PL Capital
PRABHUDAS LILLADHER

Cement

Sector Update

July 31, 2026

Coverage Universe

Name of the Company	Rating	CMP (INR)	TP (INR)
ACC	BUY	1,357	2,198
Ambuja Cement	BUY	432	504
Dalmia Bharat	BUY	1,800	2,079
JK Cement	Accumulate	5,479	6,205
JK Lakshmi Cement	BUY	565	765
JSW Cement	Accumulate	133	141
Nuvoco Vistas Corporation	BUY	345	510
Shree Cement	Accumulate	26,055	28,324
Ultratech Cement	BUY	11,903	13,832

Resilient demand keeps pricing intact in July

Quick Pointers

- All-India avg. price remained flattish MoM to INR329/bag.
- Price hike discussions continue, but dealers remain skeptical of sustainability during seasonally weak period.

We interacted with cement dealers across regions in India to assess demand and pricing trends in Jul'26. Our discussions indicate that cement demand remained broadly resilient despite the onset of the monsoon, with North and Central markets witnessing relatively stable construction activity supported by intermittent rainfall. East continued to witness subdued demand amid delayed project execution and weak government spending, while South remained mixed, with Chennai reporting healthy demand and Hyderabad continuing to be impacted by heavy rains, labour migration and sluggish real estate activity. Cement prices remained largely stable across most markets, with only selective corrections, while dealers highlighted that the market is yet to support any meaningful price hikes. Although companies have initiated discussions around price increases in select markets for August, dealers remain cautious about their sustainability given the prevailing demand environment.

Q2 is typically the weakest quarter for the cement industry, with monsoon-led disruptions often resulting in weaker pricing. In this backdrop, sustaining current price levels itself would be a positive outcome, even if fresh price hikes fail to materialize. While elevated P&F, freight and other costs due to reignited middle east crisis continue to warrant better realizations, the delayed and uneven monsoon has so far supported construction activity across several markets, making the demand trajectory over the coming months the key monitorable. We continue to maintain positive stance on companies having diversified market presence and better cost management which should continue gaining market share over the long term. Top Picks: UTCEM & JKCE

Northern Region

Cement prices in **Delhi** remained unchanged MoM. Demand was broadly stable to marginally higher during the month, with dealers highlighting that the monsoon has been intermittent, limiting the seasonal slowdown. While bulk purchases have moderated, demand has remained resilient, which dealers view as encouraging for this time of the year. There have been no discussions around price hikes, and dealers do not expect any meaningful pricing action in the near term despite rising cost pressures. Among major players, UTCEM, SRCM and JKCE continue to perform well in the region.

Jaipur cement prices were flat MoM. Demand remained broadly stable during the month, supported by relatively limited monsoon activity in the region. While dealers indicated that discussions around a potential price hike are ongoing, they believe the market is unlikely to absorb any increase given the seasonal slowdown, with higher prices potentially impacting demand. Among major players, ACEM and UTCEM continue to perform well in the market.

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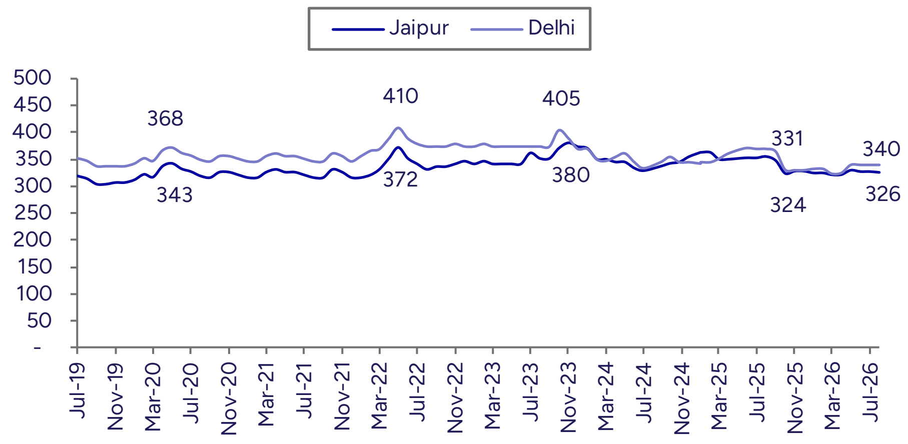
Exhibit 1 : Prices in North remained flat MoM led by resilient demand due to limited monsoon



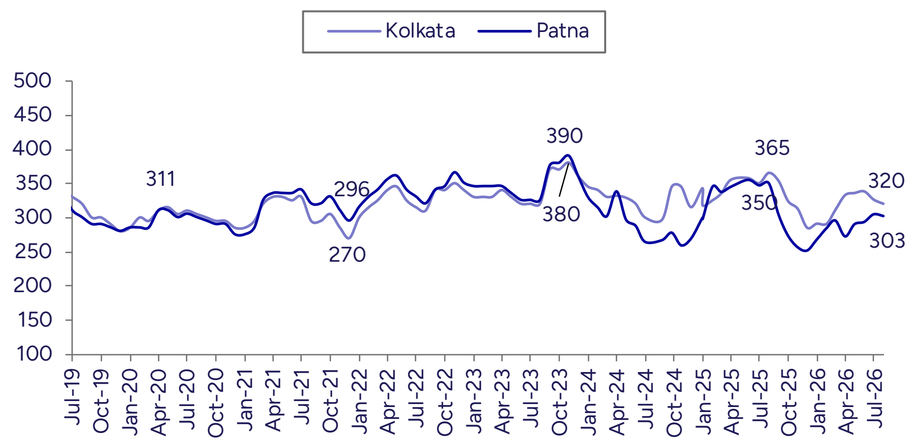
Source: PL

Eastern Region

Demand in **Patna** remained broadly stable during the month, with no meaningful sequential improvement. Dealers indicated that there is limited scope for price hikes, as higher prices could adversely impact the already constrained volumes. Delayed government payments continued to weigh on construction activity and overall market sentiment. Among major players, BCORP, DALBHARA and UTCEM continue to report healthy sales, while SRCM's premium pricing and value-over-volume strategy have impacted its market share.

Cement prices in **Kolkata** remained largely unchanged MoM as demand continued to remain extremely weak. Dealers indicated that there is little possibility of a price hike in the near term given the lack of demand, while any price cut would hurt dealer profitability without materially improving volumes. They expect prices to remain broadly stable over the coming weeks, with any meaningful demand recovery likely to be gradual.

Exhibit 2 : Patna prices remained flat MoM, while Kolkata prices declined by INR5/bag



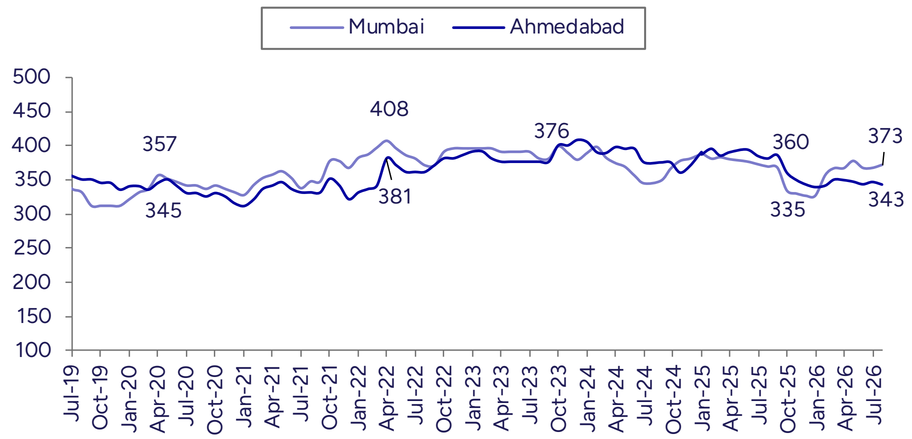
Source: PL

Western Region

Cement prices in **Ahmedabad** declined by INR5/bag MoM amid weak demand, as heavy monsoon rains and labour shortages significantly slowed construction activity. Dealers indicated that there are no discussions around any immediate price hike, with the current demand environment unlikely to support higher prices. They expect construction activity and demand to gradually improve only in the second half of August, provided rainfall subsides and project execution resumes.

Cement prices in **Mumbai** remained flattish to INR5/bag up MoM. Demand remained mixed during the month, with patchy retail demand due to the monsoon, although construction activity was supported by healthy demand from the builder and infrastructure segments. Dealers indicated that discussions around a ~INR10/bag price hike are underway, with implementation targeted in the first week of August; however, they remain cautious about its sustainability given the current demand environment. Among major players, UTCEM, ACEM and DALBHARA continue to maintain a strong presence in the market.

Exhibit 3 : Prices up by INR5/bag in Mumbai while declined INR5/bag in Ahmedabad



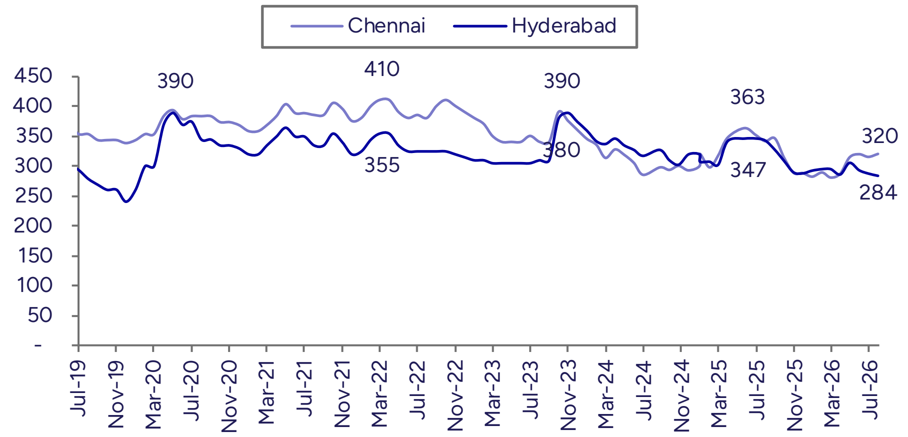
Source: PL

Southern Region

Cement prices in **Chennai** have remained broadly unchanged for the past three months, fluctuating only within a narrow Rs5-10/bag range. Demand is relatively better than in other regions, supported by ongoing construction activity. However, dealers believe any attempt to increase prices immediately impacts volumes, forcing companies to roll back the hikes. They expect prices to remain stable through August, with a gradual improvement in volumes if rainfall remains manageable.

Market conditions remain the weakest in **Hyderabad** among the regions surveyed. Demand continues to be poor and dealers believe that even if companies attempt a Rs20/bag price hike, it is unlikely to sustain, with a rollback of Rs10-15/bag expected shortly after. Construction activity has been affected by heavy rains, labour migration during the monsoon and slower project execution due to state-level regulatory issues. Dealers do not expect any meaningful recovery in Telangana before Diwali unless the broader macro environment improves.

Exhibit 4 : **Chennai cement prices were up INR5/bag MoM, while INR5/bag declined in Hyderabad**



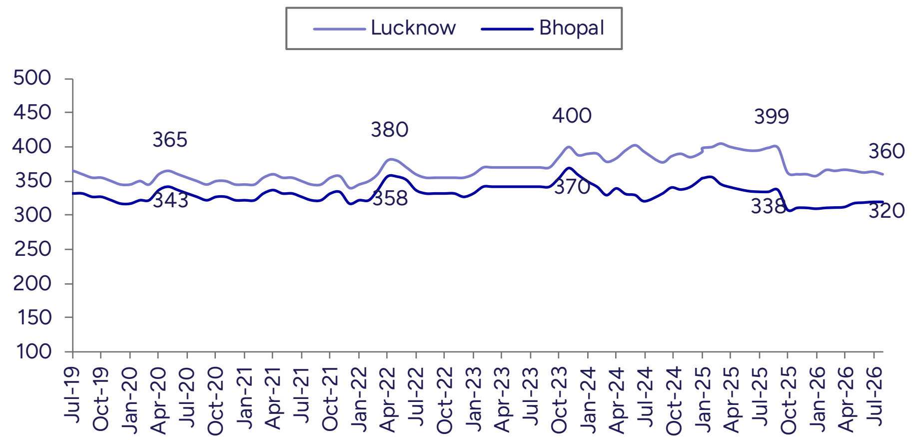
Source: PL

Central Region

Cement prices in **Lucknow** declined by ~INR5/bag MoM, primarily due to seasonal weakness. Demand remained broadly stable to marginally lower MoM, though dealers indicated that construction activity was relatively healthy for this time of the year, supported by limited monsoon disruption so far. Dealers do not expect any meaningful price hikes in the near term given the seasonal slowdown and expect prices to remain broadly stable unless demand weakens further.

Cement prices in **Bhopal** remained largely unchanged MoM, with intense competition continuing to weigh on pricing. Demand remained broadly stable during the month, supported by relatively limited monsoon activity in the region, though dealers expect construction activity to slow in August as rainfall intensifies. Dealers indicated that there are currently no discussions around price hikes, with the market unlikely to support any increase in the near term. Among major players, UltraTech continued to report strong volumes, while the trade and non-trade price gap has widened to ~INR80/bag.

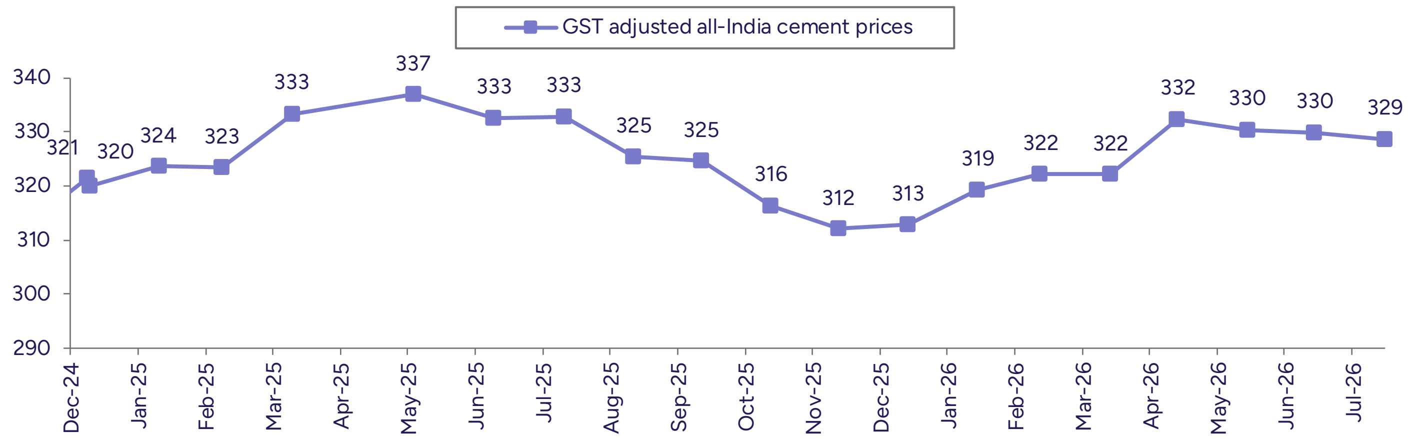
Exhibit 5 : **Bhopal prices remained flattish MoM, while declined by INR5/bag in Lucknow**



Source: PL

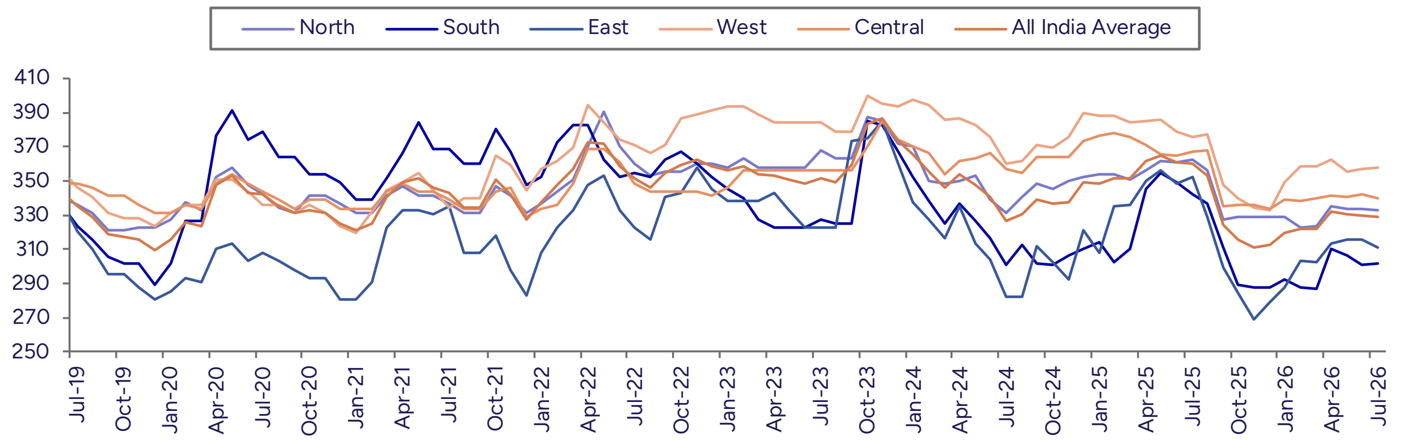
All-India pricing

Exhibit 6 : All India average prices remained flat in July despite seasonal weakness



Source: PL adjusted for GST 2.0 rationalization

Exhibit 7 : Cement prices declined in remained flattish across regions led by resilient demand on delayed monsoon.



Source: PL, unadjusted for GST 2.0

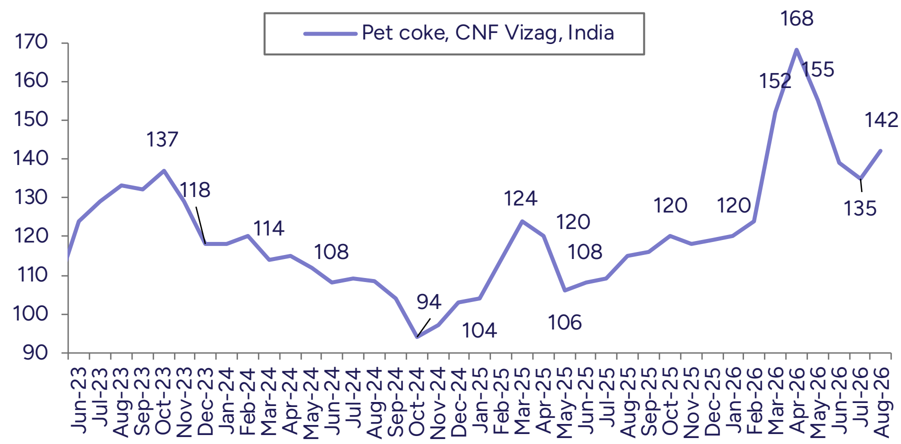
All-India cement prices remained largely stable on a MoM basis, reflecting a balanced pricing environment despite the onset of the seasonally weak monsoon period. While demand remained mixed across regions, supported by pre-monsoon construction activity in select North and Central markets, East and South continued to witness subdued demand due to project delays and weak real estate activity. Dealers expect pricing to remain broadly stable in the near term, with limited scope for meaningful price hikes until construction activity improves post-monsoon. We believe maintaining price stability during the seasonally weak quarter will be critical for protecting realizations and margins in Q2FY27.

Exhibit 8: Region wise pricing (Rs/bag)

	North	South	East	West	Central	All India
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	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

Source: PL

Exhibit 8 : Imported pet coke started rising again in last few weeks on US-Iran attacks ($/t)



Source: CoalMint, PL

Imported pet coke prices have started rising again post continued attacks from US on Iran which is a cause of concern. As all the companies (even in power sector) are trying to replace imported coal with domestic coal, domestic pricing can also rise if middle east situation doesn't normalise soon. Cement companies continues to optimise their fuel mix (rely on domestic coal, pet coke) and improve efficiency to mitigate cost pressures. If middle east crisis gets elongated, there is a risk of lower infrastructure spending from GoI in H2FY27 which may impact all the companies volume growth.

Exhibit 9: 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	261	1,357	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	1,074	432	504	BUY	240	1.8	370.2	413.4	443.1	501.5	76.5	72.3	76.3	90.5	60.1	57.2	25.1	33.3	14.3	16.4	15.6	13.1	12.6	10.1	4.1	5.3	11.2	6.4	5.4	6.9
DALBHARA	337	1,800	2,079	BUY	959	1.9	139.8	148.0	169.8	191.5	24.1	30.8	35.5	41.2	7.2	10.9	12.8	15.3	14.5	11.6	11.2	9.7	4.3	6.2	6.9	7.7	4.9	7.2	7.5	8.1
JKCE	423	5,479	6,205	Accumulate	911	6.0	118.8	137.2	159.0	187.2	20.3	23.7	27.9	36.7	8.6	9.9	11.8	16.8	22.9	20.2	18.0	13.5	15.0	15.1	15.7	19.0	12.6	13.7	14.3	17.0
JKLC	72	565	765	BUY	313	1.8	61.9	67.6	76.6	84.7	8.6	10.1	11.0	13.0	3.0	4.3	3.9	4.0	9.9	8.4	8.6	8.3	8.8	11.5	9.6	9.2	22.4	16.7	18.4	17.7
JSWC	182	133	141	Accumulate	49	2.7	58.1	65.1	82.5	98.4	8.6	12.4	15.7	19.3	(1.1)	7.8	6.5	8.1	22.3	17.3	14.4	12.3	-4.7	17.5	9.5	10.9	6.5	9.6	10.2	11.0
NUVOCO	123	345	510	BUY	286	1.2	103.6	113.4	127.8	140.2	13.7	18.6	22.3	23.7	0.1	3.4	5.6	6.1	11.6	9.0	7.4	6.5	0.1	3.6	5.4	5.5	3.9	7.1	8.2	8.4
SRCM	955	26,055	28,324	Accumulate	6449	4.0	191.7	209.4	235.4	262.6	38.2	46.4	44.0	54.5	11.2	17.2	14.2	16.0	22.4	11.6	18.6	15.9	5.3	7.7	6.0	6.5	85.8	55.9	67.8	60.2
UTCEM	3,508	11,903	13,832	BUY	2600	4.6	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	2079	1811
5	Hindalco Industries	Accumulate	1050	972
6	Jindal Stainless	BUY	821	696
7	Jindal Steel	BUY	1298	1040
8	JK Cement	Accumulate	6205	5453
9	JK Lakshmi Cement	BUY	765	573
10	JSW Cement	Accumulate	141	136
11	JSW Infrastructure	Accumulate	361	345
12	JSW Steel	Accumulate	1351	1237
13	National Aluminium Co.	Accumulate	376	350
14	NMDC	Hold	86	84
15	Nuvoco Vistas Corporation	BUY	510	341
16	Shree Cement	Accumulate	28324	26710
17	Steel Authority of India	Accumulate	185	171
18	Tata Steel	Accumulate	226	188
19	Ultratech Cement	BUY	13832	11903

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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