



“JK Cement Limited Q2 and H1 FY 2026 Conference Call”

November 04, 2025



MANAGEMENT: **MR. AJAY KUMAR SARAOGI – DEPUTY MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER, JK CEMENT LIMITED**
MR. PRASHANT SETH – PRESIDENT (BUSINESS INFORMATION & INVESTOR RELATIONS), JK CEMENT LIMITED

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 and Half Year Ended 30th September 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, please signal the operator by pressing '*' and 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. Thank you and over to you.

Vaibhav Agarwal: Thank you, Robin. Good morning, everyone. On behalf of PhillipCapital (India) Private Limited, we welcome you to the Q2 & H1 FY '26 Call of JK Cement Limited.

On the call, we have with us Mr. Ajay Kumar Saraogi – Deputy Managing Director and CFO; and Mr. Prashant Seth – President (Business Information & Investor Relations) at JK Cement.

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 evening and welcome to Q2 Call. The Board of Directors met on 1st of November to review the working of the Company for the half-year ended 30th September and also to review the performance for the 2nd Quarter.

The major highlight:

The revenue from operations during this quarter was Rs. 2,859 crores as against Rs. 2,410 crores previous year, an increase of 19%, though it was lower by 10% as compared to previous quarter, the number of previous quarter was Rs. 3,190. For the six month period, the revenue from operations were higher by 19% at Rs. 6,049 crores as against Rs. 5,070 crores.

The EBITDA during this quarter was Rs. 440 crores as compared to Rs. 271 crores last year and Rs. 673 crores in the previous quarter. For the half-year period, the EBITDA was Rs. 1,113 crores as compared to Rs. 746 crores, an increase of 49%. The comparative EBITDA margins

for this quarter was 15.9%, last year it was 11.5%, previous quarter it was 21.9%, for this half-year it was 19.1% and last year April-September was 15.2%.

The profit before tax for this quarter was Rs. 261 crores as compared to Rs. 60 crores in the previous year and Rs. 498 crores in the previous quarter. For the half-year period, it was Rs. 758 crores as compared to Rs. 348 crores.

The EBITDA per ton for this quarter was Rs. 902 crores a ton as compared to Rs. 639 crores last year and Rs. 1,229 crores in the previous quarter. For the six-month period, the EBITDA per ton was Rs. 1,075 crores as compared to Rs. 830 crores a ton.

The consolidated financial results:

The revenue from operations during this quarter was higher by 18% at Rs. 3,019 crores as compared to Rs. 2,560 crores, though in the previous quarter it was Rs. 3,353 crores, it is down by about 10%.

For the half-year period, the revenue was higher by 19% at Rs. 6,372 crores as compared to Rs. 5,368 crores. The EBITDA during this quarter was Rs. 447 crores as compared to Rs. 284 crores in the previous year and Rs. 688 crores in the previous quarter. For the half-year period, it was Rs. 1,134 crores as compared to Rs. 770 crores.

The profit after tax for this quarter was Rs. 159 crores as compared to Rs. 136 crores in the previous year and Rs. 324 crores in the previous quarter. For the six-month period, it was Rs. 483 crores as compared to Rs. 321 crores. The earning per share was Rs. 20.7 in this quarter, Rs. 16.2 previous year, Rs. 41.90 in the previous quarter. For the six-month period, it was Rs. 62.70 as compared to Rs. 40.20.

The debt profile:

The cross-debt as of 30th September was Rs. 5,289 crores as compared to Rs. 5,103 crores and the net debt was Rs. 3,139 crores as compared to Rs. 2,551 crores. The net debt to EBITDA as of 30th September was **1.34 as compared to (6:29.4) 1.3** as of 31st March.

I would like to brief you on the status of the various projects:

We have this project at Panna, a 6 million ton. This project is at advanced stage of completion. We have already commissioned 1 million grinding unit at Prayagraj in the month of October and the work on other grinding mill at Hamirpur is at advanced stage of completion.

At the integrated plant, also the clinkerization, the work on the clinker line and the cement grinding is at advanced stage and all this should be completed by December this year and 3 million green field grinding at Buxar in Bihar should get completed in the fourth quarter between January and February of 2026.

As regards the new project which we have taken up at Jaisalmer, we have already placed orders for most of the plant and equipment. The work at site for the integrated 4-million-ton clinker and 3-million-ton grinding has already started. The Bhoomi Poojan was done on 5th of September. All the major civil and mechanical contractors have been finalized and the work is progressing and we hope that this should come on stream in Q2 FY '28.

We are finalizing the land for both the grinding locations. It is an advanced stage and hopefully, the work for both the grinding locations will start sometime by the fourth quarter of this fiscal. We have also initiated 6 lakh ton green field wall putty plant at Nathdwara in Rajasthan. The Bhoomi Poojan for this plant was also done on 5th of September. The orders for main plant and equipment has already been placed. The construction work has started at the site and it is expected that this project would be commissioned by Q2 FY '27.

These are the major highlights on the various expansion projects. I will be happy to answer your queries. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Harsh Mittal from Emkay Global. Please go ahead.

Harsh Mittal: Thank you for the opportunity. My first question is that the other expenses seem to be higher this quarter. Can you guide us that what would be, in terms of rupees per ton, you feel that it would be reversed in the coming quarters?

Management: So, the 2nd Quarter, we have taken up the maintenance work of three of the kilns, where major kilns were under maintenance in this quarter. There was some maintenance in the cement mills also. And this is the quarter when the major branding work is taken up. All the annual dealer conferences are held in this quarter, being the lean period, and this is the best time that the dealers are ready.

They expect that all the foreign tours and all are undertaken during this quarter only, because in the season they would not like to travel. So the expenses of this quarter are higher on this region. Yes, going forward, it will, on a per ton basis, this would have an impact of about Rs. 100 a ton. I think we should get, going forward, when with the higher volumes and the amount being a bit lower, so it will have an impact of about Rs. 100 a ton in the cost saving.

Harsh Mittal: Sure, sir. Thank you. So, second question, as per our last guidance, we had a run rate of Rs. 300 crores of incentives per annum, right? Now, given the changes in the GST structure, what is the new run rate you feel for the next two years? And with Jaisalmer coming in FY '28, how this run rate can change?

Management: So see, marginally, this will be lower only in this fiscal. We expect that in the next fiscal, the incentive of Bihar should come in. So overall, from FY '27, we should get the benefit of the subsidy of about 300 crores. But in FY '28, yes, we will have some more incentives, partially in the year when we commission Jaisalmer. And then we have to work out, because some of the

subsidies in Nimbahera will get, I mean, that period would be over. So I think going forward, we should definitely accept for about Rs. 50 crores lower in this fiscal. Next fiscal onwards, it should be Rs. 300 crores plus.

Harsh Mittal: Right, right. My last question, that when we announced the Jaisalmer expansion, we said that we will be going with 4 million tons of clinker and 7 million tons of grinding, 4 million tons of grinding, spread grinding unit. So that has not been mentioned in the latest PPT. Any update on that?

Management: No, sorry, it is not mentioned in the PPT, but I have said that we have already acquired most of the land for the spread grinding location. And the work on the 2 million tons each grinding in Punjab and Rajasthan, the work should commence in Q4.

Harsh Mittal: And so do we expect the commissioning in Q4 FY '28?

Management: See once we receive the, get all the land, we will get the environmental clearance. So you cannot apply for environmental clearance before acquisition of land. So immediately on land, so we hope that in this month, by December, one grinding location, land will be finalized in this month and the next one by next month end. So immediately one, definitely one grinding location, which will start work in the fourth quarter. So we are targeting to start work for both the grinding locations in the fourth quarter.

Harsh Mittal: Sure, sir. Thank you. These were my questions. Thank you.

Moderator: Thank you. We have our next question from the line of Ritesh Shah from Investec Capital. Please go ahead.

Ritesh Shah: Yes. Hi, sir. Thanks for the opportunity. Sir, a couple of questions. One is what was the incentive quantum for this quarter?

Management: It was around Rs. 70 crores.

Ritesh Shah: Rs. 70 crores, sir. Great. Great, sir. Sir, secondly, can you update us on Toshali and Saifco, specifically on Toshali, any update on the limestone? The quantum of CapEx that we have done so far and incrementally, how should we look at it? And the same thing on Saifco, basically, how are we looking at it?

Management: So as far as Toshali is concerned, one, Toshali has now become part, the merger, we had applied for the merger of Toshali, which NCLT approved in this quarter. It is already, the standard results are including the working of Toshali. As far as the mining lease is concerned, I mean, though we have been trying, we will have to, we are still now, grant of lease without auction, it will not be given by the state government.

But we are still discussing with the court on the long-term arrangement. If they agree to supply limestone for a long-term period of 20 years - 25 years at a particular price and with a price

mechanism formula, then we can consider any expansion in that region. At this point of time, we are operating, we have already done whatever small CapEx was required in the project. And we are operating the plant and the capacity is about 0.6 million tons. And we hope that we should be doing, operating the plant at 80%-85% capacity utilization.

Ritesh Shah: Thank you, sir. Sir, on Saifco?

Management: So on Saifco also, we have launched our brand in the month of August. So we did a relaunching and then we have started the marketing activities in the region. And so all that has been done in this quarter, in the 2nd Quarter. Now we are starting, we are seeing that the effect of that is visible from October. The sales are already good in the month of October. Now, the dealers are happy with the brand.

And we are trying to establish our brand in the region, as well as then operate and get maximum output from that plant. But maybe the capacity is going forward two months, three months would be winter months where we will not get much production. The sale would hamper. But beyond that, we expect that we should be selling around 20,000 tons a month normally from that plant.

Ritesh Shah: Sir, any plans that we have formed upon the expansion over here because earlier you had indicated we can increase the capacity?

Management: As of now, we have not formed up. What we are doing is some, we plan to do some modification in the plant so that we can increase by 30% in the existing capacity as far as possibility of putting up a new line of higher capacity. That is on hold. We are studying that and that we may take a call going forward. But there is no immediate decision on that.

Ritesh Shah: Sir, would it be possible to quantify EBITDA level numbers for both Toshali and Saifco? Just trying to understand the core business if one had to exclude both this.

Management: Toshali work has been done. Toshali, as such, there has been no operating profit so far. We expect that going forward, this year we should end up Toshali maybe more or less as a break even. And even we should see proper EBITDA coming in from Saifco post the season. That means actually it will come from major, this year again for Saifco first year because we have made a lot of expenditure on the brand pool.

So having spent so much amount on brand pool, Saifco for this fiscal should end up at about 0.0. It will only start making profit from next fiscal.

Ritesh Shah: Sure, sir. This is also, sir, this last question I will squeeze in. Sir, we saw full page ads of JK Cement pertaining to Calcine Clay or LC3, I think this was last month. Sir, what are our plans over here? Have we earmarked any specific percentage of our sales volumes for this? How should we look at the ramp up over here? Thank you.

- Management:** So, see, we have been trying to work on this. We have been successful on development of the project. We have launched the project now for various projects and other things, we are doing a marketing effort. We do not have exact numbers as of now, but this is again, it is an opportunity for us and we will see how much we can sell. This is a new product line. It will be over and above the normal sales.
- Ritesh Shah:** Sure, sir. Thank you so much for the answer. I will join back the queue. Thank you.
- Moderator:** Thank you. Our next question is from the line of Pathanjali Srinivasan from Sundaram Mutual Fund. Please go ahead.
- Pathanjali Srinivasan:** Thank you for the opportunity, sir. I have a couple of questions. Firstly, our lease distance has kind of increased over the last couple of quarters. So, any sense on whether this could reverse from Q3 onwards because our plant commissioning and all of that is happening?
- Management:** So, not from Q3. See, our grinding unit at Bihar will get commissioned in Q4. So, we will see because we have to seed that market. And that is why the lease distance is increasing. So, we will see real benefit coming out of that. And then the grinding units, the expansion which we are doing at Prayagraj and Hamirpur, that will also get commissioned. Prayagraj already got commissioned and Hamirpur will get commissioned in this quarter. So, the benefit of that marginally we will see but major we will see from once we commission the Buxar grinding unit. But today, we are seeding the entire Bihar with a high lease.
- Pathanjali Srinivasan:** Sir, could you quantify how much it could reduce to post this as in, what would our target be?
- Management:** So, about 12 kilometers to 15 kilometers it should reduce.
- Pathanjali Srinivasan:** Okay. Got it, sir. And just one more question. Our power cost looks slightly elevated on a per ton basis. Is there anything that is causing this? Is there some bit of a short-term? Are we buying any power or anything from outside or something like that?
- Management:** No. See, the power and fuel cost has gone up because of the increased clinker stock. I mean, this quarter actually the cement sales volumes are lower, but clinker production was highest. So, the clinker actually stock has built up. So, that has resulted into the high power and fuel cost. And because of the maintenance, I mean, there was some hit on the waste heat recovery power generation also, which is a low cost power. So, these are the two.
- Management:** So, whenever the kilns are under maintenance, the waste heat recovery does not work. And waste heat is the major green power and at no cost.
- Pathanjali Srinivasan:** Is it possible to quantify what the impacts of this could have been, sir?
- Management:** See, waste heat, the closure of a kiln, it is about Rs. 15 lakh a day loss in terms of waste heat power.

- Management:** So, see, in the cost mean, if you see, there is the main impact of say Rs. 10 crores to Rs. 12 crore on that account.
- Pathanjali Srinivasan:** Okay, sir. Got it.
- Management:** Balance is because of the stock position.
- Management:** About Rs. 30 rupees a ton.
- Pathanjali Srinivasan:** Okay. Got it, sir. Thank you.
- Moderator:** Thank you. Our next question is from the line of Amit Murarka from Axis Capital. Please go ahead.
- Amit Murarka:** Hi. Thanks for the opportunity. So, my first question is on regional sales split, if you can provide for one 1H FY '26 in terms of north, central, east, south?
- Management:** So, what is there in this, the major increase has been in terms of south and central India. The north, the growth is at par, it is flattish at about, the market about 5% to 6%. But the major, because last year our south plant in Q2 was under maintenance and the sales were quite low. So, one, because of that low base, we see a major increase in the south sales. And then definitely the central is growing. This is where the expansion has been, Company has made investments. So, that market is already growing. So, the major growth is coming from growth in central and south.
- Amit Murarka:** Sure. But could you just quantify something? I mean, ideally, if you can just give a market split if you can.
- Management:** No. We are not sharing the market split.
- Amit Murarka:** Okay. But central, like, would still be growing in what, mid-teens or something? I mean, or rather high teens actually.
- Management:** Yes.
- Amit Murarka:** Sure. Just generally on the Jaisalmer plant, so with this new capacity that you are doing, what is the envisaged CapEx for FY '26 - FY '27 as an annual basis? And what is the peak that you are looking at?
- Management:** So, FY '26 - FY '27, there should be about Rs. 700 crores to Rs. 800 crores spent on the Jaisalmer project. And total spent is Rs. 4,800 for the integrated and the two spread funding locations. We would be expecting another about Rs. 2,500 crores or to Rs. 2,800 crores in next fiscal. And balance will get spillover in FY '28. This is how we see the whole CapEx. So, normally we will see that about Rs. 3,500 spent by FY '27 and remaining gets spillover to FY '28.
- Amit Murarka:** Sure. And what will be the full year CapEx that we can expect then in FY '26 and FY '27?

- Management:** This year, I mean, it should be in the range of Rs. 2,800 crores to Rs. 3,000 crores. And next year, it will be over Rs. 3,500 crores.
- Amit Murarka:** Okay. And peak debt number that we can think of?
- Management:** So, on the peak debt, we are looking at incremental borrowing coming in for the Jaisalmer of about Rs. 3,000 crores. But by the time this borrowing comes, the net debt should increase by about Rs. 2,000 crores, I think. But there will be certain repayments and all. So, the net debt should increase by about Rs. 2,000 crores.
- Amit Murarka:** Okay. And just lastly, on this wave of expansions that we have seen being announced, like, after a long time, we have seen a lot of capacity being added actually in North as well, particularly with the recent announcement that UltraTech made. What is your thought on the market balance with all these new expansions coming in over the next two years?
- Management:** Again, whether announcements have been made, yes, mostly it will all come. There would be, you could have a period of lower capacity utilization and it will take time to settle down. So, it would be not only for us, it would be for the industry, whatever. So, at this point of time, yes, there would be intense competition. But we are definitely prepared for it. We were expecting as such that all the new capacities may come up.
- But there was no time frame as there was no official announcement by the competition. But we were looking at what could be the likelihood capacities which may come. But having said so, now it is very clear what capacities and the regions are also very clear. So, we will see. We will work out our marketing strategy accordingly.
- Amit Murarka:** Okay. That is all from me. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Harshal Mehta from Asian Market Securities. Please go ahead.
- Harshal Mehta:** Hi, sir. Thank you for the opportunity. Couple of questions. So, my first question was on our strategy. So, your views are on the growth margins and how do we plan to balance both of them going ahead?
- Second question is on non-trade business. So, how do we see that business going ahead for us? And how do we see non-trade as a share moving as we start commissioning new capacities?
- And lastly, just a clarification on Punjab and Rajasthan grinding units. So, can we expect them to commission by 4Q FY '28? So, these are my questions. Thank you.
- Management:** So, as far as strategy is concerned, our strategy has been clear that definitely with the expansion, we would definitely plan to grow higher than the market growth. So, that is why so that we can see higher volumes of expansion in the market. And the strategy would be we have already

initiated our GTM strategy for not looking into the Jaisalmer project, which is likely to come up in next 15 months - 18 months.

So, we have already started working on that, so that we are able to balance both on volume growth and at the same time maintain a profitable growth. So, that would be definitely our strategy. And what was your question on the grinding units?

Harshal Mehta: Just a clarification, like Punjab and Rajasthan grinding units, so can we expect them to be commissioned by 4Q FY '28?

Management: Yes, it will get commissioned along with the clinkerization in Q2 of FY '28 report. Even if it gets commissioned earlier, we can supply clinker from existing Nimbahera plant, Nimbahera Mangrol.

Harshal Mehta: Sure, sir. And on non-trade business, if you can help.

Management: So, non-trade, see again, today also non-trade is about one-third of the volume and we have to, along with the trade growth where you have to do a GTM study, we need to continuously work on growing the non-trade market. It is an important segment and even going forward where we see if large infra projects are coming up, we need to plan to be part of those projects. So, you cannot afford to lose any of the projects.

So, as a part of strategy, we will get our product approved in all the new projects which are coming up in our region so that we are able to push material in the non-trade segment also. Though, as a strategy, we would definitely like to maintain around 70 - 30 as a trade non-trade ratio. But if the market growth is coming from non-trade, there may be the trade percentage may marginally reduce.

Harshal Mehta: Sure, sir. Thank you.

Moderator: Thank you. Our next question comes on the line of Parviz Gavi from Nuvama Wealth Management. Please go ahead.

Parviz Gavi: Hi, good afternoon and thanks for taking my question. So, my first question is regarding our volume expectation for FY '26. I think earlier we had started for about 10% volume growth. So, are we maintaining that? And second is, I mean, your view on prices post Q2. Thank you.

Management: So, we are still maintaining like if we see the first-half, we have done a growth of about 15% to FY '26. We still maintain an overall growth of about 10%. We are giving a guidance of around 20 million tons, close to 20 million tons volume for this fiscal. And we hope to achieve that. Your second question was?

Parviz Gavi: Regarding the prices post the end of the quarter.

- Management:** Regarding post, the GST reduction, as we have passed on all the GST benefits to the market, as was promised to the government. And we also indicated in our communication that the GST benefit has been passed on. As of now, we see there is some pressure on pricing. But post, there is a pressure on prices in this month. But we will have to see how things, I mean, we expect that this should reduce going forward. And if there is any cost increase or anything, we will try and see how we can push up the pricing.
- Parviz Gavi:** Sure, sir. Thanks and all the best.
- Moderator:** Thank you. The next question comes from the line of Navin Sahadeo from ICICI Securities. Please go ahead.
- Navin Sahadeo:** Good evening, sir. And thank you for the opportunity. A couple of questions. So, it is been a little over a month into the new reduced GST regime. So, I wanted to understand, if at a Company level we are seeing any premiumization trend. In the sense, like, share of premium products being higher versus what they were in the previous quarter? Any such initial trend or it is business as usual?
- Management:** No, actually, one month, see what numbers are we are giving you, the numbers of Q2. And we have seen even in Q2, there is a marginal increase in the premium product sales. Yes, as a Company strategy, we are pushing up premium product because the demand for premium products is increasing. But it is very difficult to, I would not be able to comment exactly that what impact GST is having on the sale of premium products.
- Navin Sahadeo:** Understood. Regards to Saifco, in one of the previous questions you said, you are looking at roughly 20,000 tons per month of sales from that particular asset. Is it possible to share how big is the market opportunity there in the sense that the addressable market there? How big is it? Is it 1 lakh tons per month or some numbers just to understand the address, let us say, the opportunity for us?
- Management:** Yes so the market in that region, overall, I think it is close to about 4 million tons. Yes, this is including trade, non-trade, everything. So the large budgets are coming and even all big players, they are supplying at these projects as their product is approved.
- Today, the smaller producers, the local producers have this disadvantage that all of them do not qualify for the larger projects because some projects have a minimum capacity criteria to be eligible to become a supplier for their project. So now, since, see, with our launch and our brand value, we are also growing both in trade as well as non-trade.
- And this number of 20,000 which you have given, this we feel that we should be able to do with definitely, as of date, maybe six months down the line, we can give you the new numbers of how much further we can improve our volumes.

- Navin Sahadeo:** Yes, sure. No, I was only thinking if it is a 4 million tons per annum kind of a market, which is roughly 3 lakh tons per month. And within that, I am saying even if it is a growth of 8% -10%, the numbers that we are looking at, which is 20,000 tons, seem to be, like, I am saying a little low on the, a lower tag. I am just saying the number is lower.
- Management:** Sure, thing. This number is lower. This is why we entered. We have to see there is a lot of potential. There is some debottlenecking to be done at the plant, which we are planning how to do it and working on the timeline for that. Once we do that, so that we can do higher volume numbers and at least get what you are saying is right, get about 10% market share.
- Navin Sahadeo:** Sure. Sorry, just one more bit on this Saifco thing. This total volume that is sold in the region, which is 3 lakh tons per month, how much of that is local and how much of it comes from nearby states of Himachal and Uttarakhand kind of a market? I am just wanting to understand how much will we have an advantage being a local player with lower lead distance in that market?
- Management:** See, basically most of the trade is being done. Trade segment is being serviced by the local players. The non-trade segment is coming in that region, is also quite reasonable. I think it is 4%, I am not sure about the number. I do not have that number. But today the majority of the non-trade or the camp, the key projects are met by the large producers, which is coming in from Punjab or from HP.
- Navin Sahadeo:** Understood. That is helpful. Maybe as we progress along, we will have more color on this. My next question then was on the UAE facility, because one of the other companies which have presence in UAE, they reported a very sharp increase in profitability in that market, particularly in the September quarter.
- And while our numbers also are positive, I am just looking at the difference between the console and standalone. So while the number is positive, but sequentially there is some bit of a decline there. So I wanted to understand, how should we look at overall EBITDA for FY '26 - FY '27, and is the feedback correct that that market is improving and will benefit us as well?
- Management:** Also, as I see in UAE, besides white cement, and then we have also entered into Africa, where we are selling wall putty. So now, the Africa where we were selling wall putty, we have been able to grow in that region. The white cement per se is definitely growing, as you know Asian Paints have come into white cement, they will produce white cement from UAE and sell for their own consumption.
- So we will be losing that party, so that will have an impact on our profitability. However, we have some increased volume in the other countries where we sell white cement. At the same time, we have introduced, we have been working on new product line in the UAE, and have been able to develop new products in the UAE, like dry mix and construction chemicals, again, where we are working.

And this would be a new profit pool, which we intend to create in the UAE. And we are expecting that on an overall we should be able to maintain profitability in the UAE region, make a reasonable profit. Even this year, in this quarter, it may be lower, but in the first nine months, it is comparable with the last year, better than last year.

Navin Sahadeo: Understood. And since you mentioned about white cement, if you could just touch upon, how are the margins of that particular segment, are they continuing to be under pressure, or there is some, what do you say, bottoming out side of the thing that we are expecting?

Management: I think it has bottomed out. The pressure continues mainly on the putty, but that too has bottomed out.

Navin Sahadeo: Understood. Sorry, one last question, if I may. How much were paint revenues in this quarter, and are we on track to achieve the numbers for 2026? These were my questions. Thank you so much.

Management: Paint revenue was Rs. 95 crores in this quarter.

Management: And in the first six months, the overall paint revenue was Rs. 182 crores and we had given a guidance of closer to Rs. 400 crores. We are working, and we should be closer to that number.

Navin Sahadeo: Understood. Thank you so much, sir.

Moderator: Thank you. Our next question comes from the line of Pinakin Parekh from HSBC. Please go ahead.

Pinakin Parekh: Thank you very much, sir. Sir, my first question is, you mentioned there is some pressure on pricing. But as we get out of the monsoon quarter into the busy season, hopefully trade sales pick up and you did also talk about higher premium product sales. So on a blended basis, would you expect net realizations to be flat or down in Q3 versus Q2?

Management: Yes, it may be. As of now, in the month of October, as we see, vis-à-vis Q2, it may be marginally down. Because the more on the non-trade we have seen in Q2, prices across all regions, like in the south, where it has increased, the prices have reduced somewhat in the south or southern region also. Though in the northern region and all, it is not, but there is definitely a pressure in the market.

Pinakin Parekh: Got it, sir. And sir, on demand, as we get out of the monsoon season into the busy season, we are seeing rains linger. There is a Bihar election. So do you see the demand being pushed out into Q4? Or are you seeing signs of demand recovery in November?

Management: No, except for whatever the weather conditions, whatever you lose on the demand. Otherwise, demand is okay. We do not see that it is getting all pushed up to Q4.

- Pinakin Parekh:** Okay. So for the industry demand, you would expect this year to average 7% - 8%? Or you think it will be lower given how 1H has spread?
- Management:** No, I think the industry should end up around 7% - 8%.
- Pinakin Parekh:** Got it. Thank you very much, sir.
- Moderator:** Thank you. Our next question comes from the line of Shravan Shah from Dolat Capital. Please go ahead.
- Shravan Shah:** Hi. Thanks, sir. At least I got the opportunity, after waiting one hour. A couple of questions. Sir, first of all, this paint EBITDA loss for this quarter is how much?
- Management:** Rs. 14 crores.
- Shravan Shah:** Rs. 14 crores. And in terms of for FY '27 also, the kind of Rs. 600 crore revenue and breakeven, that target remains the same?
- Management:** Yes, we are working towards that. Yes.
- Shravan Shah:** Okay, got it. Sir, the bigger thing I just wanted to understand, in terms of the profitability and the volume growth, even previously the participants tried to ask the questions. I will try to ask slightly on a different way.
- So, given that the now, one is the GST, already cut, is happening, government is monitoring, and plus, as you said, the prices are seeing some pressure. Also, given the supply is now, is also increasing, more and more capacities are announced. And particularly, the top two players, it seems now they are becoming aggressive on the markets again. So, given that, do we see that structurally, the pricing, will the price hike or rather, maybe one can say, some marginal decline can also, can happen even for next one year also?
- Management:** No, I do not think so. See, what has happened, the announcements which have been made, they are not coming up in the next one year. So, there is no change in the market, in the next one year, between the demand and supply, whatever was earlier expected as a new capacity, that is only going to come.
- There is no surprise, capacity coming up in the next one year, which was factored in. Yes, there has been an announcement, that everybody has given a plan, for their next two - three years plan, how do they want to increase their capacity, and they started working on, so it will take some time, for the capacities to materialize.
- Shravan Shah:** Yes. No, sorry, let us say even for next two to three years also, so broadly if I look at, roughly, I think more than 160 million ton, is likely to come by FY '28. And also, the top two players, given the kind of cost reduction, avenue that they have, and becoming aggressive on the markets again, and also at the same time in terms of the, increasing the premium set. So, given that for

us, so why I am trying to understand is that, because we were one of the highest volume growth, for last five years.

But now, that may will continue, but on the pricing front and ultimately that will, in terms of the profitability front, how one can look at. So even if we understand 1% or 2%, reduction on the top line or the realization front, do we see that, structurally the profitability can still, except whatever the Q2 was, obviously the extra, one-off, and negative operating leverage.

But structurally do we think that, there is still a scope for us to keep on increasing, particularly the grey EBITDA per ton? Because this quarter, it seems very low, around 750-odd - 800 odd, so on a Rs. 1,000 EBITDA per ton on grey front is doable on a yearly basis, for next couple of years?

Management:

See, our half-yearly data is over 1000. Have any of the big players, who have announced capacities, indicated that they will reduce prices and increase EBITDA? They have also said that, they will be increasing their EBITDA, have they indicated that, they will be reducing the pricing? No, they have only given their plans for expansion. And then they are investing they would like the profitability to increase.

If they are the market leaders, they will definitely, if they do not reduce the price, that does not mean that, we will reduce price, and then sell. So we have not done, we have always been bridging the gap, with the lead player, with the market leader and not reduce pricing, so we do not foresee, that is not part of our strategy.

Shravan Shah:

Okay, got it. And lastly, sir, just on the CapEx front, again coming back on that, so this 6 million ton Panna expansion, so if the original CapEx plan, if has not changed, I think still Rs. 960-odd crore, is left to be spent, so in the full year now, when we are saying that, the CapEx for this year and then plus the Rs. 700 crore, so this year CapEx number, should be on the higher side versus what right now we have guided?

Management:

No, what we have guided, is inclusive of the Rs. 750 crores, for the Jaisalmer and the numbers, which we have given, the numbers for this year, was about Rs. 2,700 crores - Rs. 2,800 crores, and that is including, Jaisalmer, Panna, normal, everything. Our earlier guidance, for the CapEx for this year was between Rs. 2,800 to Rs. 2,000 crores, which has now been, because of the new project, it has increased.

Moderator:

Thank you. The next question is from the line of Pathanjali Srinivasan from Sundaram Mutual Fund. Please go ahead.

Pathanjali Srinivasan:

Thank you for the opportunity again, just couple of questions. Our trade share has actually like, trade volumes have grown very well over the last year. But non-trade seems to have been, almost flat, any reason why you see, this is happening?

- Management:** No, there is no reason for it, we are also working, we have been trying to sell, cement, overall, whichever is the most profitable. And so, it is not that non-trade has, non-trade has also increased, this year, it is not that it has not increased.
- Pathanjali Srinivasan:** No sir, I would like to put my question, in a different way, any states, anywhere where, infra activity has seen, some bit of a slowdown, where we are operating?
- Management:** No, this is not related to infra, we are not saying that our non-trade is lower, because of infrastructure. Our focus definitely, as we would like, even whatever infrastructure is growing if we could increase our trade sale and get the overall volume, so it cannot be that be, continue to grow and trade as well as non-trade over and out of the industry, that is not possible and feasible.
- Pathanjali Srinivasan:** Okay, sir. And what is the reason for us to, keep a 10% guidance, because first-half, we are at almost 15% volume growth?
- Management:** First-half 15%, as I said the base was also lower, there was a maintenance, numbers in the first half. So, if you look at the base, what would be the growth, that we are talking about a 10% plus growth, overall for the year.
- Pathanjali Srinivasan:** Understood. Got it. And CapEx numbers just that, can you confirm for FY '26 - FY '27?
- Management:** Yes. Next year it will be more than Rs. 3,500 crores.
- Management:** Anything around Rs. 3,500 crores, as you go for the large project, Rs. 200 crores plus-minus, from Rs. 3,500 crores, plus-minus Rs. 200 crores.
- Pathanjali Srinivasan:** Okay. Got it, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Ritesh Shah from Investec Capital. Please go ahead.
- Ritesh Shah:** Hi, sir, Just couple of questions, sir I just wanted to understand, with the GST reduction, we have already committed to the Jaisalmer plant, we would have certainly got into certain, I think what we have indicated earlier was customized incentive package with the state government. With GST reduction, how does the underlying economic, change for us?
- Management:** No, no. See, to some extent, it gets only thing, the period gets extended. It is the amount does not get reduced. It is the period which gets extended.
- Management:** And especially, there is no impact, in case of the capital subsidy. It would only impact, the grinding units, where we have the GST based subsidy.
- Management:** So there the period gets extended. Not able to ramp up the volume, either if you are able to ramp up the volume faster, then you can get in faster, that we will work out as we move.

- Ritesh Shah:** Okay. But sir, hypothetically, that 7 years, can be extended to 10 years, do we have the flexibility already or we have already negotiated, with the respective governments?
- Management:** So it is, see, the period which we are there, we are reworking out on the extended period.
- Ritesh Shah:** Okay. And sir, for the Rajasthan plant also, is it the same thing, 75% SGFC or is it only for the GO?
- Management:** For the Rajasthan plant also, it is there, even for the integrated unit.
- Ritesh Shah:** Okay, fine. And sir, just to check basically, I think we have two leases over here, one is Kenya, wherein we have 15% premium, and the other one, I think we have around 44% premium, are these numbers correct?
- Management:** Pardon, can you repeat your question?
- Ritesh Shah:** Sir, corresponding to the Jaisalmer plant, there are two leases, that we have won in auctions. One bid is at 15% and the other bid is at 44%.
- Management:** Yes, the limestone. Yes, right.
- Management:** The first one is at 15%, where we are setting up the plant, the new one which we have got, that is about 40%.
- Moderator:** Thank you. Ladies and gentlemen, due to time constraints, we will now take the last two questions. The first of which comes from the line of Amit Murarka from Axis Capital. Please go ahead.
- Amit Murarka:** Hi, thanks for the opportunity, again. So just on your cost reduction program, you had outlined certain savings. Could you just refresh as to where do you stand on that right now and what is the exit rate expected in FY '26?
- Management:** So, we had given a guidance of about Rs. 150 to Rs. 200 a ton cost saving. And in FY '26, we should end the year closer to Rs. 75 to Rs. 90 a ton saving by FY '26 and balance another Rs. 75 to Rs. 80 we should get in FY '27.
- Moderator:** Thank you. The next question is from the line of Rahul, an individual investor. Please go ahead.
- Rahul:** Hello. Thank you for the opportunity. So my question is on the paints business, I have noted your inputs on the revenue EBITDA part. So following-up on your guidance or your actual numbers last quarter, which was 30% gross margin. Do you have any inputs on the gross margin for H1 or Q2?
- Management:** No, we are working out on the gross margin and numbers and we are hopeful that we should be able to improve the gross margin over last year.

Moderator: Thank you. Ladies and gentlemen, we will take that as our last question. I will now hand the conference over to Mr. Vaibhav Agarwal for closing comments. Over to you, sir.

Vaibhav Agarwal: Yes, 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. Do conclude the call. Thank you.

Management: Thank you everyone for joining the call.

Management: Thank you.

Management: Thank you.

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