

CEMENT

Q2FY26 Review

14 November 2025

Volume growth on a weak base; margin gains YoY healthy

- Volume growth at 13% YoY, driven by steady demand in the northern, central and eastern regions and a weak base. QoQ fall due to rains
- EBITDA margins improved by 400bps to ~16.8% vs 12.7% YoY, driven by realisation gains of 8% YoY; operating cost stays muted
- Post results, we maintain BUY on UTCCEM and STRCEM, and SELL on DALBHARA, JKLC and TRCL. JKCEM upgraded to HOLD

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Healthy volume growth YoY; seasonal decline QoQ: Our coverage universe posted aggregate volume growth of 13% YoY, supported by steady demand across northern, central and eastern regions, despite heavy monsoon impact. Volumes fell 8% QoQ, reflecting typical seasonal moderation, early festive shift, and transitional impact pre-GST rate cut (28% → 18%). UTCCEM (+22% including ICEM and KSI), JKCE (+16%), and ACEM (+14%) led YoY growth on capacity ramp-up and improved utilisation, while TRCL remained subdued (-2% YoY) amid pricing discipline and regional monsoon impact.

Stable prices and favourable mix drive realisations: Revenue for the aggregate universe rose 19% YoY, supported by firm realisations across regions and improved product mix; although it fell 7% QoQ on softer demand conditions during the monsoon. Companies including ACEM, SRCEM, Dalmia Bharat and UTCCEM reported strong revenue gains on the back of higher blended prices and improving premium product contribution (28% from 20% YoY). Others like TRCL and NUVOCO recorded modest top-line growth constrained by lower dispatches.

Operating costs largely stable: On an aggregate basis, cost per tonne rose marginally by around 2% YoY, with the benefit of efficiency and better fuel mix offset by higher logistics and maintenance costs. Pet-coke prices inflated YoY, impacting fuel mix. Freight costs inflated due to companies like JKLC, JKCE and STRCEM chasing newer markets for seeding though rail-share improved, while other expenses were elevated owing to shutdowns at plants. Costs were higher by about 5% QoQ on monsoon-linked logistics constraints and scheduled kiln maintenance.

UTCCEM is our top pick: We maintain BUY on UTCCEM (TP Rs 14,634) as we believe it is best-placed, owing to its higher capacity, better efficiencies and pan-India presence. We retain BUY on STRCEM (Rs 342), given its niche market presence, efforts for regional diversification and market share consolidation. We maintain SELL on TRCL (Rs 790), JKLC (Rs 770) and DALBHARA (Rs 2,087) due to weak operating efficiencies. We upgrade JKCE (Rs5,777) to HOLD on reasonable valuations retain SRCEM as HOLD (Rs.29,833)



Fig 1 – Revenue growth

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comment
ACC	58,525	46,080	27.0	60,658	(3.5)	- Aggregate revenue for our cement coverage delivered double-digit growth to ~19%, driven by volume growth and realisation. The growth was largely broad-based. - Revenue gains were contributed by volume gains, partially due to pent-up demand in the last month of the quarter, post rate rationalisation, capacity expansion by companies (YoY growth) and healthy realisation gains YoY in the southern region, following sharp price hikes in Q1.
ACEM	51,487	42,132	22.2	49,748	3.5	
DALBHARA	34,170	30,870	10.7	36,360	(6.0)	
JKCE	28,585	23,917	19.5	31,498	(9.2)	
JKLC	15,318	12,343	24.1	17,409	(12.0)	
NUVOCO	24,576	22,686	8.3	28,727	(14.5)	
SRCM	43,032	37,270	15.5	49,480	(13.0)	
STRCEM	8,109	6,415	26.4	9,120	(11.1)	
TRCL	22,348	20,382	9.6	20,701	8.0	
UTCEM	1,78,644	1,49,052	19.9	1,96,353	(9.0)	
Aggregate	4,64,795	3,91,147	18.8	5,00,055	(7.1)	

Source: Company, BOBCAPS Research

Fig 2 – EBITDA growth

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comment
ACC	8,195	4,292	90.9	7,728	6.0	- Aggregate EBITDA for our coverage universe grew by a healthy 46% YoY. The improvement/flattish cost structure was aided by synergies of scale driven by higher volume. - Additionally, sharp price hikes in the southern region YoY and steady realisation gains in other regions helped EBITDA gains. - UTCEM posted relatively healthy operating performance with 43% increase in EBITDA including acquired assets, despite being on a higher base. STRCEM was the outlier with EBITDA nearly doubling. - ACEM and TRCL were the under performers with ~ flat%/24% EBITDA gains, while southern-based Dalmia Bharat and Central India based JK Cement, delivered healthy gains. - SRCM continues to focus on realisations helping EBITDA gains, though capacity utilisation remained muted.
ACEM	7,044	7,048	(0.1)	6,422	9.7	
DALBHARA	6,960	4,340	60.4	8,830	(21.2)	
JKCE	4,398	2,728	61.2	6,738	(34.7)	
JKLC	2,081	890	133.8	3,112	(33.1)	
NUVOCO	3,670	2,188	67.8	5,186	(29.2)	
SRCM	8,513	5,925	43.7	12,291	(30.7)	
STRCEM	1,902	956	99.0	2,282	(16.7)	
TRCL	3,869	3,121	24.0	3,976	(2.7)	
UTCEM	27,702	19,327	43.3	42,018	(34.1)	
Aggregate	74,334	50,814	46.3	98,583	(24.6)	

Source: Company, BOBCAPS Research

Fig 3 – Adj. PAT growth

(Rs mn)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comment
ACC	11,122	2,339	375.5	3,845	189.2	- Aggregate PAT for our coverage universe gained sharply YoY higher than EBITDA, on account of weak base and improving balance sheets, leading to lower interest outgo besides tax benefits. - Nuvoco delivered profits vs loss in Q2FY25. However, nearly all companies delivered a fall in profitability QoQ, due to seasonality.
ACEM	16,104	5,249	206.8	8,555	88.2	
DALBHARA	2,360	460	413.0	3,770	(37.4)	
JKCE	1,758	452	288.7	3,356	(47.6)	
JKLC	823	(218)	(478.3)	1,517	(45.7)	
NUVOCO	364	(852)	(142.8)	1,332	(72.6)	
SRCM	2,771	931	197.6	6,185	(55.2)	
STRCEM	711	57	1153.7	982	(27.6)	
TRCL	743	256	190.5	860	(13.6)	
UTCEM	10,639	7,969	33.5	22,318	(52.3)	
Aggregate	47,395	16,644	184.8	52,719	(10.1)	

Source: Company, BOBCAPS Research

Fig 4 – Volume growth

(mn tonnes)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comment
ACC	10.0	9.3	7.5	11.5	(13.0)	- UTCEM remains a steady volume driver at 7% excluding inorganic growth - SRCM's volume gains were muted and remain a negative surprise (at 4% growth YoY) as the company focuses on realisation and at the same time, capacity expansion. - Volume gains by JKCE were 16%, aided by capacity additions YoY in Central India, while STRCEM remains a performer with ~20% volume growth, despite adverse weather and continues to retain market share in the North-East.
ACEM	9.9	8.7	13.8	10.5	(5.7)	
DALBHARA	6.9	6.7	3.0	7.0	(1.4)	
JKCE	4.9	4.2	16.0	5.4	(9.8)	
JKLC	2.8	2.5	14.7	3.3	(14.6)	
NUVOCO	4.3	4.2	1.9	5.1	(15.7)	
SRCM	7.9	7.6	4.1	9.0	(11.6)	
STRCEM	1.2	1.0	19.6	1.3	(9.6)	
TRCL	4.4	4.5	(2.0)	4.0	10.0	
UTCEM	31.8	26.0	22.3	34.8	(8.7)	
Aggregate	84.0	74.6	12.6	91.8	(8.5)	

Source: Company, BOBCAPS Research

Fig 5 – Realisation per tonne

(Rs/t)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comment
ACC	5,519	4,680	17.9	4,970	11.1	- Aggregate realisation for our coverage gained a healthy ~8% YoY, despite healthy volume gains - This was driven largely by sharp price hikes of ~Rs30/bag in the southern region in Q1 and prices holding back despite monsoons. - Other regions (East, West, Central and North) also backed pricing well with most of the companies following discipline. - Focus was also on selling premium products now forming ~ 29% vs 20% YoY of trade sales, driven by UTCEM, SRCM, Dalmia and ACEM.
ACEM	5,201	4,843	7.4	5,252	(1.0)	
DALBHARA	4,952	4,607	7.5	5,194	(4.7)	
JKCE	5,866	5,693	3.0	5,831	0.6	
JKLC	5,390	4,983	8.2	5,234	3.0	
NUVOCO	5,715	5,376	6.3	5,633	1.5	
SRCM	5,440	4,904	10.9	5,528	(1.6)	
STRCEM	6,376	6,560	(2.8)	6,428	(0.8)	
TRCL	5,079	4,539	11.9	5,175	(1.9)	
UTCEM	5,547	4,960	11.8	4,878	13.7	
Aggregate	5,508	5,115	7.7	5,412	1.8	

Source: Company, BOBCAPS Research

Fig 6 – Operating cost per tonne

(Rs/t)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comment
ACC	5,033	4,493	12.0	4,603	9.3	Operating cost inflation was muted at ~2% and helped further guard EBITDA margins. Operating cost per tonne for our coverage companies was a mixed bag with JKCE, UTCEM and NUVOCO being the key cost savers.
ACEM	4,489	4,033	11.3	4,422	1.5	
DALBHARA	3,943	3,960	(0.4)	3,933	0.3	
JKCE	4,963	5,044	(1.6)	4,584	8.3	However, cost /tonne increased QoQ for most of the companies due to inflating imported coal and pet-coke prices, indicating cost-saving avenues are waning steadily.
JKLC	4,657	4,624	0.7	4,299	8.3	
NUVOCO	4,721	4,700	0.5	4,471	5.6	
SRCM	4,364	4,124	5.8	4,155	5.0	Companies shifting aggressively to green energy sources will continue having additional levers of cost savings like JKCE, Ultratech and Dalmia Bharat.
STRCEM	5,306	5,583	(5.0)	5,284	0.4	
TRCL	4,200	3,844	9.2	4,181	0.4	
UTCEM	4,754	4,995	(4.8)	4,439	7.1	
Aggregate	4,643	4,540	2.3	4,437	4.6	

Source: Company, BOBCAPS Research

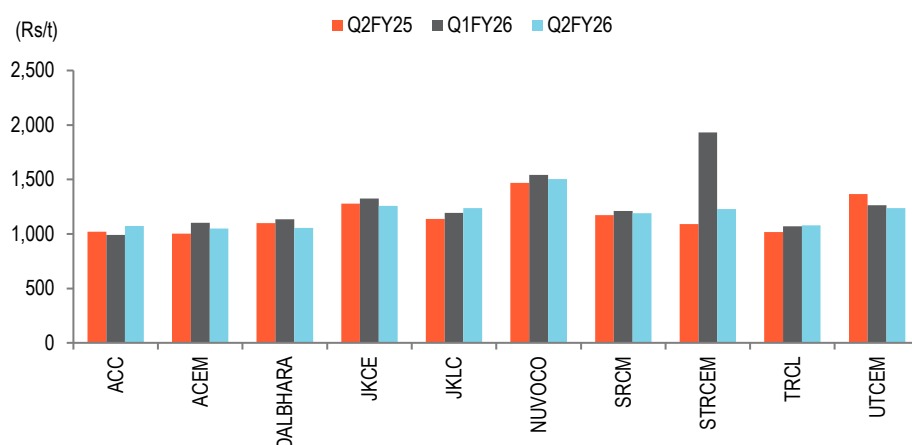
Fig 7 – EBITDA per tonne

(Rs/t)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comment
ACC	819	462	77.6	672	21.9	Aggregate EBITDA/tonne spiked sharply by a strong 35%, on a lower base and by companies with higher exposure to southern and eastern regions.
ACEM	712	810	(12.2)	830	(14.3)	
DALBHARA	982	621	58.1	1,234	(20.5)	
JKCE	902	649	39.0	1,247	(27.7)	Dalbhara and TRCL's outperformance was striking driven by sharp price hikes however the growth was impacted also by lower capacity utilisation ~ 65%.
JKLC	732	359	103.8	936	(21.7)	
NUVOCO	853	518	64.6	1,017	(16.1)	
SRCM	1,076	780	38.0	1,373	(21.6)	The improvement could have been higher, but for the laggards like ACEM.
STRCEM	1,070	977	9.5	1,144	(6.4)	
TRCL	857	673	27.3	969	(11.6)	
UTCEM	873	744	17.2	1,208	(27.8)	
Aggregate	888	659	34.6	1,063	(16.5)	

Source: Company, BOBCAPS Research

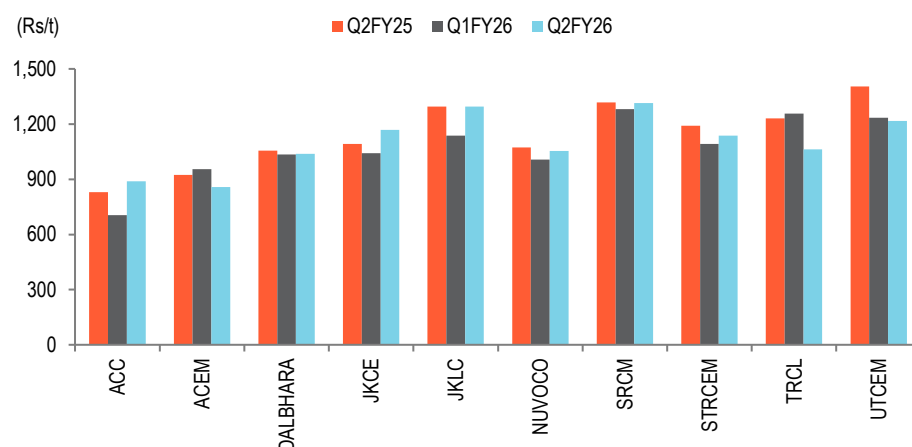
Logistic cost of our coverage inched up ~3% YoY as distant markets were chased due to softer demand.

JKLC, TRCL and STRCEM's costs rose sharply by an average of 8% due to chasing newer markets while Dalmia Bharat and Ultratech were the key beneficiaries

Fig 8 – Logistics cost per tonne

Source: Company, BOBCAPS Research

Fuel costs for our coverage companies dropped by 3%YoY, but inched up by 4%QoQ, as energy prices continue to soften YoY. However, the benefits will wane steadily on a lower base in the next few quarters as reflected in the upward reversal QoQ, in our view.

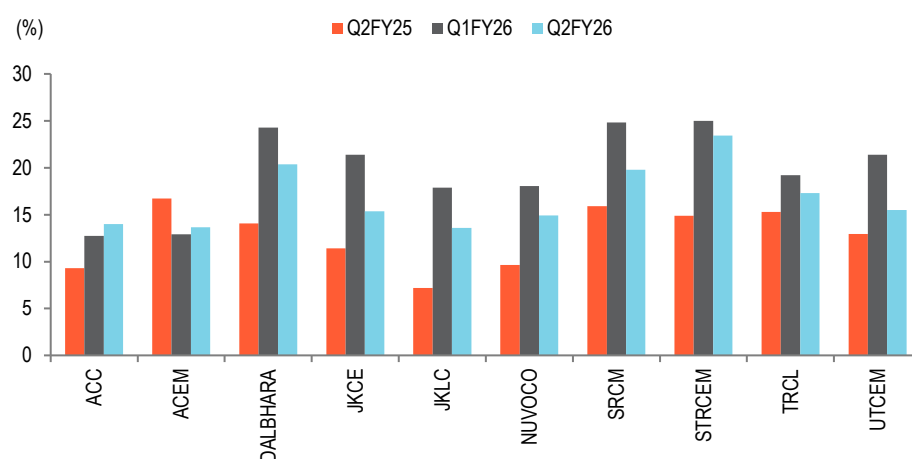
Fig 9 – Power & fuel cost per tonne

Source: Company, BOBCAPS Research

Average margin gained ~ 400bps YoY to 16.8% in Q2FY26, driven by realization benefits and benign cost inflation

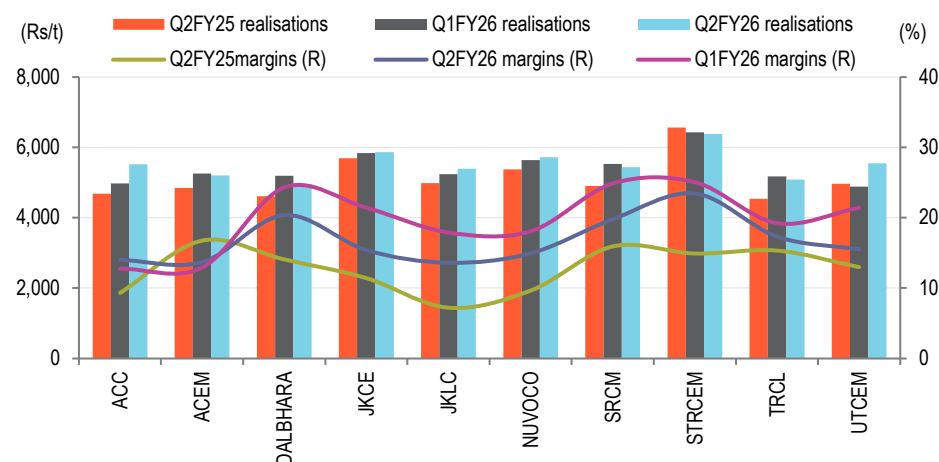
STRCEM, JKCE and SRGM continued to have above-average gains.

ACEM and ACC's margins stayed below par.

Fig 10 – EBITDA margin

Source: Company, BOBCAPS Research

Margins improved is correlated to price hikes in some case sharp hikes like in southern region helped. However, we feel price benefits will rate rationalisation will wane and margins will need push from cost savings.

Fig 11 – Realisations vs Margins

Source: Company, BOBCAPS Research

Fig 12 – Ongoing expansion projects

Company	Projects
ACC	<u>Cement</u>
	Jodhpur Penna IU - 2 mnt by Q4FY26
	Salai Barwa - 2.4 mnt by Q3FY26
	Bathinda - 1.2 mnt by Q3FY26
	Marwar - 2.4 mnt by Q3FY26
	Warishaliganj - 2.4 mnt by Q4FY26
	Dahej Line 2 - 1.2 mnt by Q3FY26
Ambuja Cement	Kalamboli - 1.0 mnt by Q3FY26
	<u>Clinker</u>
	Bhatapara Line 3 - 4 mnt by Q3FY26
	Maratha Line 2 - 4 mnt by Q1FY27
	Jodhpur Penna IU - 3 mnt by Q4FY26
	ACEM has planned growth capex of Rs 60bn and efficiency capex of Rs 25-30bn totalling to Rs 90bn for FY26
Dalmia Bharat	<u>Cement</u>
	Belgaum - 3mnt by FY27
	<u>Clinker</u>
	Umranghsu - 3.6 mnt by Q3FY26
	Belgaum - 3.6mnt by FY27
	Pune - 3mnt by FY27
	<u>Captive Energy</u>
Heidelberg Cement	Lanka, Assam - 2.2mw solar power plant
	Group Captive - 13mw RE capacity
	Total capex for FY25 was ~Rs 24bn and for FY26 management has guided Rs 35bn.
India Cement	
JK Cement	<u>Cement</u>
	3 mnt Cement Capacity at Panna & Hamirpur (1 MTPA at each location)
	3 mnt Split Grinding Unit at Bihar by Dec'25/Jan'26
	3 mnt Grinding Unit at Jaisalmer by H1FY28
	<u>Clinker</u>
	4 mnt Grey Clinker Capacity at Panna Schedule Commissioning - Dec'25/Jan'26
	4 mnt Clinker Capacity at Jaisalmer by H1FY28
JK Lakshmi	Capex guidance for FY26 is Rs 28-30bn. Exapnsion plans for grinding unit in Rajasthan and Punjab are planned to commence from Q4YF26.
	<u>Cement</u>
	Durg,Chattisgarh -4.6 mnt (Q4FY27)
	Prayagraj(FY27),Madhubani(FY27),Patratu(FY28) - 3.4 mnt.
	Nagaur, Rajasthan - 3mnt (FY29-30)
	Kutch, Gujrat - (FY29-30)
	<u>Clinker</u>
	Durg,Chattisgarh -2.3 mnt (Q3FY27)
	Nagaur, Rajasthan - 2 mnt (FY29-30)
	Kutch, Gujrat - 2 mnt (FY29-30)
	Assam- 2-2.5mnt (FY29-30)
	Capex spend guidance for FY26 is Rs 10-12bn while capex for next 2 fiscal will be focussed on Durg expansion.
	Conveyor belt project is in final stages with approval from Ministry of Steel pending.

Company	Projects
Nuvoco Vistas	<u>Cement</u> Vadraj, Gujarat - 2.5 mnt (FY27) Surat, Gujarat - 6 mnt (FY27)
	<u>Clinker</u> Vadraj, Gujarat - 3.5 mnt (FY27)
	Capex for FY26 is guided to be ~Rs 6bn and for next 2 fiscals it is planned to be ~Rs 12bn split in equal parts
The Ramco cement	The management has reiterated their target to achieve cement capacity of 30MTPA by Mar'26 with the commissioning of 2nd line in Kolimigundla along with de-bottlenecking of existing facilities / adding grinding capacities in existing locations with minimal capex.
	Construction of railway siding in Kolimigundla is completed and commissioning is expected by Q1FY26.
	The 10mw WHRS plant at Ramasamy Raja Nagar was commissioned in Sep'25 and another 15mw of WHRS in Kolimigundla is anticipated to be put into service, together with Kiln Line-2 in FY27.
	The capex guidance for FY26 is Rs 12bn.
Shree Cement	<u>Cement</u> Kodla, Karnataka - 3mnt by Q3FY26
	<u>Clinker</u> 7.3mn tonnes of clinker capacity will be added, bringing the total clinker capacity to 44mn tonnes by the end of FY26
	Management has guided Rs 30bn capex for FY26.
Star Cement	<u>Cement</u> Silchar GU, Assam - 2mnt (Q4FY26) Jorhat GU, Assam - 2mnt (Q4FY27) Begusarai GU, Bihar - 2mnt (H1FY28)
	Capex target for FY26 is set at ~Rs 7.1-7.2bn while resolution for fund raise of Rs 15bn has been passed .
Ultratech Cement	<u>Cement</u> Patratu, Jharkhand - 2.5 mnt by FY26 Maihar, Madhya Pradesh (Phase 2) - 1.8mnt by F26 Shahjahanpur, Uttar Pradesh - 1.8 mnt by FY26 Nathdwara, Rajasthan - 1.2 mnt by FY26 Dhule, Maharashtra (Phase 2) - 0.6 mnt by FY26 Visakhapatnam, Andhra Pradesh - 3.3 mnt by FY26 Parli, Maharashtra- 1.2 mnt by FY26
	Aligarh, Uttar Pradesh - 2.7 mnt by FY27
	Bhagalpur, Bihar - 3.3 mnt by FY27
	West Bengal - 3.3 mnt by FY27
	APCW, Andhra Pradesh - 3.6 mnt by FY27
	Jharsuguda, Odisha - 2.3 mnt by FY27
	Dankuni, West Bengal - 1.0 mnt by FY27
	Chennai, Tamil Nadu - 1.8 mnt by FY27
	Dalavoi, Tamil Nadu - 0.4 mnt by FY27
	Vapi, Gujarat - 1.2 mnt by FY27
	Mandya, Karnataka - 1.2 mnt by FY27
	Guwahati, Assam - 1.2 mnt by FY27
	Kolkata, West Bengal - 1.0 mnt by FY27
	Panvel, Maharashtra - 1.0 mnt by FY27
Sanghi Industries	-

Source: Company, BOBCAPS Research | GU: Grinding Unit, IU: Integrated Unit, WHRS: Waste heat recovery systems, mnt: million tonnes

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