SHRIRAM Financial Services
associated with Sanlam group

Result Update

Q2FY27

JK Cement Ltd.

HOLD

09 November 2026 | CMP*: ₹5,227.70/- | Sector – Cement

Q2FY27 Performance

- JK Cement Limited (JKC) delivered a healthy Q2FY27 top line – volumes grew 19% YoY on capacity ramp-up and EBITDA rose 14% YoY – but profitability fell sharply QoQ, as higher fuel costs and operating deleverage in a seasonally weak quarter could not be offset by pricing.
- Consolidated revenue from operations stood at ₹3,733crs, up 24% YoY from ₹3,019crs in Q2FY26 but down 7% QoQ from ₹4,032crs in Q1FY27; H1FY27 revenue was ₹7,765crs, up 22% YoY.
- Cement volumes grew 19% YoY (combined grey + white ~5.98mnt), led by a 25% YoY rise in grey volumes (~5.4mnt) from the ramp-up of the 6 MTPA Central India capacity commissioned in March'26; white cement volumes were flat YoY at ~0.6mnt as stronger India sales (UAE-sourced imports now served domestically) were offset by weak UAE operations. Combined volumes were down ~9% QoQ on seasonality.
- The consolidated entity's overseas and other subsidiaries (primarily the UAE-based white cement operations) added ₹138crs to revenue and ₹7crs to EBITDA over and above the standalone company in Q2FY27, vs ₹166crs/₹9crs in Q1FY27 and ₹160crs/₹7crs in Q2FY26.
- Consolidated expenses (excl. finance cost & depreciation) rose to ₹3,226crs, up 25% YoY but down 5% QoQ on lower volumes, led by higher fuel cost (₹1.71/kcal, up 10% YoY and 12% QoQ) and operating deleverage on employee and other expenses.
- EBITDA stood at ₹507crs, up 14% YoY from ₹447crs but down 22% QoQ from ₹648crs, with EBITDA margin at 13.6%, contracting ~120bps YoY and ~250bps QoQ, as cost inflation outpaced realisation gains (realisation/tonne up 4% YoY and 2% QoQ).
- Net profit (adjusted PAT) came in at ₹173crs, up 8% YoY from ₹160crs but down 37% QoQ from ₹277crs, reflecting lower operating profit and higher depreciation (₹170crs, up 14% YoY) and finance costs; H1FY27 adjusted PAT was ₹446crs, down 8% YoY.
- EBITDA/ton stood at ₹849/ton, down 5% YoY and 14% QoQ, as costs could not be passed on in the lean season. Management expects fuel cost to rise towards ~₹2/kcal (~₹80-90/ton impact each in Q3 and Q4) with pet coke spot at ~$185-190/MT, partly offset by a ~₹20/bag price hike since mid-September (a further ₹10-15/bag is still needed).
- Finance costs rose to ₹120crs, up 14% YoY and 5% QoQ from ₹114crs in Q1FY27, as net debt rose 36% to ₹4,571crs (vs ₹3,370crs in Mar'26; net debt/EBITDA 1.95x, net debt/equity 0.63x) to fund the ongoing 7 MTPA capacity expansion (Jaisalmer, Bikaner, Bhatinda).

Important Data

Nifty	24,986
Sensex	80,999
CMP* (₹)	5227.70
M.CAP (₹ crs)	40,410
52 Week H/L (₹)	6,105 / 4,670
NSE Code	JKCEMENT
BSE Code	532644
Bloomberg Code	JKCE:IN

**CMP is Close as on 08th November 2026*

Shareholding	Dec'25	Mar'26	Jun'26	Sep'26
Promoters	45.7	45.7	45.7	45.7
FII	17.9	16.9	16.9	18.4
DII	22.5	23.8	23.7	22.3
Public	13.9	13.7	13.8	13.7

Key Metrics

Particulars	FY26	FY27E	FY28E
Revenue	13,722	16,249	18,156
PAT	1,040	1,082	1,361
EBITDA margin %	17.3%	15.9%	16.9%
EPS (₹)	135	140.4	189
ROE (%)	15.1	14.2	15.6
ROA (%)	5.6	7	7.4
P/BV	5.6	5	4.3
EV/EBITDA (x)	19.4	17.9	14.7

Source: Company, ShriramFS Research

Relative Performance

Return (%)	1Yr	3Yr	5Yr
JKC	(9)	68	50
Nifty 50	(5)	27	36
Sensex	(6)	22	31

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Management Concall Highlights

- **Volume Performance –** Combined volumes grew 19% YoY in Q2FY27 (down 9% QoQ on seasonality); in H1FY27 grey volumes grew ~19% YoY to 11.3mnt and India white cement volumes ~19% YoY to 10.3 lakh tonnes, though UAE operations pulled consolidated white growth down to ~5%. Management attributed the growth mainly to the 6 MTPA Central India expansion (March'26), noting market share gains in Central India while share was maintained in the North; the Bihar grinding unit is at ~50% utilisation. Q2 clinker utilisation was ~95% and cement utilisation ~67%. FY27 volume guidance of 23mnt+ was reiterated (management declined to commit to the 24mnt street estimate), with Diwali, Delhi construction curbs and possible UP elections flagged as H2 uncertainties; the South plant (~15% of volumes) is not expected to see a material drought impact.
- **Capacity Expansion –** The 7 MTPA North India programme remains on schedule for H1FY28: Jaisalmer (project cost ₹3,630crs, ₹1,831crs spent) and Bikaner (₹565crs, ₹315crs spent) are in civil/mechanical erection, while Bhatinda (₹610crs, ₹108crs spent) has 100% land and awaits formal EC/CTE letters, expected shortly. The 0.6 MTPA Nathdwara wall putty plant was commissioned on 12 Aug'26, lifting white cement and putty capacity to 3.65 MTPA. The next leg of 11 MTPA brownfield expansion at Muddapur and Panna (~5-6 MTPA each) keeps the 40 MTPA (FY28) / 50 MTPA (FY30) targets intact. Capex is guided at ~₹3,500crs in FY27 and ~₹2,500crs annually thereafter.
- **Pricing –** Q2FY27 realisation gains were only marginal, but prices rose by ~₹20/bag (trade and non-trade combined) from mid-September. Management said a further ₹10-15/bag is needed to fully cover cost increases (fuel, packaging and rupee-linked imports), and that this could come after Diwali once labour returns around the 20th of November. For white cement, further price hikes are seen as challenging given customer resistance.
- **Cost outlook (Q3/Q4FY27 guidance) –** Fuel cost of ₹1.71/kcal in Q2FY27 was held down by a lower pet coke share (~30-35%) and consumption of older-priced inventory. With pet coke at ~$185-190/MT and domestic coal premiums sharply higher, fuel cost is expected to rise towards ~₹2/kcal, with a partial impact in Q3 (inventory benefit) and the full impact in Q4, i.e. power and fuel cost up ~₹80-100/tonne in each quarter. Packaging costs are seen to have peaked, though rupee depreciation remains a risk, and Q2 maintenance was routine with no one-offs. Clinker inventory, depleted in Q1, has normalised.
- **White cement – UAE dynamic –** Standalone white cement volumes grew ~13% YoY as volumes earlier served from Fujairah are now served from India, but UAE exports are limited to GCC markets owing to the Iran war, so consolidated H1 white volume growth is only ~5% and the 8-10% FY27 growth guidance may see some shortfall. The new Nathdwara putty plant was needed as the existing capacity runs at ~90% utilisation. October is a peak month for white cement, while November is lean on festivities; no large QoQ swings are expected.
- **New businesses – Paints & RMC –** Paints revenue was ₹116crs in Q2FY27 (EBITDA loss of ₹2crs) and ~₹250crs in H1FY27; the FY27 revenue target of ₹500-550crs is maintained, with positive EBITDA expected in FY27, at least ₹150crs of incremental revenue in FY28 and a 3-5% EBITDA margin target (long-term gross margin aspiration of 35-38%). The Board approved a ₹130crs, 75,000 KL white cement-based paint plant (JK Maxx), which completes the ₹600crs paints capex cap; further investment will be self-funded. RMC and construction chemicals contributed ~₹60crs (vs ~₹50crs in Q1); RMC has 23 operating plants (vs 17 in Q1) with a target of ~50 by March'27, ~₹100crs revenue in Q4, and no EBITDA yet as each tolling-model plant takes ~6 months to break even.
- **Fuel mix & captive coal –** Q2FY27 fuel mix was ~55% Indian coal, ~13% alternative fuels and the balance (~32%) pet coke, with the shift to Indian coal helped by Panna Line 2; imported fuel is used only as a blender (up to ~10%) in the Central plants. Work has started on the Mahan captive coal block with all approvals in place, targeting operations in H1FY29 at an expected landed coal cost of ~₹1-1.25/kcal; a definite schedule for the second block is 6-8 months away. The North and South plants will continue to depend on imported US coal/pet coke given the lack of domestic coal linkages.

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- **Green power / thermal substitution –**Green power mix stood at 56.9% YTD Sep'26 (vs 75% FY30 target), thermal substitution rate at 11.9% (vs 35% target).
- **Debt, Capex & Interest –** Gross debt rose to ₹6,255crs (₹5,136crs in Mar'26) and cash stood at ₹1,684crs, taking net debt to ₹4,571crs, with net debt/EBITDA at 1.95x and net debt/equity at 0.63x. On a consolidated basis, the Debt-Equity ratio was 1.0x (vs 0.90x in Q1FY27 and 0.98x in Q2FY26), Debt Service Coverage Ratio 1.98x (vs 2.35x in Q1FY27) and Net Worth ₹7,392crs. Management expects net debt to peak at ~₹6,000crs and net debt/EBITDA at ~2.25-2.35x around end-FY27 (for the 50 MTPA plan), easing from FY29 towards below 1.5x within 2-3 years of completing the expansion. Incentive income of ~₹45crs was accrued in Q2FY27, with ~₹50crs per quarter expected.

Key Risks

- Inflation in input costs, mostly from Power, Freight and Fuel – fuel cost is guided to rise towards ~₹2/kcal (~₹80-100/tonne in each of Q3 and Q4FY27), with pet coke at ~$185-190/MT and rupee depreciation a further risk.
- Significant decline in cement demand and pricing – the ~₹20/bag hikes since mid-September may not sustain, and Diwali, drought and UP elections could disrupt H2 demand.
- Prolonged UAE (Fujairah) export disruption from the Iran war, capping consolidated white cement volumes, with limited ability to pass on further cost increases.

Valuation & Outlook

JKC delivered a healthy Q2FY27 top line, with 19% YoY volume growth (Central India-led capacity ramp-up) and 14% YoY EBITDA growth, but EBITDA/tonne fell 14% QoQ to ₹849 and EBITDA margin contracted ~250bps QoQ to 13.6% as fuel and other costs rose and the lean season limited pass-through. Net debt rose 36% since March to ₹4,571crs (net debt/EBITDA 1.95x) as the expansion programme gathers pace.

JKC's 7 MTPA North India expansion (Jaisalmer, Bikaner, Bhatinda) remains on track for H1FY28 commissioning, and the Nathdwara wall putty plant was commissioned in August'26. Management guided fuel cost to rise towards ~₹2/kcal (~₹80-90/tonne in each of Q3 and Q4), partly offset by ~₹20/bag price hikes taken since mid-September, and reiterated FY27 volume guidance of 23mnt+. Capex is guided at ~₹3,500crs in FY27 and ~₹2,500crs annually thereafter, with net debt/EBITDA expected to peak at ~2.25-2.35x around end-FY27. Captive coal (Mahan from H1FY29) should provide a structural cost tailwind thereafter.

Near-term headwinds from fuel cost inflation (pet coke at ~$185-190/MT), weak UAE white cement exports and elevated leverage warrant caution on the pace of margin recovery in H2FY27, only partly offset by recent price hikes. **The stock trades near its 3-5-year median EV/EBITDA multiples, supporting a Hold rating at ~15x FY28E EV/EBITDA.**

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Result Update

Q2FY27

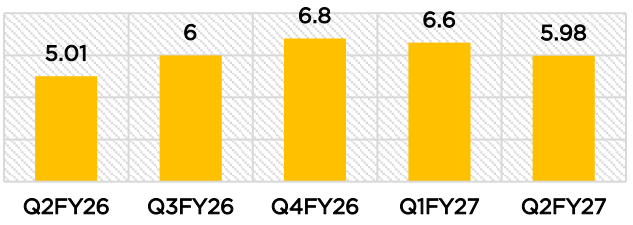
HOLD

JK Cement Ltd.

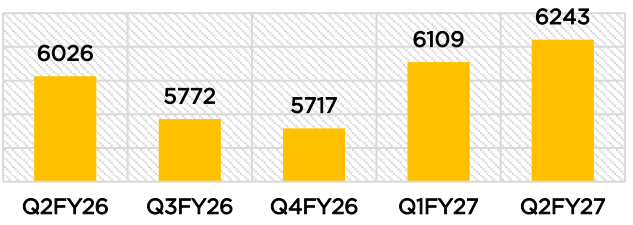
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Operational Highlights

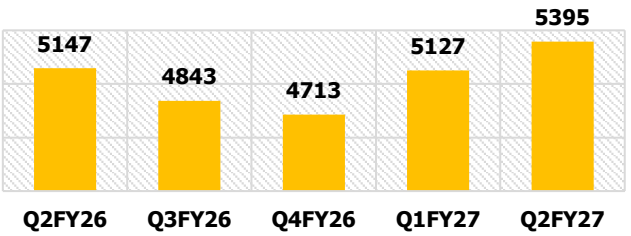
Volume/mnt



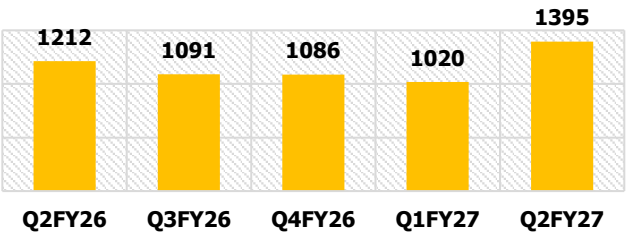
Realisation/tonne



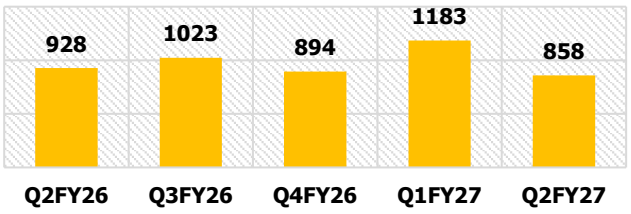
Cost / tonne



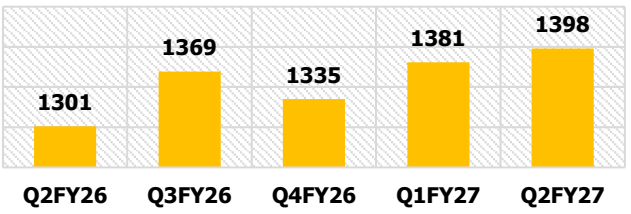
Energy / tonne



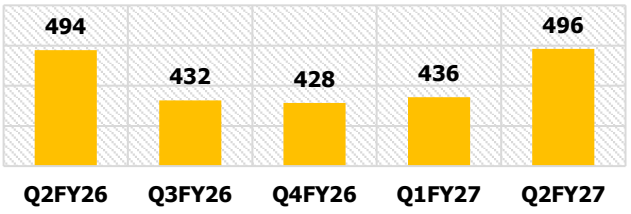
Raw Materials / tonne



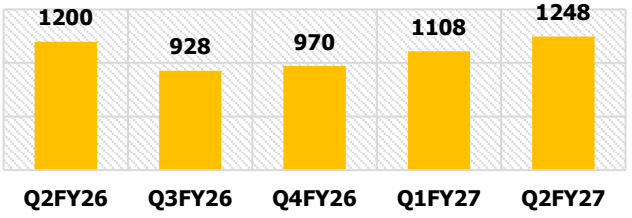
Freight / tonne

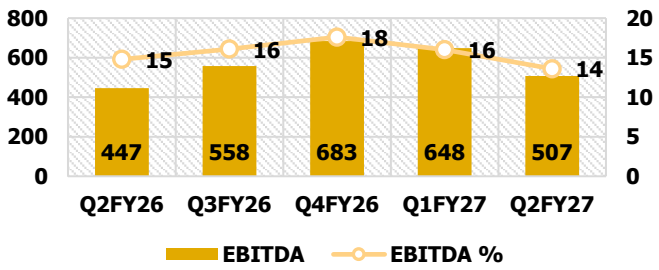


Staff Cost / tonne

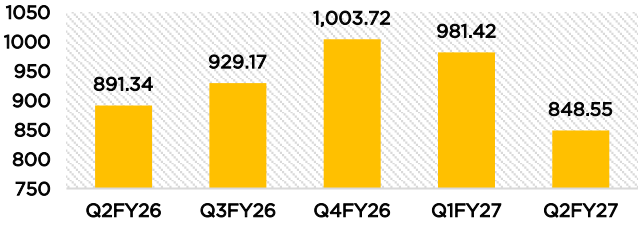


Other Expenses/tonne





EBITDA / tonne



Source: Company, ShriramFS Research

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Key Operational Metrics

(₹ crs)

Particulars	Q2FY27	Q2FY26	YoY	Q1FY27	QoQ
Volume/mnt	5.98	5.01	19	6.60	(9)
Realisation/tonne	6243	6026	4	6109	2
Cost/tonne	5395	5135	5	5127	5
Raw materials /tonne	858	928	(7)	1183	(27)
Staff cost/tonne	496	494	0	436	14
Energy cost/tonne	1395	1212	15	1020	37
Freight/tonne	1398	1301	7	1381	1
Other Expenses/tonne	1248	1200	4	1108	13
EBITDA/tonne	849	891	(5)	981	(14)

Source: Company, ShriramFS Research

Product Mix

(₹ crs)

Particulars	Q2FY27	Q2FY26	YoY	Q1FY27	QoQ	H1FY27	H1FY26	YoY
Grey Net Sales	2693	2153	25	2979	(10)	5672	4649	22
White Net Sales	868	779	11	917	(5)	1785	1518	18
Total Net Sales	3561	2932	21	3896	(9)	7457	6167	21
Combined EBITDA	507	447	13	648	(22)	1155	1134	2

Source: Company, ShriramFS Research

Debt profile

(₹ crs)

Particulars	Mar-26	Sep-26	Var
Gross Debt	5136	6255	22
Cash	1765	1684	(5)
Net Debt	3370	4571	36
Net Debt/EBITDA	1.45	1.95	34
Equity	6961	7287	5
Net Debt/Equity	0.48	0.63	31

Source: Company, ShriramFS Research

Particulars	Q2FY27	Q2FY26	YoY	Q1FY27	QoQ
Debt-Equity Ratio (in Times)	1.0	0.98	2	0.9	10
Debt Service Coverage Ratio (in Times)	1.98	1.82	9	2.35	(16)
Interest Service Coverage Ratio (in Times)	4.61	6.77	(32)	6.08	(24)
Net Worth (₹ Cr)	7392.07	6,538.48	13	7,364.92	0
Net Profit after Tax (₹ Cr)	169.3	159.25	6	274.69	(38)
Basic & Diluted EPS	22.39	20.78	8	35.91	(38)
Current Ratio (in Times)	1.17	1.41	(17)	1.19	(2)
Long Term Debt to Working Capital (in Times)	8.58	3.39	153	7.07	21
Bad Debts to Account Receivable Ratio (%)	0	0.81	(100)	0.15	(15)
Current Liability Ratio (in Times)	0.33	0.34	(3)	0.34	(3)
Total Debts to Total Assets (in Times)	0.36	0.36	-	0.34	6
Trade Receivables Turnover Ratio (Times, Annualized)	14.37	10.87	32	17.23	(17)
Inventory Turnover Ratio (Times, Annualized)	8.92	8.33	7	10.22	(13)
Operating Margin (%)	13.59	14.79	(120)	16.07	(248)
Net Profit Margin (%)	4.49	5.19	(70)	6.75	(226)
Asset Cover Ratio for Secured NCDs (in Times)	176.24	93.3	89	131.66	34

Source: Company, ShriramFS Research

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Financials

(₹ crs)

Particulars	Q2FY27	Q2FY26	YoY	Q1FY27	QoQ	H1FY27	H1FY26	YoY
Net Sales	3733	3019	24	4032	(7)	7765	6372	22
Expenses	3226	2573	25	3384	(5)	6610	5237	26
EBITDA	507	447	14	648	(22)	1155	1134	2
EBITDA %	13.6	14.8	(120)	16.1	(247)	14.9	17.8	(293)
Other Income	38	51	(26)	39	(4)	77	107	(28)
Interest	120	105	14	114	5	234	214	9
Depreciation	170	149	14	167	2	337	296	14
PBT	256	243	5	406	(37)	662	732	(10)
Tax	86	84	3	132	(34)	218	249	(12)
Adjusted PAT	173	160	8	277	(37)	446	485	(8)
EPS	22.4	20.8	8	35.9	(38)	58.3	62.8	(7)

Source: Company, ShriramFS Research

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ANALYST	Dhananjay Kansara, Research Analyst. Email ID: dhananjay.k@shriramfs.com

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Disclosure of Interest Statement: Deepak Nitrite Ltd. as on 09 November 2026

Name of the Security	Deepak Nitrite Ltd
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained Financial Interest Analyst : Analyst's Relative : Yes / No Analyst's Associate/Firm : Yes/No	NIL No No No
Conflict of Interest	No
Receipt of Compensation	No
Shriram FS ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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