PL Capital
PRABHUDAS LILLADHER

Cement

Jul-Sep'25 Earnings Preview

October 8, 2025

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
ACC	BUY	1,858	2,311
Ambuja Cement	BUY	570	701
Dalmia Bharat	Acc	2,243	2,372
Nuvoco Vistas Corporation	Acc	429	464
Shree Cement	Acc	29,555	32,410
Ultratech Cement	Acc	12,175	13,599

Source: PL Acc=Accumulate

Top Picks

Ultratech Cement

Ambuja Cement

Tushar Chaudhari
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From pricing power to profit pressure

We expect our cement coverage universe to report Revenue/EBITDA/PAT growth of ~-15%/-26%/-36% QoQ (13%/55%/95% YoY) in Q2FY26, impacted by weak realizations and subdued demand during seasonally weak quarter. Cement prices were firm in July but weakened in August due to muted demand and heavy rainfall across India. They remained largely flattish in September (adjusting for GST revision) despite intense rainfall, labour shortages, and festive disruptions. Demand remained patchy across regions, affected by weak infrastructure activity, GST cut anticipation while rural/IHB segments offered partial support. Resultant, overall industry volume growth is anticipated at lower single digit. On the cost front, pet coke prices have inched up towards ~USD 120/t which can add pressure on margins in coming quarters.

During Q2FY26, southern and eastern markets witnessed the sharpest price corrections, weighing on profitability. Consequently, cement companies under our coverage are likely to post a sequential decline of Rs150-240/t in EBITDA, post strong Q1FY26. As execution of GST rationalisation is almost completed across regions, we believe companies would not be able to increase prices immediately and would have to wait for strong demand uptick. We expect prices to improve once post-festive recovery in demand is seen, aided by GST benefits and overall enthusiasm in economy aiding realty sector. Key monitorables to watch out for are: 1) demand recovery post-Diwali, pace of infrastructure activity & GoI spending, 2) improvement in prices amid-GST rationalisation, and 3) trend of pet coke and other RM costs heading into H2FY26. Top Picks: UTCEM & ACEM

Seasonal weakness in cement realization: Realizations for our cement coverage universe are expected to decline by ~2.2% QoQ (+4.9% YoY) in Q2FY26, impacted by weak demand during the monsoon season and the GST rationalisation. Pricing remained steady in July but softened in August due to rains and remained flattish in September, as per our channel checks. On an average, cement prices declined by ~2% QoQ, with the steepest correction of ~4% QoQ in the East, ~3% QoQ in the South and ~2% the West. The North and Central regions' prices were flattish QoQ. Going forward, we expect realizations to remain steady in the near term, with recovery likely post-festive season in Q3FY26. GST rationalization could play as spoilsport and restrict companies from taking price hikes in the near future.

Weak volume growth amid monsoon disruptions: We expect our cement universe companies to witness ~9% YoY volume growth in Q2FY26, aided by inorganic acquisitions of the industry leaders. Despite the government's continued push on infrastructure projects, overall cement demand remained subdued during the quarter, impacted by extended rainfall, labor shortages, GST cut anticipation and festive-related disruptions across regions. Rural and IHB demand provided only partial support but was insufficient to offset the slowdown. We expect our coverage universe volumes to grow ~9% YoY to ~76mt (-13% QoQ), while overall industry demand is expected to grow at 3-5% YoY in this quarter.

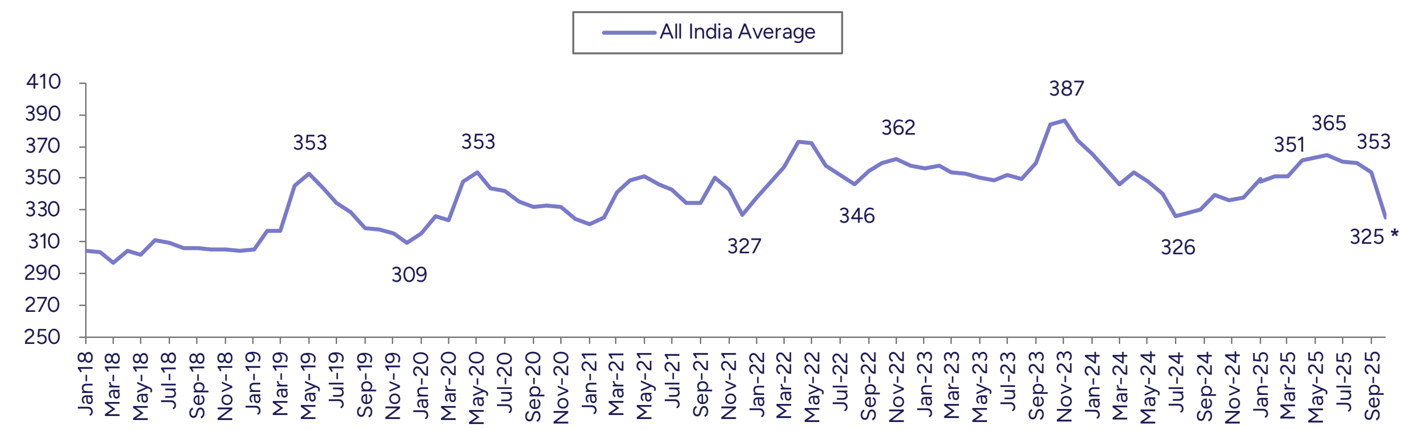
Profitability to moderate QoQ but strong improvement seen YoY: Power and fuel costs are expected to remain flattish in Q2FY26; however, the uptick in pet coke prices during the quarter is likely to start impacting margins in 2HFY26. Freight costs are likely to remain stable as companies continue working on optimizing lead distances, while other overheads were partly cushioned by cost-control measures. However, relatively better prices in seasonally weak quarter are expected benefit profitability on YoY basis. On sequential basis, average EBITDA/t for our coverage universe is expected to decline ~16% QoQ (by Rs179/t) to ~Rs920/t, though YoY growth of ~44% (+Rs280/t) is expected given the poor base and extremely low prices in East/South region in Q2FY25. Among our coverage, players with higher exposure to eastern and southern markets are likely to see the steepest sequential declines in profitability.

Change in rating/estimates:

Shree Cement: We upgrade the stock to **Accumulate** from **Hold**, mainly prompted by correction in stock price during the quarter and introduction of FY28 estimates. We roll forward to Sept'27 and assign it an 'Accumulate' rating with a revised target price of **Rs32,410** (earlier Rs30,001). At CMP, the stock trades at an EV of 16.6x/14.3x FY27/28E EBITDA.

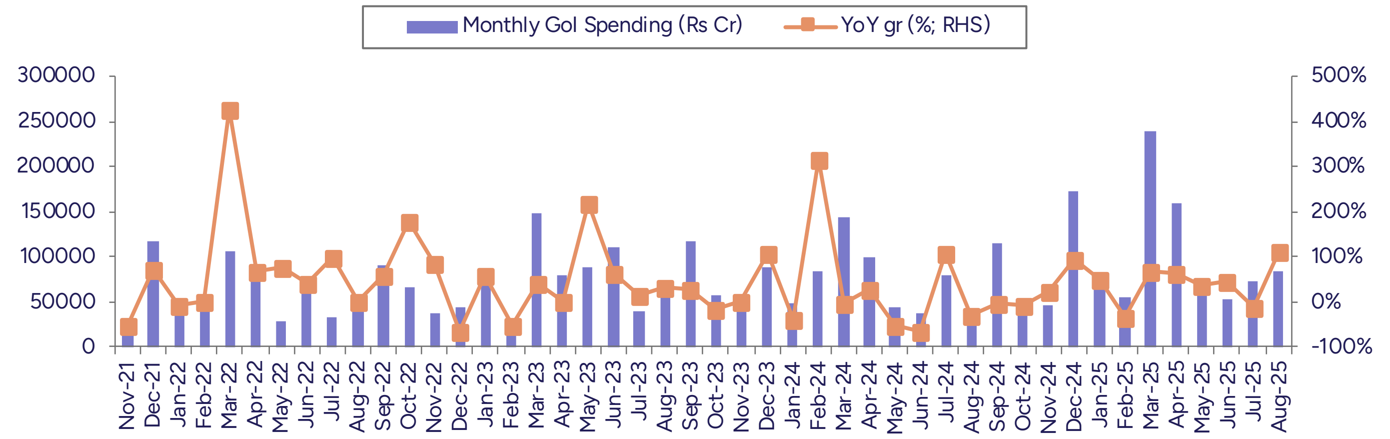
ACC: We cut our target multiple for ACC to **10x** from **12x** earlier, on delays in improvement in its cost structure and the absence of further capacity additions, which are primarily being undertaken by the parent company. We maintain **BUY** with a revised target price of **Rs2,311** (earlier Rs2,543) on low valuations and as we roll forward to Sept'27. At CMP, the stock trades at an EV of 8.3x/7.3x FY27/FY28E EBITDA.

Exhibit 2: All India average cement dealers' selling price post GST rationalization across regions



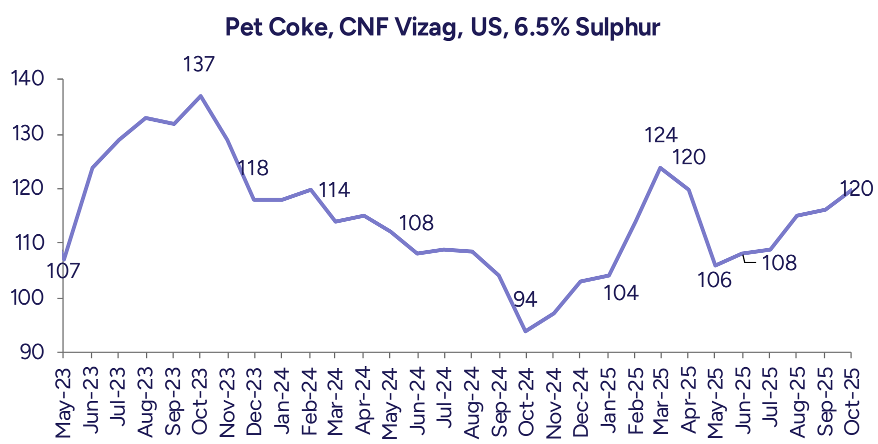
Source: PL; adjusting for GST impact Q2 average prices are down ~2% QoQ during monsoon quarter

Exhibit 3: Inch up in monthly government spending to aid cement demand from H2FY26



Source: GoI, PL

Exhibit 4: Imported pet coke prices inched up to USD120/t



Source: CoalMint, PL

Exhibit 5: ~9% YoY volume growth for coverage universe mainly aided by inorganic growth

Volumes (mt)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26E	YoY gr.	QoQ gr.
ACC	8.9	10.5	10.2	9.3	10.7	11.9	11.5	9.7	4%	-16%
ACEM	14.1	16.6	15.3	13.8	16.5	18.7	18.4	15.5	12%	-16%
Dalmia	6.8	8.8	7.4	6.7	6.7	8.6	7.0	7.0	4%	0%
NUVOCO	4.0	5.3	4.8	4.2	4.7	5.7	5.1	4.3	3%	-15%
SRCM (Std)	8.9	9.5	9.6	7.6	8.8	9.8	9.0	8.0	5%	-11%
UTCEM	27.4	35.2	33.6	28.1	30.6	41.5	36.8	31.8	13%	-14%

Source: Company, PL

Exhibit 6: Realization per ton to decline by ~2% QoQ due to lower prices in the eastern, southern & western regions

Realization (Rs/t)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26E	YoY gr.	QoQ gr.
ACC	5,220	4,895	4,800	4,680	4,652	4,778	4,970	4,870	4%	-2.0%
ACEM Cons	5,765	5,358	5,485	5,346	5,153	5,337	5,592	5,424	-1%	-3.0%
Dalmia	5,300	4,894	4,893	4,594	4,727	4,779	5,194	5,064	10%	-2.5%
NUVOCO	6,052	5,486	5,493	5,401	5,126	5,337	5,644	5,548	3%	-1.7%
SRCM (Std)	5,112	4,861	5,015	4,904	4,830	5,325	5,528	5,418	10%	-2.0%
UTCEM	6,101	5,796	5,604	5,568	5,812	5,555	5,777	5,660	2%	-2.0%

Source: Company, PL

Exhibit 7: Raw material cost per ton to increase 2% sequentially

RM Cost (Rs/t)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26E	YoY gr.	QoQ gr.
ACC	1,507	1,674	1,717	1,926	2,050	2,109	2,140	2,097	9%	-2%
ACEM Cons	844	956	1,031	1,029	1,082	977	829	1,018	-1%	23%
Dalmia	921	1,111	818	662	764	895	667	689	4%	3%
NUVOCO	1,107	1,096	1,093	1,121	895	1,133	968	1,020	-9%	5%
SRCM (Std)	493	372	530	539	616	569	626	613	14%	-2%
UTCEM	968	1,081	962	1,039	1,047	1,047	1,037	981	-6%	-5%

Source: Company, PL

Exhibit 8: Power & Fuel costs to remain flattish QoQ, but may inch up in H2 due to higher pet coke prices

P&F Cost (Rs/t)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26E	YoY gr.	QoQ gr.
ACC	1,141	934	981	842	797	730	747	758	-10%	-1%
ACEM Cons	1,359	1,216	1,351	1,317	1,262	1,229	1,366	1,279	-3%	-6%
Dalmia	1,068	898	1,023	1,052	994	903	1,036	1,084	3%	5%
NUVOCO	1,124	993	1,072	1,078	1,086	864	1,010	1,024	-5%	1%
SRCM (Std)	1,391	1,498	1,458	1,317	1,042	1,172	1,281	1,268	-4%	-1%
UTCEM	1,523	1,373	1,426	1,367	1,401	1,258	1,320	1,300	-5%	-2%

Source: Company, PL

Exhibit 9: Freight costs per ton continue to decline led by declining lead distance and stable diesel prices

Freight costs (Rs/t)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26E	YoY gr.	QoQ gr.
ACC	1,074	1,054	1,064	1,002	960	957	995	1,002	0%	1%
ACEM Cons	1,326	1,277	1,370	1,323	1,239	1,249	1,317	1,337	1%	2%
Dalmia	1,093	1,159	1,122	1,095	1,116	1,136	1,136	1,135	4%	0%
NUVOCO	1,557	1,505	1,480	1,476	1,405	1,409	1,543	1,461	-1%	-5%
SRCM (Std)	1,093	1,097	1,157	1,173	1,131	1,175	1,211	1,235	5%	2%
UTCEM	1,320	1,319	1,319	1,276	1,319	1,247	1,262	1,200	-6%	-5%

Source: Company, PL

Exhibit 10: EBITDA/t to sequentially decline by 16% due to weak pricing and lower operating leverage

EBITDA/ton (Rs)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26E	YoY gr.	QoQ gr.
ACC	1,017	801	666	469	448	698	677	523	11%	-23%
ACEM Cons	1,228	1,023	836	705	537	999	1,066	889	26%	-17%
Dalmia	1,146	743	904	646	763	926	1,261	1,014	57%	-20%
NUVOCO	1,026	918	715	521	549	968	1,019	846	62%	-17%
SRCM (Std)	1,386	1,393	951	780	1,079	1,404	1,373	1,206	55%	-12%
UTCEM	1,186	1,168	898	719	946	1,112	1,197	1,044	45%	-13%

Source: Company, PL

Exhibit 11: Q2FY26 Result Preview (Rs mn)

Company Name		Q2FY26E	Q2FY25	YoY gr. (%)	Q1FY26	QoQ gr. (%)	Remark
ACC	Sales	49,818	46,135	8.0	60,872	(18.2)	We expect volumes to decline ~16% QoQ to ~9.7mt (~4% YoY) due to intense monsoon and seasonally weak quarter. Realization is expected to decline by ~2% sequentially mainly due to decline in prices during the quarter. Hence EBITDA/t is expected to decline by ~Rs154 QoQ to Rs523 (up by Rs53 YoY).
	EBITDA	5,054	4,364	15.8	7,780	(35.0)	
	Margin (%)	*10.1*	*9.5*	*69 bps*	*12.8*	*-264 bps*	
	PBT	2,589	3,194	(18.9)	5,613	(53.9)	
	Adj. PAT	1,932	2,244	(13.9)	3,755	(48.6)	
Ambuja Cement	Sales	83,835	73,781	13.6	1,02,891	(18.5)	We expect consolidated volumes to decline ~16% QoQ to 15.5mt. MSA volume expected to be ~5.46mt. Cons. Realization is expected to decline by 3% QoQ due to weak prices across regions and Penna. EBITDA/t to decline by Rs176 QoQ to Rs 889/t.
	EBITDA	13,747	9,734	41.2	19,611	(29.9)	
	Margin (%)	*16.4*	*13.2*	*320 bps*	*19.1*	*-266 bps*	
	PBT	8,747	7,287	20.0	12,885	(32.1)	
	Adj. PAT	6,472	4,729	36.9	9,655	(33.0)	
Dalmia Bharat	Sales	35,394	30,870	14.7	36,360	(2.7)	Realization is expected to decline by ~2.5% QoQ due to higher exposure to Eastern and Southern markets where the prices were impacted the most. We expect flat QoQ volumes to ~6.99mt (+4% YoY). EBITDA/t is expected to decline by Rs247 QoQ to Rs1,014 due to weak prices.
	EBITDA	7,089	4,340	63.3	8,830	(19.7)	
	Margin (%)	*20.0*	*14.1*	*597 bps*	*24.3*	*-426 bps*	
	PBT	2,988	730	309.4	5,020	(40.5)	
	Adj. PAT	2,171	460	372.1	3,808	(43.0)	
Nuvoco Vistas Corporation	Sales	24,000	22,686	5.8	28,727	(16.5)	We expect realization to decline by ~1.7% QoQ on weak prices in the Eastern region compared to other regions. Volumes are expected to decline 15% QoQ to 4.3mt (+3% YoY) due to monsoon quarter. EBITDA/t is expected to decline by Rs173 QoQ to Rs846/t (+62% YoY).
	EBITDA	3,659	2,188	67.3	5,186	(29.4)	
	Margin (%)	*15.2*	*9.6*	*560 bps*	*18.1*	*-280 bps*	
	PBT	90	-1,176	NA	2,016	(95.5)	
	Adj. PAT	56	-804	NA	1,279	(95.7)	
Shree Cement (Standalone)	Sales	43,235	37,270	16.0	49,480	(12.6)	We expect volumes to decline ~11% sequentially at ~8mt (+5% YoY). Realization is expected to decline ~2% due to major price decline in the eastern region. We factor in ~Rs168 QoQ decline in standalone EBITDA/t to Rs1,206/t (+55% YoY).
	EBITDA	9,622	5,925	62.4	12,291	(21.7)	
	Margin (%)	*22.3*	*15.9*	*636 bps*	*24.8*	*-258 bps*	
	PBT	5,226	448	1,067.5	8,331	(37.3)	
	Adj. PAT	3,919	931	320.9	6,185	(36.6)	
Ultratech Cement	Sales	1,80,147	1,56,347	15.2	2,12,755	(15.3)	Cons volumes are expected to decline ~14% QoQ to ~31.8mt (13% YoY aided by ICEM/Kesoram) due to seasonally weak quarter. We expect UTCEM to report 2% QoQ decrease in avg. realization. Cons EBITDA/t is expected to decline by Rs154/t QoQ to Rs1,044/t (+45% YoY).
	EBITDA	33,223	20,183	64.6	44,103	(24.7)	
	Margin (%)	*18.4*	*12.9*	*553 bps*	*20.7*	*-229 bps*	
	PBT	19,401	10,180	90.6	30,505	(36.4)	
	Adj. PAT	14,234	7,969	78.6	22,318	(36.2)	

Source: Company, PL

Exhibit 12: Valuation Summary

Company Names	S/C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
ACC	C	BUY	1,858	2,311	349.2	211.3	240.0	258.6	278.8	24.2	31.7	36.5	39.9	19.1	19.2	22.2	23.8	101.5	102.2	117.9	126.7	10.9	9.9	10.4	10.2	18.3	18.2	15.8	14.7
Ambuja Cement	C	BUY	570	701	1,403.8	350.4	449.3	499.0	558.2	59.7	81.1	104.2	113.7	41.8	34.4	42.2	64.0	17.0	13.9	17.2	26.0	8.8	6.2	7.2	10.1	33.6	40.9	33.2	21.9
Dalmia Bharat	C	Acc	2,243	2,372	420.7	139.8	157.9	177.2	197.1	24.1	35.3	41.4	45.3	7.2	16.0	17.2	18.6	38.6	85.5	91.7	99.1	4.3	8.9	8.8	8.8	58.1	26.2	24.5	22.6
Nuvoco Vistas Corporation	C	Acc	429	464	153.2	103.6	115.2	124.7	143.5	13.7	19.5	20.2	24.0	0.1	5.0	4.3	7.6	0.3	14.0	12.1	21.3	0.1	5.4	4.4	7.4	####	30.6	35.5	20.1
Shree Cement	C	Acc	29,555	32,410	1,066.3	191.7	218.3	240.0	264.6	38.2	51.5	58.8	66.9	11.2	21.9	24.1	21.8	311.2	608.2	667.5	603.2	5.3	9.8	9.9	8.3	95.0	48.6	44.3	49.0
Ultratech Cement	C	Acc	12,175	13,599	3,587.7	759.6	889.8	1,020.2	1,149.0	125.6	185.6	215.8	230.7	60.4	105.1	127.7	136.0	204.9	356.6	433.5	461.4	9.2	14.1	15.3	14.5	59.4	34.1	28.1	26.4

Source: Company, PL *S=Standalone / C=Consolidated / Acc=Accumulate*

Exhibit 13: Change in Estimates

	Rating		Target Price			Sales						PAT						EPS					
						FY26E			FY27E			FY26E			FY27E			FY26E			FY27E		
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
ACC	BUY	BUY	2,311	2,543	-9.1%	2,39,990	2,40,077	0.0%	2,58,639	2,54,321	1.7%	19,219	20,163	-4.7%	22,168	22,798	-2.8%	102.2	107.3	-4.7%	117.9	121.3	-2.8%
Ambuja Cement	BUY	BUY	701	685	2.5%	4,49,261	4,49,732	-0.1%	4,99,000	4,98,059	0.2%	34,350	34,914	-1.6%	42,246	45,253	-6.6%	13.9	14.2	-1.6%	17.2	18.4	-6.6%
Dalmia Bharat	Acc	Acc	2,372	2,395	-1.0%	1,57,920	1,58,800	-0.6%	1,77,248	1,79,920	-1.5%	16,038	16,280	-1.5%	17,196	18,531	-7.2%	85.5	86.8	-1.5%	91.7	98.8	-7.2%
Nuvoco Vistas Corporation	Acc	Acc	464	422	10.0%	1,15,168	1,13,886	1.1%	1,24,653	1,23,161	1.2%	5,015	4,355	15.2%	4,313	4,664	-7.5%	14.0	12.2	15.2%	12.1	13.1	-7.5%
Shree Cement	Acc	Hold	32,410	30,001	8.0%	2,18,301	2,08,689	4.6%	2,40,019	2,28,725	4.9%	21,944	22,137	-0.9%	24,083	23,852	1.0%	608.2	613.6	-0.9%	667.5	661.1	1.0%
Ultratech Cement	Acc	Acc	13,599	13,634	-0.3%	8,89,788	9,05,685	-1.8%	10,20,161	10,40,404	-1.9%	1,05,071	98,526	6.6%	1,27,733	1,30,603	-2.2%	356.6	334.3	6.6%	433.5	443.2	-2.2%

Source: Company, PL *C=Current / P=Previous / Acc=Accumulate*

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,543	1,890
2	Adani Port & SEZ	BUY	1,777	1,358
3	Ambuja Cement	BUY	685	593
4	Dalmia Bharat	Accumulate	2,395	2,270
5	Hindalco Industries	Accumulate	762	667
6	Jindal Stainless	Hold	678	683
7	Jindal Steel	Accumulate	1,060	996
8	JSW Infrastructure	Accumulate	344	322
9	JSW Steel	Hold	1,064	1,100
10	National Aluminium Co.	BUY	228	187
11	NMDC	Accumulate	80	73
12	Nuvoco Vistas Corporation	Accumulate	422	390
13	Shree Cement	Hold	30,001	30,205
14	Steel Authority of India	Hold	133	126
15	Tata Steel	Accumulate	181	167
16	Ultratech Cement	Accumulate	13,634	12,561

PL's Recommendation Nomenclature

Buy : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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