SECTOR RATING: Overweight

Cement

Sector Update

September 01, 2026

Coverage Universe

Name of the Company	Rating	CMP (INR)	TP (INR)
ACC	BUY	1,272	2,198
Ambuja Cement	BUY	402	504
Dalmia Bharat	Buy	1,807	2,173
JK Cement	Accumulate	5,078	6,205
JK Lakshmi Cement	BUY	524	714
JSW Cement	Accumulate	125	139
Nuvoco Vistas Corporation	BUY	323	510
Shree Cement	Accumulate	23,490	29,085
Ultratech Cement	BUY	11,400	13,832

Cement prices holding till now, but macros worsening

Quick Pointers

- All-India average prices remain flattish MoM at INR330/bag
- Companies are attempting Sep hike, but dealers see limited scope for sustainability

We interacted with cement dealers across regions in India to assess demand and pricing trends in Aug'26. Our discussions indicate that demand remained mixed during the month, with North and Central markets witnessing moderation due to monsoon and labor shortages, while Mumbai remained resilient amid limited rainfall. East remained subdued, with Patna reporting steady demand, but Kolkata continuing to face weak construction activity. While South remained mixed with healthy demand in Chennai but continued weakness in Hyderabad. Cement prices remained largely stable across most markets, with a selective correction in Bhopal and some increase in Patna, while companies have started discussing price hikes for Sep in select markets. However, dealers remain cautious on the quantum and sustainability of these increases given the prevailing weak demand environment.

Q2 remains a seasonally weak quarter for the cement industry, and the ongoing Middle East crisis has kept P&F, freight and other operating costs elevated, increasing uncertainty around margins for H2FY27. While cement prices holding up during Aug, the peak monsoon month, is encouraging, but alarmingly lower rainfall across southern states, Rajasthan and half of MH/GJ this year doesn't augur well for FY28 demand. A price hike in Sep'26 would provide some relief; however, in its absence, continued cost pressures are likely to weigh on margins in Q3. Hence, the sustainability of current price levels and the industry's ability to implement further hikes will remain key monitorables going ahead. We believe this is a good time to accumulate selective companies having diversified market presence, better cost management and muted valuations. Top picks: UTCEM, JKCE & NUVOCO

Northern region

Cement prices in **Delhi** remained unchanged MoM at INR345-350/bag. Demand declined sequentially, impacted by the monsoon and labor shortages around Raksha Bandhan and Janmashtami. Dealers believe a price hike in Sep is unlikely, with no clarity on any potential increase so far.

Cement prices in Jaipur remained unchanged MoM at INR320-330/bag. Demand declined sequentially due to the monsoon and labor shortages, after remaining relatively healthy in the previous month. No price hike has been announced so far. Dealers expect demand to improve next month, which could provide room for a price increase.

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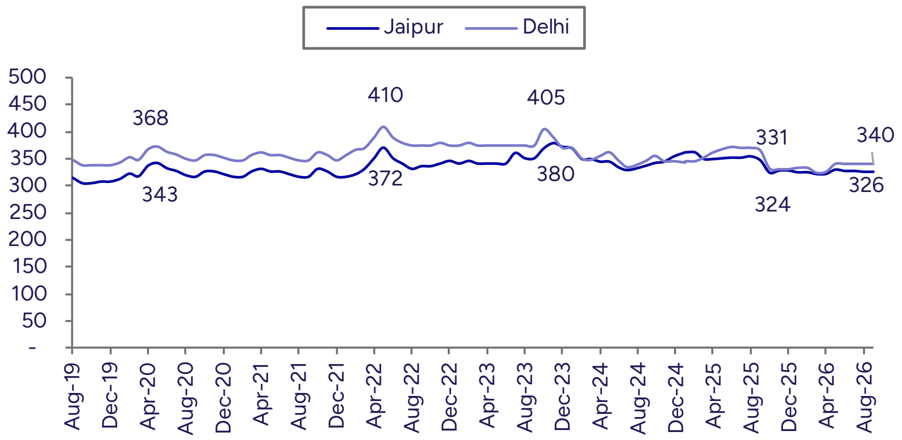
Exhibit 1: Prices in North remain flat MoM, despite muted demand during monsoon



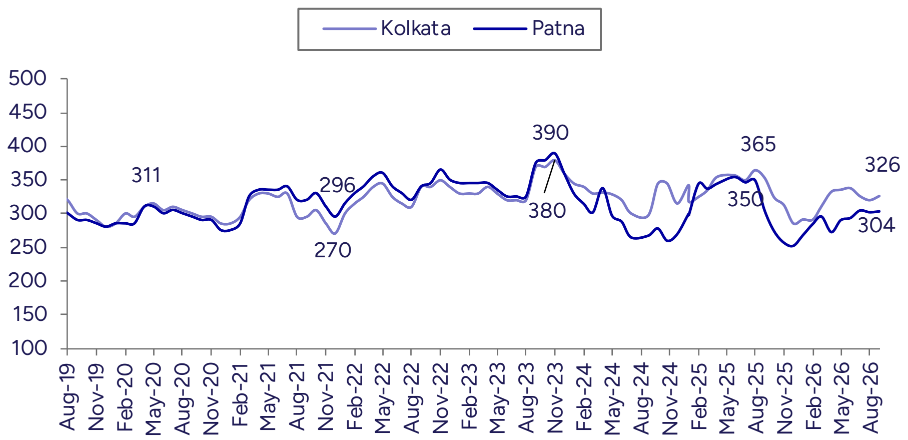
Source: PL

Eastern region

Patna: Prices in Aug were largely flat compared with Jul. There was some increase in billing prices for both UTCEM and SRCM. Although a INR20/bag hike has been announced, dealers expect only ~INR10/bag to be sustained. Demand remained steady during the month. As per dealers, SRCM is witnessing some market share loss as its Aurangabad plant has been down with machine failure since Jul, which led to volume constraints.

A price hike is expected in **Kolkata,** although no formal announcement has been made yet and the quantum remains uncertain. Dealers remain skeptical about the sustainability of any increase given weak demand. Some recovery is expected in Sep; however, dealers believe prices need to remain stable to support the anticipated improvement in demand. Oct is expected to remain muted due to Durga Puja, with full recovery in demand and any meaningful price hikes likely only thereafter.

Exhibit 2: Patna prices remain flat MoM, while Kolkata prices increase by INR6/bag



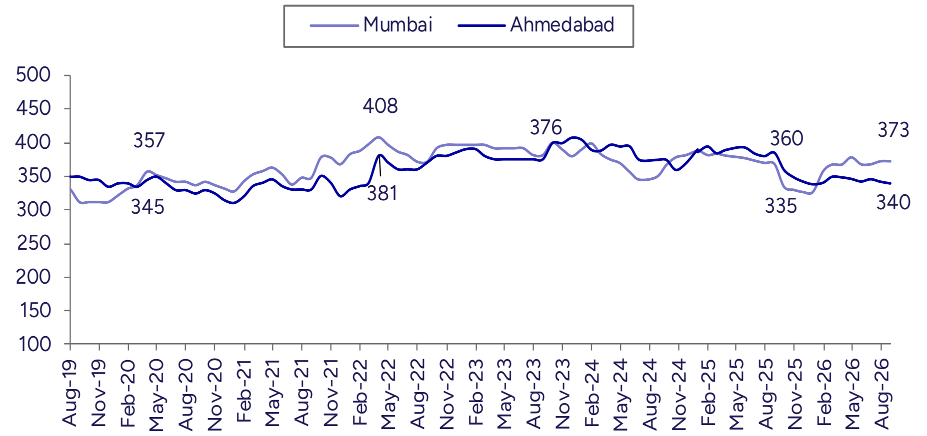
Source: PL

Western region

No major price hike is expected in **Ahmedabad**. Demand remains moderate, while prices were largely flat MoM in Aug. Demand is expected to remain subdued until Diwali, with limited scope for meaningful price increases during this period.

Cement prices in **Mumbai** remained unchanged MoM. Demand remained decent and broadly similar to the previous month, supported by limited rainfall so far. Dealers indicated that ~INR10/bag price hike could be attempted in Sep, although there is no formal communication yet.

Exhibit 3: Prices remain flattish in Mumbai but decline by INR3/bag in Ahmedabad



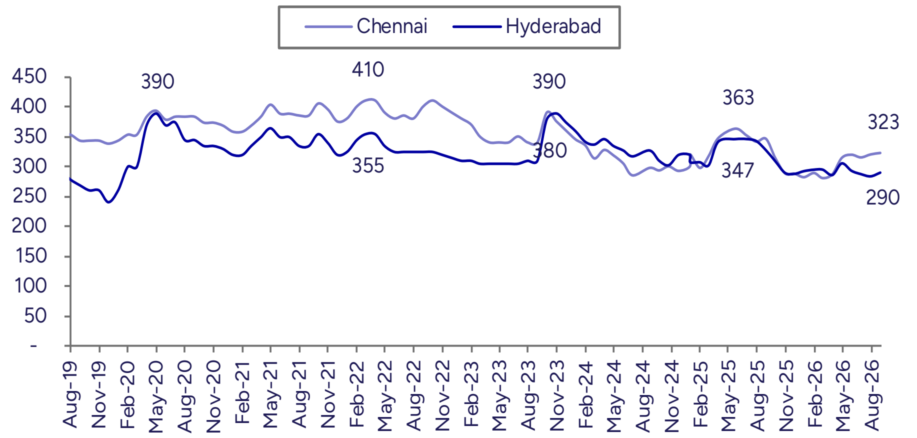
Source: PL

Southern region

A price hike of INR30/bag has been announced effective 1st Sep in **Chennai;** however, dealers expect the effective increase to be limited to INR15-20/bag. Demand remains healthy. Increasing bulk sales through trucks are limiting the scope for price hikes in the bag segment.

Demand remains weak, with prices largely unchanged in **Hyderabad**. The absence of major real estate developments and a generally subdued market are limiting pricing power. Cement companies typically announce price hikes at the beginning of the month, but these have largely failed to sustain. While a INR20/bag hike is possible, dealers expect hike of only ~INR10/bag to be sustainable.

Exhibit 4: Chennai and Hyderabad cement prices up INR3/bag and INR6/bag MoM, respectively



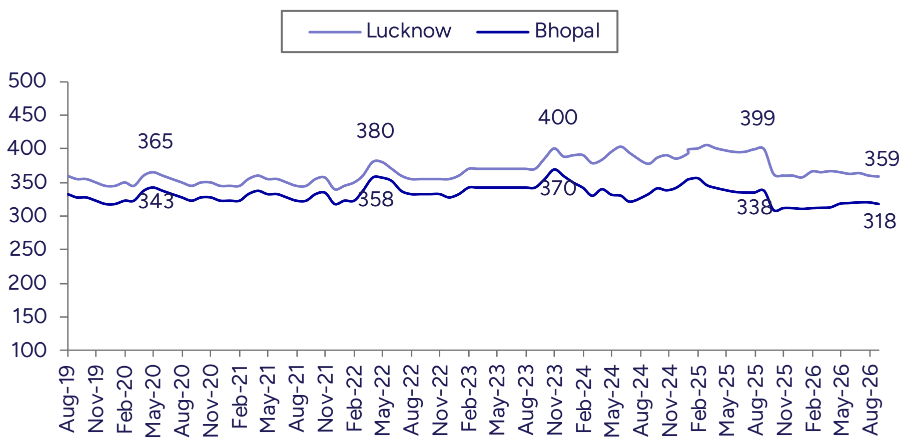
Source: PL

Central region

Cement prices in **Lucknow** remained broadly stable MoM. Demand was decent but moderated slightly from the previous month as rainfall increased. Dealers indicated that companies are discussing a potential price hike in Sep, though its implementation and sustainability will depend on demand conditions.

Cement prices remained flattish in **Bhopal** too. Demand remained sluggish due to heavy rainfall and labor shortages around Raksha Bandhan and Janmashtami, resulting in lower sales and increased discounts. Dealers have not heard of any potential price hike, including for Sep. UTCEM is pushing volumes aggressively, with lower prices reflecting higher sales. ACC continues to report healthy sales, despite higher prices, while DALBHARA is expanding its manpower and dealer network.

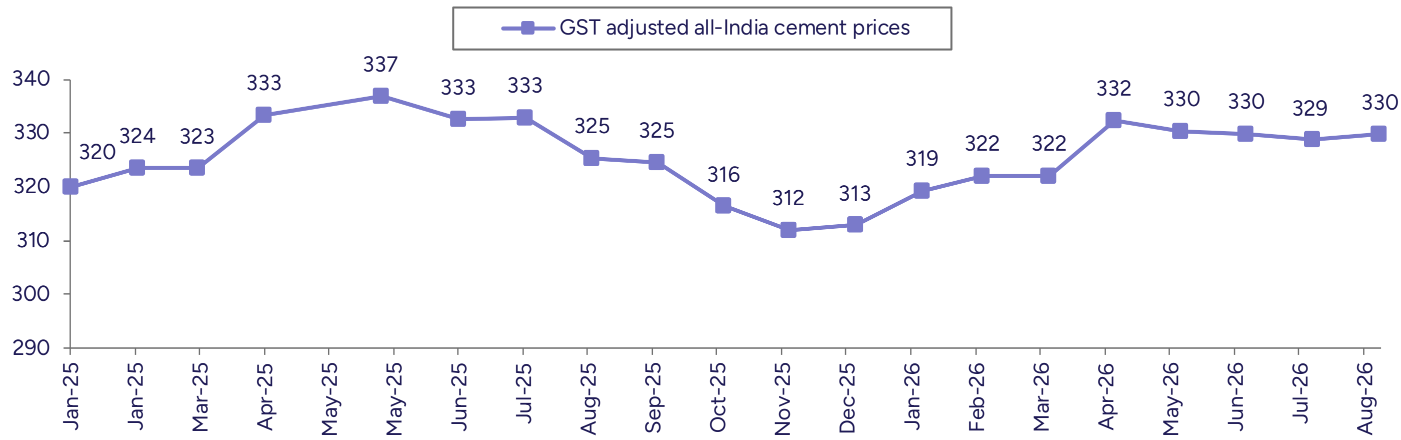
Exhibit 5: Central region prices remain flattish MoM



Source: PL

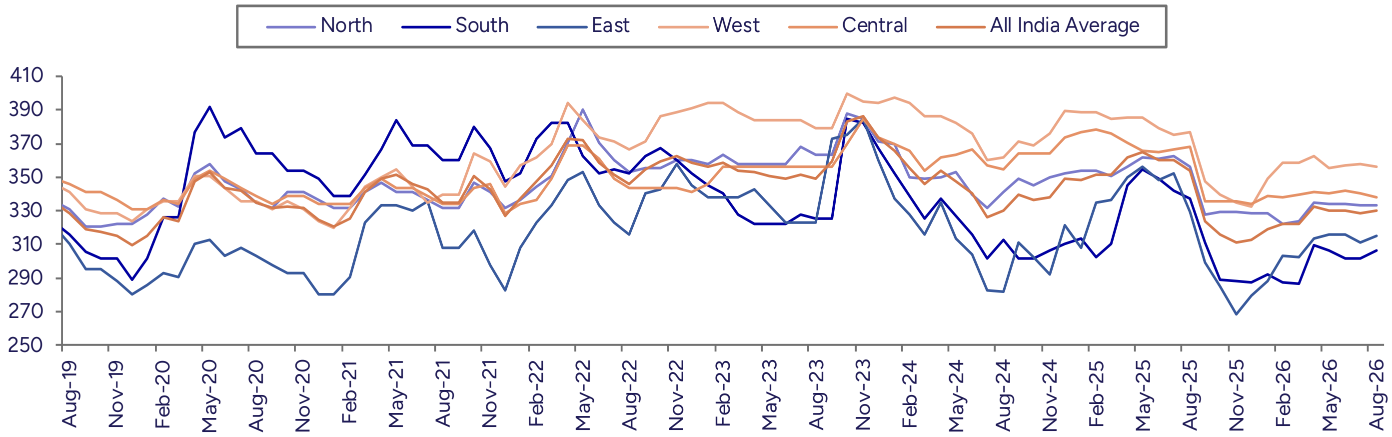
All-India pricing

Exhibit 6: All-India average prices remain flat in Aug'26 despite seasonal weakness



*Source: PL; *Prices adjusted for GST 2.0 rationalization*

Exhibit 7: Cement prices remain flattish across regions despite monsoon and labor shortages



*Source: PL; *Prices not adjusted for GST 2.0*

All-India cement prices remained largely stable MoM in Aug, despite the peak monsoon season, with only selective corrections in markets such as Bhopal. Demand remained mixed, with relatively resilient activity in North, Central region, and Mumbai, while East and Hyderabad continued to remain subdued. Dealers see limited scope for price hikes in the near term, although companies have initiated hikes in select markets for Sep.

Exhibit 8: Cement prices hold up better during current monsoon season

(INR/bag)	North	South	East	West	Central	All-India average
Apr'22	371	383	348	395	369	373
Aug'22	353	353	316	366	344	346
Change	-18	-30	-33	-28	-25	-27
Apr'23	358	323	343	384	356	353
Aug'23	363	325	323	379	356	349
Change	5	3	-20	-5	0	-4
Apr'24	350	337	335	386	362	354
Aug'24	341	313	282	362	355	330
Change	-9	-25	-53	-24	-7	-24
Apr'25	356	345	350	385	371	361
Aug'25	356	337	329	377	368	353
Change	0	-8	-21	-8	-3	-8
Apr'26 (post GST 2.0)	335	310	313	363	342	332
Aug'26	333	306	315	356	338	330
Change	-2	-4	2	-6	-3	-3

Source: PL

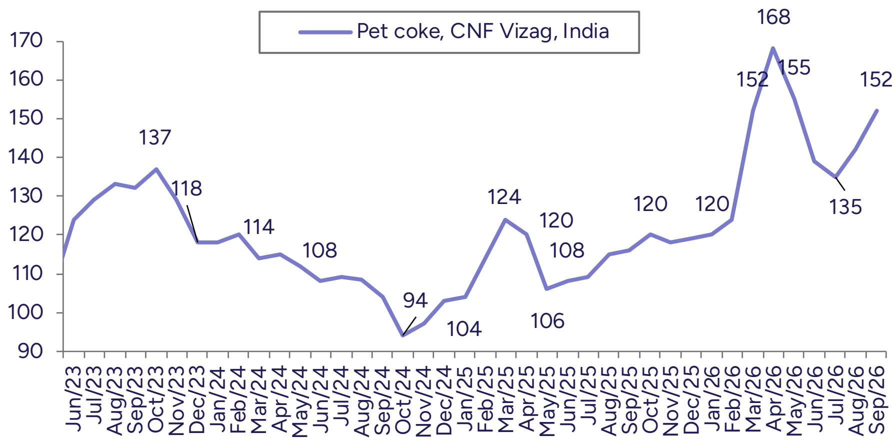
Cement prices have witnessed much lower correction during the current monsoon season, declining by only ~INR3/bag between Apr'26 and Aug'26, compared with an average decline of ~INR13/bag over the past 4 years. Relatively lower intensity of rainfall this year has supported construction activity and aided price stability, while elevated input costs amid the ongoing geopolitical tensions have reduced the scope for meaningful price corrections. Given the already elevated cost environment, a sharper decline in cement prices would have put further pressure on industry margins; hence, the relative stability in pricing remains encouraging.

Exhibit 9: Region-wise pricing (INR/bag)

	North	South	East	West	Central	All India
Aug-23	363	325	323	379	356	349
Sep-23	363	325	373	379	356	359
Oct-23	388	385	375	400	370	384
Nov-23	385	383	385	395	385	387
Dec-23	372	368	360	394	374	373
Jan-24	370	353	338	398	370	366
Feb-24	350	339	328	395	366	355
Mar-24	349	325	316	386	354	346
Apr-24	350	337	335	386	362	354
May-24	353	327	313	382	363	348
Jun-24	339	316	304	376	366	340
Jul-24	331	301	283	360	357	326
Aug-24	341	313	282	362	355	330
Sep-24	349	302	312	371	364	339
Oct-24	345	301	303	369	364	336
Nov-24	350	306	293	376	364	338
Dec-24	353	310	321	389	374	349
Jan-25	354	314	308	388	377	348
Feb-25	354	303	335	388	378	352
Mar-25	351	310	336	384	376	351
Apr-25	356	345	350	385	371	361
May-25	362	355	356	386	366	365
Jun-25	361	349	349	379	365	361
Jul-25	363	342	352	375	367	360
Aug-25	356	337	329	377	368	353
Sep-25	328	311	299	347	335	324
Oct-25	329	289	285	340	336	316
Nov-25	329	288	269	335	336	311
Dec-25	329	287	279	333	334	312
Jan-26	329	292	288	349	339	319
Feb-26	323	288	304	359	338	322
Mar-26	324	287	303	358	340	322
Apr-26	335	310	313	363	342	332
May-26	334	306	316	355	341	330
Jun-26	334	301	316	357	342	330
Jul-26	333	302	311	358	340	329
Aug-26	333	306	315	356	338	330

Source: PL

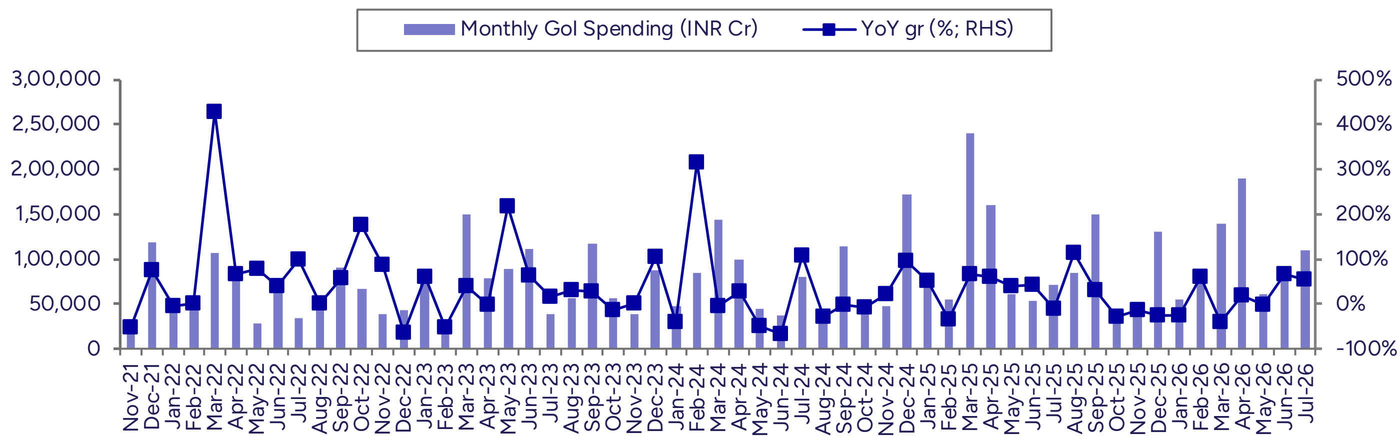
Exhibit 10: Imported pet coke prices inch up again to US$152/t on continued US-Iran tussle



Source: CoalMint, PL

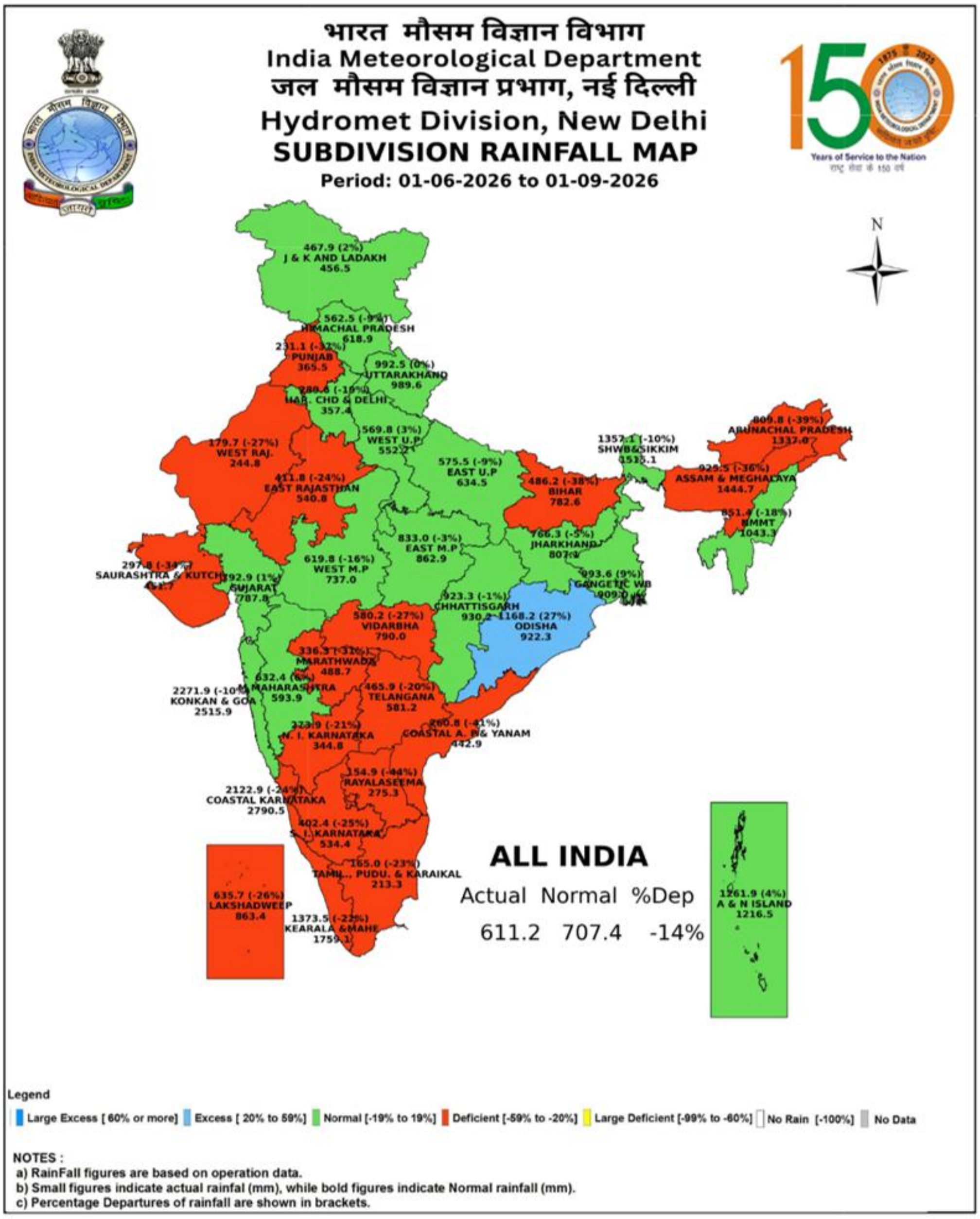
Broader macro situation remains challenging for overall economy due to ongoing geopolitical uncertainty led by US. Imported pet coke prices rose again to US$152/t, which is a major cause of concern for cement companies. As all companies (even in the power sector) are trying to replace imported coal with domestic coal, domestic coal pricing can also rise if the Middle East situation doesn't normalize soon. Cement companies continue to optimize their fuel mix (rely on domestic coal, pet coke) and improve efficiency to mitigate cost pressures. As macro is not improving (in fact, has worsened due to poor monsoon this year), there is a risk of lower infrastructure spending from GoI in H2FY27, which may impact all cement companies' volume growth. Jul infra spending figures, however, are encouraging.

Exhibit 11: Monthly GoI infrastructure spending indicates good 54% YoY jump in Jul'26; 37% of planned capex in 4 months



Source: Industry, PL

Exhibit 12: Seasonal rainfall statistics till September 1, 2026



Source: Mausam.imd.gov.in

Exhibit 13: Valuation Summary

Company Name	Mkt Cap (INR bn)	CMP (INR)	TP (INR)	Rating	BV FY26E (INR)	P/BV (x)	Revenue (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EV/EBITDA				ROE (%)				ROCE (%)			
							FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E	FY25	FY26	FY27E	FY28E
ACC	239	1,272	2,198	BUY	1093	1.2	212.8	259.6	268.8	292.2	24.2	29.5	32.6	35.6	19.1	27.1	17.8	19.7	9.6	8.8	6.6	5.7	10.9	13.9	8.3	8.5	8.0	9.2	9.3	9.3
ACEM	999	412	504	BUY	240	1.7	370.2	413.4	443.1	501.5	76.5	72.3	76.3	90.5	60.1	57.2	25.1	33.3	13.3	15.4	14.6	12.3	12.6	10.1	4.1	5.3	11.2	6.4	5.4	6.9
DALBHARA	339	1,807	2,173	BUY	959	1.9	139.8	148.0	171.9	193.6	24.1	30.8	34.6	40.7	7.2	10.9	12.3	15.2	14.5	11.7	11.5	9.9	4.3	6.2	6.7	7.7	4.9	7.2	7.2	8.0
JKCE	392	5,078	6,205	Accumulate	911	5.6	118.8	137.2	159.0	187.2	20.3	23.7	27.9	36.7	8.6	9.9	11.8	16.8	21.4	18.9	16.8	12.6	15.0	15.1	15.7	19.0	12.6	13.7	14.3	17.0
JKLC	65	524	714	BUY	313	1.7	61.9	67.6	76.6	85.0	8.6	10.1	10.6	12.4	3.0	4.5	4.0	4.1	9.1	7.7	8.3	8.1	8.8	12.0	10.0	9.4	10.2	11.0	9.8	9.2
JSWC	170	125	139	Accumulate	49	2.6	58.1	65.1	81.4	94.7	8.6	12.4	16.2	19.0	(1.1)	7.8	7.6	8.6	21.3	16.4	13.3	11.8	-4.7	17.5	11.1	11.3	6.5	9.6	10.6	10.8
NUVOCO	115	323	510	BUY	286	1.1	103.6	113.4	127.8	140.2	13.7	18.6	22.3	23.7	0.1	3.4	5.6	6.1	11.1	8.6	7.0	6.2	0.1	3.6	5.4	5.5	3.9	7.1	8.2	8.4
SRCM	848	23,490	29,085	Accumulate	6449	3.6	192.8	209.4	238.7	266.4	39.3	74.9	46.3	56.3	11.2	46.0	15.0	17.0	20.1	10.4	16.6	13.4	5.3	20.6	6.3	6.9	4.1	19.9	8.1	9.0
UTCEM	3,344	11,400	13,832	BUY	2600	4.4	759.6	885.1	1,026.4	1,159.4	125.6	170.2	201.8	231.5	60.4	81.7	102.9	112.8	29.4	21.5	18.0	15.5	9.2	11.1	12.8	12.7	10.4	12.8	14.5	16.2

Source: Company, PL *ACC to be discontinued post amalgamation into Ambuja Cement*

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	ACC	BUY	2198	1384
2	Adani Port & SEZ	BUY	2113	1720
3	Ambuja Cement	BUY	504	435
4	Dalmia Bharat	Buy	2173	1897
5	Hindalco Industries	Accumulate	1162	1060
6	Jindal Stainless	Buy	821	733
7	Jindal Steel	BUY	1298	1040
8	JK Cement	Accumulate	6205	5453
9	JK Lakshmi Cement	BUY	714	571
10	JSW Cement	Accumulate	139	130
11	JSW Infrastructure	Accumulate	361	345
12	JSW Steel	Accumulate	1351	1237
13	National Aluminium Co.	Accumulate	401	369
14	NMDC	Hold	86	84
15	Nuvoco Vistas Corporation	BUY	510	341
16	Shree Cement	Accumulate	29085	26055
17	Steel Authority of India	Accumulate	185	171
18	Tata Steel	Accumulate	212	190
19	Ultratech Cement	BUY	13832	11903
20	Usha Martin	BUY	594	511

PL's Recommendation Nomenclature (Absolute Performance)

BUY : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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