

Cement

Ear to Ground: 3Q margin recovery remains elusive

Our channel checks indicate that pan-India average cement prices declined ~1% MoM (up ~1% YoY, adjusted for the GST rate cut) to INR 336/bag in Nov'25. Regionally, prices fell ~1–2% sequentially across all markets. On a QTD basis, pan-India prices (adjusted for the GST rate cut) have corrected ~2% sequentially, driven by a ~3% decline in the East and the South. The price gap between non-trade and trade segments has widened further across regions (likely to INR 50–60/bag). Pan-India industry volume likely grew in high single digits YoY in Nov'25, aided by a favourable base and festive season shifts. However, demand for Oct–Nov combined appears to have grown only in mid single digits YoY. Demand in a few pockets remained slightly soft due to the Bihar elections, construction restrictions in Delhi related to pollution, lower labour availability, and the busy marriage season. Typically, the industry sees a sequential improvement in profitability in 3Q (~INR 150–200/tn), but this time the recovery appears challenging (likely below the historical range given weaker cement prices, rising input costs along with rupee depreciation, and a gradual demand recovery). Any rebound in cement prices will be a key monitorable in the coming months. Our top picks are UltraTech in largecaps and JK Cement in mid-caps.

- **Pan-India cement prices declined ~1% MoM, though they were up ~1% YoY (adjusted for GST rate):** Regionally, prices declined ~1–2% sequentially. On a 3QFY26-to-date basis, pan-India prices have corrected ~2% QoQ (GST rate cut adjusted), led by sharper declines of ~3% in the East and the South, and ~1% each in the West, Central, and North. The price differential between trade and non-trade segments has widened further across regions, now likely at INR 50–60/bag. Notably, the North saw a modest recovery in non-trade prices during the month. In Central India, the commissioning of JK Cement's Panna Line-2 in Dec'25 is likely to exert incremental pressure on prices and profitability. Near-term pricing upside appears limited—despite the seasonally strong period—given tighter GST surveillance, rising supply, and aggressive market share strategies by larger players.
- **Industry demand likely grew in high single digit YoY in Nov'25, mid-single digit in QTD:** Industry demand is estimated to have grown in high single digits YoY in Nov'25, supported by a favourable base and the shift in the festive season, with the North likely delivering the strongest growth. However, a few pockets witnessed marginal softness due to the Bihar elections, construction restrictions in Delhi amid pollution concerns, lower labour availability, and the busy marriage season. In Maharashtra, a meaningful recovery in demand is likely only post the municipal elections scheduled for Jan'26. Over the medium term, we expect industry demand to grow at ~6–7%, underpinned by sustained government focus on infrastructure and housing, as well as gradually improving demand dynamics in both rural and urban markets.
- **Spot petcoke prices trend higher ~7% QoQ:** Spot US petcoke CIF and landed prices at Indian ports currently stand at USD 117/tn and USD 133/tn, respectively — about 7% higher than the 2QFY26 average. Along with rupee depreciation, this is expected to increase input costs by INR 50–60/tn. While the industry has generally seen a sequential profitability recovery in 3Q (typically INR 150–200/tn), the current quarter appears challenging (likely below historical range) due to softer cement prices, rising fuel costs, and a gradual pace of demand recovery.

Exhibit 1. Valuation matrix

Company Name	Mcap (USD mn)	Rating	CMP (INR/sh)	TP (INR/sh)	EV/EBITDA (x)			EV/Tonne (USD)		
					FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
ACC	3,828	REDUCE	1,840	1,970	9.9	8.6	8.1	86	84	79
Ambuja	14,591	BUY	535	700	18.5	15.2	13.1	151	137	132
Birla Corp	932	BUY	1,094	1,500	7.8	6.9	6.5	58	54	53
Dalmia	4,170	ADD	1,984	2,550	12.2	11.0	9.8	102	105	86
JK Cement	4,879	BUY	5,707	6,700	19.6	17.1	15.3	171	178	145
JSW Cement	1,630	BUY	108	170	18.8	14.9	12.2	116	116	107
Ramco Cements	2,687	REDUCE	1,028	1,000	18.4	15.4	13.0	133	112	103
Shree Cement	10,500	ADD	26,300	31,000	17.8	15.7	13.7	145	129	119
Star Cement	994	BUY	222	310	10.9	9.5	8.4	112	94	92
UltraTech	37,728	BUY	11,570	14,250	22.2	17.7	15.1	204	189	175

Source: JM Financial



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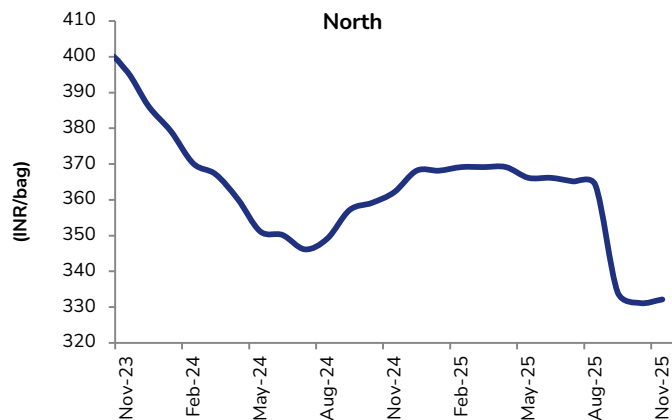
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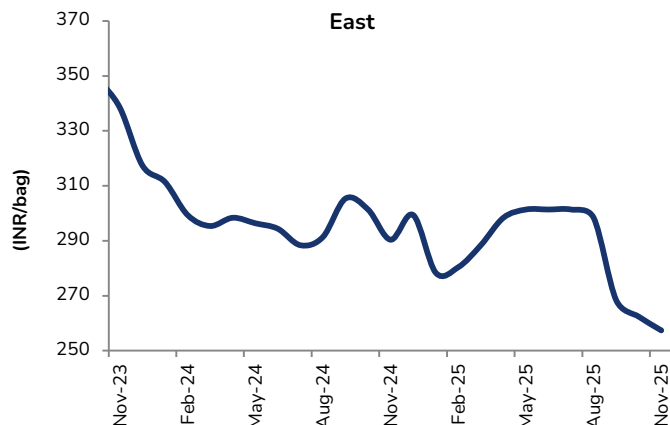
Cement Prices

Exhibit 2. North cement prices were broadly flat MoM in Nov'25



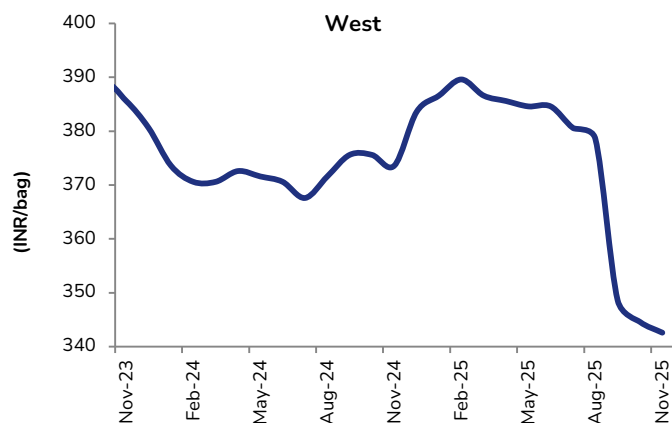
Source: Industry, JM Financial

Exhibit 3. East cement prices declined ~2% MoM in Nov'25



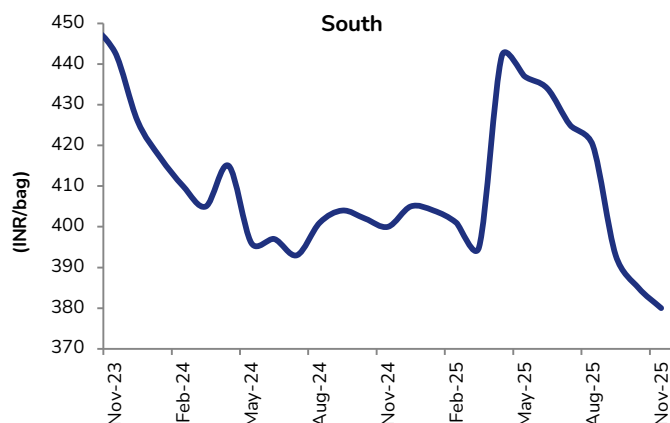
Source: Industry, JM Financial

Exhibit 4. West cement prices declined ~1% MoM in Nov'25



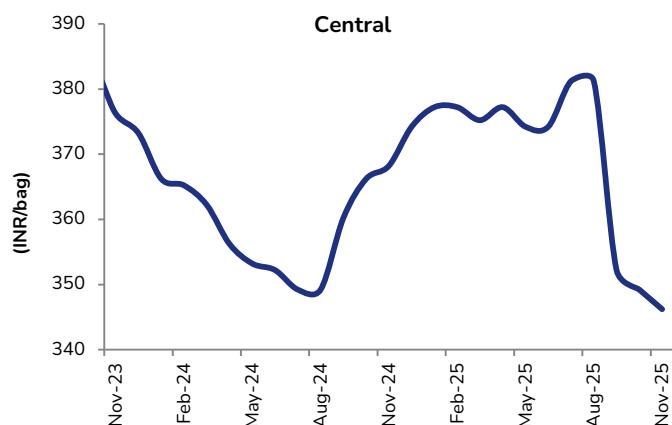
Source: Industry, JM Financial

Exhibit 5. South cement prices fell ~1% MoM in Nov'25



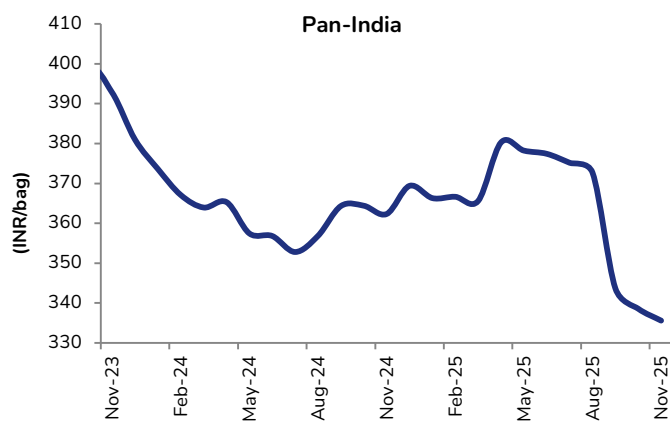
Source: Industry, JM Financial

Exhibit 6. Central cement prices fell ~1% MoM in Nov'25



Source: Industry, JM Financial

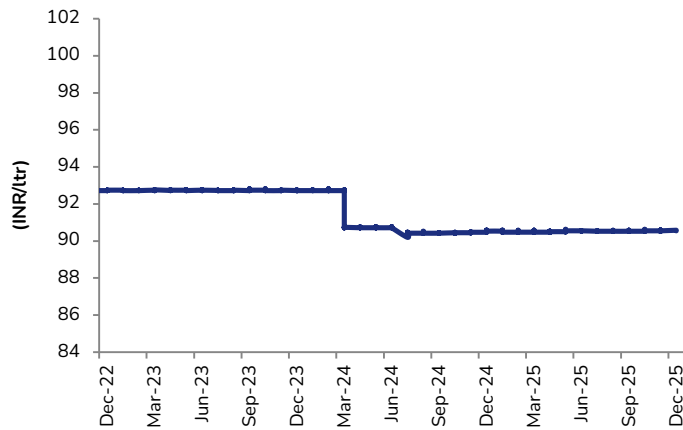
Exhibit 7. Pan-India cement prices declined ~1% MoM in Nov'25



Source: Industry, JM Financial

Input Costs

Exhibit 8. Diesel prices have been stable in recent past



Source: Industry, JM Financial

Exhibit 9. Spot coal prices increased ~6% vs. 2QFY26 average



Source: Industry, JM Financial

Exhibit 10. Domestic petcoke prices increased ~8% QoQ in 3QFY26-TD



Source: Industry, JM Financial

Exhibit 11. Spot international petcoke prices surged ~6% QoQ in 3QFY26-TD



Source: Industry, JM Financial

Exhibit 12. Volume likely to grow at ~11% CAGR over FY25-28E

Volume (mt)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%)	
										FY20-25	FY25-28E
ACC	30	26	29	39	37	42	48	53	57	7.2	10.4
Ambuja Cements	54	49	56	69	59	65	78	87	96	3.8	14.1
Birla Corp	14	14	14	16	18	18	19	20	21	5.5	4.6
Dalmia Bharat	19	21	22	26	29	29	30	33	36	8.8	6.8
JK Cement	10	12	14	16	19	20	23	25	28	14.6	11.2
JSW Cement	8	9	10	10	13	13	14	17	20	11.0	16.2
Ramco Cements	11	10	11	15	18	19	19	20	22	10.6	6.1
Shree Cement	28	30	31	35	39	40	41	45	49	7.3	7.4
Star Cement	3	3	3	4	4	5	5	6	7	10.4	12.7
UltraTech Cement	82	86	94	106	119	136	154	171	189	10.5	11.6
Total*	229	233	257	297	318	344	382	424	467	8.5	10.7

Source: Company, JM Financial *Excluding ACC

Exhibit 13. Realisation likely to grow at 2% CAGR over FY25-28E

Realisation (INR/tn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%)	
										FY20-25	FY25-28E
ACC	5,156	5,151	5,380	5,645	5,308	4,905	5,185	5,235	5,297	(1.0)	2.6
Ambuja Cements	4,930	4,931	5,060	5,565	5,496	5,210	5,341	5,415	5,470	1.1	1.6
Birla Corp	4,865	4,872	5,129	5,395	5,387	4,991	5,035	5,089	5,151	0.5	1.1
Dalmia Bharat	4,967	5,088	5,084	5,258	5,104	4,764	5,042	5,106	5,156	(0.8)	2.7
JK Cement	5,603	5,449	5,592	5,854	5,867	5,683	5,775	5,811	5,919	0.3	1.4
JSW Cement	3,821	4,178	4,691	5,415	4,664	4,509	4,664	4,766	4,841	3.4	2.4
Ramco Cements	4,788	5,278	5,392	5,465	5,097	4,605	4,885	4,944	5,011	(0.8)	2.9
Shree Cement	4,609	4,523	4,765	5,091	5,208	4,852	5,297	5,361	5,435	1.0	3.9
Star Cement	6,389	6,500	6,523	6,735	6,546	6,336	6,471	6,537	6,603	(0.2)	1.4
UltraTech Cement	5,038	5,118	5,502	5,895	5,864	5,517	5,623	5,689	5,763	1.8	1.5
Wtd. Average*	4,934	4,989	5,240	5,612	5,538	5,225	5,406	5,472	5,541	1.2	2.0

Source: Company, JM Financial *Excluding ACC

Exhibit 14. EBITDA/tn likely to grow at ~12% CAGR over FY25-28E

EBITDA/tn	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR (%)	
										FY20-25	FY25-28E
ACC	811	949	1,020	499	830	575	650	670	680	(6.6)	5.7
Ambuja Cements	854	1,051	1,101	742	1,081	795	1,022	1,140	1,250	(1.4)	16.3
Birla Corp	967	988	781	491	815	672	720	770	820	(7.0)	6.8
Dalmia Bharat	1,092	1,346	1,093	899	917	820	1,075	1,122	1,170	(5.6)	12.6
JK Cement	1,186	1,320	1,057	810	1,079	1,002	1,070	1,130	1,190	(3.3)	5.9
JSW Cement	802	912	780	779	902	684	910	975	1,050	(3.1)	15.4
Ramco Cements	1,024	1,560	1,168	800	851	666	850	930	1,010	(8.2)	14.9
Shree Cement	1,346	1,360	1,177	844	1,146	998	1,200	1,235	1,280	(5.8)	8.7
Star Cement	1,369	1,258	1,014	1,167	1,261	1,223	1,590	1,600	1,625	(2.2)	9.9
UltraTech Cement	1,144	1,338	1,225	1,004	1,089	924	1,050	1,180	1,250	(4.2)	10.6
Wtd. Average*	1,073	1,252	1,124	862	1,045	872	1,040	1,137	1,210	(4.1)	11.5

Source: Company, JM Financial *Excluding ACC

APPENDIX I

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Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

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