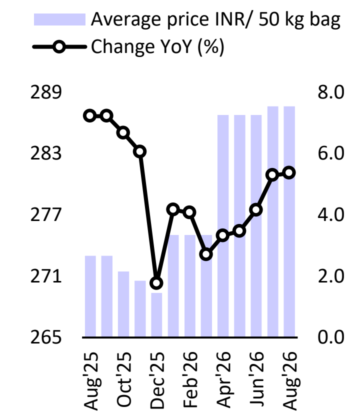
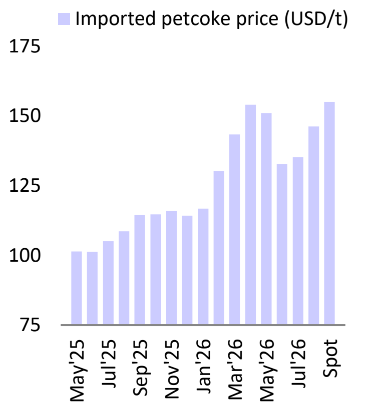
Cement

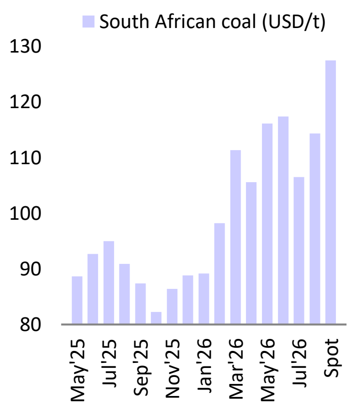
All-India avg. cement price up ~5% YoY, remained flat MoM in Aug'26



Avg. imported petcoke price up ~35% YoY to USD146/t in Aug'26



Average imported coal price up ~26% YoY to USD114/t in Aug'26



Healthy demand growth; cement prices stable

Muted pricing and elevated cost weigh on 2Q margin

Cement channel checks indicate that industry demand remains healthy. In Jul-Aug'26 volume growth is estimated at ~6-7% YoY. Within regions, North and South witnessed higher growth compared to West, East, and Central regions. Industry players attempted price hikes at the beginning of Aug'26; however, these could not be sustained amid higher competitive intensity. Trade prices remained largely stable across regions, while non-trade prices witnessed volatility, with higher corrections observed in the East. Average fuel prices, after correcting in Jul'26, increased sequentially in Aug'26 by ~5-9%. Spot fuel prices also continued to trend higher, with petcoke and coal prices rising ~7% and ~11%, respectively, from average-Aug'26 levels. We estimate earnings pressure in 2Q due to higher opex/t and muted realization.

All-India average cement price flat MoM in Aug'26; demand outlook positive

- All-India average cement price (trade) remained flat MoM in Aug'26, while non-trade prices witnessed volatility amid higher competition and increased rake supplies. Industry players attempted price hikes across several markets; however, monsoon-led demand softness and competitive intensity led to an immediate roll-back. Dealers indicated that further price hikes could be attempted, although their sustainability needs to be monitor along with demand trends.
- In Jul-Aug'26 (combined), industry volume growth is estimated at ~6-7% YoY. Higher infrastructure spending continues to be a key demand driver, while retail/residential construction activity remains more dependent on rainfall and labor availability. We estimate demand growth to be healthy in Sep'26, aided by a low base. A full-fledged demand recovery is expected in 2HFY27, supported by pre-election spending in a few markets, government-led infrastructure capex, and a recovery in housing demand.

South – healthy demand; prices stable MoM

- A price hike of INR20/bag was attempted across Southern markets in Aug'26; however, the hike could not sustain, with average prices in the region remaining flat MoM. Dealers indicated a price hike of INR25-30/bag from 5th Sep'26 across key markets. However, sustainability needs to be monitored, as increased supplies through multiple rakes could weigh on pricing.
- Cement demand in the region is relatively strong. Dealers suggested healthy demand across Tamil Nadu and Kerala, while in Telangana and Andhra Pradesh, demand is relatively weak. The upcoming Ganpati festivities are likely to keep demand soft in Telangana in the near term, while demand in Kerala and Tamil Nadu is estimated to remain strong, supported by favorable construction period.

East – weak demand as well as non-trade prices

- Trade cement prices remained unchanged MoM across key markets, with no hike undertaken during the month. Meanwhile, non-trade prices corrected by INR15-20/bag during the month. Weak demand and higher competitive intensity continued to limit pricing power. Dealers indicated price hike announcements in early-Sep'26 of INR10/bag in trade and INR20-25/bag in non-trade; however, sustainability needs to be monitored amid higher inter-regional movement.

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- Dealers indicated that demand in Patna was steady, while West Bengal and Jharkhand continued to witness weak construction activity, driving subdued demand. Orrisa also witnessed subdued construction activity. Cement demand is likely to improve in 2HFY27, supported by a pick-up in housing demand and government capex.

West – resilient price and demand

- West remained the most resilient on both demand and pricing. Cement players attempted price hikes of INR10-15/bag across Gujarat and Maharashtra at the beginning of Aug'26; however, the hikes could not sustain. Dealers indicated another price hike planned for Sep'26; however, they expect prices to remain stable in the near term.
- Cement demand in Maharashtra remained subdued due to monsoon-related disruptions, which weighed on construction activity. However, underlying demand remained healthy, supported by real estate, infrastructure, and housing. With the monsoon receding, construction activity is expected to pick up, driving a recovery in cement demand. In Gujarat, cement volume offtake was relatively better in Aug'26.

North and Central prices stable; healthy demand

- Cement prices remained stable MoM despite increased competitive intensity. Dealers indicated that cement players focused on maintaining existing prices given cost inflation, while some industry players announced schemes up to INR2-3/bag to achieve month-end targets in a seasonally weak period. Dealers suggest pricing to remain range-bound in the near term, as most players focus on ramping up utilization of newly commissioned capacities.
- Overall, demand momentum was strong, as the weak monsoon enabled construction activities across regions. Rajasthan and Madhya Pradesh continue to witness strong demand, while demand in Delhi and part of Uttar Pradesh was weak due to heavy rainfalls. In Punjab, demand was steady.

Fuel prices rise sequentially, weighing on margin

- The average South African coal price, after declining ~9% MoM in Jul'26, increased ~7% MoM in Aug'26 to USD114/t, led by tighter seaborne supply and geopolitical uncertainty. The average petcoke price, which increased ~2% MoM in Jul'26, further increased ~8-9% in Aug'26 to USD146-147/t. Spot fuel prices also continued to trend higher, with imported petcoke prices rising ~7% to USD155-157/t and coal price rising ~11% to USD128, from average-Aug'26 levels. At spot, the imported coal consumption cost stood at INR2.07/Kcal and petcoke consumption cost stood at USD2.11/Kcal (higher than the Apr-May'26 levels).
- We estimate the all-India average cement spread for trade sales (cement price net of GST less variable costs) to dip INR90-100/t QoQ, reflecting the impact of elevated costs and muted realization.

Outlook and recommendation

- Overall, the cement demand outlook remains positive, supported by infrastructure development and housing sectors. However, we estimate profitability to remain under pressure in the near term due to soft pricing and elevated cost impact (higher fuel prices and seasonality impact). We remain watchful for the industry's demand-supply dynamics and pricing behavior, which will drive earnings change.
- We prefer UTCEM in the large-cap space and JKCE in the mid-cap space. We also prefer GRASIM, given the improving profitability in its VSF business and strong traction in its new growth businesses (Birla Opus and Birla Paint).

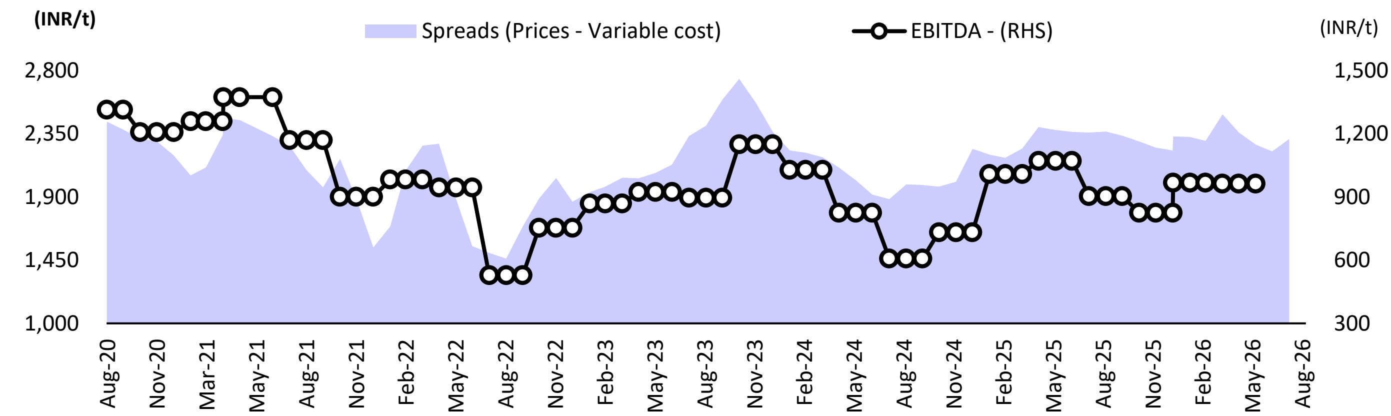
Story in charts

Exhibit 1: Valuation summary

	M-cap (USD b)	CMP (INR)	Rating	P/E (x)			EV/EBITDA (x)			EV/t (USD)			ROE (%)			Net debt/ EBITDA (x)		
				FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
UTCEM	34.9	11,188	Buy	39.9	33.7	27.9	19.7	17.3	14.5	173	161	147	11.2	12.5	14.2	0.9	0.9	0.7
ACEM	10.5	400	Buy	44.2	56.2	36.0	15.5	17.0	12.8	99	90	84	3.5	2.6	3.9	(0.1)	0.2	0.1
SRCM	8.9	23,400	Neutral	47.7	47.5	38.5	18.4	17.5	14.7	121	112	106	8.1	7.7	9.0	(1.2)	(1.5)	(1.7)
JKCE	4.1	5,041	Buy	38.2	35.4	29.9	18.3	16.6	13.7	143	145	122	15.6	14.7	15.3	2.3	2.7	2.4
DALBHARA	3.4	1,714	Buy	30.5	34.6	30.7	10.1	11.1	9.3	66	68	64	6.0	5.1	5.5	0.5	1.9	1.4
ACC	2.5	1,268	Neutral	18.5	21.3	15.4	7.3	8.7	6.8	51	51	45	6.7	5.4	7.0	(0.2)	(0.4)	(0.6)
TRCL	2.2	870	Neutral	82.0	75.3	36.2	16.1	16.2	12.6	94	80	79	3.2	3.3	6.6	2.5	2.3	1.5
JSWC	1.9	122	Neutral	36.6	32.0	27.1	15.3	14.2	12.2	93	78	72	10.0	7.6	8.3	2.9	3.6	3.6
ICEM	1.2	356	Sell	Loss	56.2	31.2	30.0	19.9	13.7	85	77	77	0.6	1.9	3.4	3.2	3.0	2.0
JKLC	0.7	507	Buy	16.6	15.8	14.6	8.5	8.3	8.1	51	48	46	11.5	11.1	10.9	1.2	1.8	2.3
BCORP	0.7	869	Buy	11.9	14.3	11.1	5.7	6.1	5.4	41	41	40	7.8	6.2	7.5	1.4	1.5	1.8

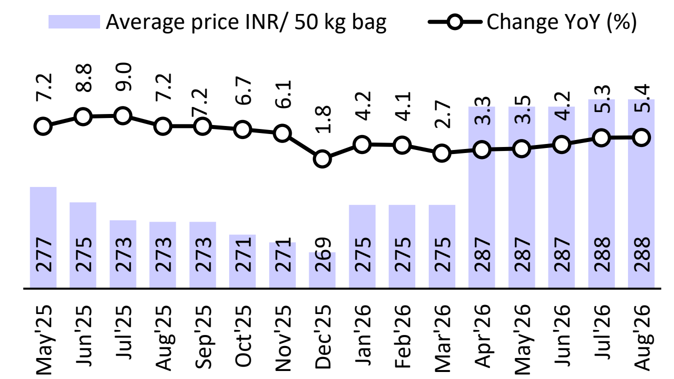
Source: MOFSL, Company; Note: ACEM estimates and valuation on a consolidated basis

Exhibit 2: Industry average spread* to decline in 2Q, led by soft pricing and input cost pressure



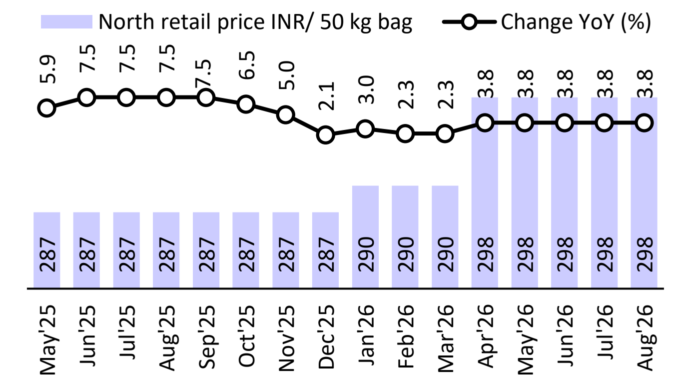
Source: MOFSL; *Price (net of GST) less variable cost

Exhibit 3: All-India average cement price up ~5% YoY in Aug'26



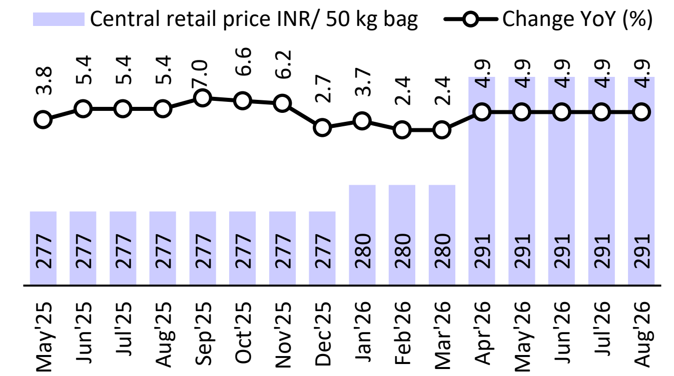
Source: MOFSL, Cement dealers; Note: Cement prices adjusted for effective GST rate

Exhibit 4: Average cement price up ~4% YoY in North in Aug'26



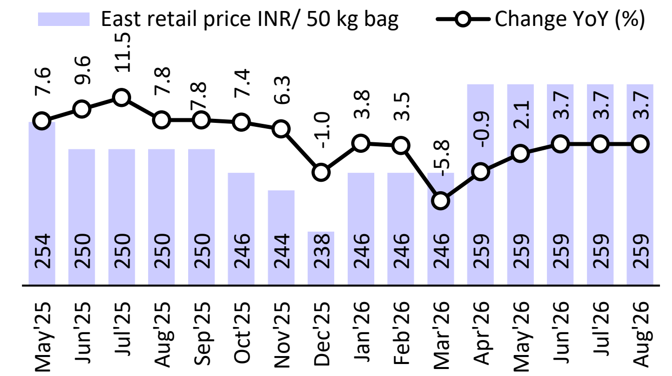
Source: MOFSL, Cement dealers, Note: Cement prices adjusted for effective GST rate

Exhibit 5: Average cement price up ~5% YoY in Central in Aug’26



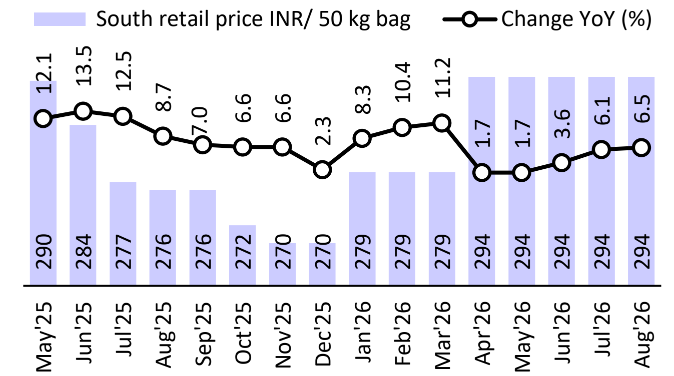
Source: MOFSL, Cement dealers; Note: Cement prices adjusted for effective GST rate

Exhibit 6: Average cement price up 4% YoY in East in Aug’26



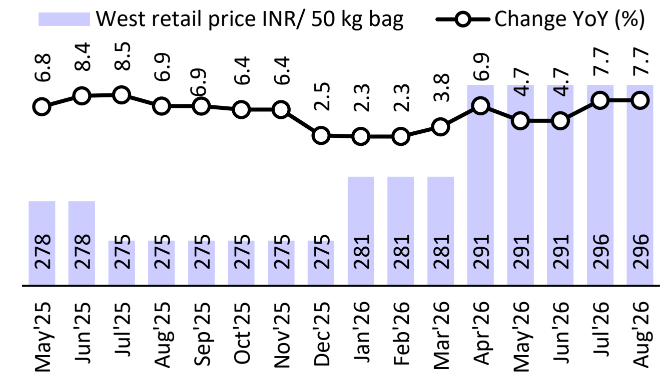
Source: MOFSL, Cement dealers; Note: Cement prices adjusted for effective GST rate

Exhibit 7: Average cement price up ~6% YoY in South in Aug’26



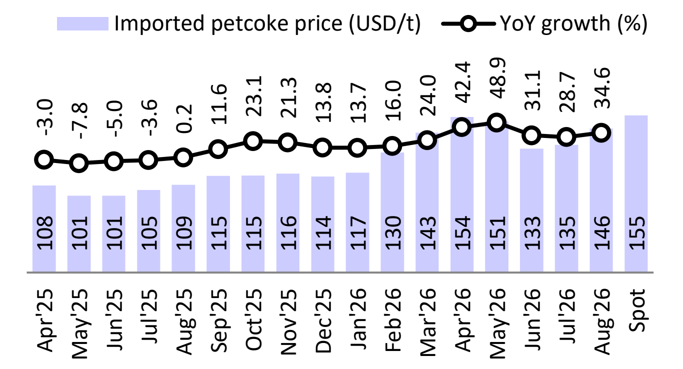
Source: MOFSL, Cement dealers; Note: Cement prices adjusted for effective GST rate

Exhibit 8: Average cement price up ~8% YoY in West in Aug’26



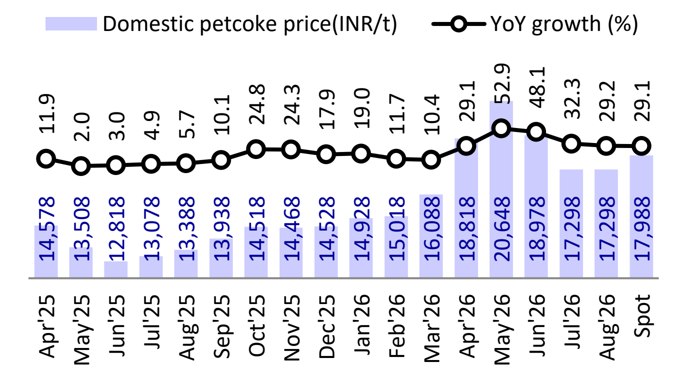
Source: MOFSL, Cement dealers; Note: Cement prices adjusted for effective GST rate

Exhibit 9: Average US petcoke price up ~35% YoY in Aug’26



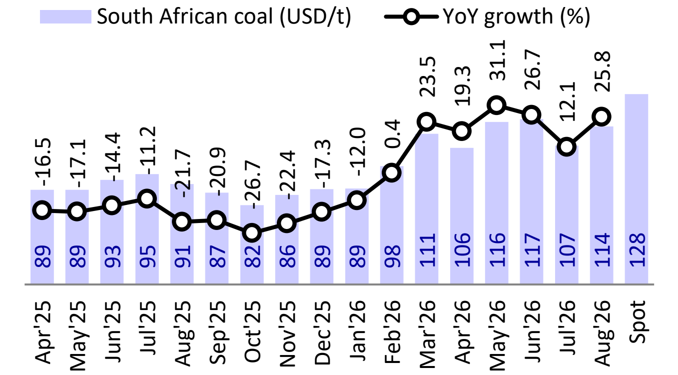
Source: MOFSL, Industry

Exhibit 10: Domestic petcoke price up ~29% YoY in Aug’26



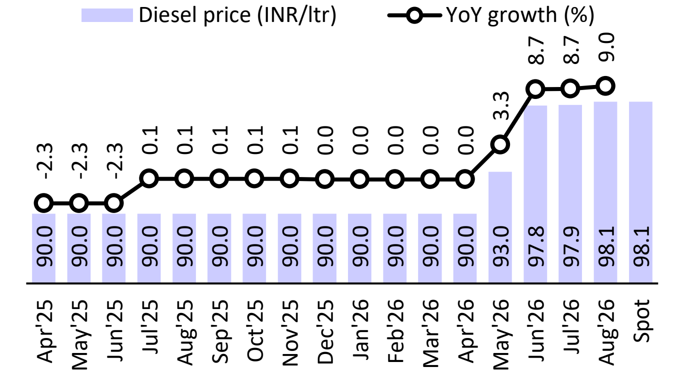
Source: MOFSL, Industry

Exhibit 11: Avg. South African coal price up ~26% YoY in Aug'26



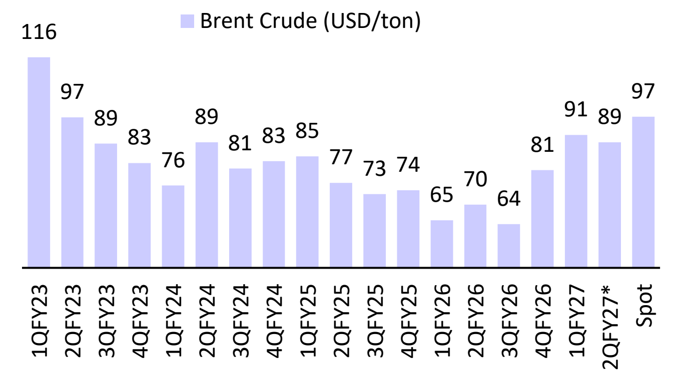
Source: Bloomberg, MOFSL

Exhibit 12: Diesel increased ~9% YoY in Aug'26 (flat MoM)



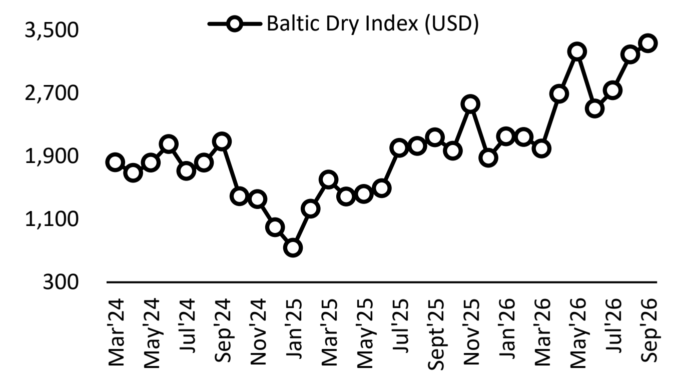
Source: MOFSL, Industry, Bloomberg,

Exhibit 13: Crude oil price trend



Source: Bloomberg, MOFSL, Note: *QTD

Exhibit 14: Baltic dry index



Source: Bloomberg, MOFSL

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