

CEMENT

Q2FY27 Preview

16 October 2026

Limited pricing power, cost pressure may impact margins

- Infrastructure activity and capacity ramp up likely to offset demand seasonality with coverage volume expected to grow 14.7% YoY
- Pricing power remains constrained limiting recovery resulting in a 1.7% YoY realisation growth but a sharp 4.3% QoQ decline
- Margin pressure persists as higher fuel, freight and packaging cost outweigh operating leverage leading to 13.2% YoY decline in EBITDA/tn

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Infrastructure spending supports demand as monsoon wraps early: Cement demand is expected to remain healthy aided by construction and infrastructure activity. This is supported by Central public sector enterprise completing 51% of the capex target in H1FY27. Our coverage universe is estimated to report 14.7% YoY (-0.4% QoQ) volume growth. The truncated monsoon helped continued construction activity without extended spells of disruption, further weak YoY base contributed.

Price hikes but at the fag end of the quarter: Cement prices recovered in September in the non-trade segment that had softened earlier to unsustainable lows. Trade segment prices however, stayed listless with limited gains and attempts of hikes in July and August being pushed back. Our Coverage universe realisations are estimated to increase by a meagre 1.7% YoY to Rs5,209/t, while declining 4.3% QoQ, reflecting supply overhang limiting pricing power and cost inflation pass through despite relatively healthy demand in a traditionally weak quarter.

Cost inflation to weigh on margins: Effectively, despite healthy YoY volume growth, coverage universe EBITDA/tn is estimated to fall sharply by 13.2%/24.2% YoY/QoQ to Rs758/t. EBITDA margins are expected to contract 242bps/344bps YoY/QoQ to 13.6%, as collectively fuel, packaging costs and freight costs inflation will have a full impact in Q2 following the partial pass through in Q1. This alongside weaker QoQ pricing gains will offset the benefits of operating leverage. ACC, TRCL, and NUVOCO are likely to face sharper pressure, while YoY EBITDA/tn of UTCCEM and STRCEM is likely to remain relatively resilient.

Capacity additions sustain competitive intensity: Capacity expansion continues across the industry, with brownfield projects and debottlenecking supporting volume growth. However, incremental supply amid seasonal demand weakness could constrain pricing recovery, keeping utilisation levels sub-optimal. This also imply new capacity will have constrained returns and longer payback period.

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



Fig 1 – BOBCAPS Cement universe: Q2FY27 preview

Y/E March	Net sales (Rs mn)			EBITDA (Rs mn)			EBITDA margin (%)			Adj. PAT (Rs mn)		
	Q2FY27E	YoY (%)	QoQ (%)	Q2FY27E	YoY (%)	QoQ (%)	Q2FY27E	YoY (bps)	QoQ (bps)	Q2FY27E	YoY (%)	QoQ (%)
ACC	61,513	3.8	6.7	3,402	(58.5)	(21.6)	5.5	(830.0)	(199.7)	2,137	(51.5)	23.9
ACEM	59,815	16.1	(5.5)	7,702	9.3	(17.6)	12.9	(80.1)	(189.9)	4,595	6.7	(8.8)
DALBHARA	35,846	4.9	(7.8)	6,031	(13.3)	(25.1)	16.8	(354.5)	(387.0)	1,261	(46.6)	(65.9)
JKCE	36,220	26.7	(6.3)	4,929	12.1	(22.8)	13.6	(177.6)	(291.2)	1,957	11.3	(32.7)
JKLC	17,432	13.8	(8.5)	1,842	(11.5)	(28.8)	10.6	(301.9)	(301.5)	517	(37.2)	(51.6)
JSWCEMEN	16,891	17.6	(10.9)	2,340	(12.5)	(21.1)	13.9	(477.1)	(178.1)	640	(15.1)	(53.8)
NUVOCO	27,104	10.3	(13.4)	3,062	(16.6)	(46.1)	11.3	(363.6)	(686.5)	55	(84.8)	(96.5)
TRCL	22,285	(0.3)	(1.8)	2,823	(27.0)	(8.1)	12.7	(464.7)	(87.2)	83	(88.8)	(56.8)
SRCM	51,074	18.7	(9.2)	8,176	(4.0)	(23.9)	16.0	(377.5)	(310.1)	2,508	(9.5)	(42.7)
STRCEM	8,341	2.9	(11.5)	1,530	(19.5)	(21.3)	18.3	(510.7)	(228.4)	377	(47.0)	(49.0)
UTCEM	2,21,547	24.0	(5.9)	34,198	23.5	(25.3)	15.4	(7.0)	(402.0)	15,555	46.2	(35.1)
Total	5,58,068	16.3	(5.7)	76,035	(1.3)	(24.7)	13.6	(242.2)	(343.6)	29,686	0.2	(36.4)

Source: Company, BOBCAPS Research

Fig 2 – Sales volume

Y/E March	Sales Volume (mn tonnes)			Realisation (Rs/tonne)			EBITDA (Rs/tonne)		
	Q2FY27E	YoY (%)	QoQ (%)	Q2FY27E	YoY (%)	QoQ (%)	Q2FY27E	YoY (bps)	QoQ (bps)
ACC	10.55	5.5	5.5	5,430	(1.6)	1.0	322	(60.7)	(25.7)
ACEM	11.12	12.3	(5.0)	5,382	3.5	(0.5)	693	(2.6)	(13.3)
DALBHARA	7.22	4.6	(5.0)	4,965	0.3	(3.0)	808	(17.7)	(21.7)
JKCE	6.25	28.2	(4.0)	5,799	(1.1)	(2.4)	789	(12.5)	(19.6)
JKLC	3.27	15.2	(9.0)	5,347	(0.8)	1.0	563	(23.2)	(21.8)
JSWCEMENR	3.36	8.0	(11.8)	5,027	8.8	1.0	696	(19.0)	(10.5)
NUVOCO	5.01	16.5	(5.5)	4,920	(3.0)	0.5	611	(28.4)	(43.0)
TRCL	4.40	-	(1.8)	5,065	(0.3)	-	619	(27.8)	(6.7)
SRCM	9.49	20.0	(9.5)	5,199	(4.4)	(3.0)	861	(20.0)	(15.9)
STRCEM	1.21	3.0	(11.0)	6,656	4.4	(1.0)	1,270	18.6	6.1
UTCEM	38.10	20.0	(3.1)	5,062	5.3	(0.3)	898	2.9	(22.9)
Total	99.97	14.7	(0.4)	5,209	1.7	(4.3)	758	(13.2)	(24.2)

Source: Company, BOBCAPS Research

Fig 3 – ACC

Particulars	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comment
Sales volume (mn tonnes)	10.6	10.0	5.5	10.0	5.5	Q2FY27 volume growth muted and below industry growth. However, the benefit from recent additions is expected to help volume growth.
Realisations (Rs/tonne)	5,430	5,519	(1.6)	5,376	1.0	
Sales (Rs mn)	61,513	59,254	3.8	57,660	6.7	Realisations are expected to decline YoY but improve QoQ as the focus on improving trade mix (81% from 76% YoY in Q1) and premium-product share rose to 44% from 41%.
EBITDA (Rs mn)	3,402	8,195	(58.5)	4,340	(21.6)	
EBITDA margin (%)	5.5	13.8	(830bps)	7.5	(200bps)	This should support blended realisations, although competitive intensity may limit pricing gains.
EBITDA (Rs/tonne)	322	819	(60.7)	434	(25.7)	
Adj PAT (Rs mn)	2,137	4,407	(51.5)	1,725	23.9	Higher operating costs, maintenance-related expenses and the impact of MSA volumes with ACEM are likely to weigh on profitability, with cost savings taking time to translate into earnings recovery.
Adj PAT margin (%)	3.5	7.4	(396bps)	3.0	48bps	

Source: Company, BOBCAPS Research

Fig 4 – ACEM

Particulars	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comment
Sales volume (mn tonnes)	11.12	9.90	12.3	11.70	(5.0)	Capacity availability and distribution strength should support growth, while the curtailing of lower EBITDA sales and regional demand patterns may dampen QoQ momentum.
Realisations (Rs/tonne)	5,382	5,202	3.5	5,409	(0.5)	
Sales (Rs mn)	59,815	51,499	16.1	63,280	(5.5)	Higher push on the trade sales (78% in Q1FY27 vs 74% in Q4FY26) should aid in growing realisations YoY but demand softness in earlier part of Q2 due to monsoon should keep QoQ price gains flat.
EBITDA (Rs mn)	7,702	7,044	9.3	9,350	(17.6)	
EBITDA margin (%)	12.9	13.7	(80bps)	14.8	(190bps)	Jodhpur Clinker line stabilizing and green power integration (34% in Q1FY27 vs 28% in Q1FY26) share should reduce variable expense partially offsetting higher fuel, packaging and freight cost.
EBITDA (Rs/tonne)	693	712	(2.6)	799	(13.3)	
Adj PAT (Rs mn)	4,595	4,307	6.7	5,040	(8.8)	
Adj PAT margin (%)	7.7	8.4	(68bps)	8.0	(28bps)	

Source: Company, BOBCAPS Research| ACEM estimates for Q3 are for standalone entity

Fig 5 – DALBHARA

Particulars	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comment
Sales volume (mn tonnes)	7.22	6.90	4.6	7.60	(5.0)	Gradual ramp up of Jaypee assets should aid in volume growth but monsoon disruptions in Southern and Eastern markets should exert pressure on QoQ volumes
Realisations (Rs/tonne)	4,965	4,952	0.3	5,118	(3.0)	
Sales (Rs mn)	35,846	34,170	4.9	38,900	(7.8)	Realisations will face pressure QoQ (flat YoY) due to rollback of price hikes given demand weakness in monsoon season
EBITDA (Rs mn)	6,031	6,960	(13.3)	8,050	(25.1)	
EBITDA margin (%)	16.8	20.4	(354bps)	20.7	(387bps)	Operating cost will remain under pressure due lower operating efficiency and incremental cost pressures of Rs 70-80/tn guided.
EBITDA (Rs/tonne)	808	982	(17.7)	1,032	(21.7)	
Adj PAT (Rs mn)	1,261	2,360	(46.6)	3,700	(65.9)	
Adj PAT margin (%)	3.5	6.9	(339bps)	9.5	(599bps)	

Source: Company, BOBCAPS Research

Fig 6 – JKCE

Particulars	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comment
Sales volume (mn tonnes)	6.2	4.9	28.2	6.5	(4.0)	Continued capacity ramp up in Buxar, Prayagraj and Hamirpur support volume growth though QoQ moderation is expected reflecting seasonality
Realisations (Rs/tonne)	5,799	5,866	(1.1)	5,942	(2.4)	
Sales (Rs mn)	36,220	28,585	26.7	38,661	(6.3)	Pricing is expected to be constrained (Rs 10/bag hike in May) despite the base in Q1FY27 as seasonal softness limit pricing power.
EBITDA (Rs mn)	4,929	4,398	12.1	6,387	(22.8)	
EBITDA margin (%)	13.6	15.4	(178bps)	16.5	(291bps)	EBITDA/tn to be weaker as ~Rs150/tn cost inflation is expected in Q2FY27 driven by higher fuel cost. Though advanced shutdowns of kiln in Q1FY27 should provide some respite
EBITDA (Rs/tonne)	789	902	(12.5)	982	(19.6)	
Adj PAT (Rs mn)	1,957	1,758	11.3	2,910	(32.7)	
Adj PAT margin (%)	5.4	6.1	(75bps)	7.5	(212bps)	

Source: Company, BOBCAPS Research

Fig 7 – JKLC

Particulars	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comment
Sales volume (mn tonnes)	3.3	2.8	15.2	3.6	(9.0)	Volumes YoY are expected to be strong with ramp up of Surat and improved utilization at UCWL.
Realisations (Rs/tonne)	5,347	5,390	(0.8)	5,294	1.0	
Sales (Rs mn)	17,432	15,318	13.8	19,048	(8.5)	Realisations should be under pressure YoY though improving trade mix (59% in Q1FY27 vs 56% YoY) and stable blended cement share (64% in Q1FY27 vs 63% YoY) should aid in QoQ gains
EBITDA (Rs mn)	1,842	2,081	(11.5)	2,588	(28.8)	
EBITDA margin (%)	10.6	13.6	(302bps)	13.6	(302bps)	Fuel is expected to increase to Rs 1.8/kcal from Rs 1.65/kcal in Q1FY27 as petcoke mix drops and higher priced coal cost flows through
EBITDA (Rs/tonne)	563	732	(23.2)	719	(21.8)	
Adj PAT (Rs mn)	517	823	(37.2)	1,068	(51.6)	
Adj PAT margin (%)	3.0	5.4	(241bps)	5.6	(264bps)	

Source: Company, BOBCAPS Research

Fig 8 – NUVOCO

Particulars	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comment
Sales volume (mn tonnes)	5.01	4.30	16.5	5.30	(5.5)	Contribution from Vadraj assets (Surat GU 2mtpa) and the debottlenecking of eastern capacities should aid YoY volume growth
Realisations (Rs/tonne)	4,920	5,074	(3.0)	4,896	0.5	
Sales (Rs mn)	27,104	24,576	10.3	31,287	(13.4)	Realisations are expected to be steady QoQ as Rs 10/bag trade and Rs 15-20/bag non-trade price hikes were maintained during Q2FY27 but seasonal weakness kept further price increase under check
EBITDA (Rs mn)	3,062	3,670	(16.6)	5,682	(46.1)	
EBITDA margin (%)	11.3	14.9	(364bps)	18.2	(687bps)	Operating cost is expected to increase by another ~Rs100/tn driven by plant shutdowns maintenance expenses while fuel cost remains high. Railway lean - season discount should provide partial respite.
EBITDA (Rs/tonne)	611	853	(28.4)	1,072	(43.0)	
Adj PAT (Rs mn)	55	364	(84.8)	1,596	(96.5)	
Adj PAT margin (%)	0.2	1.5	(128bps)	5.1	(490bps)	

Source: Company, BOBCAPS Research

Fig 9 – TRCL

Particulars	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comment
Sales volume (mn tonnes)	4.4	4.4	0.0	4.5	(1.8)	The weak monsoon quarter is expected to keep the volume growth muted. TRCL will continue to look in the eastern region for volume aide.
Realisations (Rs/tonne)	5,065	5,079	(0.3)	5,065	0.0	
Sales (Rs mn)	22,285	22,348	(0.3)	22,690	(1.8)	Limited pricing power as presence largely in the supply glut regions. Additionally, aggressive push by market leaders in Tamilnadu and Kerala has impacted TRCL's pricing power in its key regions .
EBITDA (Rs mn)	2,823	3,869	(27.0)	3,072	(8.1)	
EBITDA margin (%)	12.7	17.3	(465bps)	13.5	(87bps)	Higher fuel cost, inflated logistic burden and packaging cost spike will push operating cost. However, Tamil Nadu mineral tax withdrawal may offset partially the cost burden.
EBITDA (Rs/tonne)	619	857	(27.8)	663	(6.7)	
Adj PAT (Rs mn)	83	743	(88.8)	192	(56.8)	Cost inflation and limited pricing pass through to impact margins. PAT impacted due to heavy debt on the balance sheet.
Adj PAT margin (%)	0.4	3.3	(295bps)	0.8	(48bps)	

Source: Company, BOBCAPS Research

Fig 10 – SRCM

Particulars	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comment
Sales volume (mn tonnes)	9.5	7.9	20.0	10.5	(9.5)	Volume growth is expected to be healthy as the focus shifts back on aggressive penetration by pushing cement harder.
Realisations (Rs/tonne)	5,199	5,440	(4.4)	5,360	(3.0)	
Sales (Rs mn)	51,074	43,032	18.7	56,227	(9.2)	This has impacted realisations YoY, but price hikes in the later part of the quarter in non-trade segment to help QoQ gains.
EBITDA (Rs mn)	8,176	8,513	(4.0)	10,745	(23.9)	
EBITDA margin (%)	16.0	19.8	(378bps)	19.1	(310bps)	Margins impact to be visible YoY/QoQ on account of cost increase driven by higher energy cost. Further, higher road coefficient (~88%) will impact logistic cost.
EBITDA (Rs/tonne)	861	1,076	(20.0)	1,024	(15.9)	
Adj PAT (Rs mn)	2,508	2,771	(9.5)	4,380	(42.7)	UAE business momentum to be impacted due to geo-political tensions.
Adj PAT margin (%)	4.9	6.4	(153bps)	7.8	(288bps)	

Source: Company, BOBCAPS Research

Fig 11 – JSW Cement

Particulars	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comment
Sales volume (mn tonnes)	3.36	3.11	8.0	3.81	(11.8)	Volume growth YoY is expected to remain in higher single digits supported by higher utilization in North and the commissioning of additional 1mtp Nagaur GU.
Realisations (Rs/tonne)	5,027	4,619	8.8	4,977	1.0	
Sales (Rs mn)	16,891	14,364	17.6	18,964	(10.9)	GGBS volumes are expected to recover from Q2 as the temporary RMC plant shutdowns resolve
EBITDA (Rs mn)	2,340	2,675	(12.5)	2,965	(21.1)	
EBITDA margin (%)	13.9	18.6	(477bps)	15.6	(178bps)	Realisations are expected to surge 8.8% YoY supported by higher share from the norther markets and sustained share of blended product
EBITDA (Rs/tonne)	696	860	(19.0)	778	(10.5)	
Adj PAT (Rs mn)	640	754	(15.1)	1,386	(53.8)	
Adj PAT margin (%)	3.8	5.2	(146bps)	7.3	(352bps)	

Source: Company, BOBCAPS Research

Fig 12 – STRCEM

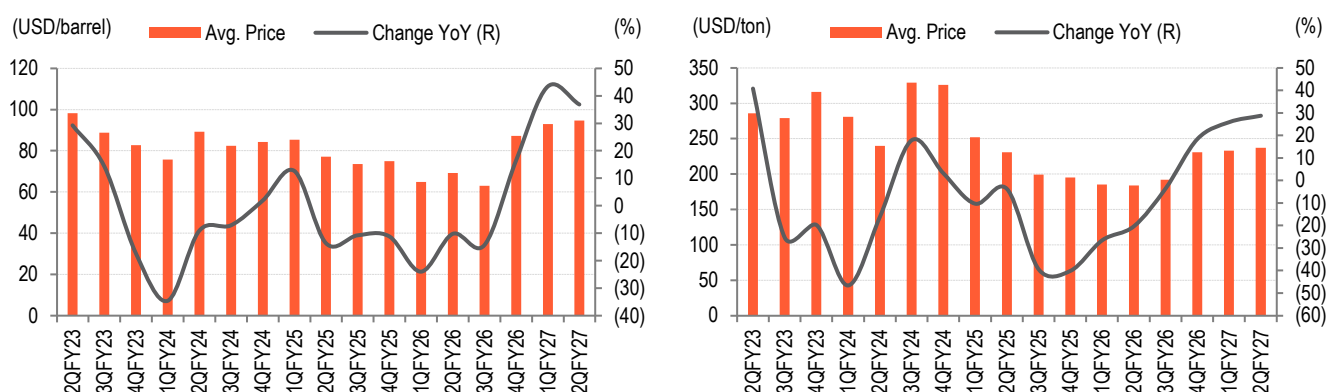
Particulars	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comment
Sales volume (mn tonnes)	1.21	1.17	2.99	1.35	(11.0)	Volume growth is restricted due to the traditional monsoon season in the far-eastern states. Higher competitive intensity and inflated logistic cost are likely to restrict movement outside core NE region.
Realisations (Rs/tonne)	6,656	6,376	4.4	6,724	(1.0)	
Sales (Rs mn)	8,341	8,109	2.9	9,429	(11.5)	
EBITDA (Rs mn)	1,530	1,902	(19.5)	1,945	(21.3)	Realisations are expected to be healthy, and market beat due to strong presence in the northeastern markets, though weaker QoQ.
EBITDA margin (%)	18.3	23.4	(511bps)	20.6	(228bps)	
EBITDA (Rs/tonne)	1,270	1,070	18.6	1,196	6.1	EBITDA margins impacted due to higher logistic cost and other expenses; however, domestic coal usage helps mitigate energy cost inflation. EBITDA/tonne expected to be the healthiest amongst the industry.
Adj PAT (Rs mn)	377	711	(47.0)	739	(49.0)	
Adj PAT margin (%)	4.5	8.8	(424bps)	7.8	(332bps)	

Source: Company, BOBCAPS Research

Fig 13 – UTCEM

Particulars	Q2FY27E	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comment
Sales volume (mn tonnes)	38.1	31.8	20.0	39.3	(3.1)	Volume growth is likely to remain well ahead of the industry (~20% YoY), supported by dry spell in the monsoon season especially stronger markets in western region. Pricing is listless QoQ due to the traditional weak Q2.
Realisations (Rs/tonne)	5,062	4,806	5.3	5,075	(0.3)	
Sales (Rs mn)	2,21,547	1,78,644	24.0	2,35,355	(5.9)	
EBITDA (Rs mn)	34,198	27,701	23.5	45,792	(25.3)	Operational efficiency remains a key differentiator, with higher renewable power usage, improving clinker conversion ratio and logistics optimisation expected to partially offset the impact of fuel cost inflation
EBITDA margin (%)	15.4	15.5	(7bps)	19.5	(402bps)	
EBITDA (Rs/tonne)	898	872	2.9	1,165	(22.9)	This will partially help mitigate to the cost inflation impact that is driven by energy cost and higher packaging cost. EBITDA margins amongst the healthiest in the industry.
Adj PAT (Rs mn)	15,555	10,638	46.2	23,971	(35.1)	
Adj PAT margin (%)	7.0	6.0	107bps	10.2	(316bps)	

Source: Company, BOBCAPS Research

Fig 14 – Crude prices remain volatile as higher output from Russia and Middle East help offset war impact; Coal price under pressure from decline in Indonesian production

Source: Company, BOBCAPS Research

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