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CEMENT | Q1FY27 Preview | 09 July 2026

Q1 impacted by higher operational cost; demand steady

- **Cement demand is expected to remain intact in Q1FY27. We expect coverage company demand to growth at ~11%YoY higher than industry.**
- **Cement prices have stayed listless due to the weakness in eastern and southern regions, though this was offset by better prices in North & West**
- **Avg EBITDA margin (cement coverage) estimated at ~16%, down by ~180 bps QoQ but 570bps YoY; average EBITDA/tn at ~Rs 871**

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Sustained construction and infra-activities support demand: Cement industry enters Q1FY27 on a stronger footing. Demand remained resilient across urban housing, infrastructure and rural IHB markets, with industry growth expected at ~8% YoY. However, April witnessed temporary disruptions from geopolitical tensions, labour shortages due to state elections and a slower construction activity. Our coverage universe is expected to report lower double digit (~11% YoY) growth.

Supply glut limits the price hikes: Cement companies hiked prices by Rs10-25/bag across regions during April but only limited hikes in select markets were absorbed. These are expected to only partially offset cost inflation. Furthermore, oversupply and weaker demand in May limited additional price hike action. Effectively, realisation growth is likely to be flat YoY (average coverage universe).

Cost inflation to dent margins: During Q1FY27/FY27, key challenge is/will be the likely fuel and related cost inflation. Key fuel prices have spiked ~35-40% QoQ, while imported coal prices also inched up following the geopolitical disruptions in West Asia. Most companies have guided for Rs150-300/t increase in operating costs during Q1/Q2 FY27. Packaging costs have also risen sharply due to higher granule prices. Diesel price hike and limited rake availability continue to weigh on freight costs. Pressure on EBITDA margin (~524bps/173bps YoY/QoQ) in Q1FY27 is expected with continuation in H2FY27.

Capacity expansion continues but pace tapers: Capacity additions continue across the industry, but companies have clearly shifted focus from aggressive expansion towards improving utilisation and returns. Debottlenecking, brownfield expansions and project optimisation continue to stay the preferred growth strategy, while greenfield projects have seen tapering execution pace.

No major change in stance: We continue to be positive on UTCEM and STAR CEM (BUY) and assign SELL rating on JK Lakshmi and TRCL. We initiated coverage on JSW Cement assigning a BUY rating with a TP of Rs139/sh on 6th Apr.

Fig 1 – BOBCAPS Cement universe: Q1FY27 preview

Y/E March	Net sales (Rs mn)			EBITDA (Rs mn)			EBITDA margin (%)			Adj. PAT (Rs mn)		
	Q1FY27E	YoY (%)	QoQ (%)	Q1FY27E	YoY (%)	QoQ (%)	Q1FY27E	YoY (bps)	QoQ (bps)	Q1FY27E	YoY (%)	QoQ (%)
ACC	66,312	5.8	(6.3)	6,141	(52.8)	(0.4)	9.3	(1,151.7)	55.0	2,883	(66.2)	13.9
ACEM	61,276	11.1	(12.1)	6,458	(25.9)	(0.4)	10.5	(527.0)	123.8	3,488	(59.2)	(3.9)
DALBHARA	38,197	5.1	(10.0)	6,912	(21.7)	(23.4)	18.1	(619.0)	(315.4)	1,725	(54.2)	(56.6)
JKCE	35,753	13.5	(2.9)	6,056	(10.1)	(9.6)	16.9	(445.3)	(124.7)	2,806	(16.4)	(18.5)
JKLC	17,990	3.3	(5.4)	2,142	(31.2)	(25.1)	11.9	(596.8)	(313.8)	752	(50.4)	(45.6)
JSWCEMEN	17,556	12.6	(7.4)	2,763	(14.4)	(24.3)	15.7	(494.5)	(352.0)	930	(6.9)	(74.1)
NUVOCO	31,766	10.6	(3.9)	3,624	(30.1)	(38.3)	11.4	(664.4)	(636.0)	379	(71.6)	(80.0)
TRCL	21,845	5.5	(16.2)	2,807	(29.4)	(24.7)	12.8	(636.1)	(145.8)	43	(94.9)	(94.0)
SRCM	56,297	13.8	(0.3)	11,412	(7.1)	(9.2)	20.3	(456.9)	(197.3)	4,438	(28.2)	(17.6)
STRCEM	8,987	(1.5)	(23.4)	1,756	(23.1)	(44.3)	19.5	(548.4)	(730.9)	587	(40.2)	(61.6)
UTCEM	2,34,091	19.2	(4.8)	42,401	0.9	(14.5)	18.1	(328.6)	(205.8)	21,737	(2.6)	(17.1)
Total	**5,90,069**	**12.8**	**(6.5)**	**92,473**	**(15.5)**	**(15.8)**	**15.7**	**(524.4)**	**(172.9)**	**39,768**	**(31.9)**	**(26.8)**

Source: Company, BOBCAPS Research

Fig 2 – Sales volume

Y/E March	Sales Volume (mn tonnes)			Realisation (Rs/tonne)			EBITDA (Rs/tonne)		
	Q1FY27E	YoY (%)	QoQ (%)	Q1FY27E	YoY (%)	QoQ (%)	Q1FY27E	YoY (bps)	QoQ (bps)
ACC	10.93	(3.1)	(8.2)	5,634	7.0	0.7	562	(51.3)	8.5
ACEM	11.34	8.0	(14.1)	5,404	2.9	2.3	570	(31.4)	15.9
DALBHARA	7.84	12.0	(10.9)	4,872	(6.2)	1.0	855	(30.8)	(14.4)
JKCE	6.22	15.2	(6.0)	5,745	(1.5)	3.2	973	(22.0)	(3.8)
JKLC	3.66	10.0	(6.1)	4,981	(4.8)	2.0	585	(37.4)	(20.3)
JSWCEMENR	3.66	10.6	(8.3)	4,797	1.8	1.0	755	(22.5)	(17.5)
NUVOCO	5.81	14.0	(3.1)	4,945	(3.2)	(1.0)	623	(38.7)	(36.3)
TRCL	4.48	12.0	(16.9)	4,876	(5.8)	0.8	604	(37.7)	(10.3)
SRCM	10.16	13.5	(5.7)	5,365	(3.0)	2.3	1,123	(18.2)	(3.7)
STRCEM	1.35	4.3	(22.1)	6,657	3.6	3.4	1,301	13.7	(12.3)
UTCEM	40.33	16.0	(5.1)	4,996	1.6	1.4	1,051	(13.0)	(9.9)
Total	**105.78**	**11.4**	**(4.5)**	**5,182**	**0.2**	**(2.1)**	**871**	**(23.6)**	**(11.3)**

Source: Company, BOBCAPS Research

Fig 3 – ACC

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	10.9	11.3	(3.1)	11.9	(8.2)	Volume performance is expected to taper off YoY, despite commissioning of Salai Banwa and Kalamboli units (in Q3FY26), owing to focus on margins and weak demand in eastern (state elections) and southern (fierce competition) regions. ACC's margins are expected to be impacted as cost escalation (due to multiple reasons) has not been fully offset by realisation gains, impacting the EBITDA margin (9.3% vs the stronger 20.8% in Q1FY26).
Realisations (Rs/tonne)	5,634	5,265	7.0	5,594	0.7	
Sales (Rs mn)	**66,312**	**62,662**	**5.8**	**70,758**	**(6.3)**	
EBITDA (Rs mn)	**6,141**	**13,020**	**(52.8)**	**6,164**	**(0.4)**	
EBITDA margin (%)	9.3	20.8	(1,152bps)	8.7	55bps	
EBITDA (Rs/tonne)	562	1,155	(51.3)	518	8.5	
Adj PAT (Rs mn)	**2,883**	**8,532**	**(66.2)**	**2,531**	**13.9**	
Adj PAT margin (%)	4.3	13.6	(927bps)	3.6	77bps	

Source: Company, BOBCAPS Research

Fig 4 – ACEM

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	11.34	10.50	8.0	13.20	(14.1)	Q1FY27 volumes are expected to be healthy due to presence in northern and western regions. Further, strong demand in election driven states in the eastern region to help volume gains in the initial period of the quarter (April). Realisation gains YoY to.be come from its presence in western and northern markets. However, EBITDA/tn to hover ~ Rs600/tn, given the overall impact on cost escalation YoY contributed by higher energy cost, logistic expenses and other expenditure (packaging cost).
Realisations (Rs/tonne)	5,404	5,252	2.9	5,284	2.3	
Sales (Rs mn)	**61,276**	**55,147**	**11.1**	**69,743**	**(12.1)**	
EBITDA (Rs mn)	**6,458**	**8,718**	**(25.9)**	**6,487**	**(0.4)**	
EBITDA margin (%)	10.5	15.8	(527bps)	9.3	124bps	
EBITDA (Rs/tonne)	570	830	(31.4)	491	15.9	
Adj PAT (Rs mn)	**3,488**	**8,555**	**(59.2)**	**3,628**	**(3.9)**	
Adj PAT margin (%)	5.7	15.5	(982bps)	5.2	49bps	

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

Fig 5 – DALBHARA

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	7.84	7.00	12.0	8.80	(10.9)	Dalmia Bharat continues to focus on earnings gains over market share profitability. However, presence in eastern (largely Odisha) and north-eastern regions to aid volume growth YoY. Realisations correction on account of strong volumes push in the eastern and southern markets. Effectively, EBITDA margins to settle at ~18% sharply down and EBITDA/tonne to slid meaningfully as cost escalation and pricing weakness impact earnings.
Realisations (Rs/tonne)	4,872	5,194	(6.2)	4,824	1.0	
Sales (Rs mn)	**38,197**	**36,360**	**5.1**	**42,450**	**(10.0)**	
EBITDA (Rs mn)	**6,912**	**8,830**	**(21.7)**	**9,020**	**(23.4)**	
EBITDA margin (%)	18.1	24.3	(619bps)	21.2	(315bps)	
EBITDA (Rs/tonne)	855	1,234	(30.8)	998	(14.4)	
Adj PAT (Rs mn)	**1,725**	**3,770**	**(54.2)**	**3,980**	**(56.6)**	
Adj PAT margin (%)	4.5	10.4	(585bps)	9.4	(486bps)	

Source: Company, BOBCAPS Research

Fig 6 – JKCE

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	6.2	5.4	15.2	6.6	(6.0)	Volume gains in Q1FY27 are expected to be in mid-teens though tad lower than the aggressive pace. This is driven by lower-than-expected volume growth in May in key operating region of Central India and West. Pricing pressure clearly eminent but early quarter price hikes help recover QoQ, partially offsetting cost impact. White cement should face headwinds given the impact of geo-political challenging environment. This is likely to have a cumulative impact on overall EBITDA YoY.
Realisations (Rs/tonne)	5,745	5,831	(1.5)	5,564	3.2	
Sales (Rs mn)	**35,753**	**31,498**	**13.5**	**36,839**	**(2.9)**	
EBITDA (Rs mn)	**6,056**	**6,738**	**(10.1)**	**6,700**	**(9.6)**	
EBITDA margin (%)	16.9	21.4	(445bps)	18.2	(125bps)	
EBITDA (Rs/tonne)	973	1,247	(22.0)	1,012	(3.8)	
Adj PAT (Rs mn)	**2,806**	**3,356**	**(16.4)**	**3,445**	**(18.5)**	
Adj PAT margin (%)	7.8	10.7	(281bps)	9.4	(150bps)	

Source: Company, BOBCAPS Research

Fig 7 – JKLC

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	3.7	3.3	10.0	3.9	(6.1)	UCWL synergies, Surat and Prayagraj contributions should help volume growth. However, YoY growth to be lower than expected due to pricing pressure.
Realisations (Rs/tonne)	4,981	5,234	(4.8)	4,881	2.0	
Sales (Rs mn)	**17,990**	**17,409**	**3.3**	**19,015**	**(5.4)**	Pricing pressure should moderate QoQ, as demand improves in the relatively stronger northern markets. However, stiff competition in North/West region should cap a meaningful recovery.
EBITDA (Rs mn)	**2,142**	**3,112**	**(31.2)**	**2,861**	**(25.1)**	
EBITDA margin (%)	11.9	17.9	(597bps)	15.0	(314bps)	
EBITDA (Rs/tonne)	585	936	(37.4)	734	(20.3)	Energy cost escalation alongside logistics and inflated other expenses will hit margins hard, further impacting EBITDA/tn. EBITDA performance impacted by lower realisation and spike in cost.
Adj PAT (Rs mn)	**752**	**1,517**	**(50.4)**	**1,382**	**(45.6)**	
Adj PAT margin (%)	4.2	8.7	(453bps)	7.3	(309bps)	

Source: Company, BOBCAPS Research

Fig 8 – NUVOCO

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	5.81	5.10	14.0	6.00	(3.1)	Volume growth is expected to remain healthy at ~14% YoY, aided by sustained infrastructure demand and improving traction from May. However, aggressive penetration had impacted realisations.
Realisations (Rs/tonne)	4,945	5,110	(3.2)	4,995	(1.0)	
Sales (Rs mn)	**31,766**	**28,727**	**10.6**	**33,068**	**(3.9)**	
EBITDA (Rs mn)	**3,624**	**5,186**	**(30.1)**	**5,876**	**(38.3)**	Realisations will remain under pressure (~Rs4,945/t), as competitive intensity in the East continues. Competitive forces equally hit hard pricing in northern area..
EBITDA margin (%)	11.4	18.1	(664bps)	17.8	(636bps)	
EBITDA (Rs/tonne)	623	1,017	(38.7)	979	(36.3)	Effectively, EBITDA is expected to decline ~30% YoY to ~Rs3.6bn, as elevated fuel, packaging and freight costs outweigh healthy volume growth.
Adj PAT (Rs mn)	**379**	**1,332**	**(71.6)**	**1,889**	**(80.0)**	
Adj PAT margin (%)	1.2	4.6	(344bps)	5.7	(452bps)	

Source: Company, BOBCAPS Research

Fig 9 – TRCL

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	4.5	4.0	12.0	5.4	(16.9)	Volume growth is expected to remain healthy (~12% YoY), supported by improving demand in the eastern region (Odisha) and West Bengal pre elections, offsetting weakness in core southern region.
Realisations (Rs/tonne)	4,876	5,175	(5.8)	4,836	0.8	
Sales (Rs mn)	**21,845**	**20,701**	**5.5**	**26,061**	**(16.2)**	Pricing impact clearly visible as eastern region push limits margin traction weak demand in southern pushes down realsiation jYoYu.
EBITDA (Rs mn)	**2,807**	**3,976**	**(29.4)**	**3,728**	**(24.7)**	
EBITDA margin (%)	12.8	19.2	(636bps)	14.3	(146bps)	Higher fuel and raw material costs including the Tamil Nadu mineral tax offset benefits from operating leverage and green power initiatives.
EBITDA (Rs/tonne)	604	969	(37.7)	673	(10.3)	
Adj PAT (Rs mn)	**43**	**860**	**(94.9)**	**722**	**(94.0)**	Margins will likely impact cost inflation, as expected. PAT impacted due to heavy debt on the balance sheet.
Adj PAT margin (%)	0.2	4.2	(396bps)	2.8	(257bps)	

Source: Company, BOBCAPS Research

Fig 10 – SRCM

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Sales volume (mn tonnes)	10.2	9.0	13.5	10.8	(5.7)
Realisations (Rs/tonne)	5,365	5,528	(3.0)	5,245	2.3
Sales (Rs mn)	**56,297**	**49,480**	**13.8**	**56,493**	**(0.3)**
EBITDA (Rs mn)	**11,412**	**12,291**	**(7.1)**	**12,566**	**(9.2)**
EBITDA margin (%)	20.3	24.8	(457bps)	22.2	(197bps)
EBITDA (Rs/tonne)	1,123	1,373	(18.2)	1,167	(3.7)
Adj PAT (Rs mn)	**4,438**	**6,185**	**(28.2)**	**5,383**	**(17.6)**
Adj PAT margin (%)	7.9	12.5	(462bps)	9.5	(165bps)

Comment

Volume growth is expected to be healthy as the focus shifts back on aggressive penetration by pushing cement harder. Demand in northern and eastern regions (Bihar) further helped the gains and offset weakness in southern region.

This has impacted realisations YoY, but price hikes in the early part of the quarter to help QoQ gains.

Margins impact to be visible YoY/QoQ on account of cost increase driven by higher energy cost. Further, higher road coefficient (~88%) will impact logistic cost.

UAE business momentum to be impacted due to geo-political tensions.

Source: Company, BOBCAPS Research

Fig 11 – JSW Cement

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Sales volume (mn tonnes)	3.66	3.31	10.6	3.99	(8.3)
Realisations (Rs/tonne)	4,797	4,712	1.8	4,749	1.0
Sales (Rs mn)	**17,556**	**15,598**	**12.6**	**18,950**	**(7.4)**
EBITDA (Rs mn)	**2,763**	**3,227**	**(14.4)**	**3,650**	**(24.3)**
EBITDA margin (%)	15.7	20.7	(495bps)	19.3	(352bps)
EBITDA (Rs/tonne)	755	975	(22.5)	915	(17.5)
Adj PAT (Rs mn)	**930**	**1,000**	**(6.9)**	**3,599**	**(74.1)**
Adj PAT margin (%)	5.3	6.4	(111bps)	19.0	(1,369bps)

Comment

Volume growth is expected to be supported by commissioning of the Naguar plant in Q4. Though the ramp-up was gradual, it helped cement volume growth of higher teens. However, limited GGBS growth has restricted the overall volumes ~11%.

Entry in the remunerative northern markets has helped JSWCEMEN gain realisations YoY and QoQ (earlier presence only in eastern/southern region).

However, aggressive volume push in eastern region and higher cost escalation have kept margins muted at ~16% and sharp fall in EBITDA/tonne.

Source: Company, BOBCAPS Research

Fig 12 – STRCEM

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
Sales volume (mn tonnes)	1.35	1.29	4.33	1.73	(22.1)
Realisations (Rs/tonne)	6,657	6,428	3.6	6,437	3.4
Sales (Rs mn)	**8,987**	**9,120**	**(1.5)**	**11,736**	**(23.4)**
EBITDA (Rs mn)	**1,756**	**2,282**	**(23.1)**	**3,151**	**(44.3)**
EBITDA margin (%)	19.5	25.0	(548bps)	26.8	(731bps)
EBITDA (Rs/tonne)	1,301	1,144	13.7	1,483	(12.3)
Adj PAT (Rs mn)	**587**	**982**	**(40.2)**	**1,528**	**(61.6)**
Adj PAT margin (%)	6.5	10.8	(423bps)	13.0	(649bps)

Comment

Volume growth restricted due to presence in the eastern states that underwent elections. Further, monsoon in north-eastern region also restricted volume gains YoY.

Realisations are expected to be healthy, and market beat due to strong presence in the northeastern markets, though weaker QoQ.

EBITDA margins impacted due to higher logistic cost and other expenses; however, domestic coal usage helps mitigate energy cost inflation. EBITDA/tonne expected to be the healthiest amongst the industry.

Source: Company, BOBCAPS Research

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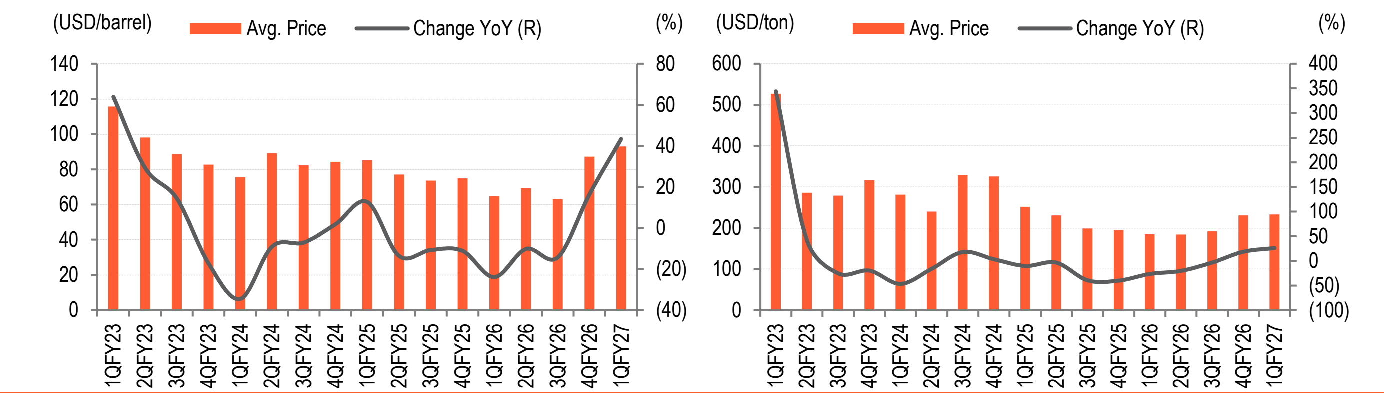
Fig 13 – UTCEM

Particulars	Q1FY27E	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comment
Sales volume (mn tonnes)	40.3	34.8	16.0	42.5	(5.1)	Volume growth is expected to remain well ahead of the industry (~16% YoY), supported by robust demand, continued ramp-up of newly commissioned capacities and incremental contribution from the integration of India Cements and Kesoram assets.
Realisations (Rs/tonne)	4,996	4,918	1.6	4,926	1.4	
Sales (Rs mn)	**2,34,091**	**1,96,353**	**19.2**	**2,45,821**	**(4.8)**	
EBITDA (Rs mn)	**42,401**	**42,018**	**0.9**	**49,585**	**(14.5)**	Operational efficiency remains a key differentiator, with higher renewable power usage, improving clinker conversion ratio and logistics optimisation expected to partially offset the impact of fuel cost inflation
EBITDA margin (%)	18.1	21.4	(329bps)	20.2	(206bps)	
EBITDA (Rs/tonne)	1,051	1,208	(13.0)	1,167	(9.9)	
Adj PAT (Rs mn)	**21,737**	**22,318**	**(2.6)**	**26,217**	**(17.1)**	This will help mitigate the impact of cost inflation driven by energy cost and higher packaging cost. EBITDA margins amongst the highest in the industry. Economies of scale also will aid margins.
Adj PAT margin (%)	9.3	11.4	(208bps)	10.7	(138bps)	

Source: Company, BOBCAPS Research

Fig 14 – Crude prices escalates following middle-east tensions, imported coal prices follow suite



Source: Company, BOBCAPS Research

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