



Q1FY26E Cement Sector Earnings Preview



Cement Sector

Sector to witness sharp margin recovery in Q1FY26, led by price hikes

COVERAGE STOCKS

Coverage	Rating	CMP	Target	Upside
ACC	BUY	1,978	2,152	8.8%
UltraTech Cement (UTCEM)	ACCUMULATE	12,516	13,225	5.7%
Ramco Cements (TRCL)	HOLD	1,134	988	TA*
Shree Cement (SRCEM)	REDUCE	31,100	31,494	TA*

MARKET DATA

	Close	1M (%)	YTD (%)
Nifty	25,082	1.47%	5.6%
Sensex	82,253	1.4%	4.8%
Nifty Infra	9,251	3.1%	8.8%

**Note: TP and recommendation have been retained from previous update reports; we will review post-detailed Q1FY26E results analysis and conference call of the said companies. Source: Bloomberg, NSE; Data as of July 14th, 2025; TA stands for Target Achieved*

➤ Prices hikes in Q1FY26

- In Q1FY26E, the Indian cement sector witnessed a strong sequential recovery in pricing, particularly in the southern and eastern markets, following an extended period of margin compression and weak realizations.
- The all-India average cement price rose by 4.0–5.0% sequentially, driven by broad-based price hikes implemented across regions during April and May 2025.
- The southern region led the uptrend with a sharp increase of 10.0% sequentially, followed by meaningful gains in the eastern region.
- In contrast, the northern, central, and western regions recorded moderate price increases of 0.5–3.0% sequentially, aided by relatively balanced supply-demand dynamics and lower pricing volatility.

➤ Cement prices hold firm amid weather headwinds; Q1FY26 industry growth pegged at 4.0–5.0% YoY

- Despite early onset of monsoons, cement prices remained resilient, indicating producers' pricing discipline. However, demand trends were muted, impacted by extreme heat in the early part of the quarter followed by unseasonal rains, which disrupted construction activity and tempered volume offtake.
- While the industry benefitted from strong demand momentum until mid-May, weather-related disruptions in the latter half of the quarter are expected to cap overall demand growth at 4.0–5.0% YoY, despite the low base effect from the national election-impacted Q1FY25.
- For our coverage universe, we anticipate aggregate volume growth of 11.0% YoY in Q1FY26E, supported by both organic and inorganic expansion. However, volumes are expected to see sequential decline as Q4 being the strongest quarter for the cement companies.
- UltraTech Cement is likely to lead with 17.0% volume growth, driven by incremental contribution from inorganic additions. ACC and The Ramco Cements are expected to post volume growth of 7.3% and 5.0%, respectively, while Shree Cement is likely to witness a modest volume decline of 2.3% YoY.

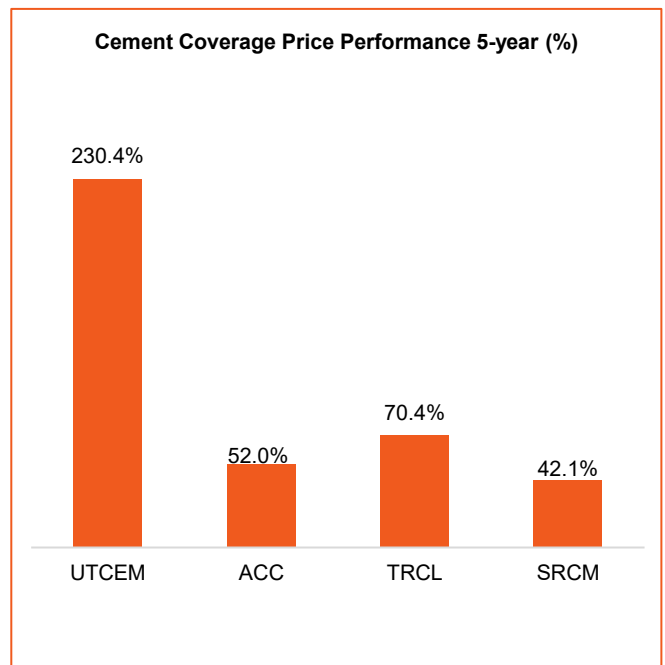
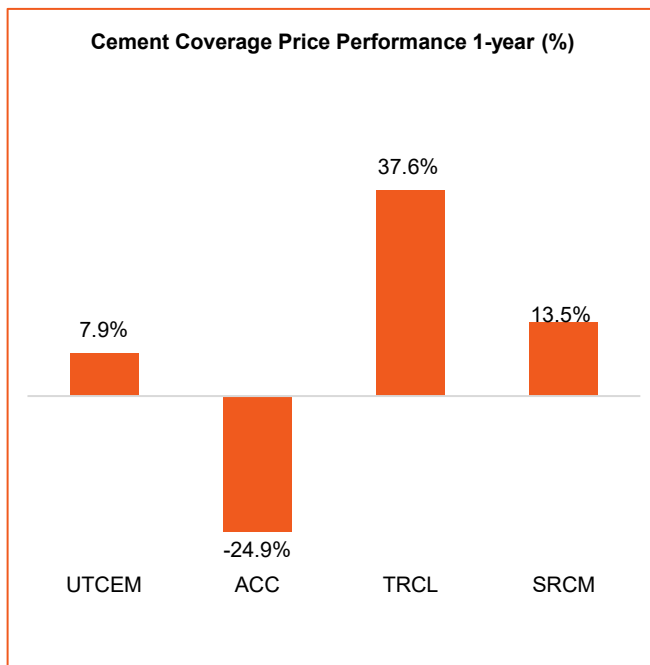
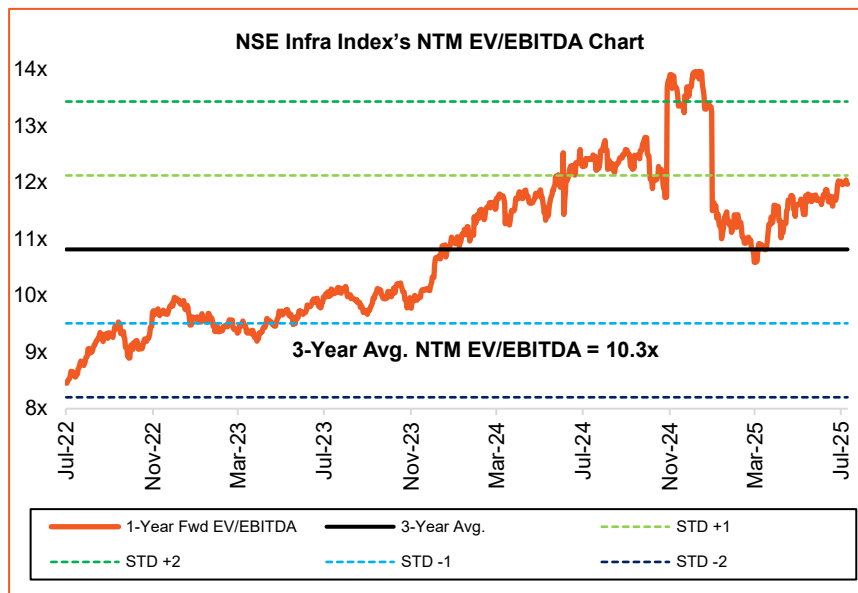
➤ Outlook for the Quarter

- In Q1FY26E, average realization per ton across our coverage is expected to improve by 2.2% sequentially (+2.2% YoY) to INR 5,241/Ton, led by price hikes implemented in April and May 2025. The steepest sequential realization gain is expected from The Ramco Cements (+4.6% QoQ), supported by sharp price reset in the southern market. ACC is expected to witness a 2.5% sequential increase, while Ultratech Cement and Shree Cement are likely to see a realization improvement of 1.0% QoQ each.
- EBITDA/Ton is expected to improve sharply by 32.5% YoY to INR 1,092/Ton (vs INR 825 in Q1FY25 and INR 952 in Q4FY25), driven by better pricing, improved fuel mix through higher green energy usage, and supply chain efficiencies. We expect the EBITDA margin per ton is expected to improve by 21.6% to INR 807 for ACC, to improve by 46.8% YoY to INR 1,395 for Shree Cement, to improve by 29.0% YoY to INR 945 for The Ramco Cement and by 28.5% to 1,222 for Ultratech Cement.

Cement Sector

Industry Outlook:

- We maintain a constructive stance on the Indian cement sector, supported by healthy demand and improvement in profitability outlook. Key structural tailwinds include a revival in residential housing, strengthening rural demand, accelerating urban infrastructure development, and consistent traction in commercial real estate led by retail and office segments. Furthermore, continued government-led capex augurs well for sustained volume growth across regions.
- The pricing environment remains favorable, with Q1FY26E witnessing a sharp sequential price reset, especially in the southern markets. While the early arrival of the monsoon may pose temporary volume pressure in H1FY26E, we expect FY26E to reflect steady demand recovery, price stability, and margin expansion.
- **UltraTech Cement** and **ACC** remains **our top pick**, driven by their ongoing capacity expansions, cost optimization measures, and balance sheet strength, which augurs well for the investors to play on the cyclical upturn.



Source: Bloomberg, DevenChoksey Research

Cement Sector

Exhibit 1: Quarterly result expectation for companies under coverage

INR Mn

Q1FY26E ACC	Outperform	Base	Underperform	View
Sales	58,349	56,650	54,950	<ul style="list-style-type: none">ACC is expected to report a 9.9% YoY revenue growth in Q1FY26E, supported by a 7.3% YoY increase in volumes and increase in price realizations.Realization per ton is expected to increase by 2.4% YoY to INR 5,175 vs INR 5,054 in Q1FY25 (INR 5,049 in Q4FY25).EBITDA/Ton is likely to improve significantly by 21.6% YoY to INR 807, driven by favorable pricing and operational efficiency gains.Key areas to monitor 1) strategic announcements around a potential merger within the Adani Cement portfolio, 2) clarity on capex execution timelines, and 3) deployment strategy for accumulated cash and equivalents.
EBITDA	9,686	8,837	8,023	
PAT	6,002	5,261	4,554	
EBITDA (%)	16.6%	15.6%	14.6%	
NPM (%)	10.3%	9.3%	8.3%	
TRCL				
Sales	22,720	21,638	20,556	<ul style="list-style-type: none">The Ramco Cement is anticipated to deliver a modest 3.4% YoY revenue growth in Q1FY26E, led by 5.0% YoY increase in dispatches to 4.6 MT.Realization is expected to improve sequentially by 4.6%, led by a sharp rebound in cement pricing across southern markets.Blended realization/Ton is estimated at INR 4,730 vs INR 4,522 in Q1FY25, with a corresponding improvement in EBITDA/ton to INR 945 (+29.0% YoY), driven by improved realization, operating leverage benefits and sustained cost optimization measures.Key areas to monitor include 1) progress on monetization of non-core assets and capital redeployment, 2) further initiatives to structurally improve profitability, and 3) sustainability of recent pricing gains in Southern India
EBITDA	4,769	4,326	3,904	
PAT	1,412	1,128	866	
EBITDA (%)	21.0%	20.0%	19.0%	
NPM (%)	6.2%	5.2%	4.2%	

Cement Sector

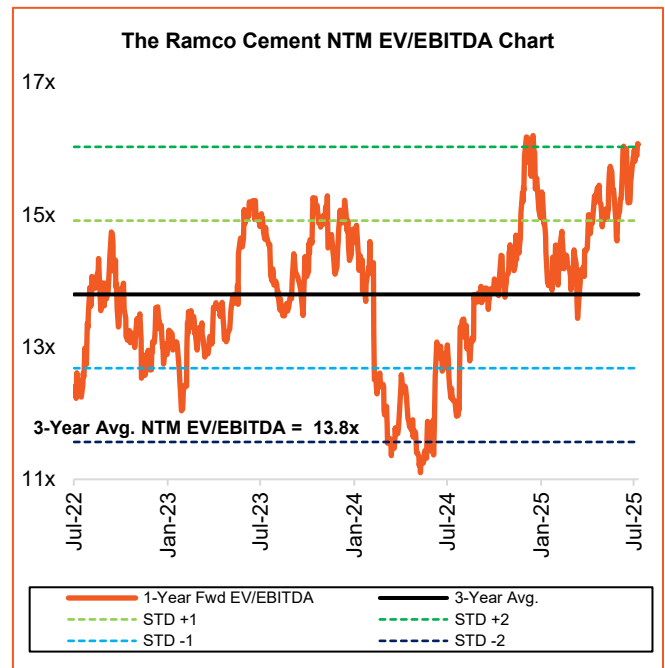
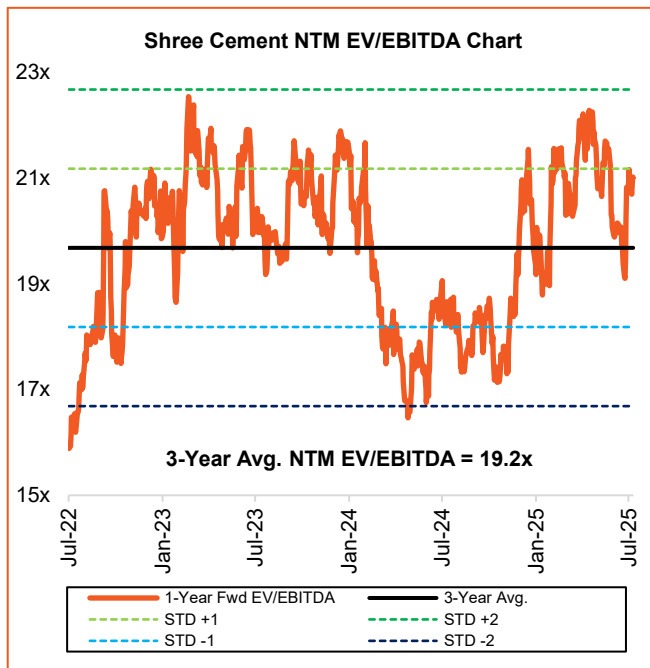
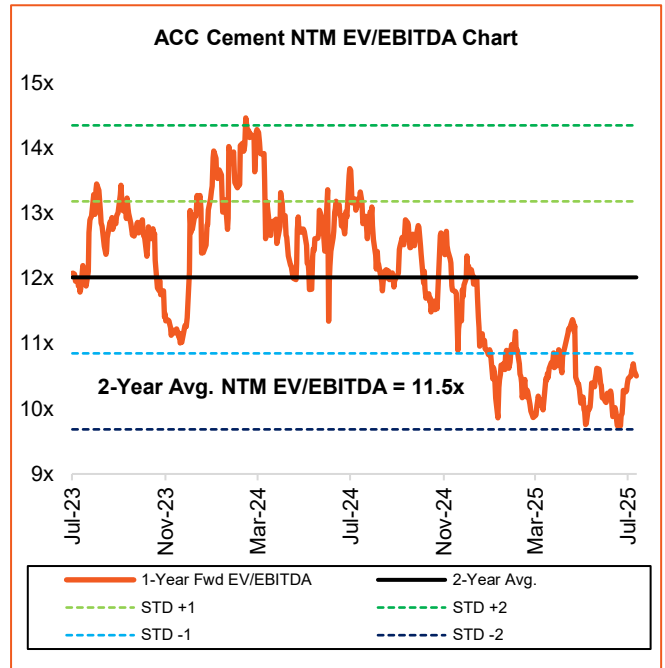
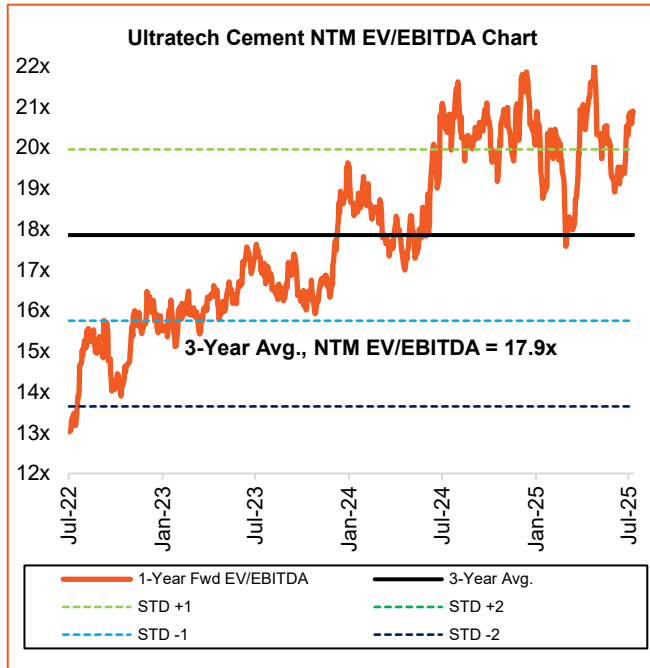
Exhibit 1: Quarterly result expectation for companies under coverage

INR Mn

Q1FY26E UTCEM	Outperform	Base	Underperform	View
Sales	2,22,950	2,12,333	2,01,716	<ul style="list-style-type: none">UltraTech Cement is expected to deliver robust revenue growth of 17.5% YoY in Q1FY26E, primarily driven by a volume uptick to 37.4 MT, supported by inorganic contributions from India Cements and Kesoram Industries.Realization per ton is expected at INR 5,679, reflecting a modest uptick of 1.0% YoY.EBITDA/ton is estimated at INR 1,222 in Q1FY26E, up from INR 951 in Q1FY25 (and INR 1,126 in Q4FY25), aided by price hikes during the quarter, albeit partially offset by higher input costs.Depreciation and interest expenses are likely to rise on account of ongoing capacity additions.Key monitorable include: (i) integration progress and performance of the cable & wires business, (ii) updates on the ongoing capex program, (iii) realization trends across regions, and (iv) movement in lead distance metrics.
EBITDA	50,208	45,694	41,392	
PAT	25,424	23,151	20,985	
EBITDA (%)	22.5%	21.5%	20.5%	
NPM (%)	11.4%	10.9%	10.4%	
SHREECEM				
Sales	53,200	50,666	48,133	<ul style="list-style-type: none">We expect Shree Cement to report flat revenue growth (-1.1% YoY), driven by modest low single digit decline in volume partially offset by increase in realization.Shree Cement is expected to register volume degrowth of 2.3% YoY to 9.4MT.Realization is expected to be around INR 5,379/Ton as against INR 5,325/Ton in Q4FY25.EBITDA/Ton is expected to remain flat sequentially at INR 1,395/Ton as against INR 1,404/Ton, led by sharp increase in operational expenses.Key areas to monitor include 1) progress on ongoing capex and 2) management's perspective on price recovery.
EBITDA	14,331	13,142	12,003	
PAT	6,123	5,325	4,577	
EBITDA (%)	26.9%	25.9%	24.9%	
NPM (%)	11.5%	10.5%	9.5%	

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Valuation Charts



Source: Bloomberg, DevenChoksey Research

Cement Sector

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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