

Q3FY2026 Results Preview

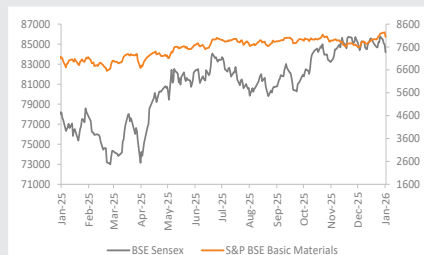
Sector:	Cement
Sector View:	Positive

Coverage universe

Company	CMP (Rs)	Reco.	PT (Rs)
Shree Cement	Buy	26,991	32,400
UltraTech Cement	Buy	11,900	14,200
Grasim Industries	Buy	2,774	3,097
Dalmia Bharat	Buy	2,044	2,550
JK Lakshmi Cement	Buy	736	992

Source: Company, Mirae Asset Sharekhan Research

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Cement

Volume-led growth offsets weak pricing

Summary

- Cement companies in our coverage (ex-Grasim) may clock a ~16.0% y-o-y revenue growth in Q3FY26, led by an ~13.0% y-o-y volume growth and a ~2.6% y-o-y rise in realisations.
- Weighted average EBITDA/tonne is likely to increase ~19.5% y-o-y to ~Rs. 917, supported by operating leverage, modest rise in realisations and cost optimisation. Consequently, operating profit is estimated to grow ~35.0% y-o-y.
- Average cement prices have estimated to have declined 1-2% q-o-q, reflecting weak demand in October-November due to festive disruptions, low construction activities and labour shortages in certain regions.
- Demand improved meaningfully in December, led by a pickup in infrastructure activity. We remain positive on the sector; UltraTech, Shree cement and JK Lakshmi Cement are our preferred picks.

Coverage universe performance: The expected revenue growth (~16.0% y-o-y and ~6.8% q-o-q) reflects modest YoY realization improvements of ~2.6%, though realizations declined slightly q-o-q due to pricing pressures in the quarter. Volumes are projected to grow ~13% y-o-y and ~6.9% QoQ, resulting in an EBITDA/tonne of ~Rs. 917, up ~19.5% y-o-y. As a result of operating leverage and cost-reduction initiatives undertaken by most companies, operating profit is expected to increase ~35.0% y-o-y.

Industry performance expectation: Cement prices remained weak in Q3FY26, with demand softening in October–November due to lower infrastructure activity, labour shortages in select regions and festive season disruptions. As a result, average cement prices are estimated to decline ~1-1.5% q-o-q. The South and East regions saw the sharpest corrections by 2-3% q-o-q, followed by moderate declines in other regions. However, demand and pricing momentum improved from December onward and is expected to strengthen further in Q4FY26, supported by a seasonal pick-up in construction and infrastructure activity. We expect industry volume growth of 6–7% in FY26.

Structural growth stories: Cement companies continue to pursue aggressive capacity expansions in the medium term to address long-term demand visibility. However, elevated capacity additions across the industry could increase competitive intensity and exert pressure on pricing in the near term. On the profitability front, companies are increasingly focusing on premiumisation, reducing cost per tonne through higher adoption of renewable energy, improving blended cement mix, and optimising logistics via rail and coastal transportation. Additionally, the government's continued push on infrastructure development and the reduction in GST from 28% to 18% are expected to support demand for premium products and benefit low-to-mid income housing, underpinning long-term sector growth.

Our Call

Valuation: Stay Positive - The cement sector remains well-positioned for a steady recovery, supported by improving housing demand, sustained government infrastructure spending, and strengthening rural sentiment. Demand momentum is expected to improve further as public capex accelerates, while cost-efficiency measures adopted by leading players are helping offset input cost pressures and support margins. We expect industry demand to grow ~6–7% in FY26, with a gradual improvement from H2FY26, aided by post-monsoon recovery and higher government infrastructure spending. We maintain a Positive outlook on the sector and continue to prefer UltraTech Cement, Shree cement and JK Lakshmi Cement, given their strong fundamentals, strategic positioning, robust balance sheets, disciplined execution and scalable capacity expansion plans.

Key risks: Weak macroeconomic environment, slowdown in public and private capex, and rising coal and pet coke prices

Leaders: UltraTech Cement, Ambuja Cement, JK Lakshmi Cement, Shree cement

Laggards: The Ramco Cements, Dalmia Bharat

Preferred Picks: UltraTech Cement & J.K Lakshmi Cement

Q3FY2026 Result Preview

Particulars	Revenue (Rs. cr)				OPM (%)				Net profit (Rs. cr)			
	Q3 FY26E	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY26E	Q3 FY25	YoY (%)	QoQ (%)	Q3 FY26E	Q3 FY25	YoY (%)	QoQ (%)
Active Coverage												
Grasim	9773.4	8120.3	20.4	1.7	4.0	3.3	71.7	23.8	-122.7	-168.7	-27.2	-115.3
UltraTech	20630.0	17778.8	16.0	5.2	17.1	16.3	86.4	136.4	1500.5	1359.4	10.4	21.8
Shree Cement	4810.0	4235.5	13.6	11.8	20.7	22.3	-164.2	92.3	380.0	229.4	65.6	37.1
The Ramco Cements	2215.0	1976.6	12.1	-0.9	15.1	14.1	98.7	-218.8	38.0	-3.7	-1132.6	-48.9
JK Lakshmi Cement	1599.0	1373.3	16.4	4.4	13.9	10.4	349.8	29.6	105.0	59.7	75.8	27.5
Dalmia Bharat	3440.0	3181.0	8.1	0.7	17.3	16.1	123.2	-307.2	155.0	61.0	154.1	-34.3
Soft Coverage												
ACC	6270.0	5259.2	19.2	7.1	12.5	9.0	353.6	-148.3	470.0	452.2	3.9	-57.7
Ambuja Cements	10100.0	8502.2	18.8	10.1	17.9	10.4	750.6	-127.3	795.0	902.5	-11.9	-65.5
Total	58837.4	50426.9	16.7	5.4	15.0	13.1	188.1	24.8	3320.8	2892.0	16.8	-43.1
Total (ex-Grasim)	49064.0	42306.6	16.0	6.8	15.3	13.4	189.8	-210.1	3443.5	3060.6	12.5	-18.1

Source: Company; Mirae Asset Sharekhan Research

Valuations

Company	Reco	Price target (Rs.)	CMP (Rs.)	EV/EBITDA (x)				P/E (x)			
				FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Active Coverage											
Shree Cement	Buy	32,400	26,991	22.3	18.3	16.7	14.2	81.4	55.2	46.6	39.5
UltraTech Cement	Buy	14,200	11,900	29.2	20.3	16.6	13.6	57.1	38.5	28.8	22.1
Grasim Industries	Buy	3,097	2,774	142.3	93.4	62.2	48.7	502.0	359.4	204.2	146.5
Dalmia Bharat	Buy	2,550	2,044	16.1	11.6	9.1	7.1	56.9	31.2	21.9	16.0
JK Lakshmi Cement	Buy	992	736	9.3	7.5	6.9	6.4	27.2	18.9	14.6	13.3
Soft Coverage											
ACC	Not Rated		1,705	NA	9.0	7.0	6.0	NA	19	15	13
Ambuja Cements	Not Rated		537	NA	19.5	16.7	14.5	NA	49	40	35

Source: Company; Mirae Asset Sharekhan Research; * Standalone financials

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