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CEMENT | Q3FY26 Preview | 12 January 2026

GST rate cut impact minimal; Demand picks up at the fag-end

- **A healthy ~16% (coverage universe) volume pick-up YoY despite late monsoon impact, driven by pick up in demand in the second half of Q3**
- **Cement prices in the non-trade segment fell more than the GST rate cut impact due to aggressive volume push by companies in few pockets**
- **Avg EBITDA margin (cement coverage) estimated at ~15%, up by ~44 bps YoY (-70bps QoQ), average EBITDA/t at ~Rs 817**

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Quarter with GST rate cut, demand pick up late in Q3: Cement demand was a mixed bag in Q3FY26 at ~16% gain YoY, as pick up comes towards the last 4-6 weeks of the quarter. Demand revival in Q3FY26 was impacted in many pockets due to extended monsoons reflected in the ~12% QoQ jump in volume (our coverage universe). However, states like Bihar (pre-election demand), West Bengal, Gujarat and Maharashtra were the outliers. Healthy monsoon helped improve sentiments in the rural segment, and infrastructure activity picked up helping urban demand.

Price stays listless in Q3: Prices stayed range-bound and stayed listless YoY, helped by the revival in Q3 towards the end. The YoY pricing for our coverage universe improved by ~1% as prices stayed soft initially (steady in trade segment) but reversed towards the end of Q3. Prices fell 3% QoQ owing to the extended cuts to chase volume. Concerns were about the demand staying listless despite price decline though the trend reversed at the end of Q3 with healthy demand pick up.

Margins improve YoY as cost structure helps: Realisations of our coverage companies improved by an average of ~1%YoY (down ~3% QoQ). With limited negative cost headwinds offset by operating leverage benefits, margin profile improved to 15.3% in the new regime quarter post GST rate cut announcement (fell by ~70bps QoQ). Efficiently driven companies like UTCEM, STRCEM, and SRCM outperformed the industry while ACC, Nuvoco and JK Lakshmi were below par.

EBITDA/t averages at ~Rs820/tn: We estimate EBITDA/t at Rs 817/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. UTCEM, SRCM and STRCEM stayed above industry average, but ACC and TRCL were below average.

No major change in stance: We continue to be positive on UTCEM and STRCEM (BUY) and assign SELL rating on JKLC, DALBHARA and TRCL.

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Fig 1 – BOBCAPS Cement universe: Q3FY26 preview – Quarter with GST rate cut, demand pick up only at the fag-end, will continue in Q4, average EBITDA/tn rests ~Rs820/tonne and likely to pick up in Q4 FY26

Y/E March	Net sales (Rs mn)			EBITDA (Rs mn)			EBITDA margin (%)			Adj. PAT (Rs mn)		
	Q3FY26E	YoY (%)	QoQ (%)	Q3FY26E	YoY (%)	QoQ (%)	Q3FY26E	YoY (bps)	QoQ (bps)	Q3FY26E	YoY (%)	QoQ (%)
ACC	68,767	30.8	17.5	8,122	71.9	(0.9)	11.8	282.6	(219.1)	4,679		(35.6)
ACEM	59,419	22.4	15.4	8,230	100.2	16.8	13.9	538.0	17.0	5,517	143.5	28.1
DALBHARA	34,746	9.2	1.7	5,821	13.9	(16.4)	16.8	68.9	(361.5)	1,528	150.4	(35.3)
JKCE	28,833	6.2	0.9	4,242	(13.4)	(3.5)	14.7	(331.8)	(67.1)	2,533	23.7	44.1
JKLC	16,218	18.1	5.9	2,144	50.4	3.0	13.2	284.3	(36.6)	824	38.6	0.1
NUVOCO	26,131	8.5	6.3	3,509	35.9	(4.4)	13.4	271.0	(150.4)	301		(17.4)
TRCL	21,919	10.9	(1.9)	3,534	26.5	(8.7)	16.1	198.7	(118.9)	441		(40.6)
SRCM	51,529	21.7	19.7	10,331	9.1	21.3	20.0	(230.1)	26.4	4,160	81.3	50.1
STRCEM	8,261	14.9	1.9	1,355	30.0	(28.7)	16.4	190.5	(704.4)	927	923.4	30.4
UTCEM	1,90,765	16.8	6.8	30,147	8.5	8.8	15.8	(121.2)	29.7	13,636	(4.9)	28.2
Total	**5,06,588**	**17.7**	**9.0**	**77,436**	**21.1**	**4.2**	**15.3**	**43.5**	**(70.7)**	**34,545**	**66.0**	**8.8**

Source: Company, BOBCAPS Research

Fig 2 – Sales volume driven by pick up towards the end, prices expected to revised up in Q4

Y/E March	Sales Volume (mn tonnes)			Realisation (Rs/tonne)			EBITDA (Rs/tonne)		
	Q3FY26E	YoY (%)	QoQ (%)	Q3FY26E	YoY (%)	QoQ (%)	Q3FY26E	YoY (bps)	QoQ (bps)
ACC	11.98	12.0	19.8	5,381	15.7	(2.5)	678	53.5	(17.3)
ACEM	11.31	12.0	14.3	5,253	9.3	1.0	728	78.7	2.3
DALBHARA	7.50	12.0	8.8	4,630	(2.5)	(6.5)	749	1.8	(23.7)
JKCE	5.35	13.6	9.8	5,390	(6.5)	(8.1)	793	(23.7)	(12.1)
JKLC	3.15	40.0	10.7	5,346	(12.5)	(0.8)	681	7.5	(7.0)
NUVOCO	5.03	7.0	17.0	4,719	(7.9)	(7.0)	698	27.0	(18.2)
TRCL	4.57	4.5	3.8	4,800	6.1	(5.5)	752	22.0	(12.2)
SRCM	9.65	10.0	22.0	5,168	7.0	(5.0)	1,071	(0.8)	(0.5)
STRCEM	1.29	20.9	10.3	6,017	(5.0)	(5.6)	1,051	83.1	(1.8)
UTCEM	34.53	22.0	8.7	4,715	(5.4)	(1.0)	873	(11.1)	0.1
Total	94.36	15.5	12.3	4,985	0.5	(2.7)	817	5.6	(6.4)

Source: Company, BOBCAPS Research

Fig 3 – ACC

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	12.0	10.7	12.0	10.0	19.8	
Realisations (Rs/tonne)	5,381	4,652	15.7	5,519	(2.5)	ACC's margins are expected to improve driven by post-monsoon recovery and sustained premiumisation (~47% in Q2FY26 up 20% YoY).
Sales (Rs mn)	**68,767**	**52,592**	**30.8**	**58,525**	**17.5**	
EBITDA (Rs mn)	**8,122**	**4,725**	**71.9**	**8,195**	**(0.9)**	
EBITDA margin (%)	11.8	9.0	283bps	14.0	(219bps)	Performance is expected to show improvement supported by commissioning of Salai Banwa and Kalamboli units in Q3FY26.
EBITDA (Rs/tonne)	678	442	53.5	819	(17.3)	
Adj PAT (Rs mn)	**4,679**	**(781)**		**7,263**	**(35.6)**	
Adj PAT margin (%)	6.8	(1.5)	829bps	12.4	(561bps)	

Source: Company, BOBCAPS Research

Fig 4 – ACEM

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Sales volume (mn tonnes)	11.31	10.10	12.0	9.90	14.3
Realisations (Rs/tonne)	5,253	4,806	9.3	5,201	1.0
Sales (Rs mn)	**59,419**	**48,537**	**22.4**	**51,487**	**15.4**
EBITDA (Rs mn)	**8,230**	**4,111**	**100.2**	**7,044**	**16.8**
EBITDA margin (%)	13.9	8.5	538bps	13.7	17bps
EBITDA (Rs/tonne)	728	407	78.7	712	2.3
Adj PAT (Rs mn)	**5,517**	**2,266**	**143.5**	**4,307**	**28.1**
Adj PAT margin (%)	9.3	4.7	462bps	8.4	92bps

Comment:

Q3FY26 is expected to be a healthy quarter driven by post-monsoon recovery. Furthermore, the impact of Penna and Orient Cement integration should aid incremental volumes.

With logistics cost rationalization and high coal inventory, costs should be kept under check. Higher pet-coke prices should impact though the increase in Green energy (~33% in Q2FY26 vs ~14% YoY) should help in mitigating the impact to some extent.

The ACC merger getting approval would result in cost reduction target to Rs 4,000/t progressing as per schedule driven by synergy gains.

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

Fig 5 – DALBHARA

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Sales volume (mn tonnes)	7.50	6.70	12.0	6.90	8.8
Realisations (Rs/tonne)	4,630	4,748	(2.5)	4,952	(6.5)
Sales (Rs mn)	**34,746**	**31,810**	**9.2**	**34,170**	**1.7**
EBITDA (Rs mn)	**5,821**	**5,110**	**13.9**	**6,960**	**(16.4)**
EBITDA margin (%)	16.8	16.1	69bps	20.4	(362bps)
EBITDA (Rs/tonne)	749	736	1.8	982	(23.7)
Adj PAT (Rs mn)	**1,528**	**610**	**150.4**	**2,360**	**(35.3)**
Adj PAT margin (%)	4.4	1.9	248bps	6.9	(251bps)

Comment:

Driven by the pent-up demand from Q2FY26 impacted by monsoon disruption demand is expected to pick up in Q3FY26.

However, pressure from increased industry capacity and North-east monsoon in Tamil Nadu should hinder material realization gains.

With monsoon withdrawal in Eastern region pricing discipline is expected though Southern region might face challenges.

Source: Company, BOBCAPS Research

Fig 6 – JKCE

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Sales volume (mn tonnes)	5.3	4.7	13.6	4.9	9.8
Realisations (Rs/tonne)	5,390	5,765	(6.5)	5,866	(8.1)
Sales (Rs mn)	**28,833**	**27,155**	**6.2**	**28,585**	**0.9**
EBITDA (Rs mn)	**4,242**	**4,896**	**(13.4)**	**4,398**	**(3.5)**
EBITDA margin (%)	14.7	18.0	(332bps)	15.4	(67bps)
EBITDA (Rs/tonne)	793	1,040	(23.7)	902	(12.1)
Adj PAT (Rs mn)	**2,533**	**2,048**	**23.7**	**1,758**	**44.1**
Adj PAT margin (%)	8.8	7.5	124bps	6.1	264bps

Comment:

Q3FY26 volume growth is expected to be healthy with monsoon receding. Incremental volume will be aided by new Prayagraj unit and Saifco Cement (20k ton/month target) operation resumption.

Furthermore, post GST rationalization pricing pressure should abate though intense competition in the North and Central region should cap sharp gains.

White cement should face headwinds in medium term (Asian Paints capacity ramp up) though steps are taken to increase sales in other overseas geographies.

Source: Company, BOBCAPS Research

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Fig 7 – JKLC

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	3.1	2.2	40.0	2.8	10.7	UCWL synergies, Surat and Prayagraj contributions should help volume growth alleviating the post monsoon pick up and construction activity resumption.
Realisations (Rs/tonne)	5,346	6,109	(12.5)	5,390	(0.8)	
Sales (Rs mn)	**16,218**	**13,733**	**18.1**	**15,318**	**5.9**	Pricing pressure should moderate QoQ in Q3FY26 as demand improves post monsoon though competition in North/West region should cap meaningful recovery.
EBITDA (Rs mn)	**2,144**	**1,425**	**50.4**	**2,081**	**3.0**	
EBITDA margin (%)	13.2	10.4	284bps	13.6	(37bps)	
EBITDA (Rs/tonne)	681	634	7.5	732	(7.0)	Margins should improve from a lower base aided by improvement in energy costs (declining fuel cost) and Green power increase (46% in Q2FY26 vs 40% YoY).
Adj PAT (Rs mn)	**824**	**595**	**38.6**	**823**	**0.1**	
Adj PAT margin (%)	5.1	4.3	75bps	5.4	(29bps)	

Source: Company, BOBCAPS Research

Fig 8 – NUVOCO

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	5.03	4.70	7.0	4.30	17.0	Volume growth in Q3FY26 should be steady driven by post monsoon recovery and incremental capacity of Jojobera expected to be operational in Q3FY26.
Realisations (Rs/tonne)	4,719	5,126	(7.9)	5,074	(7.0)	
Sales (Rs mn)	**26,131**	**24,094**	**8.5**	**24,576**	**6.3**	
EBITDA (Rs mn)	**3,509**	**2,583**	**35.9**	**3,670**	**(4.4)**	Focus on increasing AFR consumption and acquisition of Vadraj Energy should help to keep fuel cost steady.
EBITDA margin (%)	13.4	10.7	271bps	14.9	(150bps)	
EBITDA (Rs/tonne)	698	549	27.0	853	(18.2)	
Adj PAT (Rs mn)	**301**	**(614)**		**364**	**(17.4)**	Realizations should be a mixed bag with pricing in West providing a buffer for pressure in East.
Adj PAT margin (%)	1.2	(2.5)	370bps	1.5	(33bps)	

Source: Company, BOBCAPS Research

Fig 9 – TRCL

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	4.6	4.4	4.5	4.4	3.8	Volumes are likely to be sub-due due to monsoon in Tamil Nadu. Pricing discipline expected to be relatively better in South though competition should keep it below peak.
Realisations (Rs/tonne)	4,800	4,523	6.1	5,079	(5.5)	
Sales (Rs mn)	**21,919**	**19,766**	**10.9**	**22,348**	**(1.9)**	
EBITDA (Rs mn)	**3,534**	**2,794**	**26.5**	**3,869**	**(8.7)**	Margins should be mixed as currency depreciation should pressure fuel cost though increasing green power mix (48% in Q2FY26) should provide some respite.
EBITDA margin (%)	16.1	14.1	199bps	17.3	(119bps)	
EBITDA (Rs/tonne)	752	617	22.0	857	(12.2)	
Adj PAT (Rs mn)	**441**	**(37)**		**743**	**(40.6)**	TRCL disposed non-core assets of ~Rs 10bn successfully with target to dispose assets worth Rs 2bn more by Q4FY26.
Adj PAT margin (%)	2.0	(0.2)	220bps	3.3	(131bps)	

Source: Company, BOBCAPS Research

Fig 10 – SRCM

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comment
`Sales volume (mn tonnes)	9.6	8.8	10.0	7.9	22.0	Volume growth is expected to be modest in Q3FY26. Incremental volumes should be supported by Jaitaran capacity commissioning.
Realisations (Rs/tonne)	5,168	4,830	7.0	5,440	(5.0)	
Sales (Rs mn)	**51,529**	**42,355**	**21.7**	**43,032**	**19.7**	
EBITDA (Rs mn)	**10,331**	**9,466**	**9.1**	**8,513**	**21.3**	Management's focus on realization should maintain pricing discipline.
EBITDA margin (%)	20.0	22.3	(230bps)	19.8	26bps	
EBITDA (Rs/tonne)	1,071	1,079	(0.8)	1,076	(0.5)	Kodla unit nearing completion, ramp up in RMC and strong momentum in UAE business should support growth trajectory.
Adj PAT (Rs mn)	**4,160**	**2,294**	**81.3**	**2,771**	**50.1**	
Adj PAT margin (%)	8.1	5.4	266bps	6.4	163bps	

Source: Company, BOBCAPS Research

Fig 11 – STRCEM

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	1.29	1.07	20.90	1.17	10.3	Topline expansion is expected to be healthy in Q3FY26 driven by increase in the govt. focus on infrastructure building in Northeast.
Realisations (Rs/tonne)	6,017	6,333	(5.0)	6,376	(5.6)	
Sales (Rs mn)	**8,261**	**7,188**	**14.9**	**8,109**	**1.9**	
EBITDA (Rs mn)	**1,355**	**1,042**	**30.0**	**1,902**	**(28.7)**	Cost efficiencies are expected to sustain as STRCEM holds sufficient quantity of coal helping maintain fuel cost at Rs 1.25/kcal level (one of the lowest in industry)
EBITDA margin (%)	16.4	14.5	190bps	23.4	(704bps)	
EBITDA (Rs/tonne)	1,051	574	83.1	1,070	(1.8)	
Adj PAT (Rs mn)	**927**	**91**	**923.4**	**711**	**30.4**	Focus on rural infra in Northeast and diversification in West and East should help in staying on growth trajectory.
Adj PAT margin (%)	11.2	1.3	996bps	8.8	245bps	

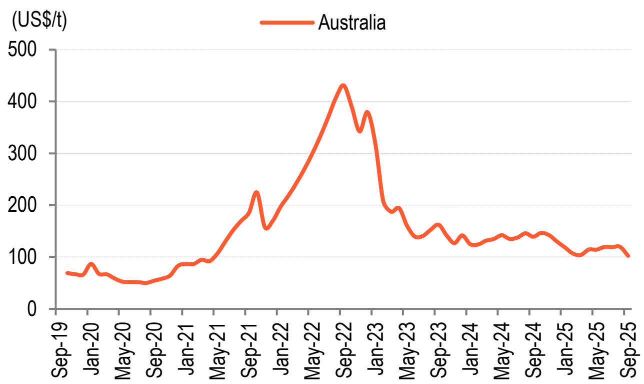
Source: Company, BOBCAPS Research

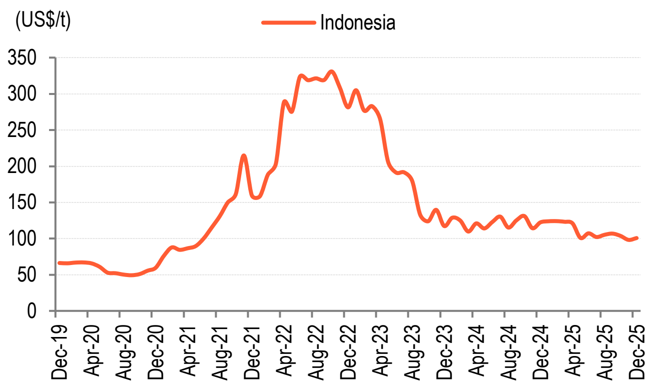
Fig 12 – UTCEM

Particulars	Q3FY26E	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	34.5	28.3	22.0	31.8	8.7	Volume growth is expected to be strong ahead of industry driven by post monsoon recovery and contribution from rebranded Kesoram and India cements.
Realisations (Rs/tonne)	4,715	4,984	(5.4)	4,763	(1.0)	
Sales (Rs mn)	**1,90,765**	**1,63,284**	**16.8**	**1,78,644**	**6.8**	
EBITDA (Rs mn)	**30,147**	**27,783**	**8.5**	**27,701**	**8.8**	One off impact of ~Rs 200/t in Q2FY26 should reverse meaningfully in Q3FY26 as maintenance cost concludes and operating leverage kicks in driven by higher utilization. However, prices may be soft owing to competition.
EBITDA margin (%)	15.8	17.0	(121bps)	15.5	30bps	
EBITDA (Rs/tonne)	873	982	(11.1)	872	0.1	
Adj PAT (Rs mn)	**13,636**	**14,344**	**(4.9)**	**10,638**	**28.2**	Capacity expansion stays on track with the commissioning of Dhule and Nathdwara unit in Q3FY26.
Adj PAT margin (%)	7.1	8.8	(164bps)	6.0	119bps	

Source: Company, BOBCAPS Research

Fig 13 – Coal prices stay listless





Source: Company, BOBCAPS Research

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