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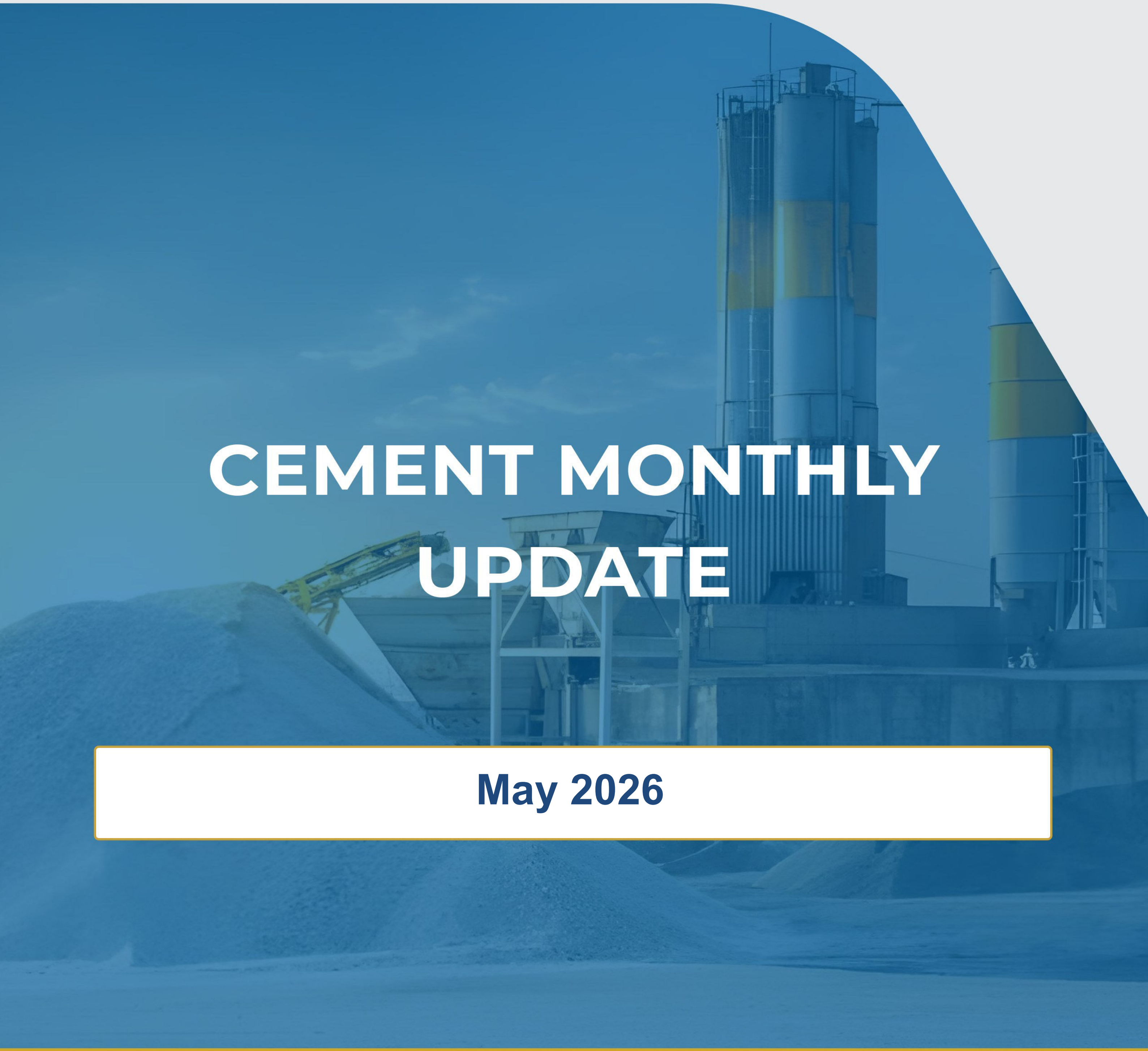


CEMENT MONTHLY UPDATE

May 2026

Cement Monthly Update (May 2026)

BP WEALTH

16th June 2026

Pricing remains range-bound amid soft demand and rising input costs

We interacted with cement dealers across various regions to assess pricing trends and the overall demand scenario in the country. Channel checks suggest that cement prices largely remained stable during the month, with most markets seeing either flat pricing or unsuccessful price-hike attempts amid moderate-to-weak demand conditions. In May 2026, the cement industry saw a marginal price decline, with no significant improvement in either the trade or non-trade segments. On a pan-India basis, average trade prices fell by Rs. 1/bag to Rs. 341/bag. Overall demand remained weak across most regions due to a slowdown in construction activity. The subdued demand was primarily driven by labor shortages, delays in project financing, and pending regulatory approvals. Dealers do not anticipate any further price hikes, as June is typically a slow month for the cement sector owing to the onset of the monsoon season, which disrupts construction activity and dampens demand.

Key regional takeaways:

North: North India witnessed a slight improvement in cement demand during May, driven by the resumption of previously stalled projects and efforts to complete ongoing projects ahead of the monsoon season. Additionally, a shorter crop-harvesting period improved labor availability in certain regions, providing further support to demand. This improvement was reflected in cement prices, which increased during the month. Dealers expect demand to remain broadly stable in the near term, as the monsoon has not yet commenced in most areas. Average prices in the North increased by 1.4% MoM to Rs. 357/bag in May 2026.

East: Cement demand in East India remained weak during May 2026 due to labor shortages and water scarcity, which continued to hamper construction activity across several regions. As a result, prices came under marginal pressure during the month. Dealers do not expect a meaningful recovery in demand or prices unless labor and water availability improve. Average prices in the East decreased by 0.7% MoM to Rs. 301/bag in May 2026.

South: South India experienced moderate demand at the start of May; however, activity weakened toward the end of the month due to funding constraints and delays in obtaining project approvals and licenses. The slowdown in demand also impacted pricing. Dealers expect demand to weaken further in June and over the near term with the onset of the monsoon season, limiting the scope for any significant price increases. Average prices in the South fell by 0.9% MoM to Rs. 333/bag in May 2026.

West: Cement demand in Western India remained subdued due to labor shortages and logistical challenges. While construction activity was relatively stable, concerns regarding diesel availability in certain areas affected dispatches. Prices recorded a marginal increase during the month, supported by supply shortages amid steady demand. Dealers expect demand conditions to remain largely unchanged unless monsoon-related disruptions affect construction activity. Average prices in the West increased by 0.3% MoM to Rs. 377/bag in May 2026.

Central: Cement demand in Central India remained weak in May 2026, impacted by heatwave conditions, labor shortages, and limited availability of project financing across most regions. Weak demand also exerted downward pressure on prices during the month. Dealers do not anticipate any near-term improvement, particularly with the approaching monsoon season expected to further slow construction activity. Average prices in Central India decreased by 1.5% MoM to Rs. 339/bag in May 2026.

Outlook:

The Indian cement sector faced subdued demand conditions in May, with construction activity remaining weaker than seasonal expectations across most regions. Demand was impacted by a combination of labor shortages, delays in project financing, and slower construction activity in several states. Although companies attempted price hikes in select markets, implementation remained weak due to muted demand. Our channel checks suggest that the sustainability of any pre-monsoon price hikes remains challenging. Looking ahead, the near-term demand outlook remains cautious. The onset of the monsoon season is expected to temporarily disrupt construction activity and cement dispatches across several regions, limiting the possibility of a meaningful demand recovery over the next few months. While a delayed monsoon or improvement in labor availability could provide some support to volumes, dealers generally do not expect any significant improvement in pricing during June and July. As a result, cement prices are likely to remain range-bound in the near term. On the cost side, the outlook has turned more concerning. Pet-coke prices have remained elevated and have seen a renewed uptick amid geopolitical tensions since late February 2026, leading to a sharp rise in energy costs. Recent increases in diesel prices are also likely to adversely affect logistics costs. Despite these headwinds, the industry has managed only a modest price hike, which we believe is insufficient to fully offset the rise in operating costs. Consequently, we expect margin pressure to persist through H1FY27, particularly for companies with higher dependence on imported fuels and longer lead-distance markets. Overall, the near-term outlook remains challenging due to weak pricing power, elevated input costs, monsoon-related disruptions, and negative operating leverage. We expect earnings sentiment for the sector to remain cautious until there is greater visibility on demand recovery and the industry's ability to improve price realizations. **We remain positive on large and diversified cement companies such as UltraTech Cement, JK Cement, and Dalmia Bharat, while monitoring near-term demand conditions and input cost trends as the industry enters the monsoon season.**

Cement Monthly Price Update

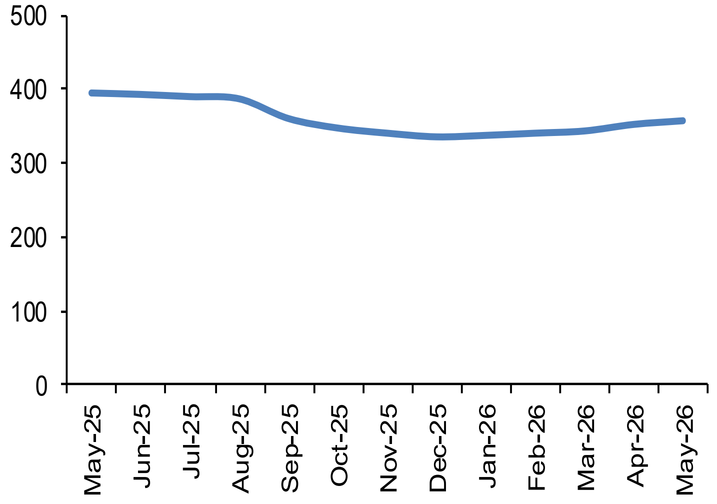
Region (Rs./bag)	May-26	Apr-26	MoM	May-25	YoY
North	357	352	1.4%	395	-9.6%
East	301	303	-0.7%	340	-11.5%
South	333	336	-0.9%	398	-16.3%
West	377	376	0.3%	420	-10.2%
Central	339	344	-1.5%	375	-9.6%
Pan-India	**341**	**342**	**-0.2%**	**386**	**-11.5%**

Source : BP Equities Pvt. Ltd.

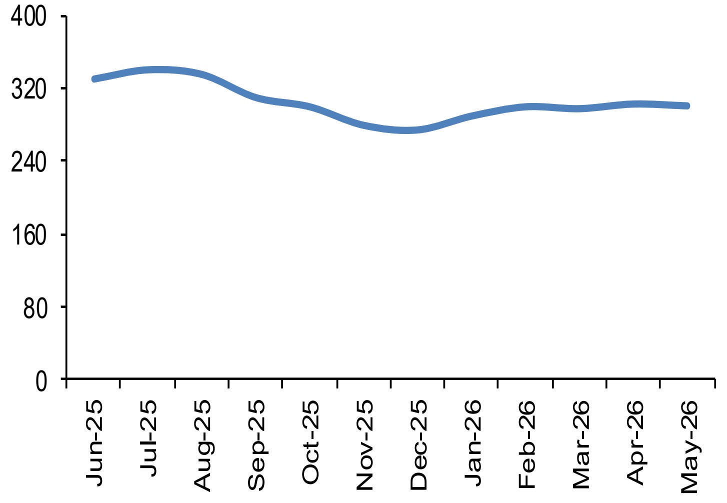
Research Analyst: Palak Devadiga **Email:** palak.devadiga@bpwealth.com **Phone:** 022-61596139

Cement Monthly Update (May 2026)

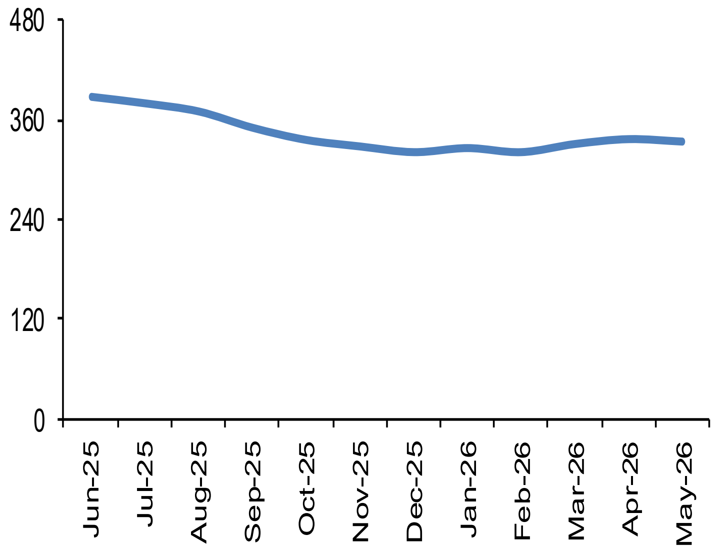
North prices increased MoM (Price Rs./bag)



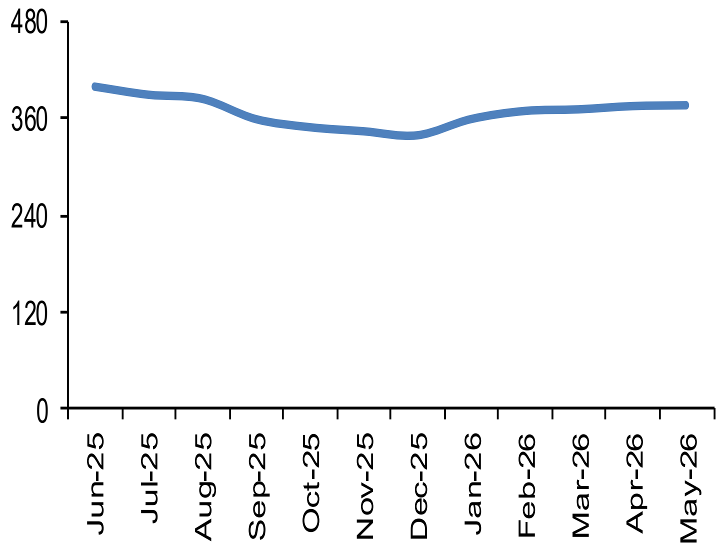
East prices decreased marginally MoM (Price Rs./bag)



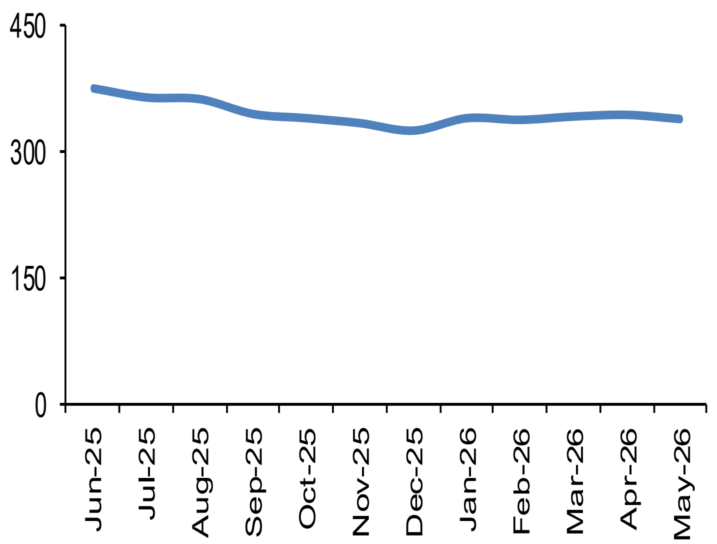
South prices decreased MoM (Price Rs./bag)



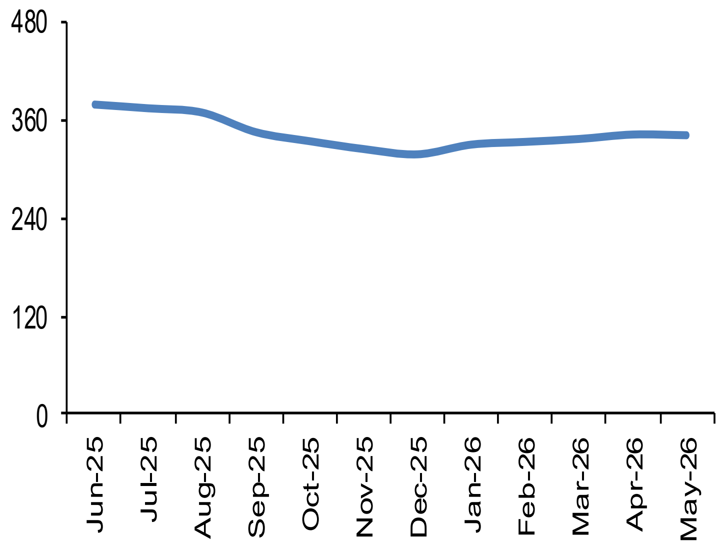
West prices increased marginally MoM (Price Rs./bag)



Central prices declined MoM (Price Rs./bag)



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



Cement Monthly Update (May 2026)

Key Financials

Company	Revenue (Rs. Crs.)		EV/EBITDA		EBITDA Margin (%)		PAT Margin (%)		ROE (%)		P/E	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Ultratech Cement Ltd.	99,262	110,448	18.4	15.3	19.6%	21.2%	10.0%	11.4%	12.2%	14.1%	33.6	26.5
Ambuja Cements Ltd.	46,292	51,312	15.1	12.0	16.9%	19.1%	6.9%	8.7%	5.2%	6.5%	33.2	25.5
Shree Cement Ltd.	22,854	24,871	17.0	14.9	21.4%	22.4%	9.0%	9.8%	8.5%	9.8%	42.4	36.7
JK Cement Ltd.	15,522	17,430	17.7	14.3	17.0%	18.7%	7.0%	8.2%	14.6%	16.1%	36.8	29.0
Dalmia Bharat Ltd.	16,340	18,083	10.2	8.9	20.6%	21.4%	6.7%	7.6%	5.8%	6.9%	29.0	23.2
ACC Ltd.	27,303	29,169	7.7	6.8	12.0%	10.4%	6.5%	7.1%	8.9%	9.4%	13.7	12.2
The Ramco Cements Ltd.	10,084	11,090	15.7	12.4	15.5%	17.9%	3.4%	5.9%	4.1%	7.5%	63.2	32.9
Nuvoco Vistas Corp Ltd.	12,421	13,701	8.4	7.2	15.2%	16.1%	3.2%	4.0%	3.9%	5.2%	29.6	20.0
Birla Corporation Ltd.	10,299	11,000	6.5	5.8	14.7%	15.5%	5.5%	6.1%	7.6%	8.3%	13.4	11.5
JK Lakshmi Cement Ltd.	7,491	8,209	8.2	6.8	14.4%	15.7%	5.8%	6.5%	10.7%	11.6%	17.3	14.2
Star Cement Ltd.	4,196	4,663	9.6	8.5	22.7%	23.1%	9.4%	9.7%	11.7%	11.9%	21.8	19.0
Heidelberg Cement India Ltd.	2,456	2,618	9.8	8.3	12.6%	14.0%	6.2%	7.3%	12.6%	15.0%	20.8	16.7

Source : Bloomberg, BP Equities Pvt. Ltd.

Key Operational Performance

Company	Sales volume (Mt) (Q4FY26)	Sales volume (Mt) (FY26)	FY26 Capex (Rs. crs)	FY27 Capex Guidance (Rs. crs)
Ultratech Cement Ltd.	45	154	~9,500	8,000-10,000
Ambuja Cements Ltd.	20	75	~7,500	6,000-6,500
Shree Cement Ltd.	11	36	NA	~1,500
Jk Cement Ltd.	6	21	NA	3,500-4,000
Dalmia Bharat Ltd.	9	30	NA	3,200-3,400
Acc Ltd.	12	46	7500	6,000-6,500
The Ramco Cements Ltd.	7	19	997	800
Nuvoco Vistas Corporation Ltd.	6	20	712	900
Birla Corporation Ltd.	5	19	NA	900
Jk Lakshmi Cement Ltd.	4	13	NA	1,500-1,700
Star Cement Ltd.	2	13	NA	~700
Heidelberg Cement India Ltd.	1	5	NA	65

Source : Company Reports, BP Equities Pvt. Ltd.

Research Desk Tel: +91 22 61596138

Institutional Sales Desk Tel: +91 22 61596403/04

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Corporate Office:
4th floor,
Rustom Bldg,
29, Veer Nariman Road, Fort,
Mumbai-400001
Phone- +91 22 6159 6464
Fax-+91 22 6159 6160
Website- www.bpwealth.com

Registered Office:
24/26, 1st Floor, Cama Building,
Dalal street, Fort,
Mumbai-400001

BP Wealth Management Pvt. Ltd.
CIN No: U67190MH2005PTC154591

BP Equities Pvt. Ltd.
CIN No: U67120MH1997PTC107392