

CEMENT

Q2FY26 Preview

10 October 2025

Listless quarter; GST rate cut impact likely from Q3

- A healthy ~12% (coverage universe) demand YoY despite early monsoons, driven by improved rural sentiment and lower base YoY
- Cement prices hiked early in Q1 failed to continue momentum due to early onset of the monsoon; GST impact to be visible from Q3 onwards
- Avg EBITDA margin (cement coverage) estimated at ~17%, up by ~400 bps on weak base YoY (-380bps QoQ), average EBITDA/t at ~Rs 900

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Monsoons a temporary blip for volume: Cement demand was steady in Q2FY26, at ~12% gain YoY, though a weak base helped reflect healthier gains. Demand revival visible in Q1FY26 did get impacted in many pockets due to early monsoons reflected in the ~9% QoQ fall in volume in our coverage universe. Demand was impacted across regions due to monsoons. However, states like Bihar (pre-election demand), West Bengal, Gujarat and Maharashtra were the outliers. Above-normal monsoon helped improve sentiments in the rural segment, though infrastructure activity got impacted, deferring urban demand.

Price stays listless, full impact of GST rate cut from 2H: Prices stayed range-bound but gained YoY, helped by the strong revival in Q1. The YoY pricing for our coverage universe improved by ~2.5% but fell 1% QoQ due to the monsoon. Further, prolonged monsoon spell till September-end added concerns. The GST price cut impact was only at the fag-end of the quarter and its full impact is expected from 2HFY26. Concerns were about the demand staying listless despite price decline towards the last few days of the quarter despite pre-festive period.

Margins improve YoY as cost structure further helps: Realisations of our coverage companies improved by an average of ~2.5%YoY (down ~1% QoQ). With limited negative cost headwinds offset by lower operating leverage, margin profile improved to 16.6% healthy in a monsoon quarter (weakened by ~380bps QoQ). Efficiently driven companies like UTCCEM, STRCEM, and SRCM outperformed the industry while ACC, TRCL and JK Lakshmi were below par.

EBITDA/t averages at Rs900/tn: We estimate EBITDA/t at Rs 906/tn, recovering from a low base YoY, on better pricing and limited cost headwinds. Better efficiencies due to alternate fuel usage, helped recovery. EBITDA/t improvement was healthy on a weak base YoY. UTCCEM, SRCM and STRCEM stayed above industry average, but ACC and Ramco Cements fared below average.

No major change in stance: We continue to be positive on UTCCEM and STAR CEM (BUY) and assign SELL rating on JK Lakshmi, Dalmia Bharat and TRCL.

Recommendation snapshot

Ticker	Price	Target	Rating
ACC IN	1,886	2,038	HOLD
ACEM IN	569	592	HOLD
DALBHARA IN	2,228	1,926	SELL
JKCE IN	6,621	5,652	SELL
JKLC IN	852	731	SELL
NUVOCO IN	433	427	HOLD
SRCM IN	29,445	28,874	HOLD
STRCEM IN	266	333	BUY
TRCL IN	1,019	752	SELL
UTCCEM IN	12,281	14,556	BUY

Price & Target in Rupees | Price as of 10 Oct 2025



Fig 1 – BOBCAPS Cement universe: Q2FY26 preview – Listless quarter, GST rate cut only at the fag-end, full impact likely from Q3, average EBITDA/tn rests ~Rs900/tonne, healthy in a monsoon season

Y/E March	Net sales (Rs mn)			EBITDA (Rs mn)			EBITDA margin (%)			Adj. PAT (Rs mn)		
	Q2FY26E	YoY (%)	QoQ (%)	Q2FY26E	YoY (%)	QoQ (%)	Q2FY26E	YoY (bps)	QoQ (bps)	Q2FY26E	YoY (%)	QoQ (%)
ACC	55,554	20.6	(8.4)	4,994	16.4	(35.4)	9.0	(32.4)	(375.1)	2,922	25.0	(24.0)
ACEM	49,748	11.8	(5.0)	6,422	5.4	(38.6)	12.9	(78.2)	(706.4)	4,894	45.3	(28.6)
DALBHARA	32,780	6.2	(9.8)	6,041	39.2	(31.6)	18.4	436.9	(585.7)	1,796	290.4	(52.4)
JKCE	27,037	13.0	(14.2)	3,655	34.0	(45.8)	13.5	211.6	(787.2)	1,268	180.4	(62.2)
JKLC	15,254	33.6	(12.4)	2,193	257.5	(29.5)	14.4	900.4	(349.7)	710	842.2	(53.2)
NUVOCO	24,958	10.0	(13.1)	3,612	65.1	(30.4)	14.5	482.9	(358.1)	277		(79.2)
TRCL	21,177	3.9	2.3	3,145	0.8	(20.9)	14.9	(46.2)	(435.8)	287	12.1	(66.7)
SRCM	44,404	19.1	(10.3)	9,903	67.1	(19.4)	22.3	640.4	(253.7)	4,140	344.6	(33.1)
STRCEM	7,494	16.8	(17.8)	1,607	68.2	(29.6)	21.4	654.9	(357.7)	543	857.4	(44.7)
UTCEM	1,78,118	19.5	(9.3)	34,317	77.6	(18.3)	19.3	630.0	(213.3)	16,726	109.9	(25.1)
Total	4,56,523	16.3	(9.2)	75,889	53.1	(26.1)	16.6	399.4	(379.2)	33,563	122.9	(34.2)

Source: Company, BOBCAPS Research

Fig 2 – Sales volume driven by demand recovery across regions, steep price hike in South India

Y/E March	Sales Volume (mn tonnes)			Realisation (Rs/tonne)			EBITDA (Rs/tonne)		
	Q2FY26E	YoY (%)	QoQ (%)	Q2FY26E	YoY (%)	QoQ (%)	Q2FY26E	YoY (bps)	QoQ (bps)
ACC	10.58	13.8	(8.0)	4,915	5.0	(1.1)	472	2.3	(29.8)
ACEM	9.77	5.1	(5.0)	5,095	6.4	(0.1)	658	0.3	(35.4)
DALBHARA	6.44	(3.9)	(8.0)	5,090	10.5	(2.0)	911	46.8	(26.2)
JKCE	4.91	16.9	(9.1)	5,504	(3.3)	(5.6)	744	14.6	(40.3)
JKLC	2.99	60.4	(10.0)	5,221	(14.6)	(0.3)	733	122.9	(21.7)
NUVOCO	4.47	6.0	(12.3)	5,080	0.3	(0.6)	807	55.8	(20.6)
TRCL	4.10	(8.7)	2.5	5,165	13.8	(0.2)	743	10.4	(23.4)
SRCM	7.83	3.0	(12.5)	5,488	11.9	(0.7)	1,265	62.3	(7.9)
STRCEM	1.07	9.4	(17.3)	6,424	(2.1)	(0.1)	1,502	53.7	31.3
UTCEM	31.29	20.5	(10.0)	4,848	(2.3)	(0.6)	1,097	47.4	(9.3)
Total	83.45	11.8	(8.9)	5,064	2.5	(1.1)	906	37.1	(18.2)

Source: Company, BOBCAPS Research

Fig 3 – ACC

Particulars	Q2FY26E	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	Comment
Sales volume (mn tonnes)	10.6	9.3	13.8	11.5	(8.0)	ACC's margin is anticipated to flat even in the monsoon quarter YoY helped by better realization carried from Q1. However lower volume will offset and lower cost efficiencies due to operating leverage will keep margins only range bound.
Realisations (Rs/tonne)	4,915	4,680	5.0	4,970	(1.1)	
Sales (Rs mn)	55,554	46,080	20.6	60,658	(8.4)	
EBITDA (Rs mn)	4,994	4,292	16.4	7,728	(35.4)	
EBITDA margin (%)	9.0	9.3	(32bps)	12.7	(375bps)	The performance continues to below par given the weak operating efficiencies however efforts with green power are aggressively pushed to lift margins.
EBITDA (Rs/tonne)	472	462	2.3	672	(29.8)	
Adj PAT (Rs mn)	2,922	2,339	25.0	3,845	(24.0)	
Adj PAT margin (%)	5.3	5.1	19bps	6.3	(108bps)	

Source: Company, BOBCAPS Research

Fig 4 – ACEM

Particulars	Q2FY26E	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	Comment
Sales volume (mn tonnes)	9.77	9.29	5.1	10.28	(5.0)	ACEM is poised for mid-single digit volume growth in Q2FY26, driven by integration of Orient Cement and contributions from new grinding units at Bhatapara and Farakka,
Realisations (Rs/tonne)	5,095	4,790	6.4	5,098	(0.1)	
Sales (Rs mn)	49,748	44,502	11.8	52,387	(5.0)	
EBITDA (Rs mn)	6,422	6,093	5.4	10,463	(38.6)	ACEM's advancements in green energy (targeting 30% power needs by FY28) and digital initiatives should help continued cost efficiencies keeping the EBITDA/tn flat YoY despite heavy and extended monsoons in kye regions.
EBITDA margin (%)	12.9	13.7	(78bps)	20.0	(706bps)	
EBITDA (Rs/tonne)	658	656	0.3	1,018	(35.4)	
Adj PAT (Rs mn)	4,894	3,369	45.3	6,855	(28.6)	
Adj PAT margin (%)	9.8	7.6	227bps	13.1	(325bps)	

Source: Company, BOBCAPS Research

Fig 5 – DALBHARA

Particulars	Q2FY26E	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	Comment
Sales volume (mn tonnes)	6.44	6.70	(3.9)	7.00	(8.0)	Volume fall is expected to stay below par in Q2FY26, despite DALBHARA's strong presence in eastern markets (lower than average monsoons in the region), reflecting a strategic focus on protecting realisations.
Realisations (Rs/tonne)	5,090	4,607	10.5	5,194	(2.0)	
Sales (Rs mn)	32,780	30,870	6.2	36,360	(9.8)	
EBITDA (Rs mn)	6,041	4,340	39.2	8,830	(31.6)	Realisations show improvement effectively YoY; but may face pressure QoQ due to monsoon in southern region and aggressive presence of large manufacturers in key operating regions of East India.
EBITDA margin (%)	18.4	14.1	437bps	24.3	(586bps)	
EBITDA (Rs/tonne)	911	621	46.8	1,234	(26.2)	
Adj PAT (Rs mn)	1,796	460	290.4	3,770	(52.4)	Margins are likely to be supported by ongoing cost efficiencies, helped by optimised fuel mix.
Adj PAT margin (%)	5.5	1.5	399bps	10.4	(489bps)	

Source: Company, BOBCAPS Research

Fig 6 – JKCE

Particulars	Q2FY26E	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	Comment
Sales volume (mn tonnes)	4.9	4.2	16.9	5.4	(9.1)	JK Cement volume growth in Q2FY26 YoY, fueled by expanded capacities in Bihar due to state elections. Additionally, Hamirpur, and Prayagraj, in the Central India region will help.
Realisations (Rs/tonne)	5,504	5,693	(3.3)	5,831	(5.6)	
Sales (Rs mn)	27,037	23,917	13.0	31,498	(14.2)	
EBITDA (Rs mn)	3,655	2,728	34.0	6,738	(45.8)	However, heavy monsoon in key regions of North and Central India should impact pricing
EBITDA margin (%)	13.5	11.4	212bps	21.4	(787bps)	
EBITDA (Rs/tonne)	744	649	14.6	1,247	(40.3)	
Adj PAT (Rs mn)	1,268	452	180.4	3,356	(62.2)	Challenges in the white cement segment to impact overall performance still beat the industry average.
Adj PAT margin (%)	4.7	1.9	280bps	10.7	(597bps)	

Source: Company, BOBCAPS Research

Fig 7 – JKLC

Particulars	Q2FY26E	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	Comment
Sales volume (mn tonnes)	3.0	1.9	60.4	3.3	(10.0)	JKLC YoY volume growth will be helped by new capacity addition in Surat and Prayagraj and consolidation with UWCL.
Realisations (Rs/tonne)	5,221	6,117	(14.6)	5,234	(0.3)	
Sales (Rs mn)	15,254	11,413	33.6	17,409	(12.4)	
EBITDA (Rs mn)	2,193	613	257.5	3,112	(29.5)	However, realisations are expected to be severely impacted due to high base. Margins are expected to stabilise, aided by cost savings due to softening fuel prices and from a 50% green power share offsetting impact of weak pricing.
EBITDA margin (%)	14.4	5.4	900bps	17.9	(350bps)	
EBITDA (Rs/tonne)	733	329	122.9	936	(21.7)	
Adj PAT (Rs mn)	710	75	842.2	1,517	(53.2)	
Adj PAT margin (%)	4.7	0.7	400bps	8.7	(405bps)	

Source: Company, BOBCAPS Research

Fig 8 – NUVOCO

Particulars	Q2FY26E	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	Comment
Sales volume (mn tonnes)	4.47	4.22	6.0	5.10	(12.3)	Volume gains to be steady helped by Gujarat presence.
Realisations (Rs/tonne)	5,080	5,063	0.3	5,110	(0.6)	
Sales (Rs mn)	24,958	22,686	10.0	28,727	(13.1)	
EBITDA (Rs mn)	3,612	2,188	65.1	5,186	(30.4)	Realisation stay listless dragged by eastern region and offset by west.
EBITDA margin (%)	14.5	9.6	483bps	18.1	(358bps)	
EBITDA (Rs/tonne)	807	518	55.8	1,017	(20.6)	EBITDA margin improvement aided by fuel cost savings however likely to reverse from H2.
Adj PAT (Rs mn)	277	(852)		1,332	(79.2)	
Adj PAT margin (%)	1.1	(3.8)	486bps	4.6	(353bps)	

Source: Company, BOBCAPS Research

Fig 9 – TRCL

Particulars	Q2FY26E	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	Comment
Sales volume (mn tonnes)	4.1	4.5	(8.7)	4.0	2.5	Realisation gains aided by strong price reversal in Q1 and largely staying listless over QoQ.
Realisations (Rs/tonne)	5,165	4,539	13.8	5,175	(0.2)	
Sales (Rs mn)	21,177	20,382	3.9	20,701	2.3	
EBITDA (Rs mn)	3,145	3,121	0.8	3,976	(20.9)	EBITDA margins are anticipated to stay listless while EBITDA/tonne likely to make a healthy shift however still below industry par.
EBITDA margin (%)	14.9	15.3	(46bps)	19.2	(436bps)	
EBITDA (Rs/tonne)	743	673	10.4	969	(23.4)	
Adj PAT (Rs mn)	287	256	12.1	860	(66.7)	
Adj PAT margin (%)	1.4	1.3	10bps	4.2	(280bps)	

Source: Company, BOBCAPS Research

Fig 10 – SRCM

Particulars	Q2FY26E	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	Comment
Sales volume (mn tonnes)	7.8	7.6	3.0	9.0	(12.5)	SRCM is expected to see flattish volume growth in Q2FY26, trailing the industry's 12% YoY growth, as focus remains on realisation gains limiting scope for market share gains.
Realisations (Rs/tonne)	5,488	4,904	11.9	5,528	(0.7)	
Sales (Rs mn)	44,404	37,270	19.1	49,480	(10.3)	
EBITDA (Rs mn)	9,903	5,925	67.1	12,291	(19.4)	Cost leadership continues aiding strong margin growth on a weak base.
EBITDA margin (%)	22.3	15.9	640bps	24.8	(254bps)	
EBITDA (Rs/tonne)	1,265	780	62.3	1,373	(7.9)	Focus on realisation gain to give a solid boost to EBITDA/tonne YoY.
Adj PAT (Rs mn)	4,140	931	344.6	6,185	(33.1)	
Adj PAT margin (%)	9.3	2.5	682bps	12.5	(318bps)	

Source: Company, BOBCAPS Research

Fig 11 – STRCEM

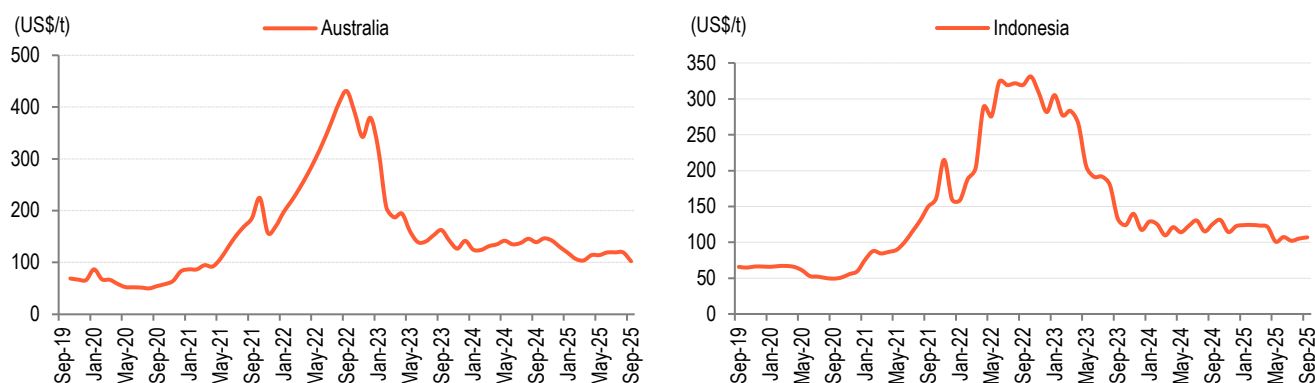
Particulars	Q2FY26E	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	Comment
Sales volume (mn tonnes)	1.07	0.98	9.41	1.29	(17.3)	Star Cement is anticipated to deliver healthy top-line growth in Q1FY26, driven by healthy volume growth in Northeast India and an expanding premium product portfolio with eastern region presence.
Realisations (Rs/tonne)	6,424	6,560	(2.1)	6,428	(0.1)	
Sales (Rs mn)	7,494	6,415	16.8	9,120	(17.8)	
EBITDA (Rs mn)	1,607	956	68.2	2,282	(29.6)	No major cost headwinds expected, hence margin improvement expected to be very strong and ahead of the industry.
EBITDA margin (%)	21.4	14.9	655bps	25.0	(358bps)	
EBITDA (Rs/tonne)	1,502	977	53.7	1,144	31.3	
Adj PAT (Rs mn)	543	57	857.4	982	(44.7)	Strategic focus on rural infrastructure demand should bolster near-term performance.
Adj PAT margin (%)	7.2	0.9	636bps	10.8	(352bps)	

Source: Company, BOBCAPS Research

Fig 12 – UTCCEM

Particulars	Q2FY26E	Q2FY25	YoY (%)	Q1FY25	QoQ (%)	Comment
Sales volume (mn tonnes)	31.3	26.0	20.5	34.8	(10.0)	UTCCEM is expected to maintain volume growth above the industry's 11% forecast in Q2FY26, driven by its pan-India network and contributions from newly integrated Kesoram and India Cements capacities.
Realisations (Rs/tonne)	4,848	4,960	(2.3)	4,878	(0.6)	
Sales (Rs mn)	1,78,118	1,49,052	19.5	1,96,353	(9.3)	
EBITDA (Rs mn)	34,317	19,327	77.6	42,018	(18.3)	EBITDA/t and margins to stay above industry averages as operating efficiencies, including enhanced green power adoption and optimized logistics remains key focus areas.
EBITDA margin (%)	19.3	13.0	630bps	21.4	(213bps)	
EBITDA (Rs/tonne)	1,097	744	47.4	1,208	(9.3)	
Adj PAT (Rs mn)	16,726	7,969	109.9	22,318	(25.1)	
Adj PAT margin (%)	9.4	5.3	404bps	11.4	(198bps)	

Source: Company, BOBCAPS Research

Fig 13 – Coal prices stay listless

Source: Company, BOBCAPS Research

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