SECTOR RATING: Overweight

PL Capital
PRABHUDAS LILLADHER

Cement

Sector Update

May 11, 2026

Coverage Universe

Name of the Company	Rating	CMP (INR)	TP (INR)
ACC	BUY	1,392	2,188
Ambuja Cement	BUY	444	524
Dalmia Bharat	BUY	1,824	2,287
JK Cement	Accumulate	5,572	6,017
JK Lakshmi Cement	BUY	667	751
JSW Cement	Accumulate	125	142
Nuvoco Vistas Corporation	Buy	330	474
Shree Cement	Accumulate	25,280	27,907
Ultratech Cement	BUY	11,950	13,835

**ACC to be discontinued post amalgamation into Ambuja Cement*

Top Picks

Ultratech Cement

JK Cement

Ambuja Cement

JK Lakshmi Cement

Price hikes return; sustainability is the key

Quick Pointers

- All-India average price grew INR11/bag MoM to INR333/bag.
- Dealers remain cautiously optimistic on further price hikes.

We interacted with cement dealers across regions in India to assess demand and pricing trends in Apr'26. Our discussions indicate that demand remained mixed during the month, impacted by extreme heatwaves, labour shortages due to elections, weddings and harvesting season, along with temporary disruptions from elections in select states. Despite these challenges, companies were able to implement selective price hikes across several markets, particularly in South and East regions, though partial rollbacks were seen in certain North and West markets due to weak demand and competitive intensity. Overall, while demand moderated sequentially in several cities post March closing, pricing has improved compared to previous months, supported by rising input costs and tighter supply in select markets. Dealers across regions remain cautiously optimistic on further price hikes going ahead, though sustainability will remain dependent on demand recovery and labour availability.

We believe recent price hikes across regions are necessary to offset the sharp increase in input costs, including higher pet coke, packaging (PP bags), fuel and other raw material costs, as highlighted by most companies during Q4FY26 commentaries. While the hikes implemented so far should partly mitigate the expected increase in costs (~Rs100-150/t), sustainability of these hikes remains critical and will depend on demand conditions. In markets where price hikes were partially rolled back due to weak demand, we believe companies may attempt to restore pricing again going ahead, especially if input cost pressures persist or intensify further. We remain positive on cement companies with pan-India presence and few smaller companies where valuations have come off significantly. Top Picks: UTCEM, JKCE, ACEM & JKLC

Northern Region

Cement prices in **Delhi** increased by ~Rs25/bag at the beginning of the month, though Rs5-10/bag was later rolled back due to weak demand conditions, resulting in a net increase of ~Rs15/bag MoM. Demand remained decent to slightly sluggish, impacted by severe heatwaves and labour shortages. Dealers believe further price hikes may be difficult in the near term unless input costs increase meaningfully.

Jaipur cement prices increased by ~Rs10-15/bag in April. Demand trends remained mixed, with some dealers reporting good offtake while others indicated slowdown due to extreme heat, wedding season and labour shortages linked to elections. Dealers expect further price hikes going ahead, particularly if diesel prices increase further, though sustainability will depend on demand recovery.

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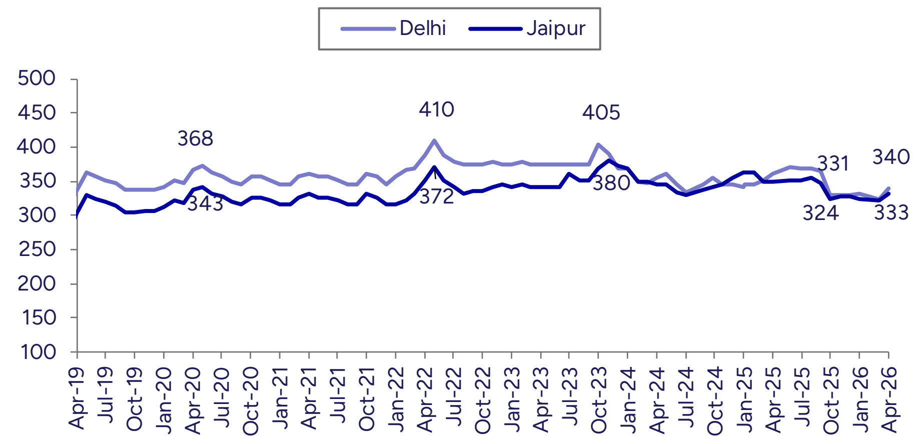
Exhibit 1: Prices in North increased 13/bag MoM on rising RM costs



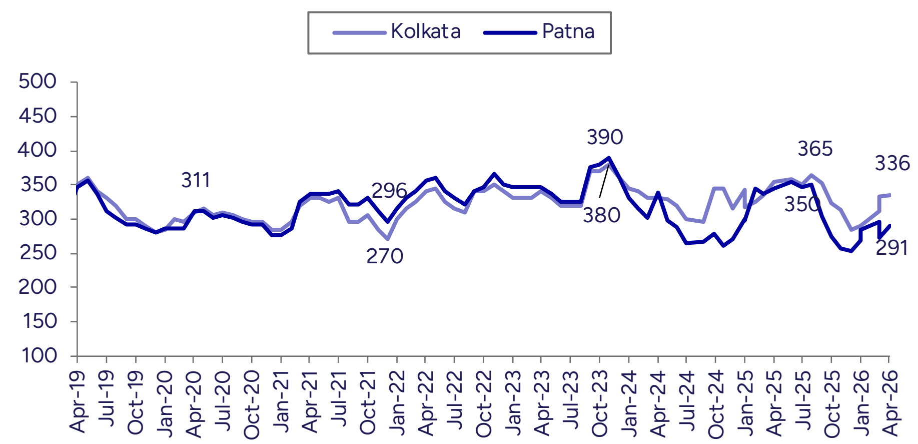
Source: PL

Eastern Region

As per **Patna** dealers, cement prices increased by ~Rs18/bag MoM. Demand remained healthy during the first 10 days of April when prices were elevated at Rs325–330/bag. However, in the second half of the month, labour shortages and slowdown in overall demand led to partial rollback in prices. Looking ahead, dealers expect a price hike in the second half of May, though the increase may remain moderate as demand conditions are expected to stay weak during the month.

Cement prices in **Kolkata** increased marginally by ~Rs3/bag MoM. Demand remained subdued during April due to election-related disruptions and labour shortages, which slowed construction activity. Dealers expect a minor price hike in May if demand improves. Sentiment has turned more constructive post-election results, with expectations of improved infrastructure and real estate activity in West Bengal.

Exhibit 2: Patna prices up Rs18/bag, while Patna up Rs3/bag despite demand pressure



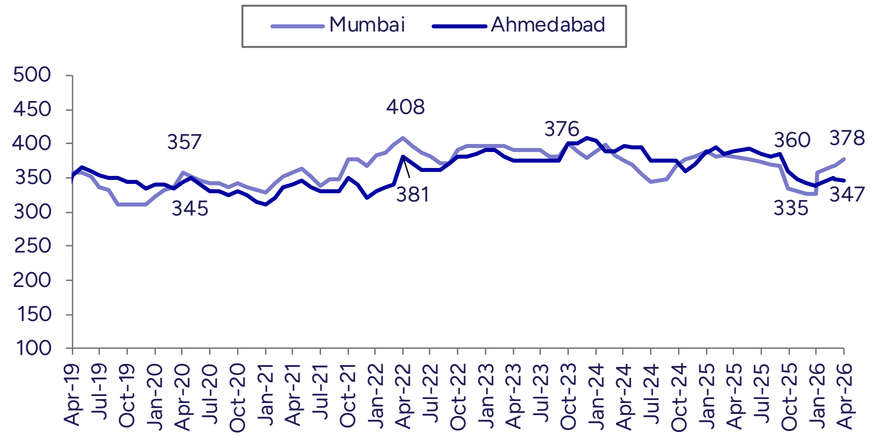
Source: PL

Western Region

Cement prices in **Ahmedabad** remained largely flat MoM. Demand remained broadly similar to March, though overall volumes were impacted by labour shortages during most of April. Dealers indicated that any future price hike will depend on improvement in volumes once labour availability normalises.

Mumbai cement prices were increased by ~Rs10/bag across brands in April but were subsequently rolled back due to sluggish demand conditions. Demand was described as decent overall, though some weakness was seen due to delayed payments, labour shortages linked to elections, and subdued real estate activity. Dealers indicated that further price hikes will depend on improvement in demand and labour availability.

Exhibit 3: **Mumbai led to increase in prices by INR4/bag in the western region**



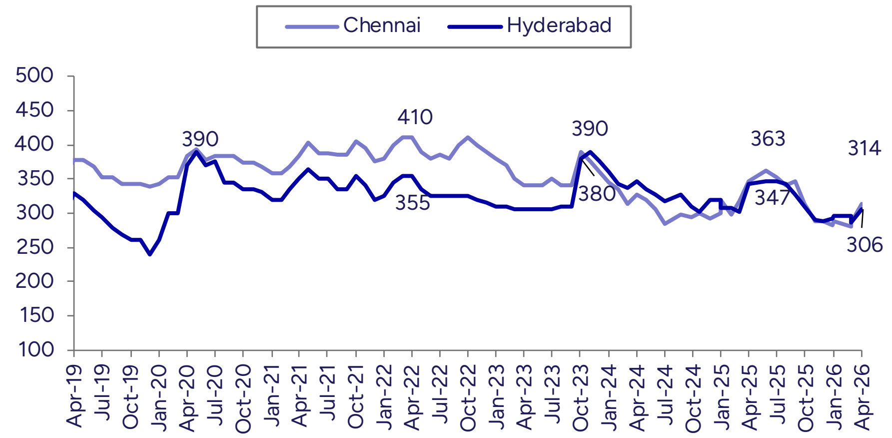
Source: PL

Southern Region

Cement prices in **Chennai** increased by ~Rs27/bag MoM. Demand was slightly weak during the month due to elections and labour shortages, which slowed construction activity. Companies attempted steeper price hikes, but these were not sustained and corrected during the month. Dealers expect both demand and prices to improve post-election results, with a potential Rs20/bag hike in early May.

Cement prices in **Hyderabad** increased by ~Rs15-20/bag MoM. Demand remained volatile during the month, with volumes broadly similar to March levels. After temporary weakness due to excess March dispatches, demand improved towards month-end following slight price corrections. Dealers expect another price hike in the coming week.

Exhibit 4: Chennai prices up by Rs27/bag, while Hyderabad up by Rs20/bag in April



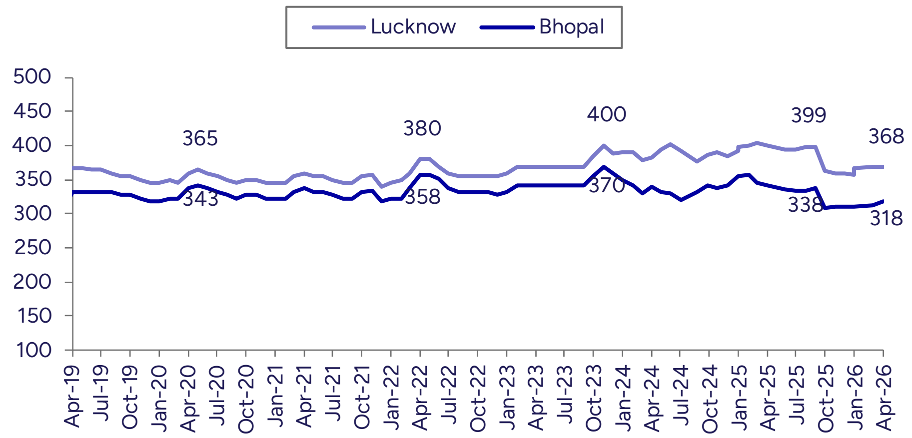
Source: PL

Central Region

Cement prices in **Bhopal** remained broadly stable during the month. Demand was weak due to severe heatwaves and intermittent rainfall, while liquidity constraints and aggressive volume push by key players kept market conditions challenging. Dealers indicated that further price hikes may be possible if input costs rise further.

Cement prices in **Lucknow** remained largely stable MoM as earlier price hikes were partially rolled back due to muted demand. Demand softened due to extreme heat, wedding season, labour shortages linked to wheat harvesting, and weaker construction activity. Dealers believe meaningful price hikes would require tighter cement availability and better demand conditions.

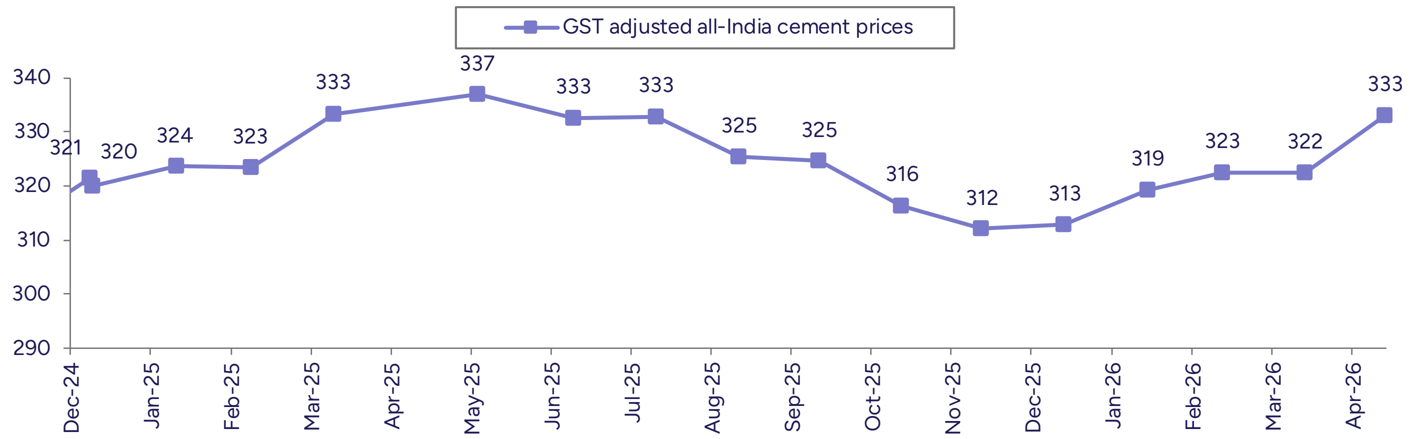
Exhibit 5: Central prices rolled back to flattish MoM prices in April



Source: PL.

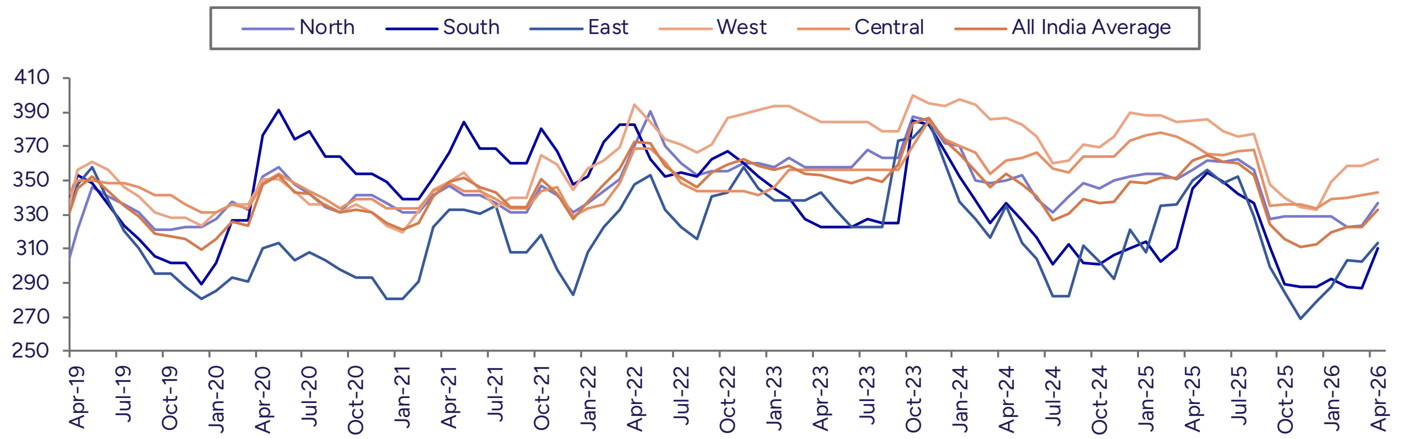
All-India pricing

Exhibit 6: All India average prices increased 11/bag in April to pass on the RM costs



Source: PL adjusted for GST 2.0 rationalization

Exhibit 7: Cement prices increased across regions due to geopolitical tensions leading to increase in various costs



Source: PL, unadjusted for GST 2.0

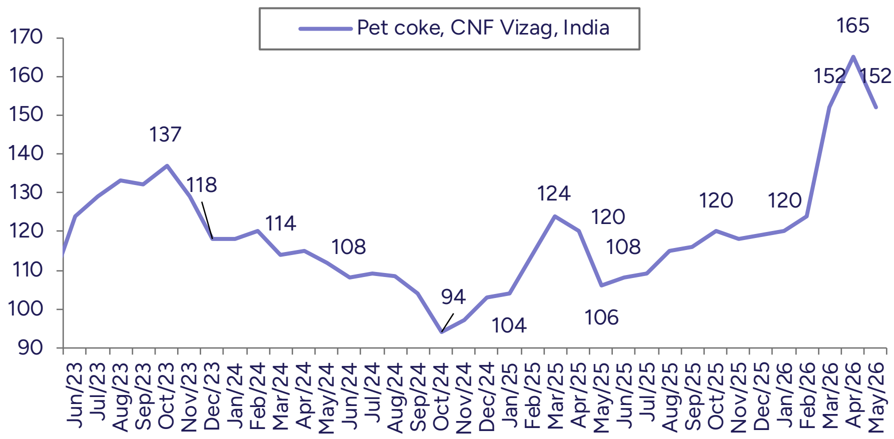
Despite the recent ~Rs11/bag increase in all-India cement prices, pricing trends across markets remained uneven, with several regions witnessing partial rollbacks due to weak demand conditions and labour-related disruptions. Nonetheless, current realization levels still appear insufficient to fully absorb the sharp rise in fuel, freight and packaging costs being faced by companies. Going ahead, a sustained recovery in construction activity and labour availability will be crucial for supporting further price increases and ensuring that recent hikes hold, particularly as companies look to protect profitability amid rising cost pressures.

Exhibit 8: Region wise pricing (Rs/bag)

	North	South	East	West	Central	All India
Jun-23	358	323	323	384	356	349
Jul-23	368	328	323	384	356	352
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	340	323
Mar-26	324	287	303	358	341	322
Apr-26	337	310	313	363	343	333

Source: PL

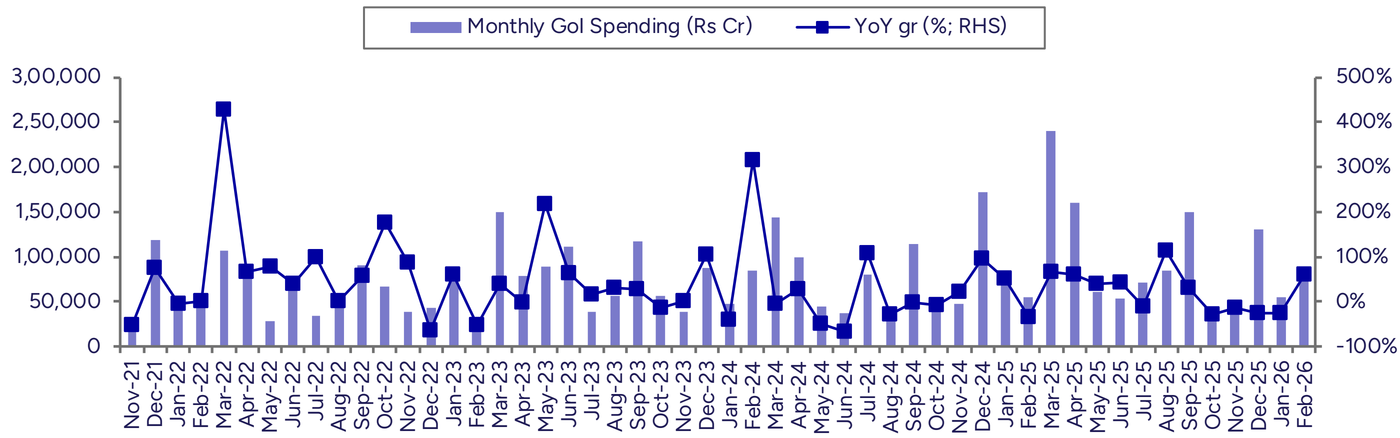
Exhibit 9: Imported pet coke came off to $152/t in last few weeks on US-Iran talks ($/t)



Source: CoalMint, PL

Imported pet coke prices have come off from recent highs of $165 to $152 now which should give some sigh of relief. Although war negotiations are still underway, if incremental disruptions from refineries in middle east doesn't happen, it will aid cement companies in terms of lower prices and higher availability of pet coke. Companies are looking to optimise their fuel mix (rely on domestic coal, pet coke) and improve efficiency to mitigate cost pressures, though the extent of pass-through via price hikes will remain critical.

Exhibit 10: Strong monthly government spending in February (11MYTD spent 83% of FY26 target)



Source: Industry, PL

Expert Call Highlights – Cement Sector transitioning to achieve operational efficiencies

- Our recent expert interaction from Eastern market highlighted that the Indian cement industry is entering a structurally different phase, where capacity additions are expected to remain significantly ahead of underlying demand growth over the medium term. Industry demand growth is expected to broadly track GDP growth at ~7–8%, while large-scale expansions across regions particularly Rajasthan, Odisha and East India are likely to keep competitive intensity elevated. As a result, the industry is gradually transitioning from a pricing-led profitability cycle towards a more operational efficiency and utilization-driven phase.

- The expert highlighted that while companies have attempted multiple price hikes across regions in recent months, sustainability remains uncertain due to periodic volume pressures, regional oversupply and aggressive competition. Pricing discipline has improved versus previous quarters, though several hikes continue to witness partial rollbacks in weaker markets. Going ahead, companies are expected to focus increasingly on improving capacity utilization, logistics efficiencies, freight optimization and raw material sourcing rather than relying solely on pricing for profitability improvement.

- Regionally, East India continues to remain structurally imbalanced, with West Bengal and Odisha remaining oversupplied while Bihar continues to be a structurally deficit market dependent on inflows from neighbouring states. North-East markets continue to command the highest realizations due to tighter supply-demand dynamics, benefiting players with strong regional exposure such as Dalmia Bharat and Star Cement. South India remains the weakest pricing region due to excess capacity and aggressive competition from regional players, while North and West India continue to demonstrate relatively better pricing stability.

- A key theme from the interaction was the increasing importance of logistics and supply-chain optimization in driving profitability. The sector is increasingly moving towards technology-driven logistics systems, including direct plant dispatches, depot optimization, higher-capacity fleets, GPS-enabled tracking and dedicated freight contracts to reduce freight costs and improve service levels. Companies with superior logistics infrastructure and lower lead distances are likely to maintain a structural competitive advantage going ahead.

- Among companies, UltraTech Cement was highlighted as having one of the strongest logistics and distribution networks in the industry, supported by extensive railhead presence and low lead distances. Shree Cement continues to maintain a strong cost advantage due to captive power and efficient operations, while Adani Group (Ambuja/ACC) remains focused on operational integration, pricing discipline and restructuring post acquisitions. Dalmia Bharat and Star Cement continue to benefit from strong exposure to high-realization North-East markets, while Nuvoco has shown gradual improvement in execution and organizational efficiency.

- Overall, the expert believes that operational execution, logistics efficiency, cost control and supply-chain optimization will become the primary drivers of earnings performance going ahead. Companies with strong Pan-India presence, efficient distribution networks and disciplined cost structures are expected to be better positioned to sustain margins in an environment of moderate demand growth and elevated capacity additions.

Exhibit 11: 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	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
ACC*	261	1,392	2,188	BUY	1091	1.3	212.8	259.6	273.8	293.4	24	30	43	51	19.1	27.1	29.5	34.9	9.6	7.5	4.9	3.6	10.9	13.9	13.5	14.0	8.0	9.2	14.0	15.0
ACEM	1,098	444	524	BUY	240	1.9	353.4	406.6	471.8	518.5	60	65	83	99	43.2	51.3	25.7	40.3	18.7	18.6	14.8	12.4	9.1	9.1	4.2	6.3	7.7	5.3	6.6	9.0
DALBHARA	342	1,824	2,287	BUY	959	1.9	139.8	147.7	169.7	189.1	24	30	35	41	7.2	10.6	13.3	17.7	14.7	11.9	10.7	8.9	4.3	6.0	7.2	8.9	4.9	7.0	7.7	9.3
JKCE	431	5,572	6,017	Accumulate	892	6.2	118.8	138.8	163.2	185.2	20	24	29	36	8.6	9.1	11.9	15.1	23.2	20.3	17.2	14.0	15.0	14.0	16.0	17.4	12.6	13.3	14.4	15.6
JKLC	83	667	751	BUY	329	2.0	61.9	67.8	76.9	87.2	9	10	11	14	3.0	4.4	3.6	4.0	10.9	9.3	9.5	8.9	8.8	11.8	9.0	9.3	10.3	11.0	9.7	10.0
JSWC	170	125	142	Accumulate	46	2.7	58.1	64.9	84.6	95.3	9	12	17	19	(1.1)	(11.4)	6.5	7.1	21.3	17.3	13.0	11.7	-4.7	-26.5	9.9	9.8	6.5	8.6	10.5	10.3
NUVOCO	118	330	474	BUY	286	1.2	103.6	113.4	125.2	138.0	14	19	20	22	0.1	3.4	4.5	6.1	11.2	8.7	8.0	6.7	0.1	3.6	4.3	5.6	3.9	7.1	6.8	8.0
SRCM	912	25,280	27,907	Accumulate	6449	3.9	191.7	209.4	235.7	255.7	38	46	48	53	11.2	17.2	17.7	15.4	22.4	18.1	17.4	15.2	5.3	7.7	7.4	6.2	3.6	7.8	8.4	7.6
UTCEM	3,521	11,950	13,835	BUY	2600	4.6	759.6	885.1	1,022.8	1,154.5	126	170	203	232	60.4	81.7	103.7	112.8	29.5	21.6	18.0	15.6	9.2	11.1	12.9	12.7	10.4	12.8	14.6	16.2

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

Given the recent uptick in petcoke prices, our FY28 EBITDA estimates may see a ~7-8% cut, which we will revisit and incorporate in our Q4 preview.

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	ACC	BUY	2188	1411
2	Adani Port & SEZ	BUY	1879	1657
3	Ambuja Cement	BUY	524	445
4	Dalmia Bharat	BUY	2287	1919
5	Hindalco Industries	Accumulate	1043	986
6	Jindal Stainless	Accumulate	821	779
7	Jindal Steel	Accumulate	1289	1223
8	JK Cement	Accumulate	6017	5566
9	JK Lakshmi Cement	BUY	751	625
10	JSW Cement	Accumulate	142	127
11	JSW Infrastructure	Buy	342	284
12	JSW Steel	Accumulate	1289	1210
13	National Aluminium Co.	Hold	413	399
14	NMDC	Accumulate	95	84
15	Nuvoco Vistas Corporation	Buy	474	305
16	Shree Cement	Accumulate	27907	24975
17	Steel Authority of India	Accumulate	176	163
18	Tata Steel	Accumulate	216	205
19	Ultratech Cement	BUY	13835	12010

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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