

India

**Overweight** (no change)**Highlighted Companies****UltraTech Cement Ltd****ADD, TP Rs13550, Rs12345 close**

Industry-leading capacity addition (via both organic/inorganic routes) is likely to lead to market share gains. Ultratech Cement is on track to have domestic capacity of ~211mtpa by FY27F. The company aims to have cost savings of Rs300/t by FY27F (~29% achieved). Given the improving outlook for the sector, we believe the sector leader is well-placed to benefit from the rising cement demand in India.

**Pidilite Industries Limited****ADD, TP Rs3325, Rs3072 close**

Pidilite Industries is expected to continue posting strong volume growth (9-10%) in the near term aided by strong execution in rural and semi-urban markets. Market leadership in most categories it operates in and softening raw material prices provide comfort on the margin front.

# Construction and Materials

## Cement & Paints: 1QFY26 results preview

- We expect avg. EBITDA/t for our coverage universe to improve by ~Rs70-90 qoq and by >Rs200 yoy due to a steep qoq price improvement in South India.
- The volume of our coverage universe is likely to grow by ~9-10% yoy (vs. 4-5% for industry) in 1Q because of a lower base & ramp-up of acquired assets.
- We stay selective, preferring UTCЕМ and ACEM for their expanding pan-India presence, and BCORP among small-caps. We avoid the paints sector.

### Cement demand moderates; realization improves in South/East India

Cement demand, after a strong seasonal quarter, is expected to witness a slight moderation due to heatwave conditions and earlier onset of the monsoon season. We expect industry demand to grow only by 4-5% yoy, despite a lower base, as it lost momentum from mid-May 2025. Our coverage universe is expected to grow by ~9%, where UTCЕМ/ACЕМ to post industry-leading double-digit growth aided by inorganic assets and market gains, followed by JKCE with the highest organic growth. DALBHARA (JPA asset loss) and SRCM (value play) to register volume dip. Based on our channel check, players in southern and eastern regions will perform better on realization-led gains during the quarter, with overall realization for our coverage universe to improve by 2.2% qoq and the southern region players expected to post the highest gains.

### Profits up despite cost pressure; transition phase for South players

We expect aggregate cost/t to decline by ~1% yoy, but rise by 1.4% qoq, with savings from variable costs peaking and negative operating leverage coming into play because of volume dip. 1QFY26F to be the first quarter of implementation of limestone mining tax. We expect profitability to improve by Rs70-90/t qoq for our coverage companies, led by price hike. The steep price hike was done to revive profitability of South India-based companies. SRCM, JKCE, ACEM & UTCЕМ are expected to post EBITDA/t of >Rs1,000 each.

### Players in the paint sector are expected to remain under pressure

We expect our paint pack (ex-PIDI) to post 1.9% yoy growth (3.1% including PIDI) owing to the sustained weakness in overall demand for decorative paints and intense competition. Margins are expected to improve on a low base and favourable raw material prices in 1Q; however, the broader competitive intensity is expected to keep margins under pressure in the medium term. We retain our negative stance on paint majors APNT (REDUCE) and KNPL (REDUCE) while maintaining our HOLD rating on BRGR and continue to prefer PIDI (ADD; expected to post an 8% yoy growth in 1QFY26F) over the paint pack.

### We remain selective; prefer cement players & PIDI but avoid paint cos

We expect a recovery in demand led by an uptick in government capex, growth in housing construction and policy-led support for affordable housing. Top picks: UTCЕМ and BCORP. Paint majors, on the other hand, continue to grapple with weak demand and aggressive scale-up by a new competitor, Birla Opus. We retain our negative stance on paint players. We have a REDUCE rating on APNT and KNPL and a HOLD rating on BRGR.

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**Figure 1: 1QFY26F earnings summary of our cement coverage universe**

Company	Revenue (Rs m)	% chg (yoy)	% chg (qoq)	EBITDA (Rs m)	% chg (yoy)	% chg (qoq)	PAT (Rs m)	% chg (yoy)	% chg (qoq)
UTCЕМ - consol.	2,11,356	17%	-8%	42,319	39%	-8%	22,055	30%	-11%
SRCM	52,879	3%	-4%	12,658	37%	-11%	4,301	54%	-25%
ACC - consol.	55,673	8%	-8%	8,690	28%	5%	5,578	55%	-26%
ACЕМ	98,075	18%	-1%	18,274	43%	-2%	9,620	23%	1%
TRCL	22,220	6%	-7%	4,413	38%	38%	1,134	219%	266%
JKCE - consol.	31,164	11%	-13%	6,477	33%	-15%	2,910	57%	-19%
BCORP	24,532	12%	-13%	3,938	52%	-26%	1,307	301%	-49%
HEIM	5,388	1%	17%	749	-4%	100%	366	-8%	227%
DALBHARA - consol.	37,382	3%	-9%	8,302	24%	5%	3,340	29%	-24%
JKLC - consol.	16,671	7%	-12%	3,054	37%	-13%	1,445	106%	-21%
<b>Total</b>	<b>5,57,844</b>	<b>13%</b>	<b>-7%</b>	<b>1,09,311</b>	<b>37%</b>	<b>-5%</b>	<b>52,396</b>	<b>40%</b>	<b>-13%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 2:** Click or tap here to enter text.**Incred's cement coverage valuation matrix**

Company	Bloomberg Ticker	Rating	Closing Price (Rs)	Target Price (Rs)	% Upside	Market cap. (US\$ m)	EV/EBITDA (x)			P/BV (x)			RoE (%)			P/E (x)			EV/T (US\$)		
							FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F
UltraTech Cement	UTCEM IN	ADD	12,345	13,550	10%	42,357	29.8	22.2	17.5	5.0	4.7	4.2	9.3%	11.4%	14.5%	58.4	42.3	30.6	233.4	228.0	210.8
ACC	ACC IN	ADD	1,965	2,210	12%	4,295	13.5	10.8	8.8	1.9	1.8	1.6	8.2%	9.1%	10.3%	14.9	20.2	16.4	91.6	87.0	86.1
Ambuja Cements	ACEM IN	ADD	592	620	5%	16,978	21.1	15.3	11.8	1.8	1.7	1.6	6.0%	5.4%	7.1%	27.5	32.2	23.2	193.3	201.7	205.1
Shree Cement	SRCM IN	HOLD	31,170	31,100	0%	13,095	27.0	22.3	18.7	5.2	5.0	4.7	5.3%	6.9%	9.1%	99.7	74.3	53.4	222.8	181.7	181.9
The Ramco Cements	TRCL IN	REDUCE	1,086	900	-17%	2,987	24.2	18.0	15.1	3.4	3.2	3.0	1.5%	5.1%	7.4%	60.9	64.4	42.4	143.7	137.7	116.4
JK Cement	JKCE IN	HOLD	6,246	5,500	-12%	5,619	25.4	20.8	17.9	7.8	6.9	6.0	13.8%	16.5%	17.7%	55.2	44.1	36.2	229.1	186.3	164.9
Birla Corporation	BCORP IN	ADD	1,384	1,530	11%	1,241	10.6	9.0	7.8	1.5	1.4	1.3	4.9%	6.5%	8.1%	31.0	22.2	16.7	73.9	71.7	65.0
HeidelbergCement	HEIM IN	HOLD	213	182	-14%	561	17.2	13.8	11.4	3.2	3.2	3.1	7.5%	10.3%	12.5%	42.5	31.1	24.9	77.5	75.7	73.8
Dalmia Bharat	DALBHARA IN	ADD	2,156	2,180	1%	4,708	17.8	14.6	12.4	2.4	2.3	2.1	4.6%	5.7%	7.1%	61.4	41.0	31.3	101.6	109.1	99.0
JK Lakshmi Cement	JKLC IN	ADD	978	935	-4%	1,340	14.5	11.5	9.8	3.0	2.7	2.4	9.0%	12.6%	14.6%	35.4	22.9	17.5	89.1	68.0	64.9
<b>Mean</b>							<b>20.1</b>	<b>15.8</b>	<b>13.1</b>	<b>3.5</b>	<b>3.3</b>	<b>3.0</b>	<b>7.0%</b>	<b>9.0%</b>	<b>10.8%</b>	<b>48.7</b>	<b>39.5</b>	<b>29.3</b>	<b>145.6</b>	<b>134.7</b>	<b>126.8</b>
<b>Median</b>							<b>19.4</b>	<b>14.9</b>	<b>12.1</b>	<b>3.1</b>	<b>2.9</b>	<b>2.7</b>	<b>6.7%</b>	<b>8.0%</b>	<b>9.7%</b>	<b>48.8</b>	<b>36.6</b>	<b>27.7</b>	<b>122.6</b>	<b>123.4</b>	<b>107.7</b>
<b>Minimum</b>							<b>10.6</b>	<b>9.0</b>	<b>7.8</b>	<b>1.5</b>	<b>1.4</b>	<b>1.3</b>	<b>1.5%</b>	<b>5.1%</b>	<b>7.1%</b>	<b>14.9</b>	<b>20.2</b>	<b>16.4</b>	<b>73.9</b>	<b>68.0</b>	<b>64.9</b>
<b>Maximum</b>							<b>29.8</b>	<b>22.3</b>	<b>18.7</b>	<b>7.8</b>	<b>6.9</b>	<b>6.0</b>	<b>13.8%</b>	<b>16.5%</b>	<b>17.7%</b>	<b>99.7</b>	<b>74.3</b>	<b>53.4</b>	<b>233.4</b>	<b>228.0</b>	<b>210.8</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

NOTE: BLOOMBERG. PRICES AS ON 07<sup>TH</sup> JUL 2025

## Cement & Paints: 1QFY26 results preview

### India cement sector - 1QFY26 results preview

#### Key assumptions for our coverage companies ➤

We expect industry volume to grow by ~4-5% on a yoy basis in 1QFY26F.

IHB rural demand continued to remain better during the quarter.

Big-2 players to maintain their industry-leading growth.

South India cement prices recorded their steepest gain during the quarter, across segments and brands, followed by the eastern region. Other regions' cement prices were like their 4QFY25 exit levels.

**Total costs:** With no further significant incremental savings from fuel costs and loss of operational synergies sequentially, total cost for our coverage universe is expected to rise qoq.

**Figure 3: We expect aggregate volume for our coverage universe to increase by ~9.4% yoy and decline ~9% qoq, with demand losing its momentum from mid-May**

Volumes (in mt)	1QFY26F	4QFY25	1QFY25	yoy (%)	qoq (%)
UTCEM - consol.	37.1	41.0	32.0	16.2%	-9.5%
SRCM	9.5	9.8	9.6	-1.7%	-3.7%
ACC - consol.	10.8	11.9	10.2	6.3%	-8.8%
ACEM - consol	18.2	18.7	15.8	15.2%	-2.7%
TRCL	4.4	5.3	4.4	1.2%	-16.6%
JKCE	5.2	6.1	4.8	7.4%	-14.1%
BCORP	4.6	5.3	4.4	4.7%	-12.7%
HEIM	1.1	1.0	1.1	0.9%	16.0%
DALBHARA - consol	7.3	8.6	7.4	-1.0%	-14.8%
JKLC - consol.	3.2	3.6	3.0	3.9%	-12.3%
<b>Coverage Total</b>	<b>101.5</b>	<b>111.2</b>	<b>92.7</b>	<b>9.4%</b>	<b>-8.8%</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 4: We expect the average blended realization to improve by ~2.2% qoq and ~3.1% yoy for our coverage universe, with South India being the pull factor**

Realization/t (in Rs)	1QFY26F	4QFY25	1QFY25	yoy (%)	qoq (%)
UTCEM - consol.	5,641	5,555	5,596	0.8%	1.5%
SRCM	5,583	5,622	5,315	5.0%	-0.7%
ACC - consol.	4,799	4,778	4,757	0.9%	0.4%
ACEM - consol.	5,388	5,288	5,260	2.4%	1.9%
TRCL	5,036	4,522	4,790	5.1%	11.4%
JKCE	5,987	5,910	5,793	3.3%	1.3%
BCORP	5,137	5,127	4,843	6.1%	0.2%
HEIM	4,719	4,689	4,705	0.3%	0.6%
DALBHARA - consol	5,102	4,757	4,893	4.3%	7.3%
JKLC - consol.	5,281	5,274	5,149	2.6%	0.1%
<b>Coverage Average</b>	<b>5,267</b>	<b>5,152</b>	<b>5,110</b>	<b>3.1%</b>	<b>2.2%</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 5: We expect the average cost/t to rise by 1.4% qoq; however, lower by ~1% yoy for our coverage universe, supported by savings in fixed costs on a yoy basis**

Cost/t (in Rs)	1QFY26F	4QFY25	1QFY25	yoy (%)	qoq (%)
UTCEM - consol.	4,554	4,497	4,704	-3.2%	1.3%
SRCM	4,246	4,170	4,354	-2.5%	1.8%
ACC - consol.	4,331	4,400	4,388	-1.3%	-1.6%
ACEM - consol.	4,384	4,289	4,450	-1.5%	2.2%
TRCL	4,036	3,916	4,057	-0.5%	3.1%
JKCE	4,743	4,647	4,790	-1.0%	2.0%
BCORP	4,492	4,345	4,411	1.8%	3.4%
HEIM	4,064	4,155	4,015	1.2%	-2.2%
DALBHARA - consol	3,969	3,835	3,989	-0.5%	3.5%
JKLC - consol.	4,313	4,298	4,417	-2.4%	0.4%
<b>Coverage Average</b>	<b>4,313</b>	<b>4,255</b>	<b>4,358</b>	<b>-1.0%</b>	<b>1.4%</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

We expect cement companies' profitability to improve, both sequentially and yoy, with prices being better and favourable for the industry during 1QFY26.

**Figure 6: We expect the average EBITDA/t to improve by Rs70/t qoq and by Rs210/t yoy for our coverage universe in 1QFY26F**

EBITDA/t (in Rs)	1QFY26F	4QFY25	1QFY25	yoy (%)	qoq (%)
UTCEN - consol.	1,140	1,126	951	19.9%	1.3%
SRM	1,336	1,452	962	38.9%	-8.0%
ACC - consol.	801	698	666	20.3%	14.8%
ACEM - consol.	1,004	999	810	23.9%	0.5%
TRCL	1,000	607	733	36.5%	64.9%
JKCE - consol	1,244	1,262	1,003	24.0%	-1.4%
BCORP	859	1,017	590	45.7%	-15.5%
HEIM	656	381	690	-5.0%	72.2%
DALBHARA - consol	1,133	922	904	25.3%	22.9%
JKLC - consol.	967	976	732	32.1%	-0.9%
<b>Coverage Average</b>	<b>1,014</b>	<b>944</b>	<b>804</b>	<b>26.1%</b>	<b>7.4%</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

## 1QFY26F estimates for our cement coverage universe

**Figure 1: UltraTech Cement (consolidated)**

	1QFY26F	4QFY25	QoQ (%)	1QFY25	YoY (%)
Net Sales (Rs m)	2,11,356	2,30,633	-8.4%	1,80,696	17.0%
EBITDA (Rs m)	42,319	46,184	-8.4%	30,393	39.2%
EBIT (Rs m)	31,450	34,939	-10.0%	21,967	43.2%
PAT (Rs m)	22,055	24,820	-11.1%	16,966	30.0%
EPS (Rs)	76.4	86.0	-11.1%	58.8	30.0%
EBITDA Margin (%)	20.0%	20.0%	0 bps	16.8%	320 bps

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 2: Shree Cement**

	1QFY26F	4QFY25	QoQ (%)	1QFY25	YoY (%)
Net Sales (Rs m)	52,879	55,320	-4.4%	51,240	3.2%
EBITDA (Rs m)	12,658	14,286	-11.4%	9,272	36.5%
EBIT (Rs m)	4,840	6,410	-24.5%	2,229	117.1%
PAT (Rs m)	4,301	5,750	-25.2%	2,785	54.5%
EPS (Rs)	119.1	159.2	-25.2%	77.2	54.2%
EBITDA Margin (%)	23.9%	25.8%	-189bp	18.1%	584bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 3: ACC (consolidated)**

	1QFY26F	4QFY25	QoQ (%)	1QFY25	YoY (%)
Net Sales (Rs m)	55,673	60,665	-8.2%	51,549	8.0%
EBITDA (Rs m)	8,690	8,302	4.7%	6,791	28.0%
EBIT (Rs m)	6,063	5,653	7.2%	4,445	36.4%
PAT (Rs m)	5,578	7,492	-25.5%	3,588	55.5%
EPS (Rs)	29.7	40.0	-25.7%	19.1	55.1%
EBITDA Margin (%)	15.6%	13.7%	192bp	13.2%	244bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 4: Dalmia Bharat (consolidated)**

	1QFY26F	4QFY25	QoQ (%)	1QFY25	YoY (%)
Net Sales (Rs m)	37,382	40,910	-8.6%	36,210	3.2%
EBITDA (Rs m)	8,302	7,930	4.7%	6,690	24.1%
EBIT (Rs m)	4,945	4,790	3.2%	3,520	40.5%
PAT (Rs m)	3,340	4,390	-23.9%	2,580	29.5%
EPS (Rs)	17.6	23.3	-24.2%	7.5	133.8%
EBITDA Margin (%)	22.2%	19.4%	282bp	18.5%	373bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 5: The Ramco Cements**

	1QFY26F	4QFY25	QoQ (%)	1QFY25	YoY (%)
Net Sales (Rs m)	22,220	23,920	-7.1%	20,884	6.4%
EBITDA (Rs m)	4,413	3,209	37.5%	3,194	38.2%
EBIT (Rs m)	2,630	1,388	89.4%	1,527	72.2%
PAT (Rs m)	1,134	310	265.8%	355	219.3%
EPS (Rs)	4.8	1.3	265.8%	1.5	219.3%
EBITDA Margin (%)	19.9%	13.4%	645bp	15.3%	457bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 6: JK Cement**

	1QFY26F	4QFY25	QoQ (%)	1QFY25	YoY (%)
Net Sales (Rs m)	31,164	35,812	-13.0%	28,076	11.0%
EBITDA (Rs m)	6,477	7,649	-15.3%	4,862	33.2%
EBIT (Rs m)	4,853	6,026	-19.5%	3,389	43.2%
PAT (Rs m)	2,910	3,614	-19.5%	1,848	57.4%
EPS (Rs)	37.7	46.8	-19.5%	23.9	57.4%
EBITDA Margin (%)	20.8%	21.4%	-57bp	17.3%	347bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 7: Birla Corporation**

	1QFY26F	4QFY25	QoQ (%)	1QFY25	YoY (%)
Net Sales (Rs m)	24,532	28,149	-12.8%	21,904	12.0%
EBITDA (Rs m)	3,938	5,338	-26.2%	2,583	52.5%
EBIT (Rs m)	2,410	3,916	-38.5%	1,127	113.8%
PAT (Rs m)	1,307	2,566	-49.1%	326	-300.6%
EPS (Rs)	17.0	33.3	-49.1%	4.2	-300.6%
EBITDA Margin (%)	16.1%	19.0%	-291bp	11.8%	426bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 8: JK Lakshmi Cement (consolidated)**

	1QFY26F	4QFY25	QoQ (%)	1QFY25	YoY (%)
Net Sales (Rs m)	16,671	18,976	-12.1%	15,639	6.6%
EBITDA (Rs m)	3,054	3,512	-13.0%	2,224	37.3%
EBIT (Rs m)	1,858	2,461	-24.5%	1,154	61.1%
PAT (Rs m)	1,445	1,835	-21.2%	703	105.6%
EPS (Rs)	12.3	15.6	-21.2%	6.0	105.6%
EBITDA Margin (%)	18.3%	18.5%	-19bp	14.2%	410bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 9: HeidelbergCement India**

	1QFY26F	4QFY25	QoQ (%)	1QFY25	YoY (%)
Net Sales (Rs m)	5,388	4,614	16.8%	5,322	1.2%
EBITDA (Rs m)	749	375	99.8%	780	-4.1%
EBIT (Rs m)	459	110	317.4%	499	-8.1%
PAT (Rs m)	366	112	226.8%	399	-8.2%
EPS (Rs)	1.6	0.5	226.8%	1.8	-8.2%
EBITDA Margin (%)	13.9%	8.1%	577bp	14.7%	-77bp

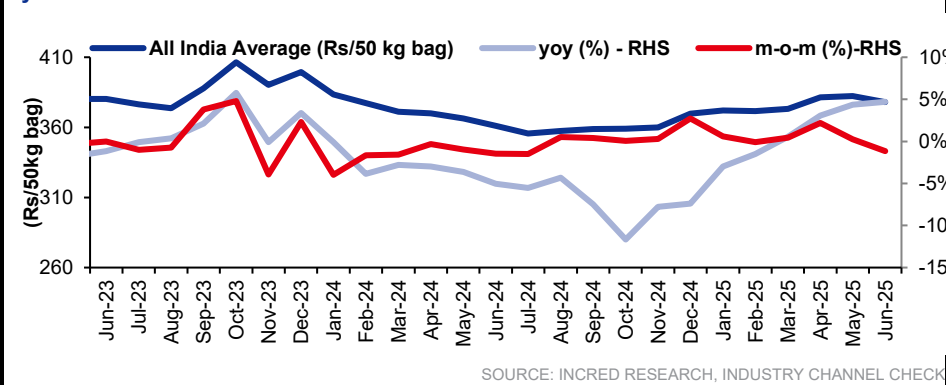
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

## Cement prices ➤

*Our interactions with cement dealers and an expert indicate that in 1QFY26, pan-India cement prices rose by ~1.5-2.0% qoq, with southern and eastern regions leading the gains.*

- Our channel check shows that average pan-India cement price fell by Rs4-5/bag MoM with the onset of a subdued season for cement demand, but still up by ~5% YoY in Jun 2025 at Rs383/bag due to the steep hikes taken in Apr 2025. Prices are up by ~1.5-2% vs. 4QFY25 exit prices, with both the southern and eastern markets performing better during the current quarter. Prices in other markets were at a level similar to the Mar 2025 exit level. No further price hike is expected in most pockets and dealers feel any hike taken will not sustain due to poor demand and the onset of a seasonally weak phase.
- On the demand front, demand remained better due to a lower base of the previous year. The demand from government infrastructure projects is yet to pick up in some key states, as per experts. With the onset of the monsoon season, demand softened further in most pockets. The density of the rainfall in Sep-Oct 2025F and revival of demand post-monsoon to decide the pricing direction, with most capacities in FY26F to come on stream in the second half of the year.

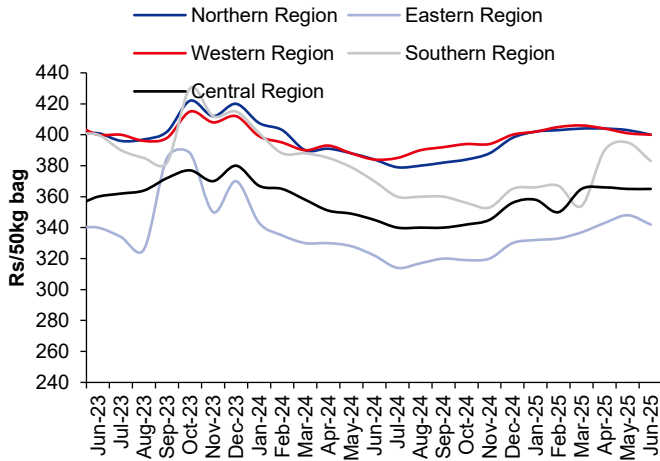
**Figure 10: All-India average cement price was up by ~1% vs. 4QFY25 exit price and up by ~5% YoY in Jun 2025**



## Region-wise pricing trend:

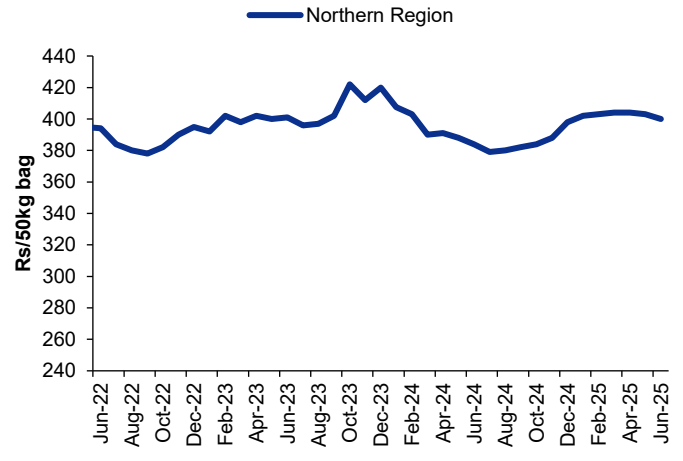
- **East:** Cement prices declined by Rs5-6/bag MoM due to soft demand and the onset of the monsoon season in some pockets. Prices were flat in Bihar and Odisha while they declined in West Bengal and Jharkhand. Huge discounts are being offered in West Bengal to clear the inventory. No price rise is expected in Jul 2025F across markets.
- **South:** With the monsoon paving its way gradually across the region from mid-Jun 2025, demand began to taper off. Prices in Tamil Nadu were down by Rs10-15/bag, and in Karnataka, Andhra Pradesh & Telangana they were down by Rs10-20/bag. There is no information on any price hike yet, according to dealers.
- **North:** Prices remained flat MoM across markets, except Delhi where there was a discount of Rs4-5/bag. No price hike is expected in Jul 2025F, as per dealers.
- **West:** Both Maharashtra and Gujarat received higher rainfall in Jun 2025, which impacted demand in most pockets. However, the prices in most pockets held firm despite soft demand. Price hikes were attempted in some regions during the month, but they failed to sustain due to poor demand, and channels believe that any attempt to hike prices in Jul 2025 to meet the same fate due to a seasonally weak phase.
- **Central:** Prices were flat MoM as the monsoon is yet to properly enter the region while rural housing demand was better. Prices in Bhopal stood at Rs340/bag, and in Lucknow they were at Rs380-390/bag. There was no information on price hikes.

**Figure 11: Southern and eastern regions performed better post Mar 2025**



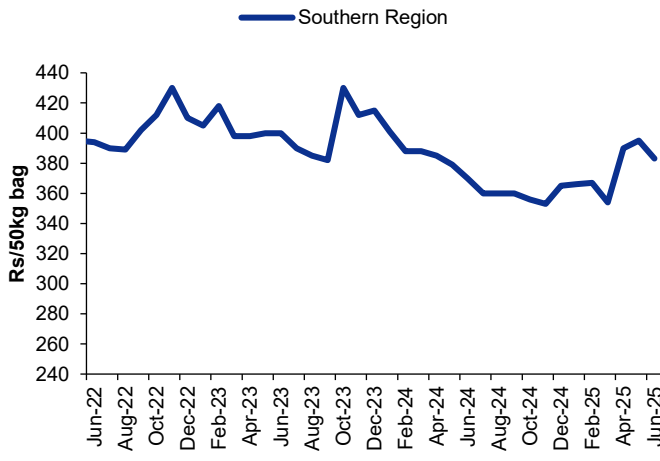
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 12: North India cement prices close to Mar 2025 exit level, with no price hikes in 1QFY26**



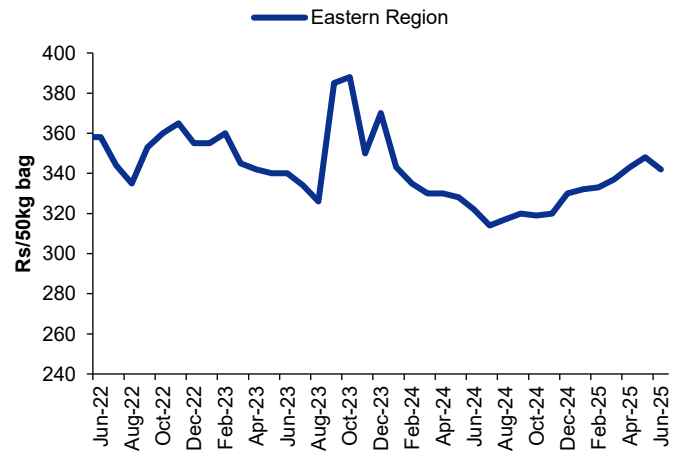
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 13: Southern region cement prices declined from mid-Jun 2025**



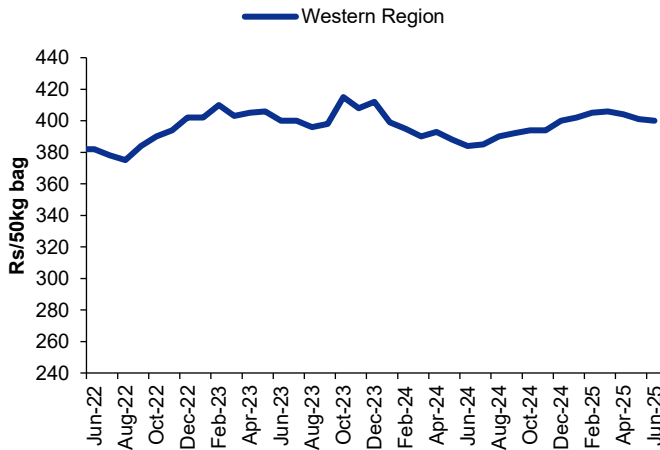
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 14: Eastern region cement prices declined in Jun 2025 due to soft demand**



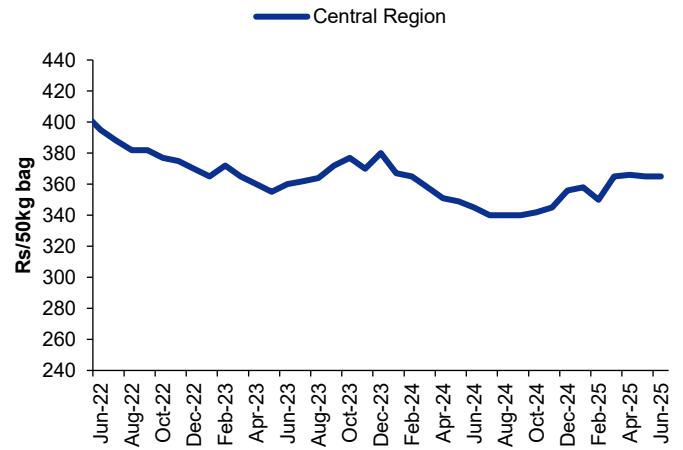
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 15: Western region cement prices remained flat MoM**



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 16: Central region cement prices were also flat MoM**



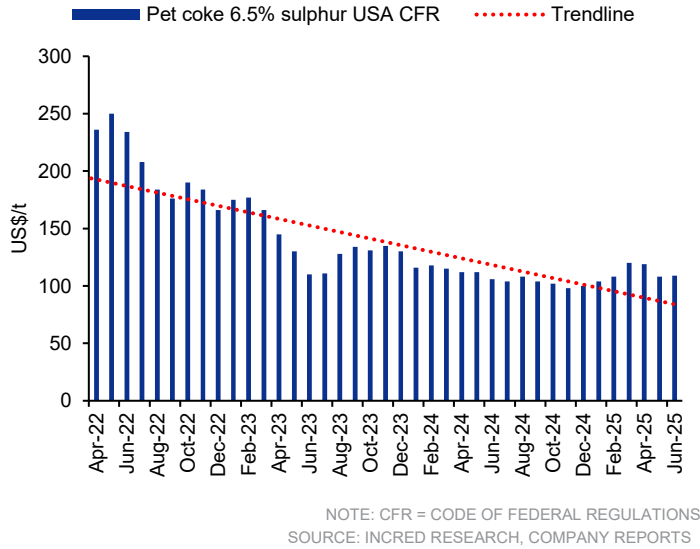
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK



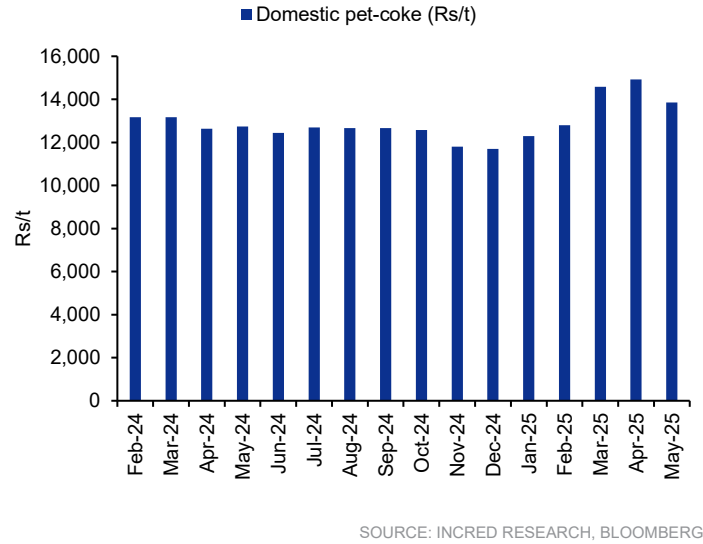
## Major input cost trend ➤

- **Pet-coke prices stable after a rally, while Brent crude oil prices volatile:** Prices of Brent crude oil, after declining steeply in Apr-May 2025, were up by 7% in Jun 2025 but still lower vs. Mar 2025 exit level. Further, pet-coke prices have cooled to US\$109/t vs. US\$120/t in Mar 2025.

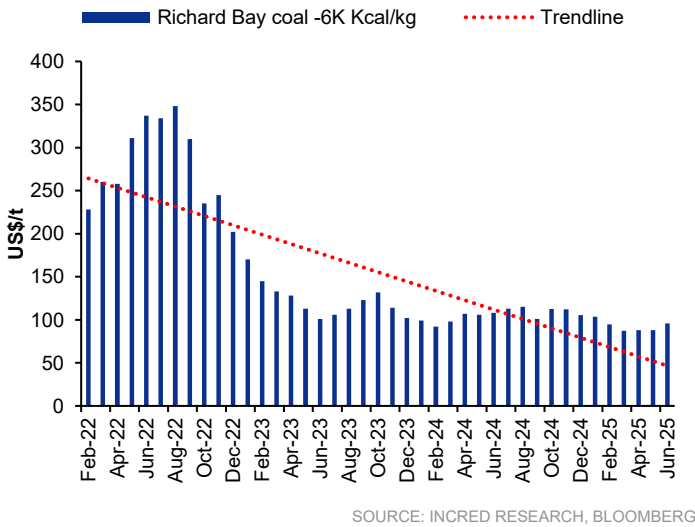
**Figure 17: International pet-coke price trend**



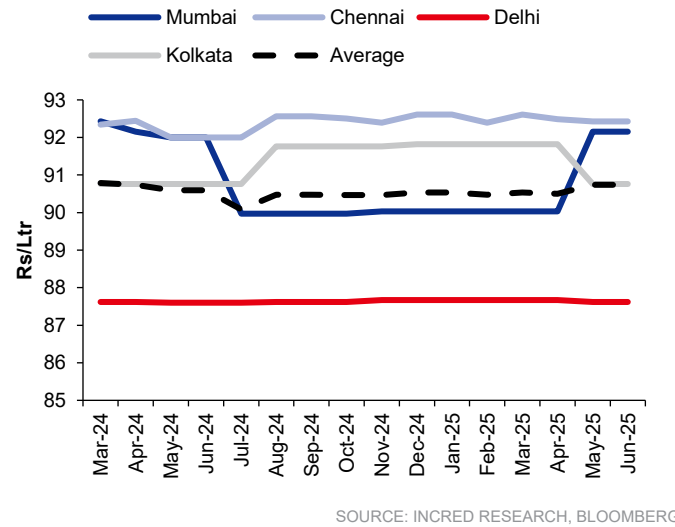
**Figure 18: Domestic pet-coke prices at the beginning of May 2025**



**Figure 19: Imported coal price (South African 6k/kcal) trend**

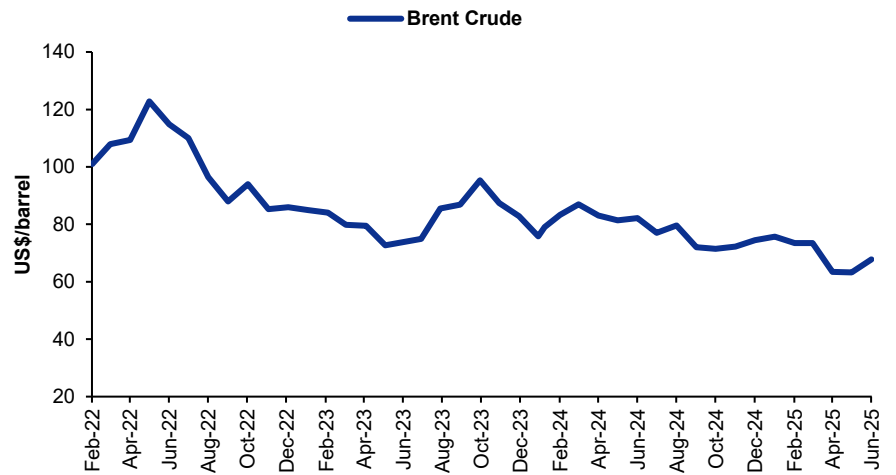


**Figure 20: Average diesel price trend in top metro cities**



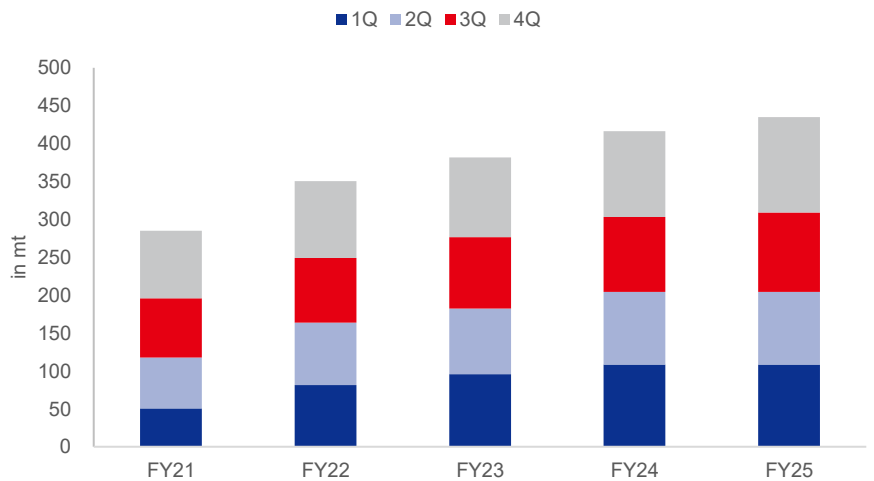


**Figure 21: Crude oil price trend**



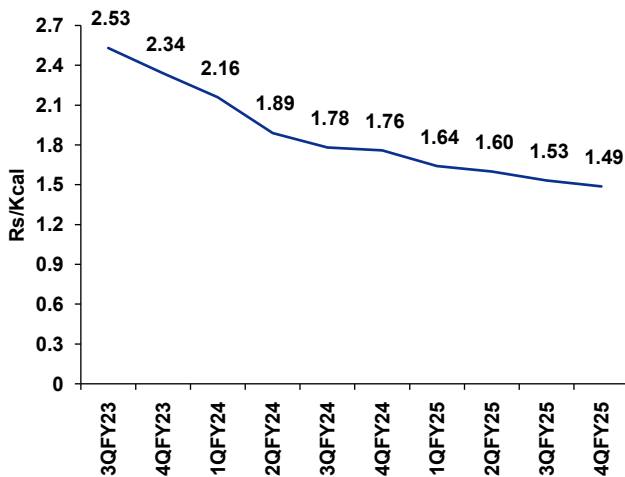
SOURCE: INCRED RESEARCH, BLOOMBERG

**Figure 22: Cement production data indicates ~68-70% utilization level in FY25**



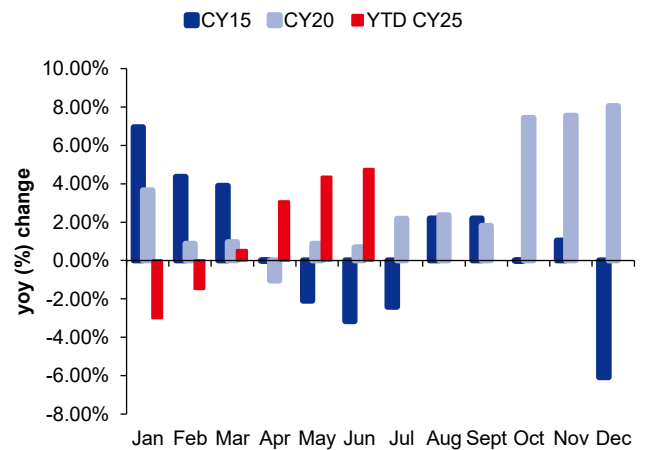
SOURCE: INCRED RESEARCH, CMIE, CSO

**Figure 23: Average energy costs continue to decline**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 24: Pan-India cement price yoy change post general election years**



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 25: Fuel costs booked by various companies on a kcal basis**

Rs Kcal	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	FY26F	vs. spot prices
<b>ACC</b>	2.35	2.13	1.85	1.86	1.91	1.71	1.57	1.65	1.47		
<b>ACEM</b>	2.10	2.09	1.82	1.84	1.84	1.73	1.59	1.66	1.58		Rs150-170/t savings achieved; savings of Rs300/t expected over the next two years.
<b>UTCEM</b>	2.50	2.34	2.12	2.05	2.03	2.00	1.84	1.76	1.73		Rs300/t savings likely in the next three-to-four years.
<b>SRCM</b>	2.53	2.37	2.05	1.78	1.82	1.76	1.71	NA	1.48		
<b>JKCE</b>	2.41	2.20	1.90	1.82	1.79	1.62	1.65	1.50	1.40		Expect incremental savings of Rs25/t in FY26F.
<b>Nuvoco</b>	2.31	1.94	1.77	1.67	1.63	1.57	1.54	1.45	1.43		
<b>TRCL</b>	2.21	2.03	1.75	1.64	1.65	1.49	1.60	1.45	1.50		<b>Pet-coke - US\$109/t</b>
<b>JKLC</b>	2.42	2.23	2.04	1.78	1.68	1.63	1.62	1.57	1.53		To remain in this range for the next few quarters.
<b>DALBHARA</b>	2.06	1.98	1.58	1.50	1.45	1.38	1.36	1.31	1.30		P&F costs to decline by 1-2% in the next few quarters.
<b>STARCEM</b>	2.10	2.35	1.90	1.75	1.70	1.50	1.48	1.48	1.54		
<b>BCORP</b>		1.95	1.75	1.58	1.56	1.48	1.48	1.50	1.40		Expect savings in P&F costs.
<b>Average</b>	<b>2.34</b>	<b>2.16</b>	<b>1.89</b>	<b>1.78</b>	<b>1.76</b>	<b>1.64</b>	<b>1.60</b>	<b>1.53</b>	<b>1.49</b>		

SOURCE: INCRED RESEARCH, COMPANY REPORTS

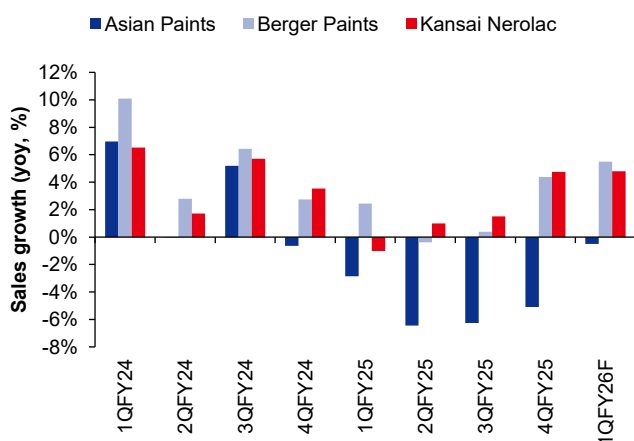
## 1QFY26F estimates for our paint coverage universe

**Figure 26: We expect the aggregate paint pack (ex-PIDI) to grow by 1.9% yoy in 1QFY26F**

Company	Revenue (Rs m)	% chg (yoy)	EBITDA (Rs m)	% chg (yoy)	Net Profit (Rs m)	% chg (yoy)
Asian Paints	89,575	-0.1%	16,508	-2.5%	11,219	-4.1%
Berger Paints	32,852	6.3%	5,620	7.6%	3,778	6.8%
Kansai Nerolac Paints	22,191	4.0%	3,450	4.7%	2,407	4.3%
Pidilite Industries	36,661	8.0%	8,564	5.4%	5,931	4.6%
<b>Total</b>	<b>1,81,279</b>	<b>3.1%</b>	<b>34,143</b>	<b>1.7%</b>	<b>23,334</b>	<b>0.5%</b>

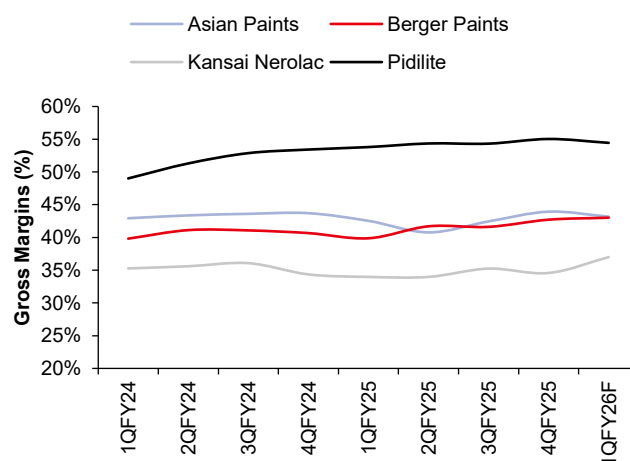
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 27: Sales growth of paint players continues to remain under pressure, especially for Asian Paints**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 28: Gross margin improvement is supported by favourable raw material prices**



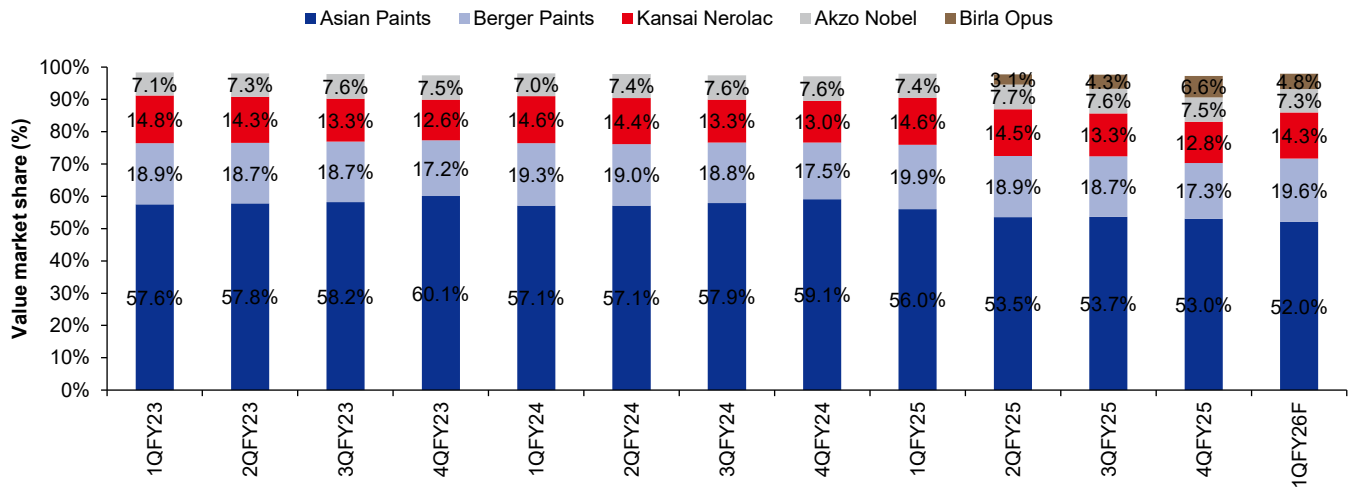
SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Paints sector channel-check highlights

### Highlights from our interaction with paint dealers ➤

- Demand environment remains weak:** The demand for decorative paints remains subdued. Our interactions with paint dealers indicate continued weakness, although a marginal improvement was noted in the case of some retail dealers over the past three months. The project (B2B) segment is expected to perform relatively better due to a low base, affected by election-related disruptions. Early monsoon onset, particularly in South India and coastal regions, has likely impacted the offtake.
- Rebating intensity remains elevated after the entry of Birla Opus:** Rebating and promotional intensity remain elevated following Birla Opus's market entry. Birla Opus continues to offer aggressive schemes and rebates, particularly to contractors, leading to significant inroads with this segment and driving dealer demand for the brand. With Birla Opus achieving a near 50,000-dealer count, we expect continued market share gains as the company prioritizes aggressive growth targets of Rs40bn by FY26F and Rs100bn by FY28F. In response, Asian Paints or APNT has increased incentives for dealers and influencers and refreshed product packaging to counter the elevated competitive intensity.
- New entrants to up the ante while incumbents are on their toes:** The paint industry is experiencing slower growth amidst intense competition, primarily from Birla Opus, which has achieved a 6.7% market share based on 4QFY25 exit sales. JSW Paints' acquisition of Akzo Nobel India's operations is not expected to have an immediate disruptive impact, as both these entities were already present in the market. However, post consolidation, strategic realignments could exert further pressure on incumbents. The combined JSW Paints and Akzo Nobel India entity will hold approximately 8-9% market share (targeting 10% in the coming years), positioning the JSW Group as the No. 4 player.

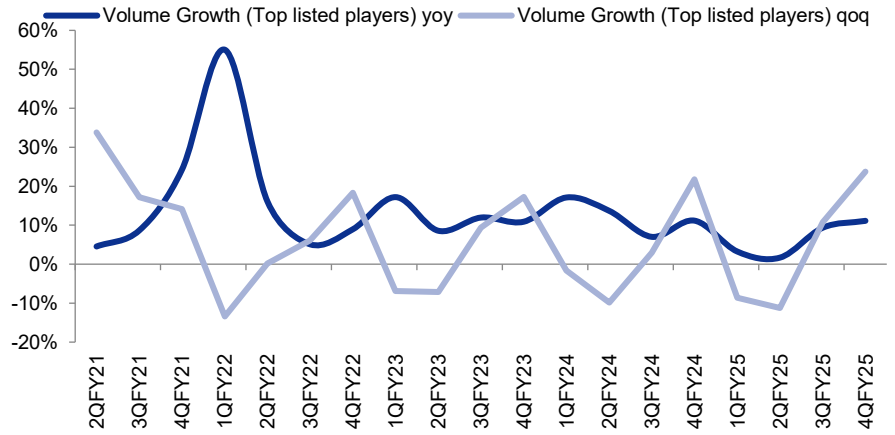
**Figure 29: Asian Paints continues to lose market share in value terms**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

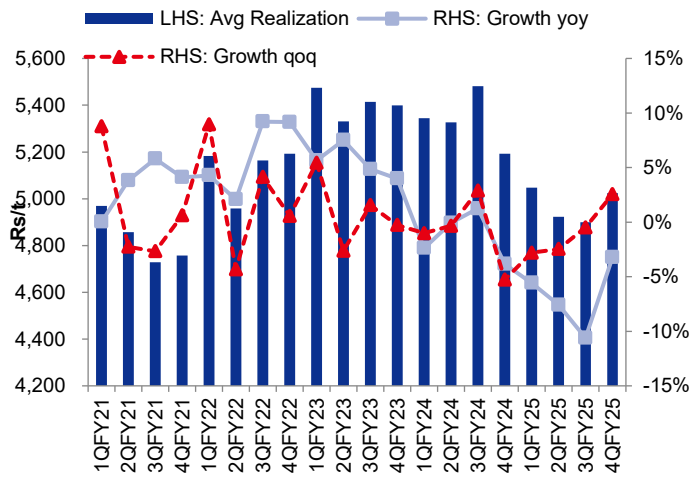
## Key operational quarterly charts – cement coverage➤

**Figure 30: Volume growth trend in 4QFY25 – Top 5 companies continue to outperform others**



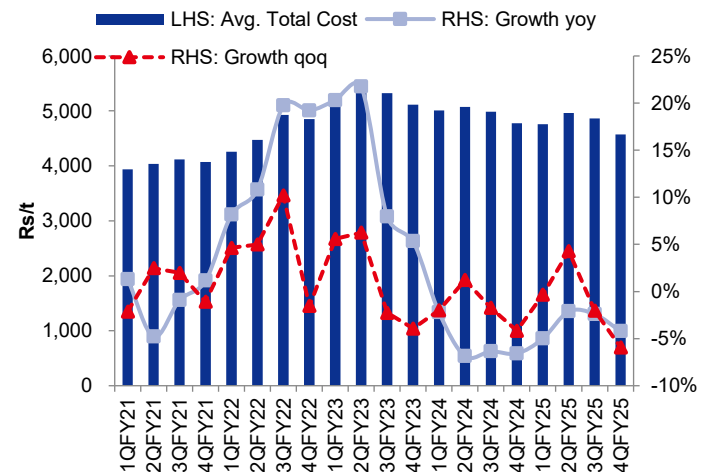
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 31: ] Realization trend - average realization was up 3% qoq in 4QFY25 with prices hikes sustaining**



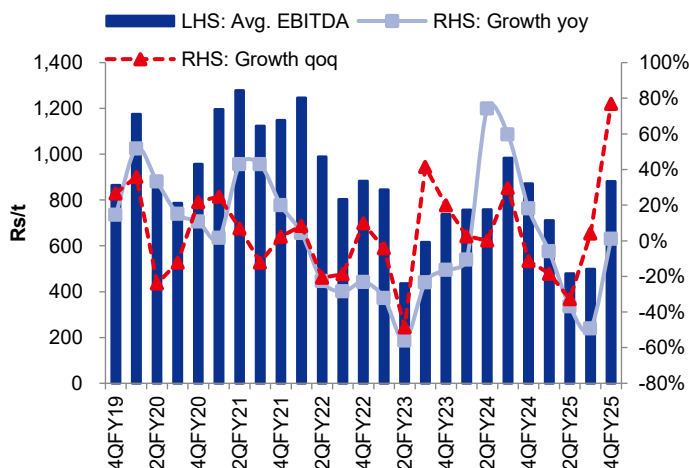
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 32: Trend in unit cost – average total costs/t down by 4% yoy in 4QFY25**



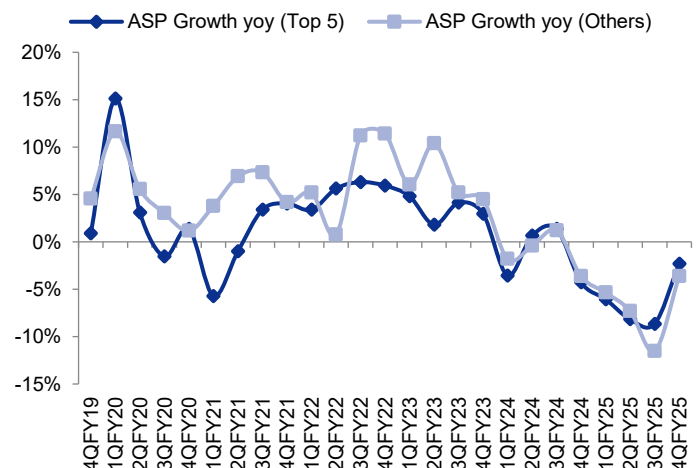
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 33: Sector unit EBITDA recovers in 4QFY25 by ~77% qoq and ~1% yoy; we expect profitability to decline moderately on a qoq basis**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 34: ASP of top 5 players continues to be better than that of others**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Key assumptions for our cement coverage companies

**Figure 35: We expect cement volume of coverage companies to grow by ~11% over FY24-27F**

Volume (mt)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	81	86	94	106	119	136	159	174	9.9%	13.4%
ACC*#	29	26	29	39	37	42	46	49	6.3%	9.6%
ACEM#	52	47	53	68	59	65	78	89	3.3%	14.6%
SRCM*	25	27	28	32	36	36	39	43	9.3%	6.5%
TRLC	11	10	11	15	18	19	20	22	13.2%	5.4%
JKCE*	8	10	12	14	17	18	20	22	18.9%	9.5%
BCORP*	14	13	14	16	18	18	19	21	6.6%	5.6%
HEIM	4	5	4	5	5	5	5	5	0.2%	4.2%
DALBHARA*	19	21	22	26	29	29	31	34	10.5%	5.8%
JKLC*	7	8	10	11	10	11	11	14	8.2%	12.4%
<b>Total</b>	<b>252</b>	<b>253</b>	<b>277</b>	<b>330</b>	<b>347</b>	<b>379</b>	<b>428</b>	<b>472</b>	<b>8.4%</b>	<b>10.8%</b>

\*CONSOLIDATED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS, SO ADJUSTED FOR 12M; YEAR-END CHANGES FROM DEC-MAR  
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 36: We expect the realization of coverage companies to decline by ~1% over FY24-27F**

Realization (Rs/t)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	5,127	5,122	5,501	5,900	5,864	5,517	5,572	5,650	3.4%	-1.2%
ACC#	4,801	5,074	5,229	5,354	5,092	4,859	4,956	5,016	1.5%	-0.5%
ACEM#	5,212	5,250	5,465	5,768	5,601	5,248	5,301	5,364	1.8%	-1.4%
SRCM*	5,163	5,052	5,411	5,611	5,741	5,379	5,465	5,574	2.7%	-1.0%
TRLC	4,792	5,281	5,413	5,416	5,081	4,592	4,817	4,894	1.5%	-1.2%
JKCE	4,527	4,494	4,774	4,971	5,009	4,721	4,834	4,931	2.6%	-0.5%
BCORP	4,826	4,853	4,961	5,242	5,239	4,891	4,960	5,049	2.1%	-1.2%
HEIM	4,652	4,681	5,096	4,922	4,759	4,812	4,860	4,918	0.6%	1.1%
DALBHARA	4,691	4,874	5,073	5,141	5,105	4,755	4,869	4,948	2.1%	-1.0%
JKLC	4,342	4,523	4,840	5,650	5,662	5,106	5,208	5,301	6.9%	-2.2%
<b>Average</b>	<b>4,813</b>	<b>4,920</b>	<b>5,176</b>	<b>5,398</b>	<b>5,315</b>	<b>4,988</b>	<b>5,084</b>	<b>5,165</b>	<b>2.5%</b>	<b>-1.0%</b>

\*BLENDED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR  
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 37: We expect costs/t of coverage companies to decline by ~2% over FY24-27F**

Cost (Rs/t)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	4,072	3,839	4,371	4,981	4,867	4,667	4,568	4,486	4.6%	-2.7%
ACC	4,585	4,477	4,553	5,257	4,579	4,432	4,290	4,259	0.0%	-2.4%
ACEM	4,328	4,178	4,293	5,010	4,520	4,459	4,353	4,270	1.1%	-1.9%
SRCM*	3,655	3,532	4,075	4,681	4,470	4,281	4,245	4,250	5.2%	-1.7%
TRLC	3,777	3,729	4,251	4,629	4,238	3,926	3,969	3,982	2.9%	-2.1%
JKCE*	4,478	4,223	4,641	5,178	4,974	4,872	4,800	4,759	2.7%	-1.5%
BCORP	4,091	4,069	4,466	5,029	4,659	4,423	4,399	4,413	3.3%	-1.8%
HEIM	3,589	3,899	4,529	4,263	4,229	4,178	4,137	4,100	4.2%	-1.0%
DALBHARA	3,923	3,550	3,991	4,367	4,188	3,936	3,888	3,866	1.6%	-2.6%
JKLC	3,548	3,625	3,991	4,916	4,785	4,393	4,342	4,327	7.8%	-3.3%
<b>Average</b>	<b>4,005</b>	<b>3,912</b>	<b>4,316</b>	<b>4,831</b>	<b>4,551</b>	<b>4,357</b>	<b>4,299</b>	<b>4,271</b>	<b>3.0%</b>	<b>-2.1%</b>

\*BLENDED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR  
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 38: We expect EBITDA/t of coverage companies to increase by ~3% over FY24-27F**

EBITDA (Rs/t)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	1,055	1,339	1,225	1,005	1,089	924	1,077	1,244	0.8%	4.5%
ACC#	782	899	1,038	499	830	575	666	757	1.5%	-3.0%
ACEM#	884	1,072	1,172	759	1,081	789	948	1,094	5.2%	0.4%
SRCM*	1,508	1,520	1,337	930	1,271	1,097	1,220	1,324	-4.2%	1.4%
TRLC	1,015	1,552	1,162	787	844	666	848	912	-4.5%	2.6%
JKCE*	1,184	1,282	1,057	810	1,079	1,003	1,133	1,204	-2.3%	3.7%
BCORP	979	999	781	491	815	673	765	836	-4.5%	0.8%
HEIM	1,129	910	567	659	530	634	722	818	-17.2%	15.5%
DALBHARA	1,072	1,324	1,084	906	917	819	981	1,082	-3.8%	5.7%
JKLC	794	898	849	735	878	713	866	975	2.5%	3.6%
<b>Average</b>	<b>1,040</b>	<b>1,179</b>	<b>1,027</b>	<b>758</b>	<b>933</b>	<b>789</b>	<b>923</b>	<b>1,024</b>	<b>-2.7%</b>	<b>3.2%</b>

\*BLENDED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR  
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 39: We expect total revenue of coverage companies to increase by ~9% over FY24-27F**

Revenue (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	424	447	526	632	709	760	895	994	13.7%	11.9%
ACC*#	157	138	162	222	200	211	241	258	6.3%	9.0%
ACEM#	271	245	290	389	332	342	415	478	5.2%	13.0%
SRCM*	129	136	150	179	204	193	213	240	12.2%	5.5%
TRLC	54	53	60	81	93	85	94	105	14.9%	4.1%
JKCE*	58	66	80	97	116	119	131	145	18.8%	7.9%
BCORP*	69	68	75	87	97	92	100	109	8.7%	4.2%
HEIM	21	23	22	24	21	23	24	25	0.4%	5.3%
DALBHARA*	97	101	113	136	147	140	152	169	11.0%	4.8%
JKLC*	44	47	54	65	68	62	68	76	11.7%	3.7%
<b>Total</b>	<b>1,323</b>	<b>1,324</b>	<b>1,531</b>	<b>1,911</b>	<b>1,986</b>	<b>2,026</b>	<b>2,334</b>	<b>2,601</b>	<b>10.7%</b>	<b>9.4%</b>

\*CONSOLIDATED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR  
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 40: We expect EBITDA of coverage companies to grow by over ~14% over FY24-27F**

EBITDA (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	92.5	115.7	115.1	106.2	129.7	125.6	170.8	215.9	8.8%	18.5%
ACC*#	24.1	23.6	30.0	19.2	30.6	24.2	30.3	36.7	6.2%	6.3%
ACEM#	46.0	50.1	62.1	51.2	64.0	51.4	74.2	97.6	8.6%	15.1%
SRCM*	37.6	40.8	37.1	29.6	45.2	39.3	47.5	56.9	4.7%	8.0%
TRLC	11.4	15.5	12.8	11.8	15.5	12.3	16.6	19.7	8.1%	8.2%
JKCE*	12.1	15.4	14.8	13.1	20.6	20.3	25.1	29.3	14.1%	12.5%
BCORP*	13.4	13.4	11.1	7.7	14.4	12.2	14.8	17.4	1.8%	6.5%
HEIM	5.1	4.3	2.5	3.2	2.4	3.0	3.5	4.2	-17.1%	20.4%
DALBHARA*	21.1	27.6	24.3	23.3	26.4	24.1	30.7	36.9	5.8%	11.9%
JKLC*	8.0	9.4	9.5	8.4	10.5	8.6	11.3	13.9	7.2%	9.8%
<b>Total</b>	<b>271</b>	<b>316</b>	<b>319</b>	<b>274</b>	<b>359</b>	<b>321</b>	<b>425</b>	<b>529</b>	<b>7.3%</b>	<b>13.7%</b>

\*CONSOLIDATED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR  
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 41: We expect PAT of coverage companies to increase by ~10% over FY24-27F**

PAT (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	57.6	53.2	71.8	50.6	70.0	60.4	84.3	116.6	5.0%	18.5%
ACC*#	13.7	14.3	18.6	8.9	23.3	24.0	17.7	21.8	14.2%	-2.2%
ACEM#	27.8	31.1	37.1	30.2	47.3	51.6	35.6	49.3	14.2%	1.3%
SRCM*	15.4	22.9	23.3	12.7	24.0	11.2	15.1	21.0	11.8%	-4.4%
TRLC	6.0	7.6	8.9	3.4	3.9	4.2	3.9	6.0	-10.0%	14.9%
JKCE*	4.9	7.1	6.9	4.2	7.9	8.6	10.8	13.1	12.6%	18.4%
BCORP*	5.1	6.3	4.0	0.4	4.2	3.0	4.6	6.2	-4.5%	13.7%
HEIM	3.1	2.5	1.0	1.7	1.1	1.5	1.9	2.4	-23.7%	31.2%
DALBHARA*	2.2	11.7	8.2	10.4	8.3	6.8	10.2	13.4	38.6%	17.5%
JKLC*	2.5	4.1	4.6	3.6	4.7	3.0	4.6	6.1	17.4%	8.7%
<b>Total</b>	<b>138</b>	<b>161</b>	<b>184</b>	<b>126</b>	<b>195</b>	<b>174</b>	<b>189</b>	<b>256</b>	<b>8.9%</b>	<b>9.5%</b>

\*CONSOLIDATED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR  
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

## Key assumptions for our paint coverage companies ➤

**Figure 1: We expect total revenue of our paints coverage companies to increase by ~5% over FY24-27F**

Revenue (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY24-FY27F (%)
Asian Paints	202	217	291	345	355	339	355	385	3%
Berger Paints	64	68	88	106	112	115	121	129	5%
Kansai Nerolac Paints	53	51	64	75	78	79	86	93	6%
Pidilite Industries	73	73	99	118	124	131	146	163	10%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 2: We expect total EBITDA of our paint coverage companies to increase by ~2% over FY24-27F**

EBITDA (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY24-FY27F (%)
Asian Paints	42	49	48	63	76	60	64	70	-3%
Berger Paints	11	12	13	15	19	19	19	20	3%
Kansai Nerolac Paints	8	9	6	8	10	10	11	12	4%
Pidilite Industries	16	17	18	20	27	30	35	40	14%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 3: We expect PAT of our paint coverage companies to increased by ~2% over FY24-27F**

APAT (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY24-FY27F (%)
Asian Paints	27	31	31	42	55	40	43	47	-5%
Berger Paints	7	7	8	9	12	12	12	13	4%
Kansai Nerolac Paints	5	5	4	5	5	7	7	8	14%
Pidilite Industries	12	11	12	13	18	21	24	28	16%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS



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### Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

### Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.