CEMENT | Q1FY27 Review | 19 August 2026

Cost inflation may continue in Q2; respite likely in H2FY27

- Demand remains divergent across region though volume growth resilient at ~8% YoY, growth to pick as East stabilizes post monsoon
- Overall cost inflation bites compressing EBITDAM by ~386bps YoY, peak is expected in Q2 with improvement likely to trickle in by H2FY27
- Post results, we maintain BUY on UTCEM, JSWCEMEN and STRCEM; SELL on JKLC and TRCL; retain HOLD on JKCE and SRCM

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Growth remains resilient but divergence widens: Volume growth remained resilient across coverage, supported by capacity ramp-up in Central/North India and improving government/infra spending, though growth was uneven across regions. UTCEM continued to outperform with ~13% YoY growth, JKCE/SRCM/DALBHARA grew ~20%/17%/9%; however, ACC volume fell ~13%, facing regional/logistics disruptions. East and South remained relatively weak, impacted by state elections, Central/North/West India emerged as the key regions for volume growth.

Pricing recovers but sustenance doubtful: Realisations improved ~2%/4% YoY/ QoQ across most companies, supported by price hikes of ~Rs10–25/bag, better trade mix and continued premiumisation. DALBHARA, JKLC and JKCE reported meaningful QoQ realisation improvement, while UTCEM benefited from higher exit prices across most regions. Trade mix remained strong at ~75-78% for NUVOCO/ACEM, with premium products contributing ~25–42% of trade sales. However, YoY pricing remains relatively subdued and sustained hikes will depend on demand recovery.

Cost inflation intensifies: Input cost pressures became more visible in Q1FY27, with elevated pet coke/coal prices, packaging inflation and logistics disruptions weighing on costs. Fuel costs moved towards ~Rs1.5–1.95/kcal, while packaging costs increased due to increase in granule prices. Companies partially mitigated the pressure through efficiency efforts and fuel mix optimisation; however, further ~Rs100–150/t cost inflation is expected for several companies in Q2FY27.

Margins under pressure despite pricing and efficiency gains: Profitability was impacted in Q1FY27 as higher realisations only partially offset cost inflation. UTCEM remained best placed with EBITDA/tn of ~Rs1,165; in contrast, ACC's EBITDA/tn fell steeply by ~35% YoY to ~Rs434 and ACEM faced continued pressure from acquired assets and inflated operating costs. H1FY27 margins may remain under pressure given continued cost inflation in Q2 and monsoon seasonality.

Top pick is UTCEM: BUY on UTCEM/STRCEM/JSWCEMEN (TP Rs 14,679/Rs 281/Rs 150). SELL rating on TRCL/JKLC (Rs 798/Rs 534) on weak operating efficiencies. Retain HOLD on JKCE/SRCM (Rs5,319/Rs.26,607).

Fig 1 – Revenue growth

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
ACC	57,660	60,658	(4.9)	70,758	(18.5)
ACEM	63,280	61,480	2.9	69,743	(9.3)
DALBHARA	38,900	36,360	7.0	42,450	(8.4)
JKCE	38,661	31,498	22.7	36,839	4.9
JKLC	19,048	17,409	9.4	19,015	0.2
JSWCEMEN	18,964	15,598	21.6	18,950	0.1
NUVOCO	31,287	28,727	8.9	33,068	(5.4)
SRCM	56,227	49,480	13.6	56,493	(0.5)
STRCEM	9,429	9,120	3.4	11,736	(19.7)
TRCL	22,690	20,701	9.6	26,061	(12.9)
UTCEM	2,35,355	1,96,353	19.9	2,45,821	(4.3)
Aggregate	**5,91,500**	**5,27,385**	**12.2**	**6,30,933**	**(6.2)**

Comment

- Aggregate revenue increased in double digits YoY primarily driven by pick up in volumes in North, and West offsetting weakness in South & East India.
- Companies benefitted by price hikes (~Rs10-25/bag), trade mix improvement and ramp up of new capacities.
- ACC and ACEM were subdued due to conscious decision of volume rationalisation from lower margin segments.

Source: Company, BOBCAPS Research

Fig 2 – EBITDA growth

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
ACC	4,340	7,728	(43.8)	6,164	(29.6)
ACEM	9,350	10,240	(8.7)	6,487	44.1
DALBHARA	8,050	8,830	(8.8)	9,020	(10.8)
JKCE	6,387	6,738	(5.2)	6,700	(4.7)
JKLC	2,588	3,112	(16.9)	2,861	(9.6)
JSWCEMEN	2,986	3,227	(7.5)	3,650	(18.2)
NUVOCO	5,682	5,186	9.6	5,876	(3.3)
SRCM	10,745	12,291	(12.6)	12,566	(14.5)
STRCEM	1,945	2,282	(14.8)	3,151	(38.3)
TRCL	3,072	3,976	(22.8)	3,728	(17.6)
UTCEM	45,792	42,018	9.0	49,585	(7.6)
Aggregate	**1,00,936**	**1,05,628**	**(4.4)**	**1,09,787**	**(8.1)**

Comment

- Pricing improved (partially covering cost impact) despite healthy volume growth though EBITDA growth remained under pressure
- Sharp spike in fuel costs to ~Rs1.5-1.95/kcal coupled with packaging and logistics cost intensified pressure.
- UTCEM and NUVOCO were relatively resilient driven by substantial realisation gains though despite price hikes, UTCEM faced margin contraction of ~194bps YoY.

Source: Company, BOBCAPS Research

Fig 3 – Adj. PAT growth

(Rs mn)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
ACC	1,725	3,845	(55.1)	2,531	(31.8)
ACEM	5,040	7,570	(33.4)	3,628	38.9
DALBHARA	3,700	3,770	(1.9)	3,980	(7.0)
JKCE	2,910	3,356	(13.3)	3,445	(15.5)
JKLC	1,068	1,517	(29.6)	1,382	(22.8)
JSWCEMEN	1,407	1,000	40.7	3,599	(60.9)
NUVOCO	1,596	1,332	19.9	1,889	(15.5)
SRCM	4,380	6,185	(29.2)	5,383	(18.6)
STRCEM	739	982	(24.7)	1,528	(51.6)
TRCL	192	860	(77.6)	722	(73.4)
UTCEM	23,971	22,318	7.4	26,217	(8.6)
Aggregate	**46,728**	**52,734**	**(11.4)**	**54,305**	**(14.0)**

Comment

- Coverage universe experienced widespread contraction in APAT growth in double digits YoY as margins remained under pressure by intensifying costs.
- JSWCEMEN, UTCEM and NUVOCO were the outliers driven by seeding new markets and proactive cost measures.
- Ongoing expansions have also inflated depreciation and interest costs.

Source: Company, BOBCAPS Research

Fig 4 – Volume growth

(mn tonnes)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
ACC	10.0	11.5	(13.0)	11.9	(16.0)
ACEM	11.7	11.5	1.7	13.2	(11.4)
DALBHARA	7.6	7.0	8.6	8.8	(13.6)
JKCE	6.5	5.4	20.4	6.6	(1.7)
JKLC	3.6	3.3	8.2	3.9	(7.6)
JSWCEMEN	3.8	3.3	15.1	4.0	(4.5)
NUVOCO	5.3	5.1	3.9	6.0	(11.7)
SRCM	10.5	9.0	17.2	10.8	(2.6)
STRCEM	1.4	1.3	4.6	1.7	(21.9)
TRCL	4.5	4.0	12.0	5.4	(16.9)
UTCEM	39.3	34.8	13.1	42.5	(7.5)
Aggregate	**104.2**	**96.2**	**8.3**	**114.8**	**(9.3)**

Comment:

- Coverage universe reported healthy volume growth in higher single digits though individual performance was divergent.
- Increase in infrastructure demand, ramp up and seeding of new market aided growth. However, selective volume rationalization dampened companies like ACEM and ACC
- JKCE (20.4% YoY) and JSWCEMEN (15.1% YoY) were benefitted by new capacity ramp up in Central and North region
- UTCEM's continued progression in integrating acquired assets and improving utilization sustain growth

Source: Company, BOBCAPS Research

Fig 5 – Realisation per tonne

(Rs/t)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
ACC	5,376	4,970	8.2	5,594	(3.9)
ACEM	5,409	5,346	1.2	5,284	2.4
DALBHARA	5,118	5,194	(1.5)	4,824	6.1
JKCE	5,942	5,831	1.9	5,564	6.8
JKLC	5,294	5,234	1.1	4,881	8.5
JSWCEMEN	4,977	4,712	5.6	4,749	4.8
NUVOCO	5,400	5,110	5.7	4,995	8.1
SRCM	5,360	5,528	(3.0)	5,245	2.2
STRCEM	6,724	6,428	4.6	6,437	4.5
TRCL	5,065	5,175	(2.1)	4,836	4.7
UTCEM	5,075	4,918	3.2	4,926	3.0
Aggregate	**5,431**	**5,313**	**2.2**	**5,212**	**4.2**

Comment:

- Price hikes of ~Rs10-25/bag across the companies to pass on the cost inflation aided in improvement in realisations
- However, competitive intensity especially in South and election disruptions in East limited further price increases to be absorbed by the market
- UTCEM has seen June exit price above average Q1 levels indicating pricing visibility in Q2
- JSWCEMEN's improving geographical mix was of help in improving performance.
- SRCM's volume over value push and fuel disruption pressured clinker conversion factor lowering (1.5 vs 1.58 QoQ) trade sales and impacting realisations.

Source: Company, BOBCAPS Research

Fig 6 – Operating cost per tonne

(Rs/t)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
ACC	5,332	4,603	15.8	5,428	(1.8)
ACEM	4,609	4,456	3.5	4,792	(3.8)
DALBHARA	4,059	3,933	3.2	3,799	6.9
JKCE	4,961	4,584	8.2	4,552	9.0
JKLC	4,575	4,299	6.4	4,146	10.3
JSWCEMEN	4,194	3,695	13.5	3,835	9.4
NUVOCO	4,831	4,471	8.1	4,532	6.6
SRCM	4,336	4,155	4.3	4,079	6.3
STRCEM	5,527	5,284	4.6	4,954	11.6
TRCL	4,379	4,181	4.7	4,144	5.7
UTCEM	4,821	4,439	8.6	4,618	4.4
Aggregate	**4,693**	**4,373**	**7.3**	**4,444**	**5.6**

Comment:

- Cost inflation accelerated further for coverage universe impacted by increase in imported coal/pet coke and granules prices.
- Fuel costs moved towards ~Rs1.5-1.95/Kcal, UTCEM reported ~Rs130-140/tn fuel cost impact
- Raw granule prices have also increased to ~Rs99/kg pushing bag prices by ~Rs12-14/bag
- Deisel inflation also impacted limestone mining costs.

Source: Company, BOBCAPS Research

Fig 7 – EBITDA per tonne

(Rs/t)	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)
ACC	434	672	(35.4)	518	(16.2)
ACEM	799	890	(10.3)	491	62.6
DALBHARA	1,032	1,234	(16.4)	998	3.4
JKCE	982	1,247	(21.3)	1,012	(3.0)
JKLC	719	936	(23.1)	734	(2.1)
JSWCEMEN	784	975	(19.6)	915	(14.3)
NUVOCO	1,072	1,017	5.4	979	9.5
SRCM	1,024	1,373	(25.4)	1,167	(12.2)
STRCEM	1,196	1,144	4.6	1,483	(19.3)
TRCL	663	969	(31.6)	673	(1.5)
UTCEM	1,165	1,208	(3.6)	1,167	(0.2)
Aggregate	**897**	**1,061**	**(15.4)**	**922**	**(2.6)**

Comment

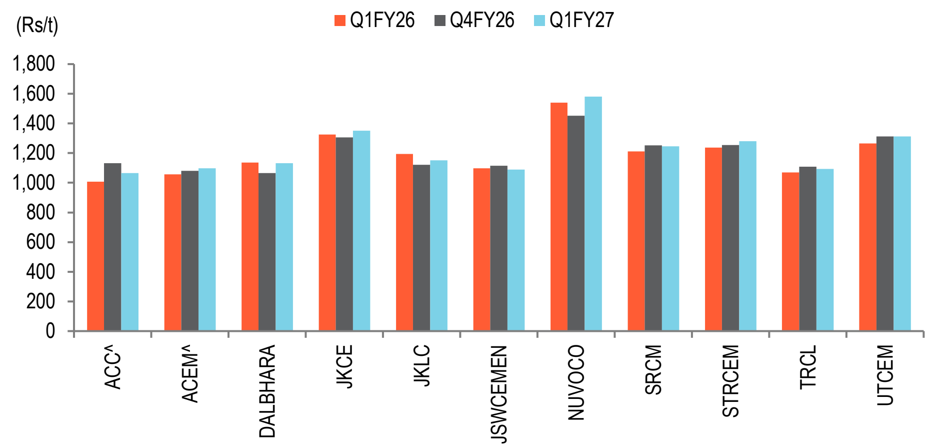
- EBITDA/tn average compression was in mid - teens YoY driven by severe input cost inflation outpacing the realisation gains and volume growth
- STRCEM and NUVOCO remained supported by healthy pricing though higher spot coal purchased pressured STRCEM QoQ
- UTCEM was relatively resilient as Q1 price hikes were readily absorbed and improvement in green share to ~46% aided.

Source: Company, BOBCAPS Research

Continual and persistent hikes in diesel prices remained a major headwind inflating logistics cost for the companies by ~2% YoY.

Rake shortages due to priority allocation coal impacted dispatches. JKLC was outperformer driven by lead distance optimization of ~20km

Fig 8 – Logistics cost per tonne

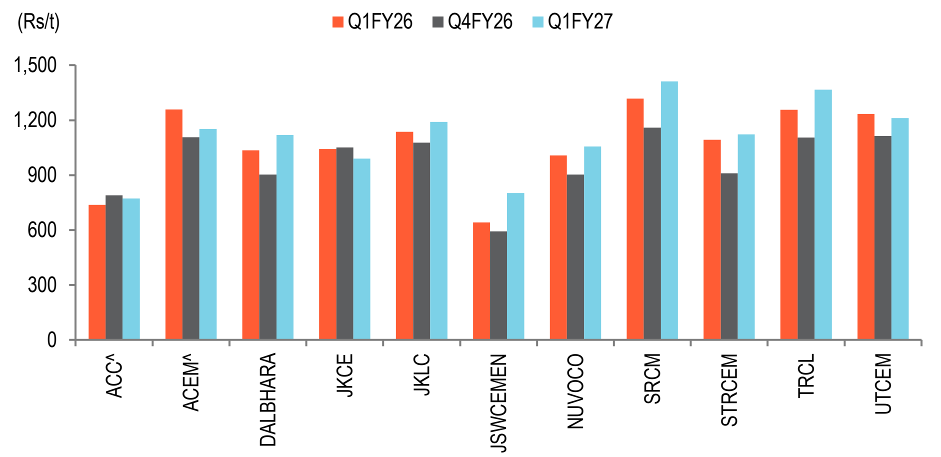


Source: Company, BOBCAPS Research

Power and fuel cost have seen significant inflation in Q1FY27 on average ~5%/15% across coverage universe.

Geopolitical disruptions pushed the price of coal/pet coke upwards. To mitigate companies continued green share improvement with SRCM at 65%, JKLC at 49% DALBHARA at 48% and UTCEM at 46%.

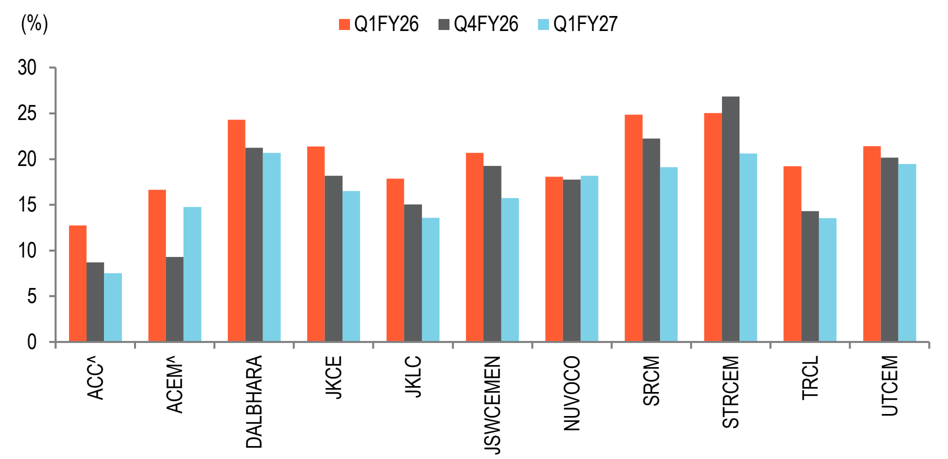
Fig 9 – Power & fuel cost per tonne



Source: Company, BOBCAPS Research

Aggregate EBITDA margin remained under pressure at 16.3% in Q1FY27, down ~386bps/121bps YoY/QoQ, as higher power & fuel, packaging and logistics costs more than offset QoQ realisation gains and healthy volume growth.

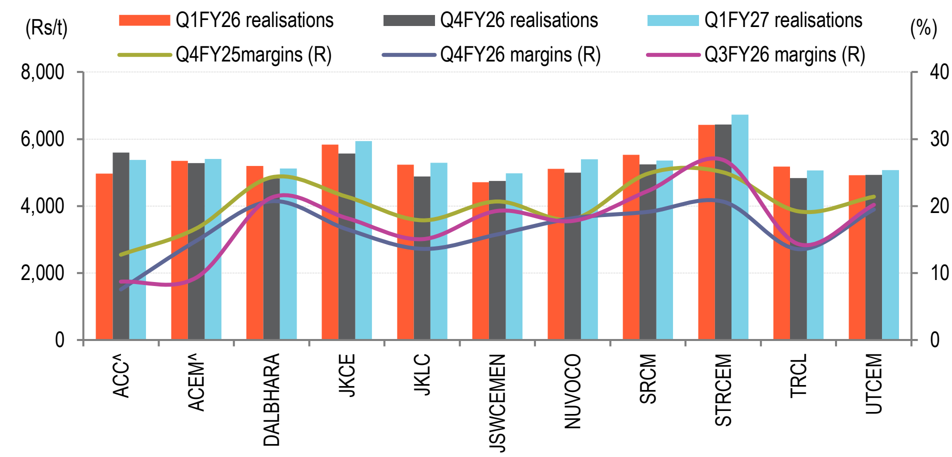
Fig 10 – EBITDA margin



Source: Company, BOBCAPS Research

Significant contraction was experienced in margins. This was despite improvements in realisations; the divergence highlights that cost inflation significantly outpaced price improvements and volume led operating leverage.

Fig 11 – Realisations vs Margins



Source: Company, BOBCAPS Research

Fig 12 – Ongoing expansion projects

Company	Projects
ACC Ambuja Cement	**Cement** Jodhpur Penna IU - 2 mnt by Q2FY27 Salai Banwa - 2.4 mnt by Q2FY27 Bathinda - 1.2 mnt by Q2FY27 Warishaliganj - 2.4 mnt by Q3FY27 Dahej Line 2 - 1.2 mnt by Q2FY27 Kalamboli - 1.0 mnt by Q3FY27 **Clinker** Maratha Line 2 - 4 mnt by Q3FY27 ACEM has planned growth capex for FY27 at ~Rs 60-65bn. Company has shifted from aggresive capacity addition to calibrated allocation strategy.
Dalmia Bharat	**Cement** Belgaum - 3mnt by Q3FY28 Pune - 3mnt by Q3FY28 Kadapa - 6mnt by Q3FY28 **Clinker** Belgaum - 3.6mnt by Q3FY28 Kadapa - 3.6mnt by Q3FY28 **Captive Energy** Lanka, Assam - 2.2mw solar power plant Group Captive - 13mw RE capacity Capex guided for FY27 is ~Rs 32-34bn with further increments as the project announcements are made.
Heidelberg Cement	-
India Cement	-
JK Cement	**Cement** 3mnt Grinding Unit at Jaisalmer by H1FY28 2mnt Split Grinding Unit at Bikaner by H1FY28 2mnt Split Grinding Unit at Bhatinda by H1FY28 **Clinker** 4 mnt Clinker Capacity at Jaisalmer by H1YF28 **Putty** 0.6mnt capacity at Nathdwara by Q2FY27 Capex guidance for FY27 is ~Rs 35-40bn and for FY28 ~Rs 15-20bn. JKCE also has additional expansion plans under consideration.
JK Lakshmi	**Cement** Durg,Chattisgarh -4.6 mnt (Q4FY28) Prayagraj(FY27),Madhubani(FY27),Patratu(FY28) - 3.4 mnt. Nagaur, Rajasthan - 3mnt (FY29-30) Kutch, Gujrat - (FY29-30) **Clinker** Durg,Chattisgarh -2.3 mnt (Q3FY27) Nagaur, Rajasthan - 2 mnt (FY29-30) Kutch, Gujrat - 2 mnt (FY29-30) Assam- 2-2.5mnt (FY29-30) Capex spend guidance for FY27 is stable at ~Rs 15bn while for FY28 it will be ~Rs20bn. Conveyor belt project is in final stages with approval from Ministry of Steel pending.
Nuvoco Vistas	**Cement** Vadraj, Gujarat - 2.5 mnt (FY27) Surat, Gujrat - 4 mnt (FY27) **Clinker** Vadraj, Gujrat - 3.5 mnt (FY27) Capex for FY27/FY28 is guided to be ~Rs 9bn/Rs 9.5bn.

Company	Projects
The Ramco cement	The management targets to achieve cement capacity of 31MTPA by Mar'27 with the commissioning of 2nd line in Kolimigundla along with de-bottlenecking of existing facilities / adding grinding capacities in existing locations with minimal capex. 60%of total mining lands and 13% of total factory lands have been acquired for Karnataka Green Field project The 10mw WHRS plant at Ramasamy Raja Nagar was commisioned in Sep'25 and another 15mw of WHRS in Kolimigundla is anticipated to be put into service, together with Kiln Line-2 in FY27. The capex guidance for FY27 is Rs 8bn.
Shree Cement	**Cement** Meghalaya - 1mnt **Clinker** Meghalaya -0.95mnt 20 RMC plant additoin by Q2FY27 Management has guided Rs 15bn capex for FY27.
Star Cement	**Cement** Nimbol GU, Rajasthan - 3mnt (H1FY27) Haryana GU - 2mnt (H1FY27) Jorhat GU, Assam - 2mnt (Q4FY27) Begusarai GU, Bihar - 2mnt (H1FY28) **Clinker** Nimbol, Rajasthan - 3.3mnt (H1FY27) Capex target for FY27 is guided at ~Rs6-7bn and expected to rise to ~Rs15bn in FY28.
JSW Cement	**Cement** Nagaur Phase II, Rajasthan - 1 mnt by Q2FY27 Dolvi, Maharashtra - 4 mnt by FY28 Vijaynagar, Karnataka - 4mnt by FY29
Ultratech Cement	**Cement** APCW, Andhra Pradesh - 3.6 mnt by FY27 Pali, Rajasthan - 3.0 mnt by FY27 Sehore, Madhya Pradesh - 3.0 mnt by FY28 Laltipur, Uttar Pradesh - 1.8 mnt by FY28 Binka, Bihar - 3.3 mnt by FY28 Wanakbori, Gujarat - 2.4 mnt by FY28 Jharsuguda, Orissa - 2.3 mntby FY28 Dankuni, West Bengal - 1.0 mnt by FY28 Vikram Cement, Madhya Pradesh - 1.4 mnt by FY28 Dhar, Madhya Pradesh - 1.4 mnt by FY28 Dadri, Uttar Pradesh - 2.7 mnt by FY28 Jhajjar, Haryana - 2.7 mnt by FY28 Gujarat Cement Works, Gujarat - 2.4 mnt by FY28 Bathinda, Punjab - 1.4 mnt by FY28 Parli, Maharashtra- 1.2 mnt by FY28 Chennai, Tamil Nadu - 1.8 mnt by FY28 Dalavoi, Tamil Nadu - 0.4 mnt by FY28 Banswara, Rajasthan - 0.6 mnt by FY28
Sanghi Industries	-
India Cement	-
Orient Cement	-

Source: Company, BOBCAPS Research \| GU: Grinding Unit; IU: Integrated Unit; WHRS: Waste heat recovery systems, mnt: million tonnes

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