

Result Update

Q2 FY26

JK Cement Ltd.

Institutional
Research

Strategic Expansion and Volume Growth Amid Seasonal Margin Pressure

JK Cement Ltd. (JKCE) reported an operating revenue of Rs. 3,019 crores (down 9.9% QoQ / up 17.9% YoY). The annual increase was driven by higher demand in the South and central regions during the quarter, while the sequential decline was due to low sales volume in some areas and pricing fluctuations amid seasonal headwinds. The company's Grey Cement volume increased 16% YoY, while its White Cement and Wall Putty volumes rose 10% YoY during the quarter. Total volumes stood at 4.4 MT, compared to 5.1 MT in Q1FY26. The company reported an EBITDA of Rs. 447 crores (down 35.1% QoQ / up 57.3% YoY). Its EBITDA margin stood at 14.8%, compared to 11.1% in the same quarter of the previous year and 20.5% in the previous quarter. The company's EBITDA/ton stood at Rs. 902 during the quarter, compared to Rs. 1,229 in Q1FY26 and Rs. 639 in Q2FY25. The annual increase was supported by improved cement realizations. However, the sequential decline was due to maintenance shutdowns at certain plants. Freight costs during the quarter stood at Rs. 652 crores (down 14.8% QoQ / up 13.3% YoY). The annual increase was driven by higher lead distances, as the company is currently supplying from farther plants, which is expected to reduce significantly after the commissioning of new plants. Power and fuel expenses during the quarter stood at Rs. 607 crores (up 1.6% QoQ / up 23.3% YoY). The increase was mainly due to higher clinker production during the quarter, while maintenance shutdowns affected power generation from waste heat recovery systems, further elevating power and fuel costs. The company's net profit stood at Rs. 159 crores (down 50.9% QoQ / up 17.0% YoY).

Valuation and Outlook

JK Cement Ltd. delivered a mixed performance this quarter, marked by operational challenges, but also demonstrated underlying volume growth and strategic progress. Seasonal monsoon-related demand fluctuations contributed to the sequential softness, while strong annual volume growth across key product segments reflected a steady market demand. The company's long-term trajectory remains positive, as it continues to strengthen its regional presence through capacity additions at Panna, Hamirpur, Prayagraj, and the upcoming Bihar unit, thereby reducing logistics costs and enhancing market reach. Overall, the management's clear visibility on expansion projects and disciplined capital allocation position the company well for future growth. While near-term margins may remain under pressure due to seasonality and elevated input costs, commissioning of new capacities and ongoing cost optimization initiatives are expected to support EBITDA recovery and strengthen the company's long-term profitability outlook.

Key Highlights

Particulars (Rs. Crs.)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Net Sales	3,019	2,560	17.9%	3,353	-9.9%
Gross Profit	2,555	2,109	21.1%	2,801	-8.8%
Gross Margin (%)	84.6%	82.4%	225bps	83.5%	106bps
EBITDA	447	284	57.3%	688	-35.1%
OPM (%)	14.8%	11.1%	370bps	20.5%	-572bps
Net Profit	159	136	17.0%	324	50.9%
PAT Margin (%)	5.3%	5.3%	-4bps	9.7%	-440bps

Source: Company, BP Equities Research

Sector Outlook

Positive

Stock

CMP (Rs.)	5,691
BSE code	532644
NSE Symbol	JKCEMENT
Bloomberg	JKCE IN
Reuters	JKCE.BO

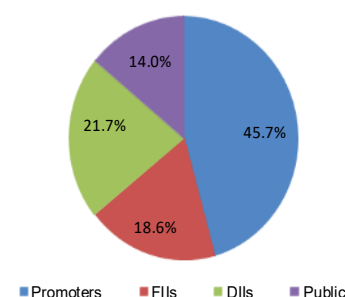
Key Data

Nifty	25,510
52 Week H/L (Rs.)	7,566 / 3,891
O/s Shares (Crs.)	7.7
Market Cap (Rs. Cr.)	43,991
Face Value (Rs.)	10

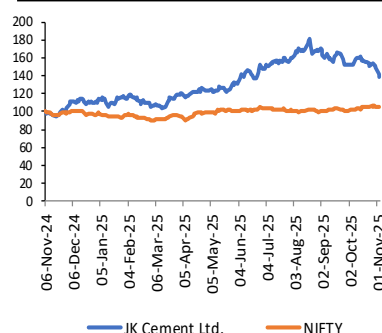
Average Volume

3 months	114,370
6 months	122,270
1 year	119,930

Share Holding (%)



Relative Price Chart



Research Analyst

Palak Devadiga

palak.devadiga@bpwealth.com

+022-61596138

Key Concall Highlights

Capacity expansion:

- The Panna integrated project (6 MT) is at an advanced stage, with all major equipment and civil work progressing well.
- The Prayagraj grinding unit (1 MT) was commissioned in October 2025.
- The Hamirpur grinding unit is at an advanced stage of completion and expected to be commissioned by December 2025.
- The commissioning of the Buxar (Bihar) grinding unit (3 MT) is targeted to be completed in the fourth quarter between January and February 2026.
- The company has started work on a new integrated 4-million-ton clinker and 3-million-ton grinding facility at Jaisalmer, with major equipment orders placed and construction underway, aiming for commissioning by Q2FY28.
- A 6 lakh ton greenfield wall putty plant at Nathdwara, Rajasthan, also commenced with orders placed and construction started, targeting commissioning by Q2FY27.
- Two split grinding units in Punjab and Rajasthan of 2 MT each are planned, with work expected to begin by Q4FY26.

"The company maintains guidance for about 10% total volume growth for FY26, having achieved around 15% volume growth in H1FY26."

Pricing and Volumes:

- There is some current pressure on prices, post GST reduction, but the company expects to manage pricing going forward.
- A marginal increase in premium product sales was observed in Q2, as the company continues to push growth in this segment.

"The Toshali Cement unit has been integrated following merger approval and is operating at around 85% capacity utilization."

Cost Optimization and Expenses:

- Management under its cost-saving program targeted cost of Rs. 150-200 per ton, expecting savings of Rs. 75-90 per ton in FY26 and the balance in FY27.
- The company continues to focus on improving fuel efficiency, optimizing lead distances, and enhancing waste heat recovery system utilization.
- Lead distance is expected to reduce by 12-15 km after commissioning new grinding units.

CapEx Plans:

- The company expects an annual CapEx of around Rs. 2,800-3,000 crores in FY26 and over Rs. 3,500 crores in FY27.
- Total CapEx for the new large projects could sum up to about Rs. 4,800 crores, with some spillover into FY28.

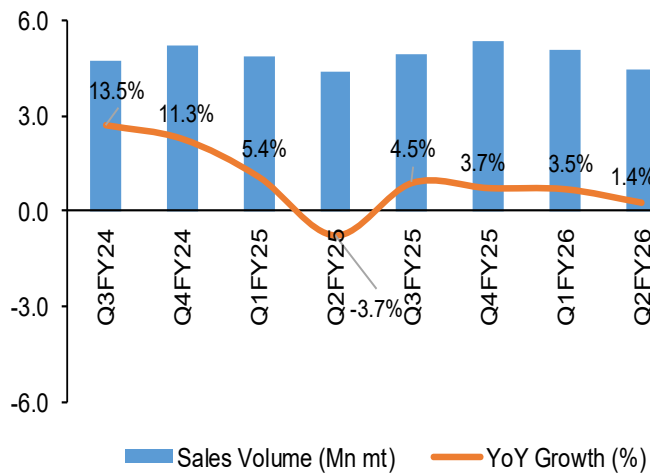
Other key concall highlights:

- Non-trade sales currently contribute about one-third of volumes, with the management aiming to maintain a 70:30 trade to non-trade mix, while ensuring participation in major infrastructure projects.
- At SAFCO Cement, brand relaunch and dealer activation have improved sales momentum, targeting around 20,000 tons a month post-winter.
- The company expects to maintain profitability in international operations despite competition and market dynamics.
- White cement margins have bottomed out, with pressure easing particularly in putty products.
- The paint business recorded around Rs. 95 crores revenue in Q2 and is progressing towards a guidance of Rs. 400 crores for FY26.

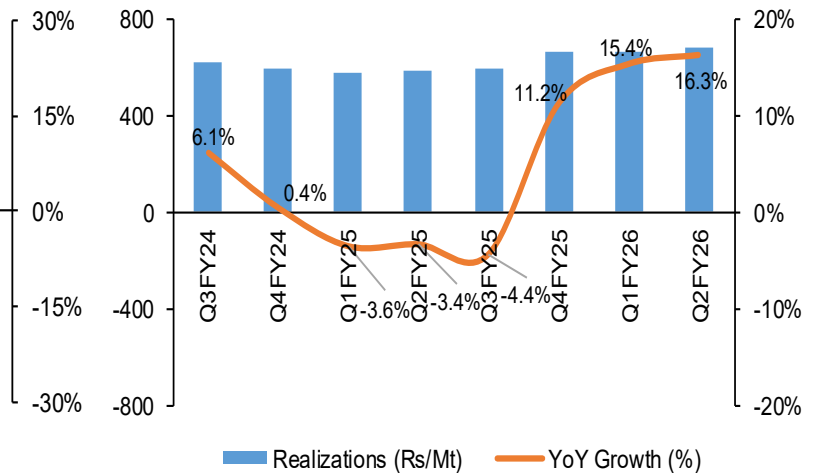
"In the UAE and African markets, JK Cement is expanding with plans for new product developments such as construction chemicals to diversify revenue streams."

Quarterly Snapshot

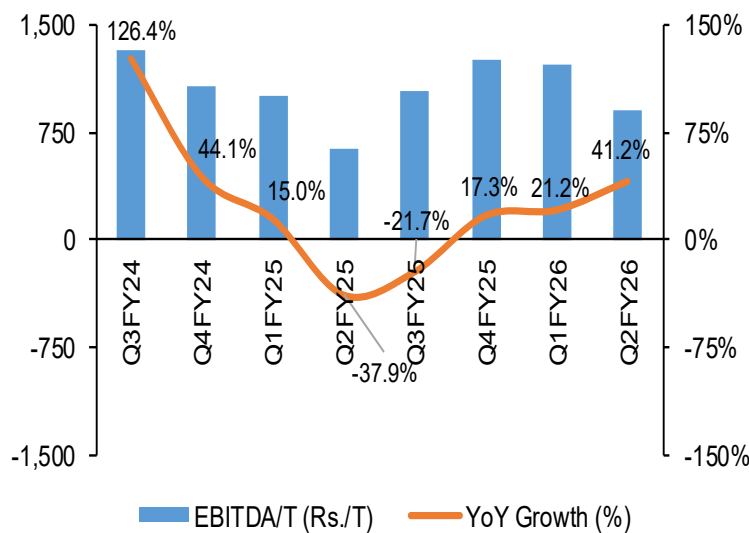
Volume (Mn Mt)



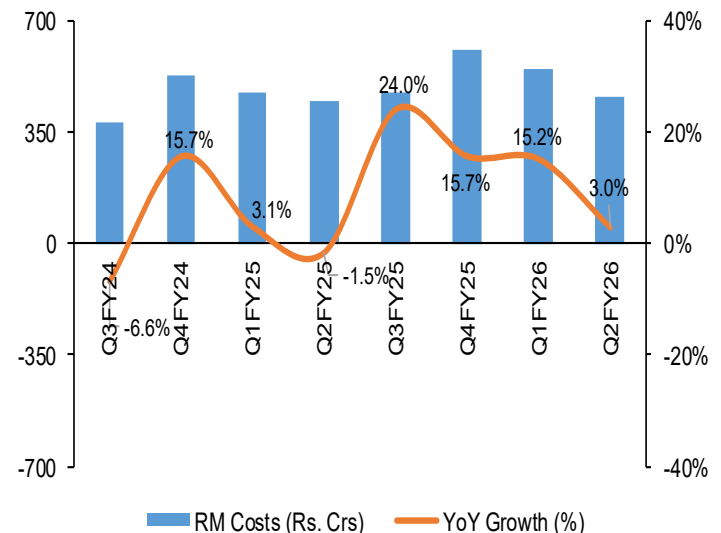
Realizations (Rs/Mt)



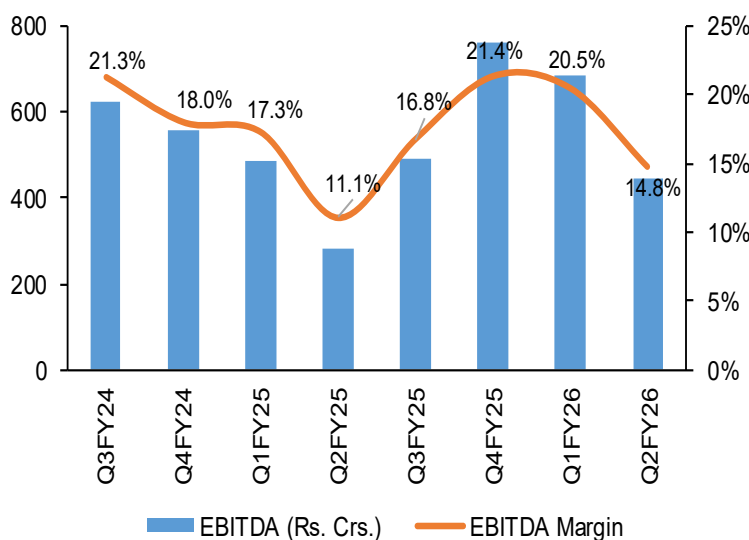
EBITDA/T (Rs/T)



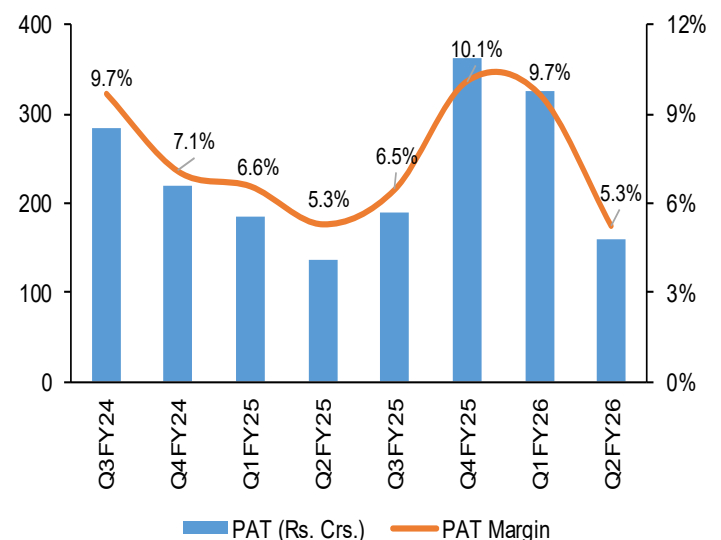
RM Costs



EBITDA & EBITDA Margin



PAT & PAT Margin



Key Financials

YE March (Rs. Crs.)	FY22	FY23	FY24	FY25	FY26E	FY27E
Revenue	7,991	9,720	11,556	11,879	13,446	15,262
<i>Revenue Growth (Y-o-Y)</i>	21.0%	21.6%	18.9%	2.8%	13.2%	13.5%
EBITDA	1,513	1,327	2,069	2,027	2,489	3,118
<i>EBITDA Growth (Y-o-Y)</i>	(4.5%)	(12.3%)	55.9%	(2.0%)	22.8%	25.3%
Net Profit	679	416	790	872	1,133	1,462
<i>Net Profit Growth (Y-o-Y)</i>	(3.4%)	(38.7%)	89.7%	10.4%	29.9%	29.0%
Diluted EPS	88.9	54.8	102.4	111.4	146.6	189.1
<i>Diluted EPS Growth (Y-o-Y)</i>	(3.2%)	(38.4%)	86.7%	8.9%	31.5%	29.0%

Key Ratios

EBITDA margin (%)	18.9%	13.6%	17.9%	17.1%	18.5%	20.4%
NPM (%)	8.5%	4.3%	6.8%	7.3%	8.4%	9.6%
RoE (%)	15.8%	9.0%	14.8%	14.4%	16.0%	17.4%
RoCE (%)	14.4%	9.0%	14.2%	11.9%	17.3%	18.5%

Valuation Ratios

P/E (x)	64.0x	103.8x	55.6x	51.1x	38.8x	30.1x
EV/EBITDA (x)	31.4x	36.3x	23.4x	23.9x	19.5x	15.9x
Market Cap. / Sales (x)	5.5x	4.5x	3.8x	3.7x	3.3x	2.9x

Source: Company, BP Equities Research

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

We analysts and the authors of this report, hereby certify that all of the views expressed in this research report accurately reflect our personal views about any and all of the subject issuer (s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation (s) or view (s) in this report. Analysts aren't registered as research analysts by FINRA and might not be an associated person of the BP Equities Pvt. Ltd. (Institutional Equities).

General Disclaimer

This report has been prepared by the research department of BP EQUITIES Pvt. Ltd, is for information purposes only. This report is not construed as an offer to sell or the solicitation of an offer to buy or sell any security in any jurisdiction where such an offer or solicitation would be illegal.

BP EQUITIES Pvt. Ltd have exercised due diligence in checking the correctness and authenticity of the information contained herein, so far as it relates to current and historical information, but do not guarantee its accuracy or completeness. The opinions expressed are our current opinions as of the date appearing in the material and may be subject to change from time to time. Prospective investors are cautioned that any forward looking statement are not predictions and are subject to change without prior notice.

Recipients of this material should rely on their own investigations and take their own professional advice. BP EQUITIES Pvt. Ltd or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. BP EQUITIES Pvt. Ltd. or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

BP EQUITIES Pvt. Ltd and/or its affiliates and/or employees may have interests/ positions, financial or otherwise in the securities mentioned in this report. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by any person in any locality, state and country or other jurisdiction where such distribution, publication or use would be contrary to the law or regulation or would subject to BP EQUITIES Pvt. Ltd or any of its affiliates to any registration or licensing requirement within such jurisdiction.

Corporate Office:

4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:

24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591

BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392