

Apr-Jun'25 Earnings Preview

Steady prices amid sequential volume dip

We expect our cement coverage universe to report YoY Revenue/EBITDA/PAT growth of ~11%/43%/51% (-5%/-2%/-14% QoQ) in Q1FY26 on improved pricing despite muted volume growth. Cement pricing was strong in the first 2 months of the quarter, supported by government infrastructure spending, which aided demand to some extent. However, overall demand remained mixed across regions, mainly due to extreme heatwaves affecting labor availability and early monsoon affecting construction activities in some regions. Marriage and harvesting seasons in April and May also affected demand. As the monsoon sets in across regions, pricing momentum began to fade. Despite mixed demand, southern markets saw the steepest price hike during the quarter, followed by the eastern region, which resulted in a QoQ average price increase of ~4%.

During the peak monsoon ahead, we expect the IHB segment to provide some support led by interior work and pricing to remain subdued. Cement companies under our coverage are likely to post a strong operating performance in Q1FY26, led by better pricing and flattish operating costs. Southern and eastern-focused players are expected to see a strong QoQ rise in EBITDA/t, driven by the steepest price hikes in these regions. Key monitorables to watch out are: 1) near-term demand growth, 2) sustainability of prices, and 3) trend in petcoke and other costs.

Recovery in cement realization: Realization for our cement coverage universe is expected to increase by ~3% QoQ (3% YoY) in Q1FY26. Cement players across regions attempted price hikes in phases wherever possible, supported by strong government infrastructure spending in the first half of the quarter. According to our channel checks, cement prices increased on average by Rs12/bag QoQ, led by a steep rise of Rs40/bag in the south and Rs25/bag in the east, followed by a Rs7/bag increase in the north. In contrast, pricing in the west and central regions declined by Rs4/bag and Rs10/bag, respectively. Going forward, we expect prices to remain muted with downward pressure during monsoon, which might put pressure on Q2FY26 EBITDA/t.

Weak volume growth despite low base: We expect cement sector companies to witness weak YoY volume growth in Q1FY26 led by incremental volumes from acquisitions by industry leaders. Despite government's continued push on infrastructure spending over the last few months, cement demand is not picking up further impacted by extreme heatwaves and early monsoon in central, northern, southern and western India. We expect our coverage universe to report 8% YoY volume growth mainly witnessed by inorganic growth of leaders to 85mt (-8% QoQ).

Profitability to improve YoY: Power and fuel costs are expected to remain soft in Q1FY26, as petcoke prices declined by ~10% over the last 2 months after inching up by 5% in Apr'25. Freight costs are also expected to decline as major companies continue working on reducing their lead distances. Other costs are likely to benefit from better operating leverage on account of higher YoY volumes. In the long term,

July 7, 2025

Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
ACC	BUY	1,965	2,602
Ambuja Cement	BUY	592	690
Dalmia Bharat	Acc	2,156	2,303
Nuvoco Vistas Corporation	Acc	358	381
Shree Cement	Reduce	31,170	29,516
Ultratech Cement	Acc	12,345	13,668

Source: PL Acc=Accumulate

Top Picks

Ultratech Cement

Ambuja Cement

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costs are expected to trend lower, supported by stable diesel prices, an increasing share of renewable energy power, and expansion of railway sidings. Average EBITDA/t for our coverage universe is expected to grow ~6% QoQ (by Rs66) to ~Rs1,105 (+Rs270 YoY). DALBHARA and ACC are expected to witness the maximum increases of Rs189/t and Rs106/t (blended), respectively, led by higher exposure to southern region.

Change in rating and estimates

UltraTech Cement: We downgrade the stock to **ACCUMULATE** from **BUY** as the stock has witnessed ~11% run-up in the past month, narrowing the upside to our target price of Rs13,668 (assigning 18x EV to Mar'27 EBITDA). We have factored in most of the benefits from incremental volumes of Kesoram and India Cements over the next 2 years and have limited scope to upgrade EBITDA/t unless prices support. At CMP, the stock trades at EV of 19.9x/16.3x of FY26/27E EBITDA.

ACC: We expect ACC to be a key beneficiary of higher prices in South/East regions in 1HFY26. Incorporating recent price increases and AR25, we upgrade our EBITDA estimates by 8% each for FY26/27E. Maintain **BUY** with revised TP of Rs2,602 (Rs2,383 earlier) valuing at an EV multiple of 12x Mar'27E EBITDA. At CMP, the stock trades at EV of 9.3x/8.4x of FY26/27E EBITDA.

Nuvoco Vistas: We raise FY26/27E EBITDA by 9%/1%, incorporating higher prices for FY26/27E. Maintain **ACCUMULATE** with revised TP of Rs381 (Rs374 earlier) valuing at an EV multiple of 9x Mar'27E EBITDA. At CMP, the stock trades at EV of 9.8x/8.6x of FY26/27E EBITDA.

Exhibit 2: ~8% YoY volume growth for coverage universe aided by acquired capacities & mixed demand

Volumes (mt)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	YoY gr.	QoQ gr.
ACC	8.1	8.9	10.5	10.2	9.3	10.7	11.9	10.7	5%	-10%
ACEM Cons	13.1	14.1	16.6	15.8	14.2	16.5	18.7	17.7	12%	-5%
Dalmia	6.2	6.8	8.8	7.4	6.7	6.7	8.6	7.3	-2%	-15%
NUVOCO	4.5	4.0	5.3	4.8	4.2	4.7	5.7	5.0	5%	-12%
SRCM	8.2	8.9	9.5	9.6	7.6	8.8	9.8	9.4	-3%	-5%
UTCEM	25.7	26.1	33.9	30.9	26.4	28.8	37.2	34.9	13%	-6%

Source: Company, PL

Exhibit 3: Realization/t to improve by 3% QoQ led by steep price hikes in the southern & eastern regions

Realization/t (Rs)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	YoY gr.	QoQ gr.
ACC	5,125	5,220	4,895	4,757	4,680	4,652	4,778	4,945	4%	3%
ACEM Cons	5,667	5,765	5,358	5,260	5,196	5,153	5,288	5,185	-1%	-2%
Dalmia	5,079	5,300	4,894	4,893	4,594	4,727	4,779	5,066	4%	6%
NUVOCO	5,778	6,052	5,486	5,493	5,401	5,126	5,337	5,444	-1%	2%
SRCM	5,141	5,112	4,861	4,582	4,498	4,601	4,968	5,117	12%	3%
UTCEM	6,047	6,191	5,841	5,676	5,642	5,871	5,686	5,857	3%	3%

Source: Company, PL

Exhibit 4: Raw material cost/t to increase 2% sequentially

RM Cost/t (Rs)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	YoY gr.	QoQ gr.
ACC	1,598	1,507	1,674	1,717	1,926	2,050	2,109	2,004	17%	-5%
ACEM Cons	789	844	956	998	1,000	1,082	977	1,176	18%	20%
Dalmia	860	921	1,111	818	662	764	895	840	3%	-6%
NUVOCO	1,056	1,107	1,096	1,093	1,121	895	1,133	1,104	1%	-3%
SRCM	670	493	372	530	539	616	569	592	12%	4%
UTCEM	1,090	940	1,067	980	1,007	1,014	1,062	1,094	12%	3%

Source: Company, PL

Exhibit 5: Power & fuel cost to benefit from lower petcoke prices

P&F Cost/t (Rs)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	YoY gr.	QoQ gr.
ACC	1,095	1,141	934	981	842	797	730	784	-20%	7%
ACEM Cons	1,423	1,359	1,216	1,308	1,280	1,262	1,229	1,026	-22%	-17%
Dalmia	1,126	1,068	898	1,023	1,052	994	903	992	-3%	10%
NUVOCO	1,206	1,124	993	1,072	1,078	1,086	864	965	-10%	12%
SRCM	1,671	1,391	1,498	1,458	1,317	1,042	1,172	1,266	-13%	8%
UTCEM	1,560	1,536	1,375	1,404	1,380	1,406	1,222	1,234	-12%	1%

Source: Company, PL

Exhibit 6: Freight costs/t continue to decrease led by declining lead distance and stable diesel pricing

Freight costs/t (Rs)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	YoY gr.	QoQ gr.
ACC	1,170	1,074	1,054	1,064	1,002	960	957	979	-8%	2%
ACEM Cons	1,374	1,326	1,277	1,327	1,285	1,239	1,249	1,209	-9%	-3%
Dalmia	1,018	1,093	1,159	1,122	1,095	1,116	1,136	1,105	-1%	-3%
NUVOCO	1,531	1,557	1,505	1,480	1,476	1,405	1,409	1,384	-6%	-2%
SRCM	1,159	1,093	1,097	1,157	1,173	1,131	1,175	1,198	4%	2%
UTCEM	1,351	1,374	1,353	1,342	1,341	1,378	1,313	1,300	-3%	-1%

Source: Company, PL

Exhibit 7: EBITDA/t to sequentially grow by 6% led by uptick in pricing and flattish cost structure

EBITDA/t (Rs)	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26E	YoY gr.	QoQ gr.
ACC	678	1,017	801	666	469	448	698	804	21%	15%
ACEM Cons	994	1,228	1,023	810	686	537	999	1,026	27%	3%
Dalmia	950	1,146	743	904	646	763	926	1,115	23%	20%
NUVOCO	741	1,026	918	715	521	549	968	929	30%	-4%
SRCM	1,061	1,386	1,393	951	780	1,079	1,404	1,480	56%	5%
UTCEM	916	1,208	1,186	965	732	967	1,240	1,277	32%	3%

Source: Company, PL

Exhibit 8: Q1FY26 Result Preview (Rs mn)

Company Name		Q1FY26E	Q1FY25	YoY gr. (%)	Q4FY25	QoQ gr. (%)	Remark
ACC	Sales	56,119	51,549	8.9	60,665	(7.5)	We expect volume to decline ~10% QoQ to ~10.7mt (+5% YoY) due to heatwaves and early monsoon. Realization is expected to increase by ~3.5% sequentially due to price hikes in south, east and north. Hence, blended EBITDA/t is expected to increase by ~Rs106 QoQ to Rs804 (Rs138 YoY).
	EBITDA	8,612	6,791	26.8	8,302	3.7	
	Margin (%)	15.3	13.2	217 bps	13.7	166 bps	
	PBT	6,395	4,853	31.8	6,181	3.5	
	Adj. PAT	4,761	3,614	31.8	5,548	(14.2)	
Ambuja Cement (Consolidated)	Sales	91,761	83,115	10.4	98,886	(7.2)	We expect consolidated volume to decline ~5% QoQ to 17.7mt. MSA volume is expected to be 4.89mt (+2% QoQ). Cons realization is expected to decline by 2% QoQ due to lower contributions from Orient and Penna Cement. As a result, EBITDA/t is likely to increase by just Rs27 QoQ to Rs1,026.
	EBITDA	18,156	12,798	41.9	18,676	(2.8)	
	Margin (%)	19.8	15.4	439 bps	18.9	90 bps	
	PBT	14,451	10,993	31.5	16,402	(11.9)	
	Adj. PAT	10,693	7,896	35.4	10,128	5.6	
Dalmia Bharat	Sales	36,738	36,210	1.5	40,910	(10.2)	Realization is expected to increase by ~6% QoQ due to higher exposure to southern markets where prices increased the most. We expect 15% QoQ decline in volume to ~7.3mt due to affected demand (-2% YoY). EBITDA/t is expected to increase by Rs189 QoQ to Rs1,115 led by higher pricing.
	EBITDA	8,089	6,690	20.9	7,930	2.0	
	Margin (%)	22.0	18.5	354 bps	19.4	263 bps	
	PBT	4,214	3,070	37.3	4,670	(9.8)	
	Adj. PAT	3,066	2,255	36.0	4,350	(29.5)	
Nuvoco Vistas Corporation	Sales	27,438	26,365	4.1	30,423	(9.8)	We expect realization to rise ~2% QoQ on uptick in pricing in the eastern region. Volume are expected to decline 12% QoQ to 5mt (+5% YoY). EBITDA/t is expected to decline by Rs39 QoQ to Rs929 (+30% YoY).
	EBITDA	4,683	3,434	36.4	5,516	(15.1)	
	Margin (%)	17.1	13.0	404 bps	18.1	-107 bps	
	PBT	1,155	51	2,169.8	2,238	(48.4)	
	Adj. PAT	1,120	28	3,845.1	1,655	(32.3)	
Shree Cement	Sales	52,192	48,347	8.0	52,402	(0.4)	We expect volume to decline ~5% sequentially at ~9.4mt (-3% YoY). Realization is expected to increase ~3% led by price hikes in east and south. We factor in ~Rs76 QoQ increase in standalone EBITDA/t to Rs1,480 (+56% YoY) led by value over volume strategy.
	EBITDA	13,841	9,164	51.1	13,813	0.2	
	Margin (%)	26.5	19.0	757 bps	26.4	16 bps	
	PBT	7,044	3,508	100.8	7,428	(5.2)	
	Adj. PAT	5,283	3,177	66.3	5,560	(5.0)	
Ultratech Cement	Sales	2,04,235	1,75,324	16.5	2,11,347	(3.4)	Volume is expected to decline ~6% QoQ to ~34.9mt (+13% YoY) due to mixed demand. We expect UTCCEM to report 3% QoQ in realization led by price hikes during the quarter. EBITDA/t is expected to increase by Rs37 QoQ to Rs1,277 (32% YoY).
	EBITDA	44,549	29,810	49.4	46,097	(3.4)	
	Margin (%)	21.8	17.0	481 bps	21.8	0 bps	
	PBT	32,114	21,253	51.1	33,345	(3.7)	
	Adj. PAT	25,692	16,501	55.7	26,821	(4.2)	

Source: Company, PL

Exhibit 9: 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)			
						FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E	FY24	FY25	FY26E	FY27E
ACC	C	BUY	1,965	2,602	369.4	199.6	211.3	229.5	236.4	30.6	24.2	35.4	38.0	24.3	19.1	22.1	23.5	129.3	101.4	117.3	124.9	16.0	10.9	11.3	10.8	15.2	19.4	16.8	15.7
Ambuja Cement	C	BUY	592	689	1,458.2	331.6	350.4	439.1	480.1	64.0	59.7	84.8	108.7	32.9	41.8	35.9	45.8	15.0	17.0	14.6	18.6	9.0	8.8	6.5	7.8	39.5	34.9	40.6	31.8
Dalmia Bharat	C	Acc	2,156	2,303	404.2	146.9	139.8	160.6	182.4	26.4	24.1	34.3	40.9	7.7	7.2	15.2	17.4	41.1	38.6	81.2	92.6	4.8	4.3	8.4	8.9	52.4	55.8	26.5	23.3
Nuvoco Vistas Corporation	C	Acc	358	381	128.0	107.3	103.6	111.6	123.6	16.2	13.7	17.5	19.6	1.3	0.1	2.4	3.5	3.6	0.3	6.8	9.7	1.4	0.1	2.7	3.7	99.9	1,278.8	52.6	36.8
Shree Cement	C	Reduce	31,170	29,516	1,124.6	202.5	192.8	205.8	231.1	42.4	39.3	47.2	57.4	24.0	11.2	18.4	23.2	664.0	311.2	511.3	642.4	12.2	5.3	8.3	9.7	46.9	100.2	61.0	48.5
Ultratech Cement	C	Acc	12,345	13,668	3,637.8	709.1	759.6	916.0	1,040.7	129.7	125.6	190.6	227.4	70.1	60.4	103.0	130.8	242.6	204.9	349.6	444.0	12.2	9.2	13.8	15.6	50.9	60.2	35.3	27.8

Source: Company, PL

S=Standalone / C=Consolidated / Acc=Accumulate

Exhibit 10: 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	2,602	2,383	9.2%	2,29,469	2,26,305	1.4%	2,36,376	2,33,118	1.4%	22,052	20,163	9.4%	23,482	21,245	10.5%	117.3	107.3	9.4%	124.9	113.0	10.5%
Ambuja Cement	BUY	BUY	689	692	-0.4%	4,39,124	4,42,000	-0.7%	4,80,114	4,81,053	-0.2%	35,902	36,827	-2.5%	45,835	46,154	-0.7%	14.6	15.0	-2.5%	18.6	18.7	-0.7%
Dalmia Bharat	Acc	Acc	2,303	2,273	1.3%	1,60,556	1,60,556	0.0%	1,82,441	1,82,441	0.0%	15,227	15,227	0.0%	17,372	17,012	2.1%	81.2	81.2	0.0%	92.6	90.7	2.1%
Nuvoco Vistas Corporation	Acc	Acc	381	374	1.9%	1,11,644	1,13,701	-1.8%	1,23,598	1,25,795	-1.7%	2,431	1,333	82.4%	3,477	3,440	1.1%	6.8	3.7	82.4%	9.7	9.6	1.1%
Shree Cement	Reduce	Reduce	29,516	29,152	1.2%	2,05,824	2,11,292	-2.6%	2,31,088	2,30,825	0.1%	18,447	19,553	-5.7%	23,179	22,502	3.0%	511.3	541.9	-5.7%	642.4	623.7	3.0%
Ultratech Cement	Acc	BUY	13,668	13,668	0.0%	9,15,989	9,15,989	0.0%	10,40,688	10,40,688	0.0%	1,03,022	1,03,022	0.0%	1,30,845	1,30,845	0.0%	349.6	349.6	0.0%	444.0	444.0	0.0%

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	2,383	1,938
2	Ambuja Cement	BUY	692	594
3	Dalmia Bharat	Accumulate	2,273	2,100
4	Hindalco Industries	Accumulate	724	663
5	Jindal Stainless	BUY	678	580
6	Jindal Steel & Power	Accumulate	978	893
7	JSW Steel	Accumulate	1,068	1,009
8	National Aluminium Co.	BUY	212	185
9	NMDC	Accumulate	75	71
10	Nuvoco Vistas Corporation	Accumulate	374	343
11	Shree Cement	Reduce	28,336	30,788
12	Steel Authority of India	Hold	133	130
13	Tata Steel	BUY	176	149
14	Ultratech Cement	BUY	13,668	12,114

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

ANALYST CERTIFICATION

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