BP Wealth | STOXBOX

CEMENT MONTHLY UPDATE

December 2025

Cement Monthly Update (December 2025)

BP WEALTH

14th January 2026

Pricing under pressure in the near term; infra spend likely to aid recovery

We interacted with cement dealers across regions to assess pricing trends and the demand scenario nationwide. In December 2025, the cement industry witnessed a downward trend, with both trade and non-trade prices softening. Average cement prices declined pan-India, with trade prices falling by Rs. 6/bag to Rs. 319/bag. Overall demand remained weak due to delays in construction activity, primarily driven by limited government funding and approvals, and constrained labor availability. However, most dealers expect demand to improve in the coming months, with prices likely to see a marginal uptick in certain regions.

Key regional takeaways:

North: North India witnessed moderate demand across most regions in December 2025. Demand in Delhi remained subdued due to restrictions on construction activities imposed to control pollution. Other areas also saw a moderation in demand, mainly due to labor shortages arising from festival-related disruptions in January. Consequently, cement prices softened across regions. Dealers expect demand to revive toward the end of January as delayed construction projects resume and activity picks up pace. Average prices in the North declined by 1.5% MoM to Rs. 335/bag in December 2025.

East: Cement demand in East India remained sluggish throughout December. With increased production capacity and muted demand, the region witnessed excess supply, leading to a decline in prices. Dealers expect a slight recovery in demand in the fourth quarter as construction activity gains momentum; however, any meaningful improvement in pricing is likely to remain limited. Average prices in the East decreased by 1.8% MoM to Rs. 275/bag in December 2025.

South: South India witnessed weak demand in December, which led to a decline in cement prices. This was primarily due to a slowdown in construction activity, caused by limited availability of key construction raw materials and labor shortages linked to regional festivals in January. Dealers expect demand to pick up from early February as construction activity normalizes with the return of the workforce. Average prices in the South decreased by 2.1% MoM to Rs. 320/bag in December 2025.

West: Cement demand in the Western region improved to some extent as construction activity gained momentum compared to previous months, following the end of the monsoon and festive season. However, higher production relative to demand resulted in a decline in prices during the month. Dealers expect demand to improve further post-elections in Maharashtra, though pricing is likely to remain under pressure, with limited upside. Average prices in the West declined marginally by 1.4% MoM to Rs. 340/bag in December 2025.

Central: Cement demand in Central India remained flat, putting pressure on pricing in the region. Construction activity showed improvement compared to the beginning of the third quarter. Prices are expected to stabilize only once infrastructure activity gains momentum, and there is clarity on the limits outlined in the Budget 2026 in February. Average prices in Central India decreased by 2.7% MoM to Rs. 325/bag in December 2025.

Outlook:

The Indian cement sector in December 2025 remains defined by a capacity-led growth phase in some regions, where supply additions are outpacing demand growth, shaping pricing dynamics and profitability across regions. India's cement industry is poised to add 160-170 MTPA of grinding capacity between FY26-28, driven by a healthy demand outlook and high capacity utilization. Total adequate cement capacity is projected to reach ~800-850 MTPA by FY28, while demand is estimated at ~650-750 MTPA, implying medium-term industry utilization of ~75% and a widening surplus. This overcapacity has intensified competition, limiting pricing power and keeping margins under pressure. Despite this, demand fundamentals remain structurally strong, supported by the government's sustained infrastructure push with Rs. 11.2 trillion of capex allocated for FY26, continued momentum under PMAY housing schemes, and long-term drivers such as urbanization and rising per capita incomes. The demand-supply balance, however, varies meaningfully by region. The North continues to witness the highest capacity additions, posing utilization risks amid subdued demand and regulatory disruptions. The East remains impacted by excess supply due to capacity additions outpacing demand, keeping utilization and pricing under pressure despite expectations of a gradual recovery. Meanwhile, the South is likely to see a gradual improvement in demand from early February, supported by normalization in construction activity as labor availability improves and state-level infrastructure projects gain traction. Key challenges for the sector remain elevated competitive intensity and rising fuel costs, particularly pet coke and imported coal, which constrain margin expansion in an oversupplied environment. Going ahead, the upcoming Union Budget will be a key monitorable for the sector, as clarity on infrastructure and housing allocations could provide incremental demand visibility and support price recovery. While near-term performance remains sensitive to pricing discipline and cost pressures, the medium-to-long-term outlook for the cement sector remains underpinned by India's infrastructure and housing-led growth trajectory. **Overall, we remain positive on the industry, with players such as Ultratech, Ambuja Cements, JK Cement and Dalmia Bharat well-positioned to benefit from sustainable volume growth and infrastructure spending.**

Cement Monthly Price Update

Region (Rs./bag)	Dec-25	Nov-25	MoM	Dec-24	YoY
North	335	340	-1.5%	365	-8.2%
East	275	280	-1.8%	345	-20.3%
South	320	327	-2.1%	350	-8.6%
West	340	345	-1.4%	385	-11.7%
Central	325	334	-2.7%	355	-8.5%
Pan-India	**319**	**325**	**-1.9%**	**360**	**-11.4%**

Source : BP Equities Pvt. Ltd.

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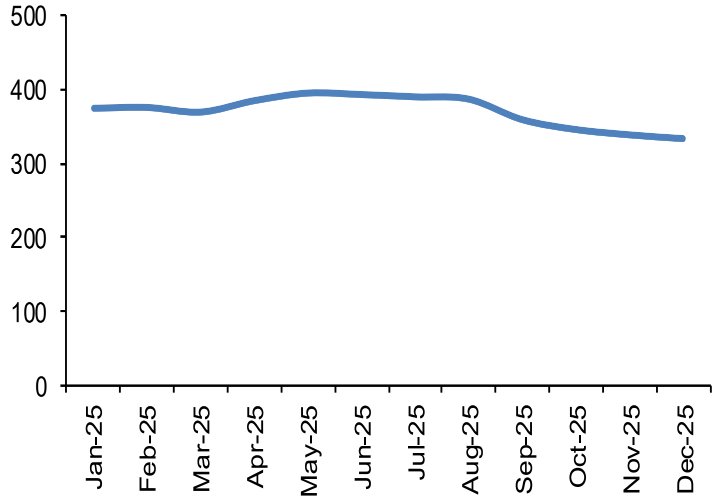
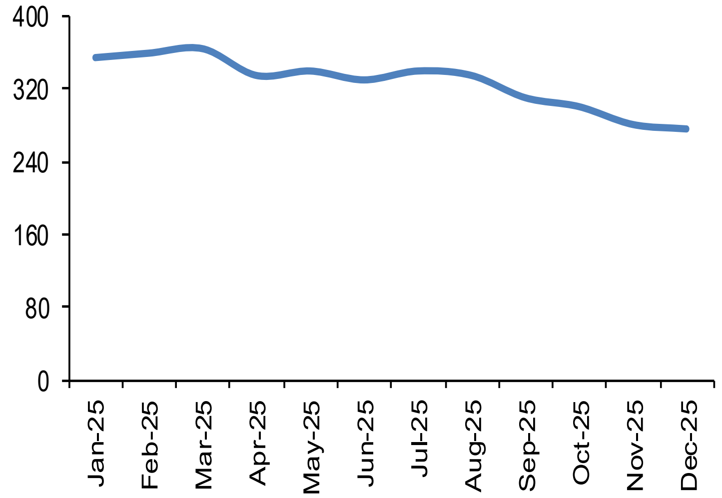
Cement Monthly Update (December 2025)

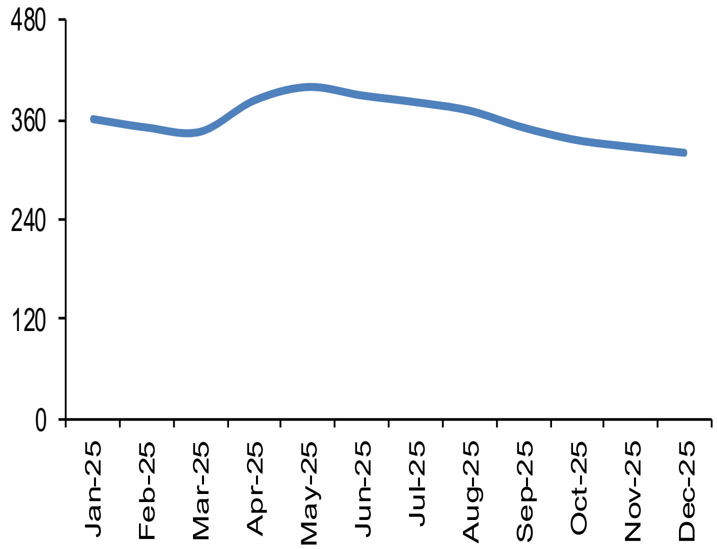
North prices declined MoM (Price Rs./bag)



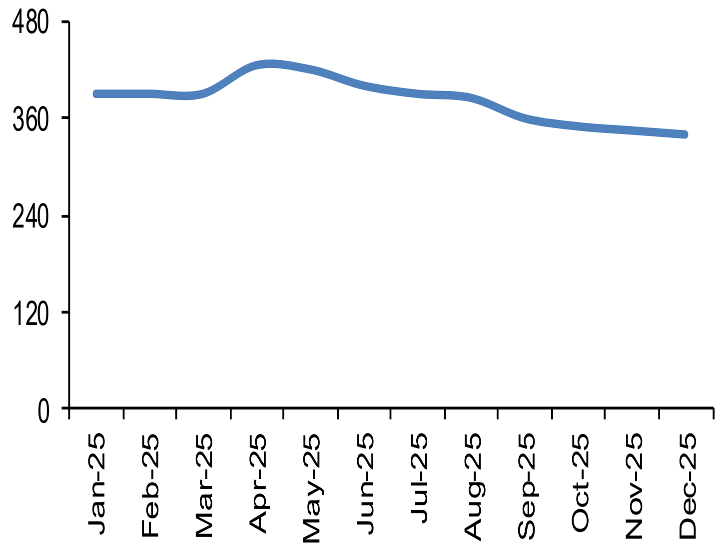
East prices decreased MoM (Price Rs./bag)



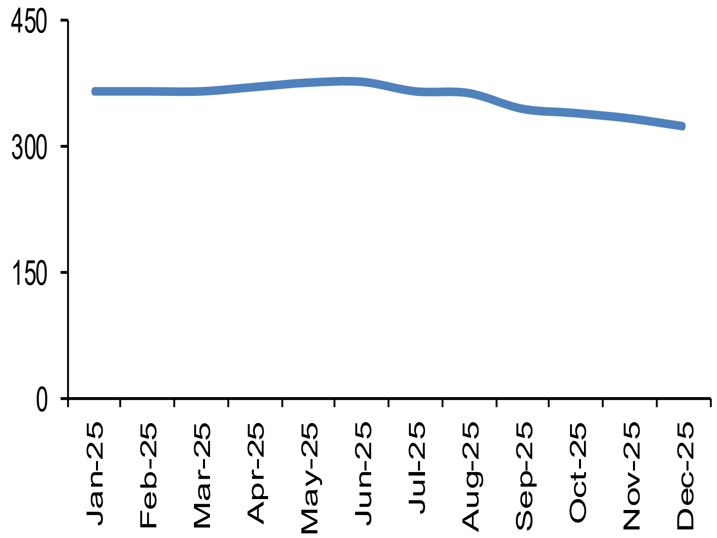
South prices decreased MoM (Price Rs./bag)



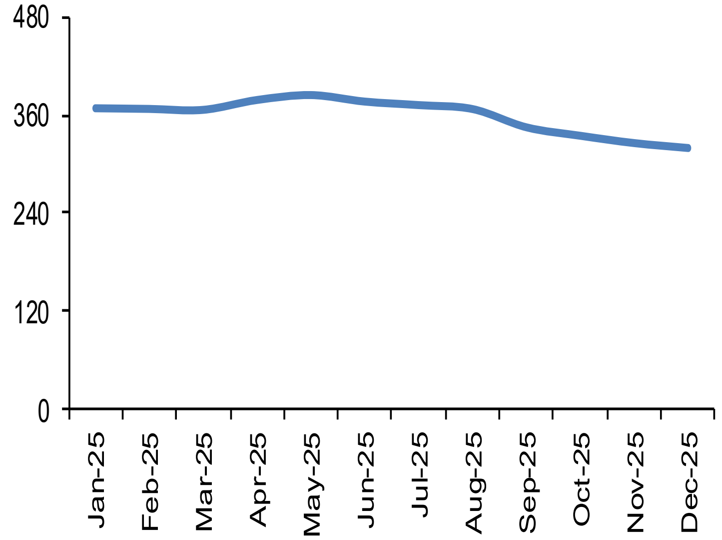
West prices declined marginally MoM (Price Rs./bag)



Central prices declined significantly MoM (Price Rs./bag)



Pan-India prices decreased MoM (Price Rs./bag)



Cement Monthly Update (December 2025)

Key Financials

Company	Revenue (Rs. Crs.)		EV/EBITDA		EBITDA Margin (%)		PAT Margin (%)		ROE (%)		P/E	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Ultratech Cement Ltd.	87,619	98,302	22.5	18.1	19.3%	21.3%	9.6%	11.3%	11.2%	13.4%	42.0	31.6
Ambuja Cements Ltd.	42,438	48,344	20.1	17.8	19.1%	21.5%	9.7%	10.2%	6.8%	7.9%	33.0	26.9
Shree Cement Ltd.	21,509	23,604	18.6	16.1	23.1%	24.4%	9.2%	10.0%	8.9%	9.9%	50.0	41.3
JK Cement Ltd.	13,506	15,264	20.0	16.4	18.5%	19.9%	7.9%	8.9%	16.2%	17.6%	41.7	32.7
Dalmia Bharat Ltd.	15,216	16,753	12.8	11.2	21.0%	21.9%	7.9%	8.5%	6.8%	7.4%	32.2	27.8
ACC Ltd.	24,808	266,712	9.5	8.4	13.7%	1.4%	8.3%	0.8%	9.9%	10.2%	15.8	14.2
The Ramco Cements Ltd.	9,345	10,502	17.9	14.3	18.0%	20.1%	4.7%	6.8%	5.8%	8.6%	55.3	36.8
Nuvoco Vistas Corp Ltd.	11,496	12,577	9.5	8.5	16.7%	17.0%	3.6%	4.0%	4.6%	5.3%	30.2	24.8
Birla Corporation Ltd.	9,832	10,517	7.4	6.4	14.6%	15.7%	5.0%	6.0%	6.9%	8.2%	16.4	12.8
JK Lakshmi Cement Ltd.	7,035	7,881	9.7	8.1	15.8%	17.0%	6.7%	7.3%	12.3%	13.3%	20.1	16.2
Star Cement Ltd.	3,706	4,147	10.6	9.4	23.2%	23.4%	9.4%	10.0%	11.3%	12.1%	25.1	20.9
Heidelberg Cement India Ltd.	2,358	2,513	11.0	9.3	13.6%	15.0%	7.2%	7.9%	12.2%	14.8%	22.8	18.1

Source : Bloomberg, BP Equities Pvt. Ltd.

Key Operational Performance

Company	Sales volume (Mt) (Q2FY26)	Q2FY26 Capex (Rs. Crs.)	FY26 Capex Guidance (Rs. Crs.)
Ultratech Cement Ltd.	34	~2,880	10,000
Ambuja Cements Ltd.	17	1400	8,000
Shree Cement Ltd.	8	NA	3,000
Jk Cement Ltd.	4	NA	~2,800
Dalmia Bharat Ltd.	7	577	3,000
Acc Ltd.	10	~2,880	10,000
The Ramco Cements Ltd.	4	280	1,200
Nuvoco Vistas Corporation Ltd.	4	NA	~600
Birla Corporation Ltd.	4	100	800
Jk Lakshmi Cement Ltd.	3	~150	1,000-1,200
Star Cement Ltd.	1	149	710
Heidelberg Cement India Ltd.	1	NA	60

Source : Company Reports, BP Equities Pvt. Ltd.

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