

Weak Q3 pricing impacted realizations, while volumes remained good

SECTOR UPDATE

Q3FY2026 Results Review

SECTOR

Cement

SECTOR VIEW

Positive

Coverage universe

Company	CMP (Rs)	Reco.	PT (Rs)
UltraTech Cement	12,669	Buy	14,800
Grasim Industries	2,865	Buy	3,424
Dalmia Bharat	2,070	Buy	2,550
JK Lakshmi Cement	714	Buy	930

Source: Company; Mirae Asset Sharekhan Research
UR - Under Review

Quick Snapshot

- Cement stocks in our coverage clocked revenue growth of 16.6% y-o-y, as volumes grew 18% y-o-y volume, while realisations fell by 0.2% y-o-y. UltraTech realisation fell highest by 4.1% y-o-y.
- EBITDA per tonne fell 1.4% y-o-y though per tonne costs had also fallen, as lower realisations amid price corrections in certain regions offset the benefits of cost efficiencies.
- Cement prices have started rising from January alongside a pick-up in demand. Industry demand is expected to grow 7–8% in FY26, with most leading companies likely to outperform the industry growth rate.
- **Preferred Pick** - Ultratech Cement, Grasim Industries.

Volumes - Major players clocked healthy numbers, with volume growth exceeding the industry average of 6–7%. Shree Cement’s relatively weaker growth as management is focusing on value over volume as it narrows the pricing gap with key competitors.

Realisations - Realizations showed mixed trends. Cement prices corrected, particularly in the South and East and some companies reported a higher share of non-trade sales, where prices also declined. Prices remained weak during October–November but improved toward December, as demand recovered. Overall, realisations fell or showed only marginally improved for most companies

Profitability: Despite rising fuel costs, most companies managed to maintain overall cost per tonne at flat to marginally lower levels through operational efficiency measures. UltraTech achieved the highest cost reduction, with cost per tonne declining 6% y-o-y. Due to mixed realizations and cost trends, EBITDA per tonne performance also varied across companies.

Outlook and Valuation

Management commentaries indicate potential upward pressure on costs from a weak rupee, rising petcoke prices and higher labour expenses. However, companies expect to mitigate these pressures through increased use of alternative fuels and raw materials, along with passing on cost increases through price hikes supported by improving demand. Since January, cement prices and demand trends have improved, driven by higher infrastructure spending and stronger construction activity. Price increases are becoming visible across both trade and non-trade segments in several regions. Q4 is expected to be stronger than Q3, with industry demand projected to grow 7–8%, while leading companies are likely to continue outperforming with double-digit volume growth. Cost reduction initiatives and ongoing capacity expansion plans remain intact, supporting a positive medium-term outlook for the sector.

Key Risks

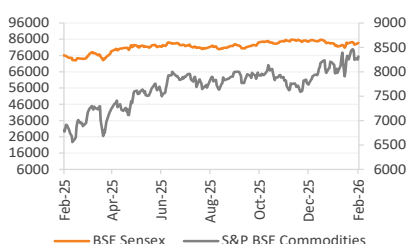
Macroeconomic weakness would lower estimates and valuation multiples of companies.

Leaders: Ultratech cement

Laggards: Shree Cement, The Ramco Cements

Preferred Picks: UltraTech, Grasim Industries

PRICE CHART



Source: NSE, BSE, Mirae Asset Sharekhan Research

Q3FY26 result snapshot
Rs cr

Particulars	Sales (Rs cr)				OPM (%)				PAT (Rs cr)			
	Q3 FY26	Q3 FY25	Y-o-Y %	Q-o-Q %	Q3 FY26	Q3 FY25	Y-o-Y %	Q-o-Q %	Q3 FY26	Q3 FY25	Y-o-Y %	Q-o-Q %
Grasim	10,432	8,120	28.5	8.5	4.6	3.3	126	78	-127	-169	-24.8	-115.8
Ultratech	21,830	17,779	22.8	11.3	17.9	16.3	165	215	1815	1359	33.5	47.3
Shree Cement	4,416	4,235	4.3	2.6	19.5	22.3	-286	-30	279	229	21.4	0.5
The Ramco Cement	2,101	1,977	6.3	-6.0	13.4	14.1	-77	-395	866	654	32.3	na
JK Lakshmi	1,588	1,497	6.1	3.7	13.0	13.5	-52	-62	77	78	-1.4	-6.2
Dalmia Bharat	3,506	3,181	10.2	2.6	17.2	16.1	111	-320	154	61	152.5	-34.7
Total (ex Grasim)	33,442	28,669	16.6	7.6	17.5	16.9	67.7	69.5	3190	2382	33.9	67.8

Source: Company; Mirae Asset Sharekhan Research
Cost/tn

Particulars	Q3FY26	Q3FY25	YoY	QoQ
Ultratech	4608.8	4900.9	-6.0	-5.5
Shree Cement	3975.1	3750.2	6.0	-8.9
The Ramco Cement	4109.8	3965.3	3.6	-2.1
JK Lakshmi	4213.3	4272.4	-1.4	-9.5
Dalmia Bharat	3978.1	3985.1	-0.2	0.9
Total	20885.1	20873.9	0.1	-5.3

Source: Company; Mirae Asset Sharekhan Research
Mixed operating performance

Particulars	Volume (mnt)				Realisation (Rs/tn)				EBITDA (Rs/tn)			
	Q3 FY26	Q3 FY25	Y-o-Y %	Q-o-Q %	Q3 FY26	Q3 FY25	Y-o-Y %	Q-o-Q %	Q3 FY26	Q3 FY25	Y-o-Y %	Q-o-Q %
Ultratech	38.9	30.4	28.0	14.8	5616	5854	-4.1	-3.0	1007	953	5.7	10.2
Shree Cement	8.9	8.8	2.0	13.2	4937	4830	2.2	-9.3	962	1079	-10.9	-10.7
The Ramco Cement	4.4	4.3	3.5	0.7	4744	4618	2.7	-6.6	634	653	-2.9	-27.9
JK Lakshmi	3.3	3.0	8.2	15.4	4841	4938	-2.0	-10.1	628	666	-5.7	-14.2
Dalmia Bharat	7.3	6.7	9.0	5.8	4803	4748	1.2	-3.0	825	763	8.1	-18.2
Total	62.8	53.2	18.2	12.4	24941	24988	-0.2	-6.4	4056	4114	-1.4	-12.0

Source: Company; Mirae Asset Sharekhan Research
Valuations
Rs cr

Particulars	Reco	Price target (Rs.)	CMP (Rs.)	EV/EBITDA (x)				P/E (x)			
				FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
UltraTech Cement	Buy	14,800	12,669	31.9	22.2	18.2	14.7	62.7	42.5	31.9	24.1
Grasim Industries	Buy	3,424	2,865	151.8	99.6	68.1	53.3	530.8	369.5	214.4	150.9
Dalmia Bharat	Buy	2,550	2,070	16.8	13.8	12.3	11.1	59.2	36.6	33.0	31.3
JK Lakshmi Cement	Buy	930	714	9.1	7.3	6.8	6.3	26.7	18.5	14.3	13.0

Source: Company; Mirae Asset Sharekhan Research; UR – Under Review

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

DISCLAIMER

This research report ("Report") has been issued by Sharekhan Limited ("Mirae Asset Sharekhan"), and is intended for use only by the person or entity to which it is addressed to. This Report may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited unless specifically permitted by Mirae Asset Sharekhan. This Report is subject to change without prior notice.

Recommendation in reports is based on technical and derivatives analysis and based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/ documents focused on technical and derivatives research and shall not apply to reports/ documents/ information focused on fundamental research.

This Report does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same without discrimination, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers only by virtue of their receiving this Report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavor to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. This Report is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this Report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this Report should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this Report (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of, and/ or other individual analysts employed by Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this Report. The reports may reflect different assumptions, views and analytical methods of the analysts who prepared them. Mirae Asset Sharekhan may make investment or other decisions that are inconsistent with the opinions and views expressed in this Report. The views and opinions expressed in this Report may vary from or contradict with the report, views, estimates, rating, and target price if any provided/ issued by entity(ies) within or outside the group or other team(s) within Mirae Asset Sharekhan basis various factors including but not limited to rating criteria, valuation methodologies, assumptions, accounting methodologies, etc.

This Report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this Report accurately reflect his or her personal views about the subject company or companies and its or their securities. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan or their associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the Report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan and their associates have not served as officers, directors or employees of the subject company. The analyst and Mirae Asset Sharekhan or its associates may have managed or co-managed the public offerings of the company. Mirae Asset Sharekhan, or its associates, or analysts may have received compensation for investment banking, merchant banking, brokerage services or received compensation for products or services other than investment banking, merchant banking or brokerage services from the subject company or from a third party in the past twelve months in connection with the Report, or received any other compensation or benefits from the subject company or other third party in connection with this Report. Mirae Asset Sharekhan or its associates have not been debarred/ suspended by the Securities and Exchange Board of India ("SEBI") or any other regulatory authority for accessing/ dealing in securities market. Mirae Asset Sharekhan or its associates or research analyst or his/her relatives may have financial interest or any other material conflict of interest in the subject company of this research report at the time of publication of the research report or at the time of public appearance. Further, please note that Mirae Asset Sharekhan or its research analysts or their associate(s) have not used artificial intelligence tools in providing research services.

Either Mirae Asset Sharekhan or its Affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities of the subject company or related securities referred to in this Report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Mirae Asset Sharekhan and its Affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/ investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market is subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asia Money Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges on www.sharekhan.com

Most Important Terms and Conditions (MITC) for MASK research services can be viewed on Sharekhan website under

https://www.sharekhan.com/MediaGalary/Common/MITC_Sharekhan.pdf

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address: Gigaplex IT Park, Unit No 1001, 10th Floor, Building No. 9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE - 748, NSE - 10733, MCX - 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200 / 022-61151111.