

July 04, 2025

Cement - Q1 FY26 Earnings Preview

Regional Edge: Strong Pricing in South & East to Drive Outperformance

ACC (BUY | TP Rs. 2,525) - On a standalone basis, ACC is expected to report better numbers led by its significant presence in key markets where prices were stronger in Q1FY26 (East/South/North - 25%/24%/22%; price growth - 10%/13%/3%). Better top-line growth is likely to be driven by 1. Higher realization, and 2. Higher incentives, despite a marginal decline in volumes. It is also expected to report a marginal reduction in cost structure despite a slight increase in energy costs.

ACEM (SELL | TP Rs. 453) - On a consolidated basis, ACEM is expected to report a decent set of numbers led by: 1. Supportive volume contribution from ACC, 2. Recently acquired southern-region assets (Orient Cement, Penna Cement) where pricing was strong, 3. MSA benefits from ACC, Sanghi, Penna, and Orient Cements, and 4. Significant capacity exposure in South/East/West (32%/14%/33%; excluding ACC capacity), despite limited cost savings in 1Q FY26.

BCORP (BUY | TP Rs. 1,681) - On a consolidated basis, BCORP is expected to report a mixed set of numbers, led by: 1. Higher capacity utilization at the Mukutban Plant, 2. Improved cost efficiency, and 3. Decent exposure in key markets (East/West/North/Central - 10%/22%/21%/47%) where pricing improved (QoQ: +10%/1%/2.5%/1%). However, higher freight costs due to increased lead distances may offset some gains.

DALBHARA (BUY | TP Rs. 2,491) - On a consolidated basis, DALBHARA is expected to report strong numbers driven by: 1. Superior realization, 2. Strong market presence in East/South (59%/35%), where prices were significantly higher during Q1, and 3. Low base impact. However, profitability may be partially offset by higher freight costs due to catering from the East to Central regions.

SRCM (NEUTRAL | TP Rs. 33,522) - On a standalone basis, SRCM is expected to report strong numbers led by: 1. Better realization, 2. Strong market presence in East/North/South (33%/44%/10%) where prices were higher (East/North/South: +10%/+2.5%/+13% QoQ), and 3. A low base. However, a weaker cost structure may offset part of the bottom-line gains.

UTCEM (SELL | TP Rs. 10,005) - On a consolidated basis, UTCEM is expected to report relatively weaker performance in our coverage due to: 1. Lower CUR of southern-based acquired assets (India Cements & Kesoram), 2. Realization likely to be offset by weaker pricing in key markets (North/West/Central: -2.5%/-1%/-1% QoQ), and 3. Limited cost savings in 1Q FY26, typical of a pan-India player. Notably, UTCEM's highest regional exposure is in the South (28%, including acquired assets), which may dilute realizations from other regions (East/West/North/Central - ~18% each).

Sector Overview: Our coverage universe is expected to report EBITDA/tn of Rs1,260 (+55% YoY, +23% QoQ), supported by: 1. Better realization (+6% YoY, +4% QoQ), and 2. Reduction in cost structure (-5% YoY, -2% QoQ), despite weak volume growth (+20% YoY, flattish QoQ). Typically, Q4 is a volume-driven quarter, while Q1 is price-driven for the cement industry.

STOCK VIEW

Company	Rating	TP
ACC	BUY	2,525
ACEM	SELL	453
BCORP	BUY	1,681
DALBHARA	BUY	2,491
SRCM	NEUTRAL	33,522
UTCEM	SELL	10,005

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Exhibit 1: Q1FY26E Preview

Company		Rs mn	Q1FY25	Q4FY25	Q1FY26E	YoY %	QoQ %	Comments
ACC* (Standalone)								
CMP (Rs)	1,965	Net Sales	51,556	60,085	62,314	20.9	3.7	
Reco	BUY	EBITDA	6,772	8,004	12,277	81.3	53.4	
Target Price (Rs)	2,525	Adj. PAT	3,662	6,343	8,428	130.1	32.9	
% Upside	28	Adj. EPS (Rs)	19.5	33.8	44.8	130.1	32.7	
		Volume (mt)	10.20	11.90	11.54	13.1	(3.0)	
		Realization (Rs)	4,391	4,709	5,033	14.6	6.9	
		EBITDA/tn (Rs)	664	673	1,064	60.3	58.2	
		Opex/tn (Rs)	4,116	4,082	4,042	(1.8)	(1.0)	
DALBHARA (Consolidated)								
CMP (Rs)	2,179	Net Sales	36,210	40,910	42,894	18.5	4.8	
Reco	BUY	EBITDA	6,690	7,930	10,678	59.6	34.7	
Target Price (Rs)	2,491	PAT	1,410	4,350	5,245	272.0	20.6	
% Upside	14	EPS (Rs)	7.4	23.2	27.6	272.0	19.0	
		Volume (mt)	7.40	8.60	8.35	12.8	(2.9)	
		Realization (Rs)	4,893	4,757	5,138	5.0	8.0	
		EBITDA/tn (Rs)	904	922	1,279	41.5	38.7	
		Opex/tn (Rs)	3,989	3,835	3,859	(3.3)	0.6	
BCORP (Consolidated)								
CMP (Rs)	1,401	Net Sales	21,904	28,149	26,705	21.9	(5.1)	
Reco	BUY	EBITDA	2,583	5,338	5,900	128.5	10.5	
Target Price (Rs)	1,681	PAT	326	2,854	2,923	796.2	2.4	
% Upside	20	EPS (Rs)	4.2	37.1	38.0	796.2	2.4	
		Volume (mt)	4.38	5.25	5.14	17.2	(2.2)	
		Realization (Rs)	4,843	5,030	4,958	2.4	(1.4)	
		EBITDA/tn (Rs)	590	1,017	1,149	94.9	13.0	
		Opex/tn (Rs)	4,411	4,345	4,051	(8.2)	(6.8)	
ACEM (Consolidated)								
CMP (Rs)	596	Net Sales	83,115	98,886	100,274	20.6	1.4	
Reco	SELL	EBITDA	12,798	18,676	21,660	69.2	16.0	
Target Price (Rs)	453	PAT	6,399	8,552	10,358	61.9	21.1	
% Upside	(24)	EPS (Rs)	3.2	4.3	5.2	61.9	21.1	
		Volume (mt)	15.77	18.70	18.18	15.3	(2.8)	
		Realization (Rs)	5,270	5,288	5,515	4.6	4.3	
		EBITDA/tn (Rs)	812	999	1,191	46.8	19.3	
		Opex/tn (Rs)	4,459	4,289	4,324	(3.0)	0.8	

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Company	Rs mn		Q1FY25	Q4FY25	Q1FY26E	YoY %	QoQ %	Comments
UTCEM (Consolidated)								
CMP (Rs)	12,506	Net Sales	180,696	230,633	236,369	30.8	2.5	
Reco	SELL	EBITDA	30,393	46,184	53,787	77.0	16.5	
Target Price (Rs)	10,005	Adj. PAT	17,210	24,750	28,850	67.6	16.6	
% Upside	(20)	Adj. EPS (Rs)	59.7	84.1	100.1	67.6	19.0	
		Volume (mt)	31.95	41.02	41.80	30.8	1.9	
		Realization (Rs)	5,656	5,622	5,655	(0.0)	0.6	
		EBITDA/tn (Rs)	951	1,126	1,287	35.3	14.3	
		Opex/tn (Rs)	4,704	4,497	4,368	(7.2)	(2.9)	
SRCM (Standalone)								
CMP (Rs)	31,315	Net Sales	48,347	52,402	57,851	19.66	10.4	
Reco	NEUTRAL	EBITDA	9,164	13,813	16,618	81.4	20.3	
Target Price (Rs)	33,522	Adj. PAT	3,177	5,560	8,099	154.9	45.7	
% Upside	7	Adj. EPS (Rs)	88.1	154.1	224.5	154.9	45.7	
		Volume (mt)	9.64	9.84	10.45	8.4	6.2	
		Realization (Rs)	5,015	5,325	5,538	10.4	4.0	
		EBITDA/tn (Rs)	951	1,404	1,591	67.4	13.3	
		Opex/tn (Rs)	4,065	3,922	3,947	(2.9)	0.7	

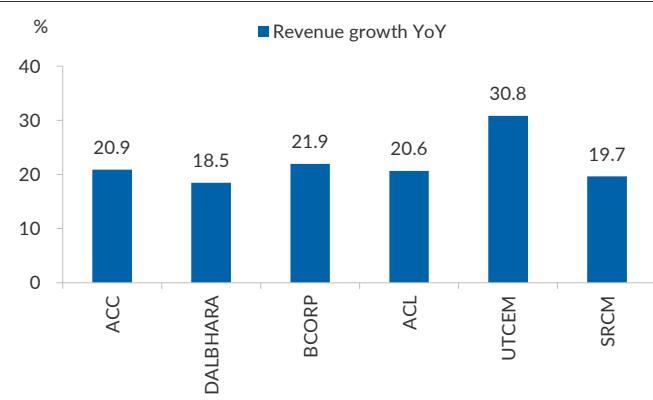
Source: Company, YES Sec

*Incl. RMC & Clinker Volumes, also per tn calculations are based on blended basis

We estimate blended EBITDA/tn at Rs1,287 for Q1FY26, up 35% YoY and 14% QoQ. This is driven by strong volume growth (+31% YoY, +2% QoQ) and cost reduction (opex/tn down 7.2% YoY and 2.9% QoQ), despite weak realizations (flat YoY, +1% QoQ). We expect realizations from white cement and RMC to offset the muted pricing in grey cement. Revenue/EBITDA/PAT are expected to grow 31%/77%/68% YoY, respectively.

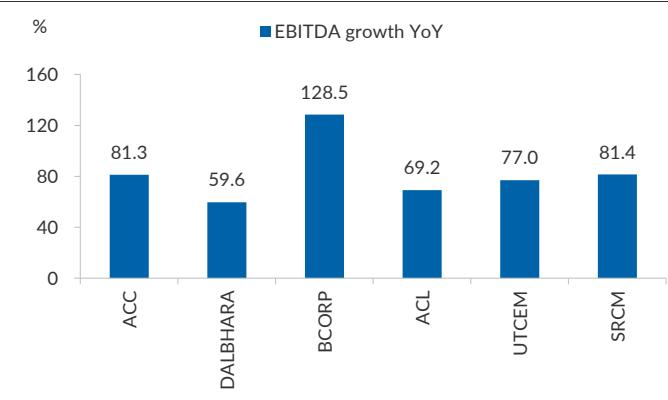
COVERAGE UNIVERSE CHARTS

Exhibit 2: Coverage revenue to increase by 25% YoY



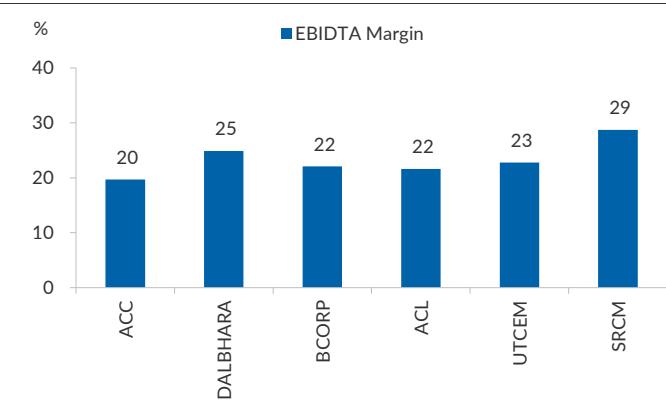
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Exhibit 3: Coverage EBITDA to increase by 59% YoY



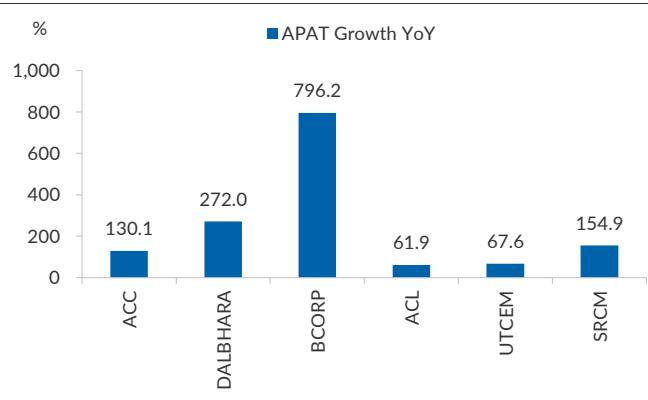
Source: Company, YES Sec

Exhibit 4: Coverage EBITDA margin to increase by 283 bps QoQ



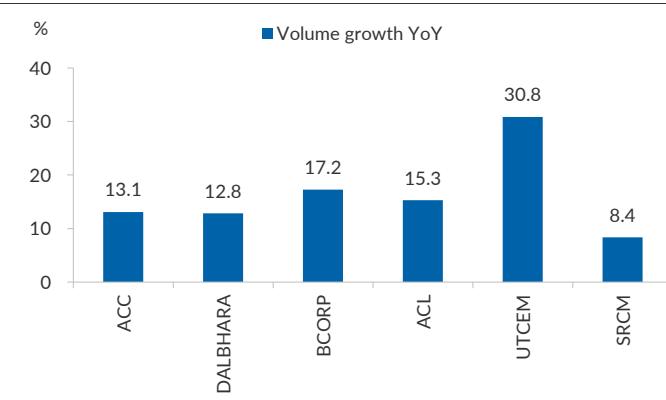
Source: Company, YES Sec

Exhibit 5: Coverage Adj. PAT to increase by 94% YoY



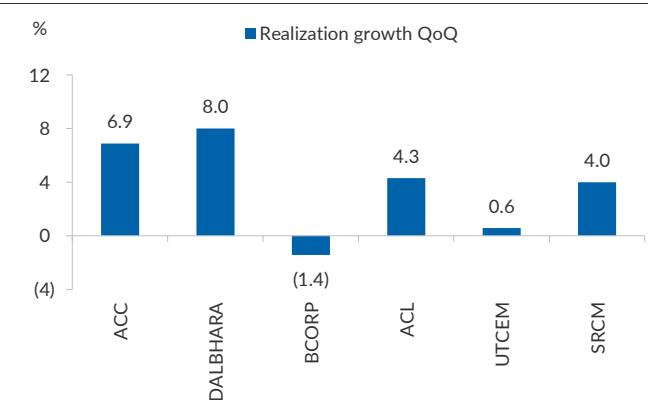
Source: Company, YES Sec

Exhibit 6: Coverage volumes to grow by 20% YoY



Source: Company, YES Sec

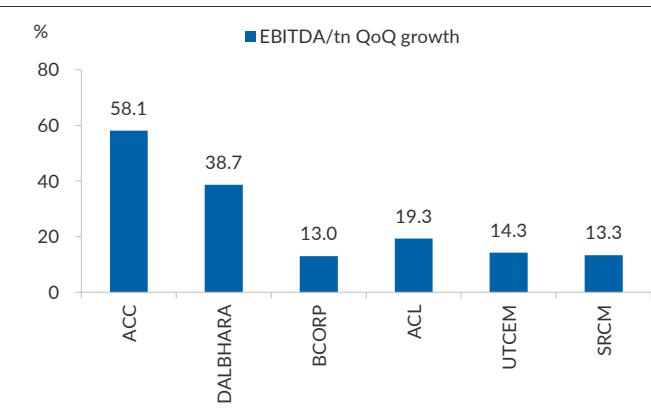
Exhibit 7: Coverage realization to increase by 4% QoQ



Source: Company, YES Sec

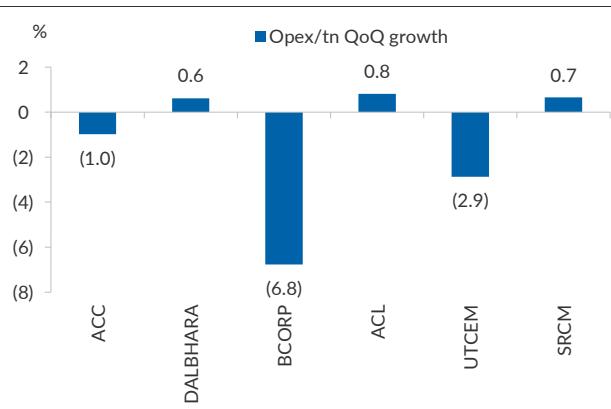
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Exhibit 8: Coverage EBITDA/tn to increase by 23% QoQ



Source: Company, YES Sec

Exhibit 9: Coverage Opex/tn to decline by 1.5% YoY



Source: Company, YES Sec

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