



INDIA BUILDING MATERIALS

Price slippages continued in Nov-25

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Sector Research Report
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All India average trade prices slipped further in Nov-25; price hikes unlikely in the near term

Our channel checks suggest that average pan-India trade prices continued to slip m-m in Nov-25 by cINR3/bag, led by South and East India (INR4-5/bag m-m decline). While there is a minor cINR1/bag m-m drop in Central India, North and West India saw a sharper cINR2-3/bag m-m drop. Dealers do not foresee price hikes in the near term, given tight supervision on the GST benefit pass through and a weak demand owing to extended monsoons in certain parts, while thereafter, price action is likely to be contingent on the extent of seasonal demand recovery.

Trade price declines continued to be led by South and East India; non-trade trend mixed

Trade price trend across India remained depressed, with a further INR4-5/bag decline seen in South and East India, leading to a c1% q-q (till date) drop in pan-India prices vs. 2Q exit. While prices in other regions were relatively better off, dealers cited caution on near-term price recovery. Non-trade prices declined further m-m by INR5-10/bag in South India, while it recovered partly in North India.

Slight demand pick-up in North India; prolonged weakness in South and East India

Cement demand across India remained weak in Nov-25, with a sequential pickup witnessed in North India and certain regions of West and Central India. However, East and South India saw prolonged demand weakness owing to extended monsoons, slightly impacted by elections in select regions. In 3QFY26 so far, US petcoke prices have remained elevated at cUSD120/t, i.e., close to the Sep-25 exit level (but up c4% q-q), which we believe may add margin pressure over the next few quarters.

Sector implications: near-term outlook appears weak; consolidation theme intact

As highlighted [earlier](#), the near-term sector outlook appears weak amid weak demand in certain regions, softer cement pricing (more so in non-trade) and high fuel costs. While the market seeks clarity on 2HFY26 pricing outlook, the sector trades close to its past 10Y average NTM EV/EBITDA, following the recent correction. We prefer UTCEM, ACEM in large caps and JKCE among mid-caps.

Key valuation metrics

	Stock Rating	Price* (LC)	TP / Upside		Mkt cap (INRm)	P/E (x)		EV/EBITA (x)	
			CY25e	CY26e		CY25e	CY26e	CY25e	CY26e
ACC	(=)	1,884.5	2,070	10%	353,885	18.0	17.0	16.5	14.1
Ambuja Cements	(+)	550.0	710	29%	1,354,720	51.0	34.1	37.7	27.4
Dalmia Bharat	(-)	2,026.6	2,140	6%	379,948	33.1	27.3	22.1	19.4
JK Cement	(+)	5,925.0	6,650	12%	457,825	46.1	36.2	30.1	25.4
Shree Cement	(=)	26,935.0	28,900	7%	971,815	61.1	47.2	55.8	40.1
Ultratech	(+)	11,759.0	13,600	16%	3,465,142	45.0	34.0	33.5	25.5

* Closing prices at 26 November 2025

Figure 1: All India trade prices declined by cINR3/bag m-m in Nov-25

Monthly trade cement prices per 50kg bag (INR)

Price	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	m-m%	y-y%
North	335	342	347	347	347	356	357	359	359	358	360	360	359	(0.4)	6.9
Central	330	334	329	334	334	334	335	336	334	332	332	333	332	(0.2)	0.6
West	322	326	328	328	328	328	331	330	326	324	324	324	321	(0.9)	(0.4)
East	281	292	285	301	323	322	325	326	323	322	322	319	315	(1.3)	11.9
South	295	297	298	296	298	334	341	342	334	331	331	328	323	(1.4)	9.5
India average	313	318	317	321	326	335	338	339	335	333	334	333	330	(0.8)	5.5

Note: Historic prices have been adjusted to reflect the recent GST reduction (28% to 18%).

Source: BNP Paribas estimates

Figure 2: All India trade prices down cINR3/bag (c1% q-q) till date in 3QFY26, up c5% y-y

Quarterly price trend (INR/50 kg bag)

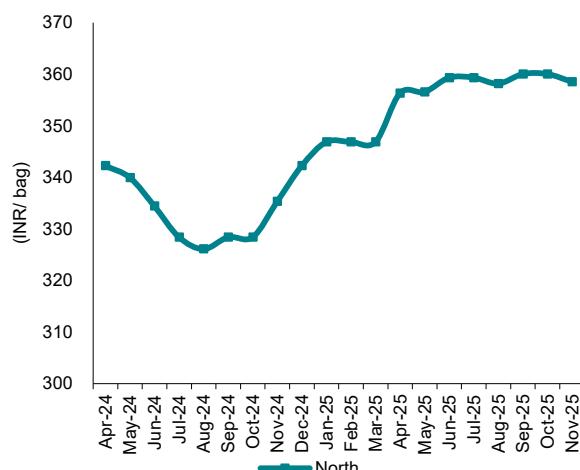
Price	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26E	Change (q-q, %)	Change (y-y, %)
North	335	347	357	359	359	0.0	7.1
Central	330	332	335	333	332	(0.1)	0.5
West	324	328	330	324	322	(0.6)	(0.6)
East	292	303	324	323	317	(1.9)	8.6
South	295	298	339	332	325	(2.1)	10.3
India average	315	322	337	334	331	(0.9)	5.0

Note: Historic prices have been adjusted to reflect the recent GST reduction (28% to 18%).

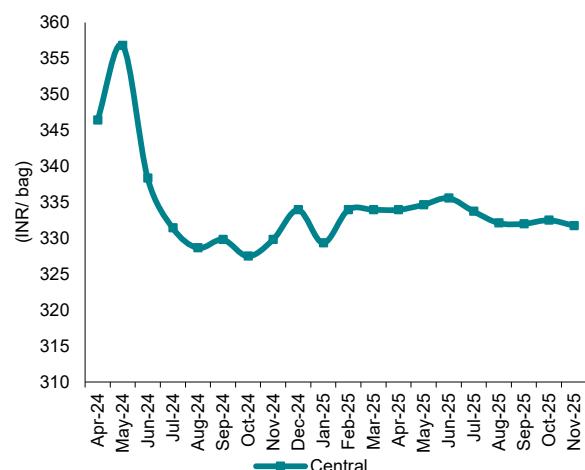
Source: BNP Paribas estimates

Figure 3: Cement prices in North India were down by cINR2/bag m-m, while Central India saw a marginal drop of cINR1/bag m-m

North India prices (INR/ 50kg bag)



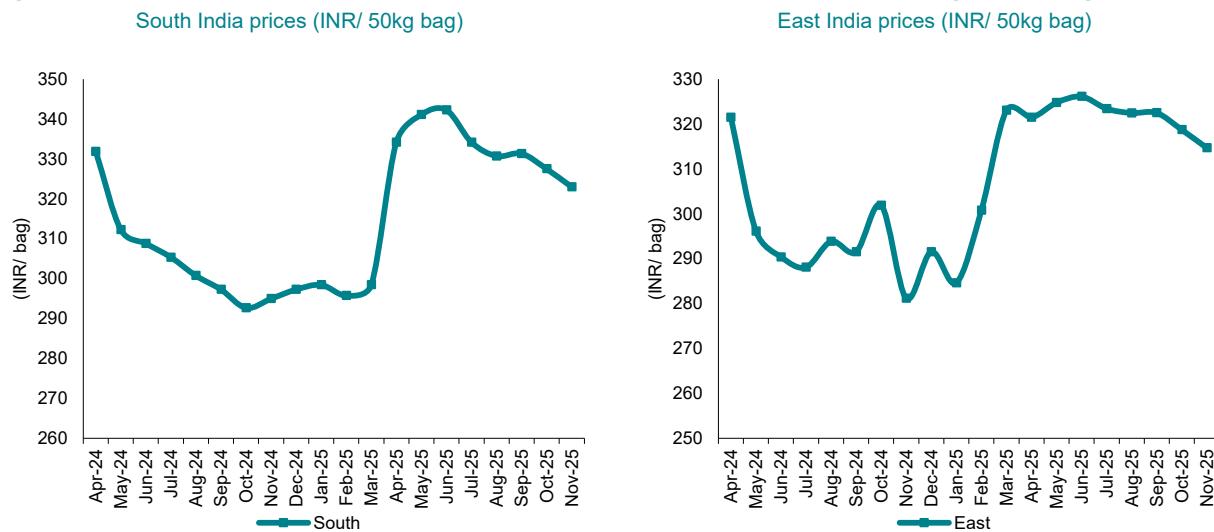
Central India prices (INR/ 50kg bag)



Note: Historical prices have been adjusted to reflect the recent GST reduction (28% to 18%).

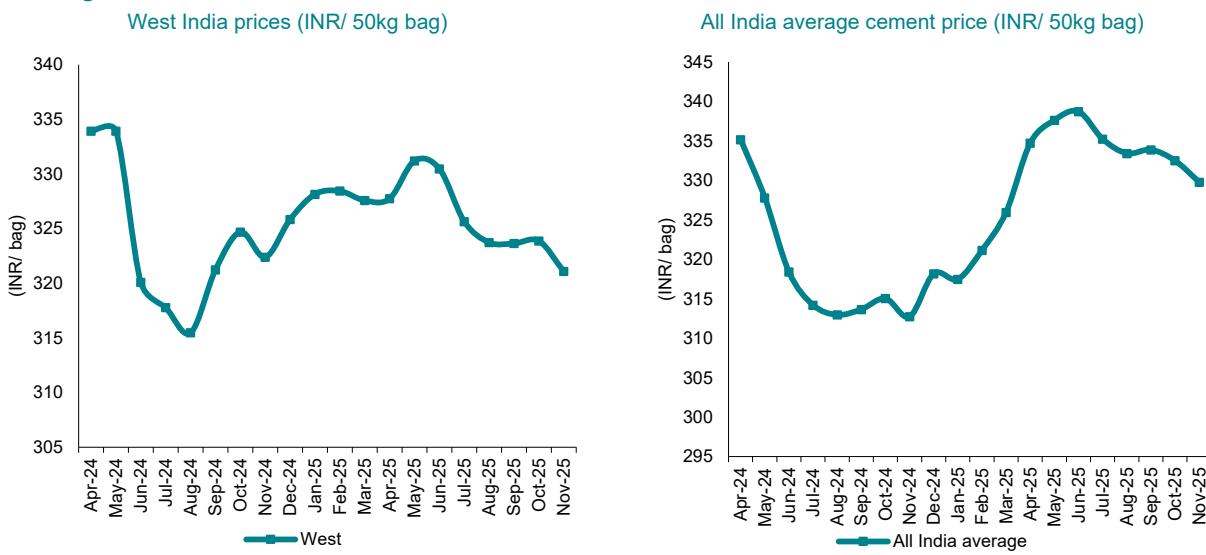
Source: BNP Paribas

Figure 4: Cement prices in South and East India continued their downtrend, declining INR4-5/bag m-m



Note: Historical prices have been adjusted to reflect the recent GST reduction (28% to 18%).
Source: BNP Paribas

Figure 5: Cement prices in West India were down cINR3/bag m-m; pan-India average prices slipped cINR3/bag m-m



Note: Historical prices have been adjusted to reflect the recent GST reduction (28% to 18%).
Source: BNP Paribas

Figure 6: Imported petcoke prices remained stable at the exit Sep-25 level, but up c4% q-q

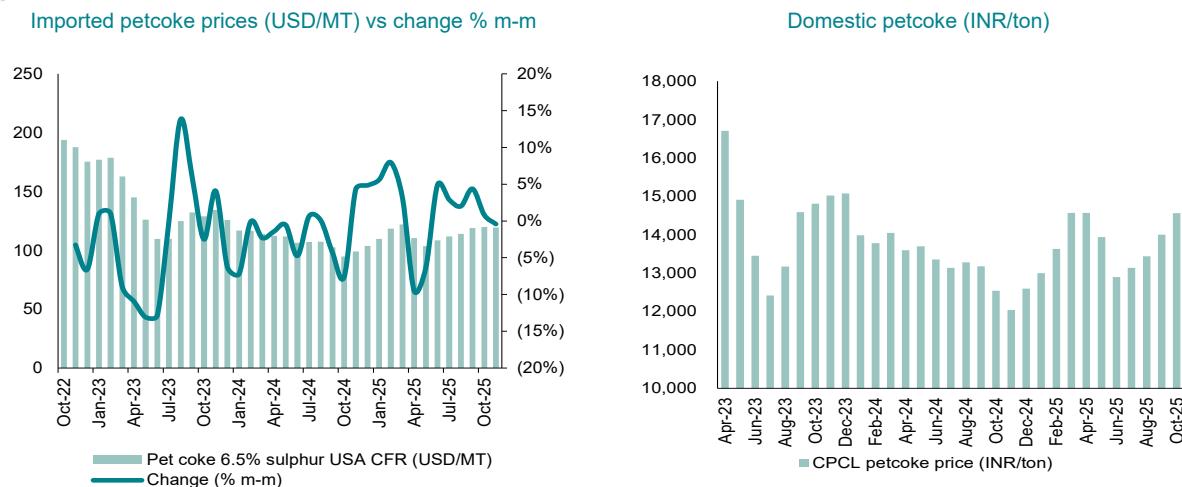


Figure 7: Coal prices remain on a downward trend; diesel prices were flat m-m in Oct-25

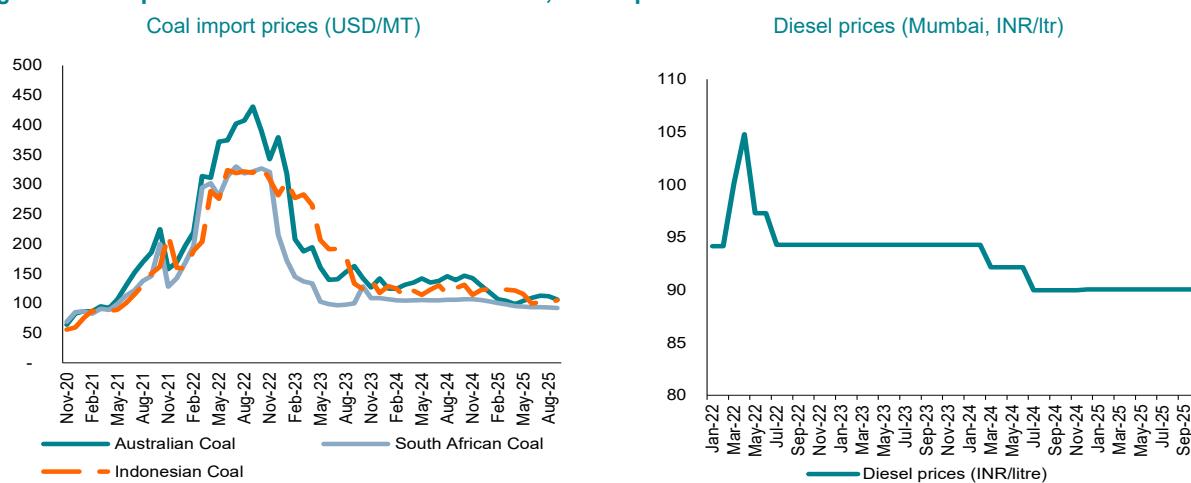
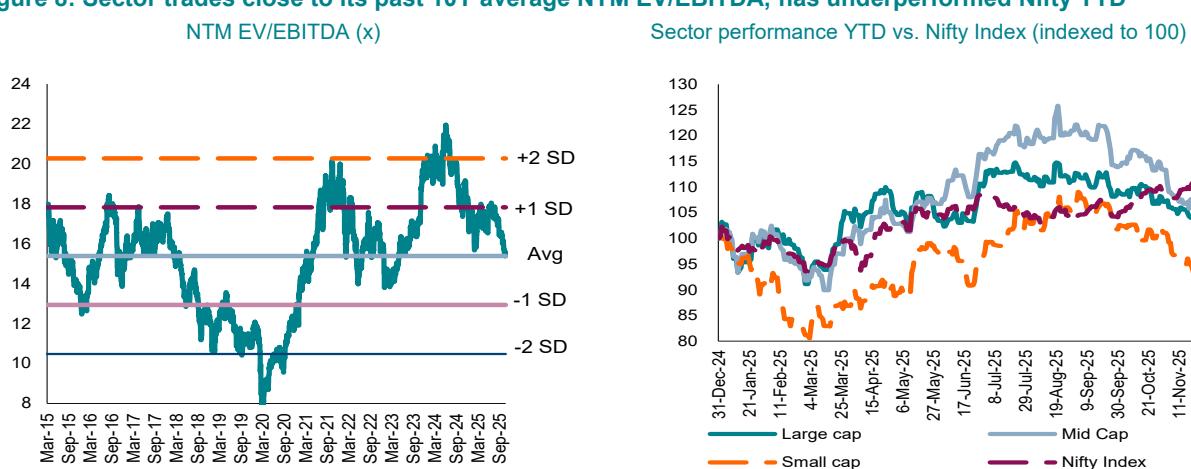


Figure 8: Sector trades close to its past 10Y average NTM EV/EBITDA; has underperformed Nifty YTD



Investment case, valuation and risks

Ambuja Cements (Outperform, Target Price INR710)

Investment case

Ambuja Cement (ACEM), together with its 50.1%-owned subsidiary, ACC, is the second-largest cement producer in India, with a capacity share of c15% in FY25. Historically, ACEM (standalone) lagged peers in capacity additions (c3% CAGR over FY10-23), though post the takeover by the Adani group in CY22, ACEM has been on an expansion spree, taking its consolidated capacity to c100MTPA currently from 67.5MTPA at the time of acquisition, mostly via various strategic acquisitions at reasonable costs (cUSD103/ton). ACEM is now the world's ninth-largest cement company by capacity, with an ambitious target to touch c140MTPA capacity by FY28.

Despite the accelerated capex/acquisitions, ACEM maintains a healthy BS, aided by strong OCF generation and cINR200b equity infusion by promoters. A slower-than-expected ramp-up of acquired entities, pressure on realisations amid sluggish industry demand, and an adverse regional mix had led to a valuation de-rating over FY25. However, we expect ACEM to deliver industry-leading capacity/volume growth (c16%/13% CAGR over FY25-28) as demand improves, and the accrual of structural cost efficiencies, leading to a c35% EBITDA CAGR over FY25-28, the highest in our coverage.

Valuation methodology

Our TP is based on 17x Dec-27E EV/EBITDA multiple, i.e. close to 1SD above its past 10-year average NTM EV/EBITDA multiple of c12x.

Risks

To the upside:

Key upsides to our view include: 1) faster ramp-up of acquisitions (improved utilisation rates for SIL, PCIL); 2) better realisations on account of improved pricing environment and easing competitive intensity; and 3) consistently delivering on its aggressive cost-reduction targets.

To the downside:

Key downsides to our view include: 1) further delays in the ramp-up of acquired capacities; 2) negative news flow on the Adani group; and 3) ACEM missing its aggressive cost-reduction targets.

JK Cement (Outperform, Target Price INR6,650)

Investment case

JKCE is one of the fastest-growing mid-sized cement players, in terms of cement production capacity. It has delivered industry-leading volume growth over the past six years (c14% volume CAGR in grey cement over FY19-25 vs the industry's c6%) on the back of consistent capacity expansion over the past decade (c11% CAGR over FY14-25), along with an increase in production contribution from more efficient plants and a swift ramp up of newly commissioned facilities. The company targets to double its current grey-cement production capacity to reach c50MTPA by FY30 and has guided for cINR150-200/ton cost savings over the next 1-2 years, of which it has already achieved cINR40/ton in FY25.

JKCE has rerated over the past five years owing to: 1) better grey-cement segment profitability; consistent capacity expansion offering volume-growth visibility; and 2) earnings stability offered by the white-cement business and focus on Value Added Products (VAPs, including paints).

We expect JKCE to continue to deliver higher volume growth than the industry's, backed by consistent capacity additions and structural cost efficiencies, resulting in improved profitability (FY25-28E EBITDA CAGR of c21%), and return ratios.

Valuation methodology

Our TP is based on 17x Dec-27E EBITDA. Our target multiple is 1SD above its past 10-year average NTM EV/EBITDA of c13x.

Risks

To the upside:

Key upsides to our view include: 1) earlier-than-expected realisation of the cINR150-200/ton cost reduction target; 2) scaling up of value-added products and paints businesses to achieve EBITDA breakeven; and 3) faster-than-expected ramp-up of the Toshali facility with improved profitability vs losses in FY25.

To the downside:

Key downsides to our view include: 1) weak realisations in central India with the incremental supply coming online in FY26-27; 2) higher-than-expected debt-funded capex or a large-scale acquisition; and 3) weak operating performance of the UAE entity amid increasing competition.

UltraTech Cement (Outperform, Target Price INR13,600)

Investment case

UCEM is India's largest cement player that has outpaced the industry over the past decade on volume (11% CAGR) and capacity (12% CAGR). It has maintained a balanced mix of organic and inorganic capacity expansions. It holds market leadership (capacity-wise) across regions in India and maintains near best-in-class EBITDA/ton.

UTCEM's valuations have re-rated over the past 4-5 years on the back of improved utilisation rates over FY21-24, aggressive capacity expansions and acquisitions, cementing its pan-India leadership, in our view.

We believe UTCEM's premium valuation is a function of its sector-leading scale and market leadership in India, superior execution capabilities with a track record of quick turnaround of acquired assets and organic capacity expansion capability via internal accruals, all of which we expect to sustain. We expect UTCEM to report c24% EBITDA CAGR over FY25-28 - the second highest in our coverage.

Valuation methodology

Our TP is based on 18x Dec-27E EV/EBITDA. Our target multiple is close to its past 10-year average NTM EV/EBITDA.

Risks

To the upside:

Key upsides to our view include: 1) successful integration of the newly-acquired assets with normalised costs and utilisations for India Cements and Kesoram; 2) faster-than-expected delivery on the cINR200-300/ton cost efficiency target by FY27; 3) scaling up of the RMC market and Ultratech Building Solutions, including the recent foray into the cables and wires (C&W) market; 4) strong OCF generation to moderate the net debt levels that have spiked recently.

To the downside:

Key downsides to our view include: 1) fuel cost inflation negating the gains from structural cost efficiencies; 2) competitive intensifying in east, central and south India; 3) delay in the turnaround of acquired assets, ICEM and Kesoram, which can be a drag on overall utilisations; 4) aggressive inorganic expansions impacting return ratios.

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