Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	76,479	-0.3	-10.3
Nifty-50	23,866	-0.3	-8.7
Nifty-M 100	61,798	0.4	2.2
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	7,499	0.8	9.6
Nasdaq	26,214	1.5	12.8
FTSE 100	10,497	0.1	5.7
DAX	24,996	1.5	2.1
Hang Seng	7,558	-0.6	-15.2
Nikkei 225	70,062	0.9	39.2
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	72	0.1	14.5
Gold ($/OZ)	4,008	-0.2	-7.2
Cu (US$/MT)	13,349	0.7	7.2
Almn (US$/MT)	3,070	-0.5	3.4
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	94.7	0.1	5.3
USD/EUR	1.1	0.0	-2.8
USD/JPY	162.6	0.4	3.7
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.8	0.00	0.2
Flows (USD b)	**30-Jun**	**MTD**	**CYTD**
FIIs	-0.27	-3.13	-28.8
DIIs	0.72	9.43	50.1
Volumes (INRb)	**30-Jun**	**MTD***	**YTD***
Cash	1,514	1420	1373
F&O	7,50,304	2,77,846	2,73,379

Note: Flows, MTD includes provisional numbers.
*Average

Today's top research idea

Technology | 1QFY27 Preview: Indian IT: Slow start to the year

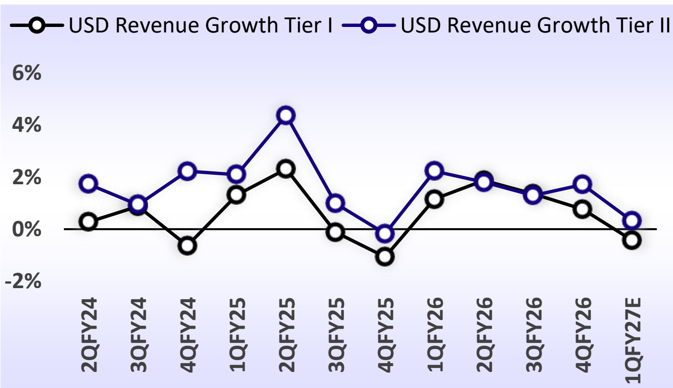
- We expect demand commentary to stay soft in 1QFY27, as macro, AI and geopolitical overhangs continue to weigh on discretionary spending and decision-making cycles. Against this backdrop, we build in tepid QoQ growth across our coverage universe for 1QFY27, with the soft start likely extending into 2QFY27 as well.
- With 1H tracking below the run-rate needed to sustain the upper end of FY27 guidance ranges, the ask on 2H to bridge the gap becomes increasingly impractical. We therefore expect companies to walk back the top end of their guidance bands this quarter. We expect INFO to lower the upper end of its FY27 guidance by 50bp, while HCLT could trim the upper end of its services growth guidance by 100bp.
- Despite valuations having corrected meaningfully, we believe a sustained re-rating will require evidence that demand is improving, revenue growth is stabilizing, and companies can demonstrate that AI-led opportunities are beginning to offset productivity-related headwinds.

Research covered

Cos/Sector	Key Highlights
Technology | 1QFY27 Preview	Indian IT: Slow start to the year
Adani Ports & SEZ	Strategic MSC alliance strengthens long-term transshipment growth outlook
Cement	Demand growth and profitability recovery expected in 2HFY27

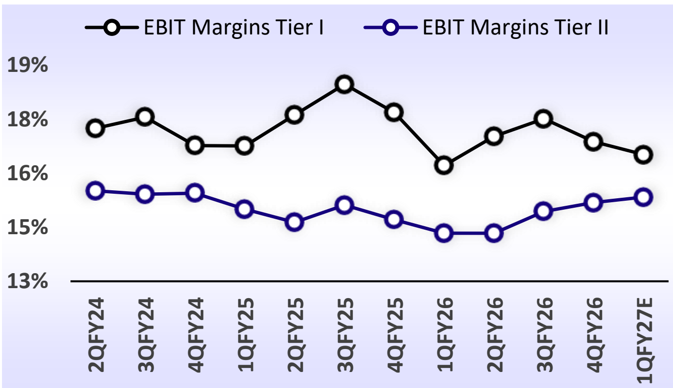
Chart of the Day: Technology | 1QFY27 Preview (Indian IT: Slow start to the year)

Tier II to outperform Tier I again



Source: MOFSL, Company

Margins to largely remain range-bound for most Tier-I and Tier-II companies



Source: MOFSL, Company

Research Team

In the news today

Kindly click on textbox for the detailed news link

1

TaMo races to expand EV capacity; Sierra launch adds to supply pressure

Tata Motors Passenger Vehicles is accelerating manufacturing expansion and strengthening its supplier network as demand for its electric vehicles (EVs) outpaces production capacity, with the launch of the Sierra EV expected to add further pressure on supplies.

2

IHCL on track to invest ₹6K-7.5K cr over next 5 years: Chandrasekaran

Tata group's Indian Hotels Company Limited (IHCL) will invest ₹6,000-7,500 crore in capex over the next five years, Chairman and Non-Executive Director N Chandrasekaran said at the company's annual general meeting on Tuesday.

3

War-led input cost hikes impacted Q1: HUL chairman Nitin Paranjpe

Nitin Paranjpe, chairman of Hindustan Unilever Ltd (HUL), said at the company's annual general meeting that the April-June quarter saw a significant impact from higher commodity costs, which rose following the conflict in West Asia.

4

PepsiCo India opens ₹1,266 cr flavour manufacturing facility in Ujjain

The Ujjain plant is part of PepsiCo's Rs 5,700-crore investment commitment pipeline in India through 2030, which it announced in May. This expansion aims to increase manufacturing capacity, strengthen supply chains, enhance sustainability capabilities,…

5

Dixon-Vivo joint venture inches close to securing final govt approval

The government is in the final stages of issuing an approval for the proposed joint venture (JV) between Dixon Technologies and Chinese smartphone maker Vivo, according to people familiar with the matter.

6

Rane (Madras) to buy Hindustan Composites' friction business for ₹370 crore

Rane (Madras) Ltd (RML) on Tuesday entered into an agreement with Hindustan Composites Ltd (HCL) to acquire its friction business, as a going concern, on a slump-sale basis for an enterprise value of Rs 370 crore, subject to the terms of the agreement

7

Hexaware launches AI platform to manage and fix enterprise IT issues

Hexaware Technologies has launched Tensai for Reasoning Ops, the first generally available operating stage of its Tensai Agentic ITOps platform, aimed at bringing agentic AI to enterprise IT operations.

Technology

Result Preview

Indian IT: Slow start to the year

Multiple headwinds to demand keep recovery in flux

- We expect demand commentary to stay soft in 1QFY27, as macro, AI and geopolitical overhangs continue to weigh on discretionary spending and decision-making cycles. Against this backdrop, we build in tepid QoQ growth across our coverage universe for 1QFY27, with the soft start likely extending into 2QFY27 as well.
- With 1H tracking below the run-rate needed to sustain the upper end of FY27 guidance ranges, the ask on 2H to bridge the gap becomes increasingly impractical. We therefore expect companies to walk back the top end of their guidance bands this quarter. We expect INFO to lower the upper end of its FY27 guidance by 50bp, while HCLT could trim the upper end of its services growth guidance by 100bp.
- 1QFY27 results are likely to mirror this backdrop, with QoQ CC growth expected in the range of -1.5% to 2.0% for large-caps. Mid-caps are expected to outperform once again, with growth ranging from -1.0% to 4.8%, led by continued large-deal ramp-ups. For our coverage universe, we expect aggregate revenue/EBIT/PAT to grow by 14.4%/16.4%/13.3% YoY (all in INR terms).
- We expect margins to remain a mixed bag. INFO, HCLT and TECHM are expected to post modest sequential improvement, supported by operating leverage and cost actions. TCS margins may decline due to annual wage hikes, while WPRO, COFORGE, PSYS, and ZENT could see pressure from weaker operating leverage, wage hikes, deal ramp-up costs and continued AI investments. We expect a modest cross-currency headwind of ~20-50bp for most companies.
- Vertical performance in 1Q: BFSI remains the most resilient vertical across our coverage, supported by continued deal ramp-ups and relatively stable spending. Hi-Tech is mixed, with AI-related work offsetting client-specific weakness in parts of the portfolio. Telecom remains soft, while Manufacturing is seeing uneven demand across auto and industrial clients.
- Recent commentary from Accenture (see our note dated 18th Jun'26: Accenture 3QFY26: Continued weak demand) continues to point to slower decision-making and cautious discretionary spending, lending further support to our expectation that demand recovery is likely to remain in flux.
- We cut our target multiples by ~15-20% across most of our coverage (see Exhibit 5) to reflect a slower growth outlook, increasing uncertainty around AI-led productivity, and geopolitical overhang.
- Despite valuations having corrected meaningfully, we believe a sustained re-rating will require evidence that demand is improving, revenue growth is stabilizing, and companies can demonstrate that AI-led opportunities are beginning to offset productivity-related headwinds.

Growth expectations across our coverage

- We expect a mixed 1QFY27 for large-cap IT. TCS and LTM are likely to report flat QoQ CC revenue, while INFO should lead large-cap growth at ~2.0% QoQ CC (organic ~1.0% QoQ CC), supported by acquisitions. Tech Mahindra may deliver ~1.0% growth on telecom deal ramp-ups, whereas HCL Technologies and Wipro are expected to decline due to client-specific issues, delayed ramp-ups and seasonal weakness.
- Among mid-tier firms, we expect HEXT to lead with ~4.8% QoQ CC growth, followed by PSYS (~3.0%), Mphasis and TTL (~2.0% each). Coforge and ZENT are likely to remain flat.
- Among ER&D names, LTTS and TTL should benefit from deal ramp-ups, while TELX is likely to report ~1.2% QoQ CC growth on recovery in Healthcare and Media. Cyient DET is expected to decline ~1.0% QoQ CC as deal conversion remains gradual.
- Cross-currency impact for the quarter: On an average, we expect ~20-50bp cross-currency headwinds for our coverage on a sequential basis.

Margins a mixed bag

- Wage hikes, deal ramp-up costs and AI investments are likely to keep margin expansion selective. We expect INFO and HCLT to improve margins by ~40bp, while Tech Mahindra should post another quarter of ~50bp expansion, supported by Project Fortius and delivery efficiencies.
- TCS margins may decline sharply due to annual wage hikes, while LTM is likely to remain broadly stable.
- Among mid-caps, HEXT, MPHL and KPIT are expected to report modest margin improvement on operating leverage and execution, while COFORGE, PSYS, WPRO, TELX and ZENT could see sequential pressure from weaker operating leverage, wage hikes, deal ramp-up costs and continued AI investments.
- TTL margins should improve with better utilization, whereas Cyient DET margins are likely to remain broadly flat as currency gains are reinvested into capability building.

Valuations very cheap, but returns may be capped until clarity emerges

- Stocks are now inexpensive, with Tier-I valuations ~30%/40% below their 10-year/5-year averages. TCS and Infosys are trading around -1 SD P/E levels and ~46%/39% below their 10-year averages, while TECHM is trading closer to its 10-year average. We cut our target multiples by ~15-20% across most of our coverage (see Exhibit 5) to reflect a slower growth outlook, increasing uncertainty around AI-led productivity, and geopolitical overhang.
- While valuations appear attractive, **we believe returns are likely to remain capped until deflationary pressures ease and AI-led implementation use cases begin to scale.**

Adani Ports & SEZ

BSE SENSEX	S&P CNX
76,479	23,866

Ports and Logistics

Stock Info

Bloomberg	ADSEZ IN
Equity Shares (m)	2304
M.Cap.(INRb)/(USDb)	4170.6 / 44.1
52-Week Range (INR)	1858 / 1291
1, 6, 12 Rel. Per (%)	-1/32/31
12M Avg Val (INR M)	4152
Free float (%)	32.0

Financials Snapshot (INR b)

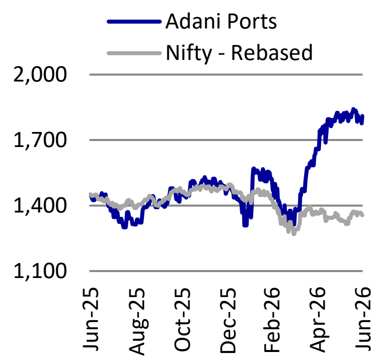
Y/E March	2026	2027E	2028E
Net Sales	387	449	526
EBITDA	229	260	317
Adj. PAT	136	155	204
EBITDA Margin (%)	59.0	57.8	60.3
Adj. EPS (INR)	59	67	88
EPS Gr. (%)	17.9	13.7	31.6
BV/Sh. (INR)	417	474	550
Ratios			
Net D/E (x)	0.5	0.4	0.3
RoE (%)	17.2	15.1	17.3
RoCE (%)	12.4	11.5	13.3
Payout (%)	11.8	10.4	7.9
Valuations			
P/E (x)	30.6	27.6	20.7
P/BV (x)	4.3	3.8	3.3
EV/EBITDA (x)	20.3	17.6	14.3
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	1.2	2.3	2.4

Shareholding Pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	68.0	68.0	65.9
DII	13.9	13.9	14.7
FII	13.3	13.1	13.4
Others	4.9	5.0	6.0

FII includes depository receipts

Stock Performance (1-year)



CMP: INR1,810 TP: INR2,050 (+13%) Buy

Strategic MSC alliance strengthens long-term transshipment growth outlook; overall volume to remain healthy

- **Adani Ports & SEZ (APSEZ) entered into a definitive agreement with MSC Group's terminal arm, Terminal Investment Limited (TiL), for the sale of a 49% stake in Vizhinjam Port at an implied valuation of USD2.85b, with TiL investing USD1.397b. The partnership is expected to accelerate the port's ramp-up through improved cargo visibility, incremental transshipment volumes, and stronger access to Bangladesh and East Africa trade routes. APSEZ will retain a 51% stake and operational control, while the transaction strengthens Vizhinjam's position as India's leading transshipment hub and provides capital to support its ongoing capacity expansion from 1.6m TEUs to 5.7m TEUs by Dec'28.**
- **Overall, APSEZ volumes continue to clock healthy growth despite muted industry growth. All-India major port volumes increased 6.6% YoY in May'26 and 4.6% YTD in FY27, driven by strong container traffic growth of ~10%, while POL and fertilizer volumes declined. Non-major port volumes remained broadly flat YoY, supported by healthy container growth of 6%, offset by a 15% decline in POL volumes and an 8% decline in coal volumes. APSEZ handled 48.3mt of cargo in May'26, registering strong growth of 16% YoY, driven by robust performance in liquid cargo (+33% YoY) and containers (+17% YoY). On a YTD basis, cargo volumes increased 15% YoY to 91.4mt, supported by healthy container volume growth of 17% YoY.**
- **APSEZ has expanded its partnership with US-based Kaleris to accelerate AI-led automation across 15 container terminals spanning nine ports, as part of its broader plan to invest USD850m in technology and decarbonization by 2031. The deployment of Kaleris' AI-powered terminal to unlock an additional 91mt of capacity by 2030.**
- **With improving earnings visibility and limited downside risk from ongoing geopolitical tensions, APSEZ is well-positioned to sustain growth, aided by ongoing expansions of port capacity, marine services, and integrated end-to-end logistics. These factors reinforce APSEZ's vision to become India's largest integrated transport utility by 2031, with logistics and marine emerging as key growth engines alongside its core ports business. We reiterate our BUY rating with a TP of INR2,050 (based on 16x FY28E EV/EBITDA).**

Scale leadership and rising market share underpin long-term growth outlook

- APSEZ operates the largest private port network in India, with 15 ports and terminals across the west, south, and east coasts. The network offers a total capacity of 653mmt. It also operates four international ports in Israel, Sri Lanka, Tanzania, and Australia.
- The company has commissioned the Haldia bulk terminal in Mar'26, with a capacity of ~4mtpa and a draft of 8.5m, supported by a dedicated rail line and integrated conveyor system.
- APSEZ's domestic market share stood at 26% as of Mar'26. Management highlighted that its domestic port volume growth over the past decade has been more than twice the industry growth rate.

- The container market share has also expanded steadily to 45.5% from 36% during Mar’20-Mar’26. Key capacity expansions, such as the automated Colombo West International Terminal and new berths at Dhamra, along with the rapid ramp-up of Vizhinjam, are strengthening APSEZ’s growth pipeline.
- Looking forward, management retains its target of achieving 850mmt of domestic and 150mmt of international cargo volumes by 2030, with deeper integration into DFC-linked hinterland corridors and industrial clusters driving long-term growth.

Logistics business – Accelerating the shift to a unified logistics ecosystem

- As APSEZ aims to become India's largest integrated transport utility company by 2031, it is strengthening its capabilities across all logistics segments (ports, CTO, warehousing, last-mile delivery, ICDs, etc.). This enables the company to offer end-to-end services, capture a higher wallet share, and ensure cargo volumes remain sticky.
- Adani Logistics (ALL) has expanded its services to cover container train operations, container handling in logistics parks, and warehouses, offering storage and trucking solutions. With 12 multi-modal logistics parks, 132 trains, 3.1m sq. ft. of warehousing space, and 1.3mmt of grain silos, ALL aims to establish a nationwide presence by further developing logistics parks and warehouses.
- APSEZ maintains significant capital investments planned for logistics operations of INR70-90b over FY27-FY31. Further, the company maintains a hybrid model, owning 937 trucks and operating over 26,000 trucks via third parties. It is also expanding value-added services like freight forwarding to improve RoCE.

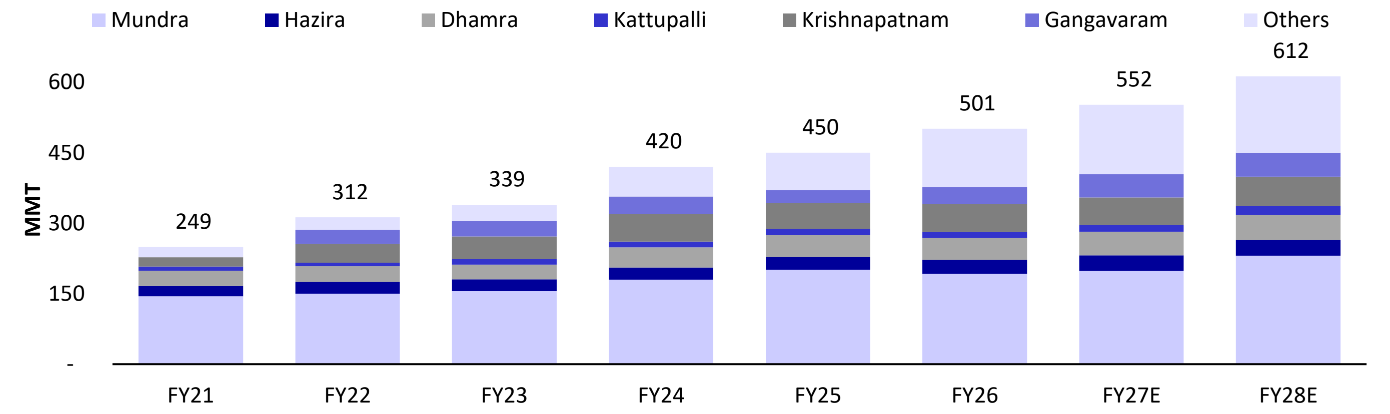
Marine services: A swiftly scaling, high-margin growth engine

- Marine operations have emerged as another high-growth vertical within APSEZ, with a diversified fleet of 127 vessels (excluding 46 vessels operated by Adani Harbor across APSEZ ports), including tugs, anchor-handling tug supply vessels, multipurpose support vessels, workboats, and barges.
- The company, via its subsidiary Adani Harbour International FZCO, acquired a 51% stake in Argentina-based Meridian Transportes Marítimos S.A., supported by Meridian’s existing 10-year contract with Southern Energy S.A. for the deployment of six vessels in Argentina. Further, through its marine arm Astro Offshore, APSEZ has partnered with Oceaneering International to expand into offshore and underwater marine operations in Europe, including underwater construction, cable laying, and pipeline installation.
- The business has been strengthened by acquisitions such as Ocean Sparkle in 2022 and Astro Offshore in 2024, along with the establishment of TAHID to manage international operations in the MEASA region.
- In FY26, marine revenue jumped 134% YoY to INR26.8b, with EBITDA surging to ~INR13.5b. The surge was driven by vessel additions, integration of acquired entities, and higher demand from Tier-1 customers.
- The marine business’s RoCE stood at 13% in FY26.

Valuation and view

- APSEZ's strategic partnership with MSC Group is expected to enhance cargo visibility and accelerate volume ramp-up at Vizhinjam ahead of the planned capacity expansion, which is scheduled for completion by FY29. As the port's capacity increases from **1.6m TEUs to 5.7m TEUs**, MSC's extensive global shipping network and cargo commitments should support higher asset utilization, strengthen Vizhinjam's position as a leading transshipment hub, and drive sustained growth in APSEZ's transshipment volumes over the medium term.
- With strong cash flows, a healthy cash balance of INR122b, and net debt-to-EBITDA at 1.9x, APSEZ is well-positioned for further expansion. Capacity enhancements at key ports, ongoing infrastructure projects, and global port acquisitions provide visibility for stable growth in FY27 and beyond.
- APSEZ's diversified cargo mix and ongoing infrastructure investments are expected to support its volume growth. We anticipate APSEZ to report 11% growth in cargo volumes over FY26-28. This growth is likely to drive a CAGR of 17%/18%/22% in revenue/EBITDA/PAT over FY26-28E. **We reiterate our BUY rating on the stock with a TP of INR2,050 (premised on 16x FY28E EV/EBITDA).**

APSEZ – volumes (MMT)



Source: Company, MOFSL

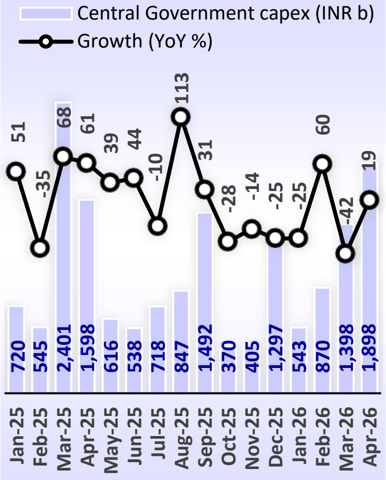
Cement

Demand growth and profitability recovery expected in 2HFY27

Cost relief emerging; but pricing power missing

Cement demand has largely been led by the infrastructure segment, while demand from the trade channel and rural markets remains relatively modest. We estimate industry volume growth of ~5-6% YoY in 1QFY27. Cement price growth remained modest in the past couple of years due to higher competitive intensity and low industry capacity utilization in the range of ~65-70% (over FY19-26). We believe the price hike to be gradual due to higher competitive intensity. On the other side, petcoke prices, which remained high during Apr-Mar'26, have seen some moderation (down ~10-12% MoM in Jun'26 MTD). With recent correction in crude prices, we expect a further reduction in petcoke prices, which will provide relief from high variable costs in 2HFY27E. Capacity addition is significant in absolute terms, and are being planned aggressively by industry players, driving steady supply growth. We estimate that industry average grinding capacity utilization peaked at ~72% in FY24 and is expected to remain range-bound at ~70-71% over FY25-28E. We continue to prefer names with a track record of strong execution, volume growth, a favorable regional mix, improving cost matrix and higher return ratios. We are selective in our top picks in the cement space and prefer UTCEM and JKCE.

Central government capex improved in Apr'26

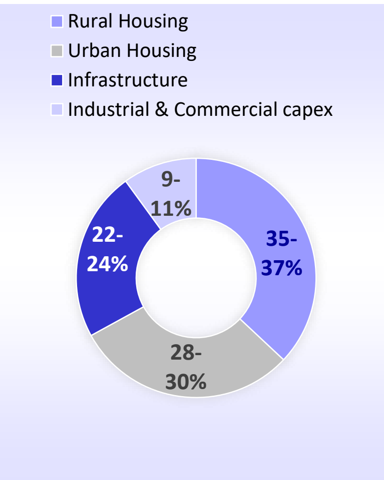


Source: MOFSL, Industry

Infrastructure driving cement demand growth

- Cement demand has largely been supported by infrastructure and institutional projects, which continue to account for a rising share of cement consumption. Central government capex, state infrastructure projects, data centers, industrial capex, warehousing, renewable energy installations, and urban development initiatives remain key growth drivers. Demand from large contractors and project business has been significantly better than retail channels, indicating that the recovery is currently investment-led rather than consumption-led.
- Trade demand in Tier-3 and Tier-4 cities, along with rural markets, remains relatively modest. Housing activity in smaller towns has not accelerated meaningfully due to uneven agricultural income growth and lingering liquidity challenges among rural consumers. Consequently, the retail segment is growing at a slower pace than infrastructure-linked demand.
- Regional trends continue to diverge. In 1QFY27E, the North and Central regions have seen the strongest momentum, benefiting from robust infrastructure execution and healthy construction activity. In contrast, certain pockets of the South, East and West regions saw weaker demand in 1QFY27E due to temporary disruptions from state elections and labor migration. Given these regional variances, industry demand growth in 1QFY27 is estimated at ~5-6% YoY.
- Looking ahead, demand will mainly depend on monsoon behavior. Expectations of lower rainfall remain a key risk. A deficient monsoon could hurt agricultural incomes, rural construction activity and housing demand in small towns, thereby delaying the recovery of the trade segment. Nevertheless, infrastructure-led demand may remain resilient given the government's continued focus on capex. Over FY25/FY26, cement demand in the first half remained sluggish due to multiple reasons; however, it recovered strongly in the second half. We estimate a healthy recovery in cement demand in 2HFY27 as well, and estimate industry demand growth at ~6-7% YoY in FY27, following a healthy base of FY26.

Sector-wise demand break-up for cement



Source: MOFSL, Industry

Gradual improvement in cement prices; competitive intensity remains high

- Cement prices (WSP-net of GST) have recorded a nominal improvement over FY19-26, recording a ~2% CAGR, which is significantly lower than ~5-6% CAGR in CPI inflation over the same period. This was led by higher competitive intensity and low industry capacity utilization in the range of ~65-70% (average ~69% over FY19-26). This has also led to lower return ratios for a large number of players (average RoCE for our cement coverage universe is in mid-single digits over FY23-26).
- Within regions, North and West have exhibited relatively better pricing with ~4%/3% CAGR over FY19-26, backed by strong demand growth and relatively balanced supply additions. Conversely, East and South remain the most competitive regions, seeing a muted pricing growth of ~1% CAGR (each) over FY19-26 due to surplus capacity and aggressive market share pursuits by leading players. Central India witnessed ~2% CAGR in prices over that period.
- In 1QFY27 (QTD), all-India average cement price (WSP-net of GST) increased by INR12/bag (~4% QoQ) given the sharp increase in input material costs. We believe the industry's ability to sustain price hikes will be crucial for profitability improvement. While demand is improving, significant capacity additions over the next few years may continue to limit pricing power in the industry. Consequently, pricing recovery is expected to be gradual.

Fuel cost pressure in near term; cost saving benefits largely passed through

- Underperformance of cement stocks in last few months has been attributed to the steep increase in Coal/Petcoke prices, which, as per our earlier calculation, would have led to a fuel cost increase of INR330/t in 1HFY27. Recently, there has been a decline in petcoke prices (down ~8-12% MoM in Jun'26) and cost increase now seems to be at ~INR270/t in 1HFY27.
- We estimate EBITDA/t to decline in the range of INR50-100/t QoQ in 1QFY27E, largely in line with our estimates, mainly due to higher packaging costs and lower volume. The surge in variable costs will be offset by price hikes. With recent corrections in crude prices, we expect a further decline in petcoke prices, which will provide relief from high variable costs in 2HFY27E.
- Further, leading industry players are targeting cost reductions in the range of INR100-200/t over the next two years, supported by various cost-efficiency measures, including increasing green power/AFR share, logistics optimization, upgrade/modification works, and investing in digitization/automation to improve overall plant efficiency. We believe in a highly competitive market, where capacity utilization remains sub-optimal and incremental supply additions continue, industry players will focus on gaining market share and these benefits are largely passed on. Hence, sector profitability remains more sensitive to demand-supply tightness and pricing power, rather than cost benefits.

Capacity additions continue; aggressive capex leading to higher net debt

- Capacity additions remain significant in absolute terms and are being planned aggressively by industry players, leading to stable supply growth. As a result, the incremental demand-supply gap over FY25-28E is rising vs. historical trends. Over FY25-28, we estimate capacity CAGR at ~8% vs. demand CAGR at ~7%. Within regions, Central is estimated to witness the highest capacity CAGR of

~11% over FY25-28E, followed by ~8% for North/East each, ~7% for West and ~6% for South.

- We estimate that the industry's average grinding capacity utilization peaked at ~72% in FY24, and expect it to remain range-bound at ~70-71% over FY25-28E. Likewise, industry clinker utilization is also estimated to have peaked at ~77% in FY24, and we expect it to remain range-bound at ~75-76% over FY25-28E. While near- to medium-term oversupply may create pricing pressure in select markets, the long-term demand outlook remains supportive.
- Aggressive capacity addition is leading to a surge in cumulative net debt for our cement coverage universe. The capex intensity has increased, as ~86% of the cumulative CFO of our coverage universe is used for capacity expansion over FY25-28E vs. ~69% over FY21-24. As a result, cumulative net debt is estimated to increase over FY27-28.

Valuation and view: Preferred picks remain UTCEM and JKCE

- Cement stocks have seen a steep correction in stock prices in Mar'26 due to the concerns around weak profitability, led by high input costs and sluggish price hikes, and overall slowdown in economic growth amid the West Asia crisis. However, with a recovery in the broader index, our coverage stocks have seen a mixed performance on YTDFY27. While a few stocks (BCORP, ICEM and JSWC) have outperformed the broader index (Nifty-50), some (DALBHARA, TRCL, and UTCEM) have underperformed. The remaining stocks (ACEM, ACC, JKCE, JKLC, and SRCM) were largely in line with the broader index performance.
- The sector currently trades at 1-year forward EV/EBITDA of 15.0x, at ~6%/19% discount to its 10-year/5-years average valuation. Meanwhile, industry ROCE bottomed out in FY25 at ~5% (due to lower profitability and higher capex). ROCE has improved in FY26, led by improvement in profitability. ROCE is estimated to remain range-bound over FY27-28 given the excessive supply against demand. With fuel costs coming down and demand trends improving, the risk-reward profile has become increasingly favorable from a one-year perspective.
- We continue to prefer names with a track record of strong execution, volume growth, a favorable regional mix, improving cost matrix and higher return ratios. We are selective in our top picks in the cement space and prefer UTCEM and JKCE.

Valuation summary

	M-cap (USD b)	CMP (INR)	Rating	P/E (x)			EV/EBITDA (x)			EV/t (USD)			ROE (%)			Net debt/ EBITDA (x)		
				FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
UTCEM	34.5	11,300	Buy	40.3	35.6	29.1	19.9	17.8	15.0	171	159	145	11.2	12.0	13.9	0.9	0.9	0.7
ACEM	10.8	423	Buy	46.8	44.8	31.0	16.5	15.1	12.4	103	92	88	3.5	3.4	4.8	(0.1)	(0.0)	0.4
SRCM	9.5	25,318	Neutral	51.7	49.1	40.8	20.0	18.8	15.8	129	120	113	8.1	8.1	9.2	(1.2)	(1.5)	(1.7)
JKCE	4.4	5,430	Buy	41.1	39.5	33.2	19.6	18.4	15.1	149	152	128	15.6	14.3	14.9	2.3	2.8	2.5
DALBHARA	3.3	1,704	Buy	30.3	34.3	28.2	10.1	10.3	9.2	64	61	58	6.0	5.1	5.9	0.5	1.0	0.9
ACC	2.6	1,329	Neutral	19.3	14.9	11.1	7.7	7.2	5.8	53	54	48	6.7	7.9	9.8	(0.2)	(0.1)	(0.1)
TRCL	2.3	926	Neutral	87.4	55.8	35.6	17.1	15.5	12.7	98	83	82	3.2	4.7	7.0	2.5	2.0	1.4
JSWC	2.1	135	Neutral	40.5	38.7	30.4	16.7	15.3	12.9	99	82	75	10.0	6.9	8.2	2.9	3.4	3.4
ICEM	1.2	376	Sell	Loss	71.6	32.8	31.6	23.6	15.0	88	80	79	0.6	1.6	3.4	3.2	3.5	2.1
JKLC	0.8	602	Buy	17.5	16.1	15.6	8.9	8.5	8.2	53	50	48	11.5	11.3	10.7	1.2	1.8	2.3
BCORP	0.8	981	Buy	13.5	14.1	11.9	6.4	6.1	5.6	45	44	43	7.8	7.1	7.9	1.5	1.6	1.7

Source: MOFSL, Company; Note: ACEM estimates and valuation on a consolidated basis

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:
The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412 and BSE enlistment no. 5028. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products and is a member of Association of Portfolio Managers in India (APMI) for distribution of PMS products. Details of associate entities of Motilal Oswal Financial Services Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

MOFSL, it's associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have actual beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report..

In the past 12 months, MOFSL or any of its associates may have:
received any compensation/other benefits from the subject company of this report
managed or co-managed public offering of securities from subject company of this research report,
received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

MOFSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
Research Analyst may have served as director/officer/employee in the subject company.
MOFSL and research analyst may engage in market making activity for the subject company.
MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:
a) a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.
(b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.
To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report.

Terms & Conditions:
This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.
Analyst Certification
The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement
Analyst ownership of the stock No
A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)
This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:
This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Financial Services Limited (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.
MOTILAL Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the"1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts), and

under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore
In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore.This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL .
In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.
Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Disclaimer:
This report is intended for distribution to Retail Investors.

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be` suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, enlistment as RA with Exchange and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412, BSE enlistment no. 5028 . AMFI: ARN .: 146822. IRDA Corporate Agent – CA0579, APMI: APRN00233. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.