-450 odd crores in '26 and 600 crores in '27 and breakeven by FY27, that remains intact?

**Management:** Yes, that remains intact.

**Shravan Shah:** Okay. And then lastly, if you can help us, as you have said that the other expenses, so one is marketing, second maintenance in Q2 will increase. Any idea, is it fair, just a 40-50 crores QOQ increase, that's the way one can look at?

**Management:** Yes, it could be around that region, though the exact numbers are not, but yes, you're right.

**Moderator:** Thank you. The next question comes from the line of Tejas Pradhan from Citigroup. Please go ahead.

**Tejas Pradhan:** Hi, sir. Could you share what would be the industry volume growth for the different regions you operate for the first quarter? Because you mentioned North, there was some degrowth, right? So, how would it be for like all the regions?

**Management:** So, we have to get the industry numbers as yet we are not getting, I think, industry numbers, we will know very soon. I think we are...

**Tejas Pradhan:** But a sense from your side?

**Management:** I think overall, we would be more than industry growth, but normally when we see region, we are able to maintain our market share. It's not that we have lost market share in any of the regions. In fact, we have actually improved upon our market share, definitely in the central and North and other regions, we have not lost the market share. The North market that the growth has not been and that market growth is the major concern.

**Tejas Pradhan:** Sure. Thanks. And lastly, for the putty expansion, assuming the current profitability in that business, what would be the rough IRR that would be there from the expansion project that you have undertaken?

**Management:** So, IRR will be over 15%.

**Tejas Pradhan:** Okay, sure. Thanks.

**Moderator:** Thank you. The next question comes from the line of Prateek Kumar from Jefferies. Please go ahead.

**Prateek Kumar:** Good afternoon, sir and congratulations. My first question is on clarification on incentives. So, based on the current index, around 300 crores kind of incentive is expected for next 3 to 5 years based on your expansion.

**Management:** Yes. This is what we feel.

- Prateek Kumar:** Okay. Next question is on your central expansion. So, incrementally, again your trade segment has like sort of been stable currently, but the incremental volumes in central, is this non-trade trade going to change, which may impact your profitability in the market or how do you look at it?
- Management:** No, see, incrementally, yes. I mean, today say for example, from Bihar because the grinding unit is not there, so we are not doing much of non-trade. But definitely, there will be some non-trade volumes coming up. But I think we are fairly confident we will be able to maintain the trade-non-trade ratio.
- Prateek Kumar:** And last question on your white segment. So, the expectation of Asian Paints volumes going up your customer base, has that happened or is going to gradually happen over the next couple of quarters?
- Management:** I think they are just, it will start hitting us mainly from Q3 onwards. So, they are about to, they are doing the trial runs what we have heard. So, I think there will be gradually, because even the orders, they are reducing the orders from Q3. So, we will see that the number in the white cement from Q3 onwards.
- Prateek Kumar:** And just one last question if I may. The cost of traded goods was a much higher number at 1.5 billion this quarter. It's a run rate of around 1 billion. What is the reason around that?
- Management:** So, traded goods is actually, we are getting a lot of tooling for all of our value-added products, including paints. So, traded goods in the standalone is coming whatever is being manufactured, because the platform of JK Cement is being used. So, when there is a platform of JK Cement used in standalone, it is the goods which gets transferred from the Max factory. And in JK Cement standalone books, it is the purchase of traded goods.
- Prateek Kumar:** Sure. Thank you. That's it and all the best.
- Moderator:** Thank you. The next question comes from line of Rajesh Ravi from HDFC Securities. Please go ahead.
- Rajesh Ravi:** Hi, sir. Good afternoon. Congrats on great set of numbers. My first question is predominantly on this volume guidance, which you have given 20 million tons that remains or there is an upward bias given that the strong volume growth you have delivered in Q1?
- Management:** So, we still take 20 million alone because we have a lean period. We have to see when monsoon is a lean period. We have to see how the growth remains in that. But as of now, we stick to the earlier guidance of 20 million.
- Rajesh Ravi:** Just a follow-up question. See, there's a lot of capacities which are coming up in North, central and East markets. So, what is the outlook given that you are also bringing up almost 6 million tons capacities across the central and the East markets? So, what is your outlook on the pricing

trend for the next 1-2 years, given that the simultaneous ramp-up of various capacities for the next 1-2 years?

**Management:** See one, the market is also growing. If you look at the total growth in the market, when you see North and central being sort of a twin market, if you look at the overall growth in that market, there is an incremental requirement in that market of about 12 to 15 million tons. So, as the capacity gradually ramps up, we don't see. Yes, there could be some periodical impact, but otherwise, we don't foresee any major competitive intensity which may affect the profitability.

**Moderator:** Thank you. The next question comes from the line of Alok Shah from SRE PMS. Please go ahead.

**Alok Shah:** I just want to understand the reasons of increasing EBITDA by 20% this quarter and is this sustainable for the current fiscal year? And secondly, that we have targeted for 75% of green power. So, any guidance of EBITDA increase that we can expect giving percentage? Can you just give a ballpark number?

**Management:** So, we do expect that with the present prices continue and prices continue to, if they further increase, definitely, the EBITDA should also be increasing. As regards green power, definitely 75% we have given the target for 2030. We would be closer to 60 by FY26. And the plans which we have, I think, this target will be met well before 2030.

**Moderator:** Thank you. The next question comes from the line of Rahil Shah from Crown Capital. Please go ahead.

**Rahil Shah:** Hi. Good afternoon. My question is also pertaining to the EBITDA per ton, combined EBITDA per ton outlook, if you can share something on that.

**Management:** I think I have given my views on that.

**Rahil Shah:** Yes. Any certain number you would like to give out for the full year?

**Management:** The number, we have to see when I think number would be in line with the industry growth rather than when we give any particular number.

**Rahil Shah:** Okay. Got it. Thank you.

**Moderator:** Thank you. The next question comes from the line of Siddharth Malhotra from Kotak Securities. Please go ahead.

**Siddharth Malhotra:** So, just a quick question. I read in our annual report that we signed an agreement with GMDC for 250 million tons of limestone reserves. Could you just elaborate on our plans pertaining to that particular limestone? Will that be used in some of our existing plants? Do we plan some additional new plants in the western region perhaps? What is our end goal for that 250 million tons?



- Management:** So, we have entered, we have got a limestone reserve and an agreement for that limestone. We will see that will help us in our future expansions. Immediately, we do not have any plans. So, as we plan, as a first step we have a plan for a 50 million tons expansion to reach 50 million tons of capacity. And as we are working towards that, then going in next 2 years' time, we have to come up what will be our next goal of plans. So, it may, unless you have a tie-up of limestone deposits, you cannot make any concrete plans. So, this is for a long-term plan. So, we continue to apply for potential limestone reserves once because as of now we have plans to go organic. We do not have any plans to go inorganic at all.
- Siddharth Malhotra:** Okay, understood. And just with reference to the location of this limestone, are there any plans on the anvil for expansion into the western region, more particularly Gujarat?
- Management:** Yes, that could be. As of now, we do not have any immediate plan to invest in there. But going forward, maybe yes.
- Siddharth Malhotra:** Okay. Thanks a lot.
- Moderator:** Thank you. The next question comes from the line of Parth Bhavsar from Investec. Please go ahead.
- Parth Bhavsar:** Hi, sir. Thank you for the opportunity. So, I have just one question. I wanted some color on non-trade demand. So, if you see, even year-on-year and quarter-on-quarter, non-trade share has increased for us. So, I wanted a sense on demand of non-trade segment and also the pricing. Like, has it been more stickier than trade segment or even the price hikes have been more higher than the trade segment? Yes, a color on the non-trade segment.
- Management:** So, see, again, as government spending is there, so if overall demand increases only the non-trade segment, then to maintain the market share, we will have to enter that segment and get, otherwise it will be very difficult to get the entire growth from the trade segment. As regards the pricing, the non-trade pricing has been also because it becomes quite intensive sometimes and very aggressive and the prices do fall. But with this, there has also been an increase in the non-trade pricing over the last 2-3 months when we have seen the increase in the trade pricing. Because the pricing of both trade and non-trade have to increase in tandem. The differential cannot be very high.
- Parth Bhavsar:** So, what would be the differential right now versus what it was last year?
- Management:** The normal trend is of the difference between trade and non-trade is about Rs. 20 to 25 a bag.
- Parth Bhavsar:** Okay. And this has been stable even since the last 1-2 years.
- Management:** No, it has not been. So, whenever the difference has been, it's been fluctuating. So, that definitely affects, as we had seen that in the past, the trade prices were going down. The differential

between trade and non-trade had also increased sometimes even up to Rs. 40-50-60 a bag. Sometimes it can go in particular region Rs. 70-80. So, it is quite fluctuating.

**Parth Bhavsar:** Perfect, sir. Those are my questions. Thank you.

**Moderator:** Thank you. The next question comes from the line of Amit Murarka from Axis Capital. Please go ahead.

**Amit Murarka:** So, just on the follow-up question on volumes, you mentioned that you are scaling up your volumes in Bihar as well. And there is a new grinding unit of 3 million and that will come up. So, will this new grinding unit have incentives as well, particularly as you have already scaled up decent volumes over there?

**Management:** The grinding unit, there is an incentive scheme and once we commission the grinding unit, so we have already applied and we should be getting certain incentives.

**Moderator:** Thank you. Ladies and gentlemen, we take the last question from the line of Ritesh Shah from Investec Capital. Please go ahead.

**Ritesh Shah:** So, just a quick one. Would it be possible for you to quantify the trade and non-trade price gap in North, central and South?

**Management:** No. So, it varies from time to time. It's very difficult. As I say, average Rs. 20-25 is a normal trend. But when the prices fluctuate, it is quite different from time to time.

**Ritesh Shah:** Okay. And, sir, would you like to put any timelines on the Jaisalmer optionality that we have?

**Management:** Yes, the timeline, I think, whatever options are there, very soon I think, the management should take a call on that and put that to the board.

**Moderator:** Thank you. Ladies and gentlemen, we take that as the last question and conclude the question-and-answer session. I now hand the conference over to Mr. Vaibhav Agarwal from PhillipCapital (India) Private Limited for closing comments.

**Vaibhav Agarwal:** Thank you. On behalf of PhillipCapital (India) Private Limited we would like to thank the management of JK Cement for the call and also many thanks to the participants for joining the call. Thank you very much, sir. Ryan, you may now conclude the call. Thank you.

**Management:** Thank you everyone for joining the call. Have a good day.

**Moderator:** Thank you, sir. On behalf of PhillipCapital (India) Private Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.