

India

**Overweight** (no change)

**Highlighted Companies**

**Ambuja Cements Ltd**

ADD, TP Rs700, Rs536 close

Ambuja Cements is likely to post superior growth and EBITDA/t expansion in the medium- to long-term led by capacity expansion, efficiency improvement measures, benefits from synergy with the integrated Adani infrastructure platform and also supported by a strong balance sheet.

**UltraTech Cement Ltd**

ADD, TP Rs12190, Rs11619 close

We see UltraTech Cement as a key beneficiary of the India infrastructure capex theme in the medium- to long-term, aided by timely significant addition of new capacity, potential recovery in profitability and the company's strong presence in all markets across India. We also view the company's financial leverage as manageable.

**Summary Valuation Metrics**

P/E (x)	Mar25-F	Mar26-F	Mar27-F
Ambuja Cements Ltd	50.82	39.84	30.37
UltraTech Cement Ltd	53.35	40.49	30.16

P/BV (x)	Mar25-F	Mar26-F	Mar27-F
Ambuja Cements Ltd	2.45	2.34	2.21
UltraTech Cement Ltd	5.19	4.77	4.29

Dividend Yield	Mar25-F	Mar26-F	Mar27-F
Ambuja Cements Ltd	0.36%	0.6%	0.79%
UltraTech Cement Ltd	0.47%	0.62%	0%

# Cement

## 3Q: As expected, a gradual recovery is likely

- We expect avg. EBITDA/t for our coverage universe to improve by ~Rs180 qoq (lower by ~Rs300 yoy) on sequential price improvement and uptick in volume.
- The volume for our coverage universe is expected to grow by ~6-7% yoy during the quarter, with revival in demand post festive season.
- We continue to remain selective in the cement sector and prefer large-caps like UTCEM and ACEM which have a rising pan-India presence.

### Post-festive recovery offer hopes; government capex to lift 4QFY25F

Cement demand in India, after being offtrack in 1HFY25, finally gained a slight momentum post-monsoon with a revival in construction activity. However, government capex continued to remain lower with the utilization of budgetary estimates (BE) falling short on a YTD basis. We expect the cement industry to register mid-single digit growth yoy in 3QFY25F on account of recovery in demand from mid-Nov 2024. In 3QFY25F, we expect UTCEM/DALBHARA/Adani Cements to grow 9%/7%/10%, respectively, while among large peers, SRCM to report a decline of ~2% due to its preference for pricing strategy, and smaller players like JKCE/JKLC/BCORP/TRCL/HEIM to post 2%/0.2%/2%/7%/-10% volume growth, respectively. Large companies are expected to continue their outperformance vs. small players. We expect 4QFY25F to be the best quarter of this season amid a likely revival in government projects.

### Sticky hikes aid bottomed-out prices; further hike likely in 4QFY25F

For the first time in YTD FY25, price hikes have sustained across all regions during the quarter as prices recovered from their bottom by almost ~Rs10/bag (~2.5%) vs. 2Q exit prices but still lower by ~6% yoy. On a regional basis, northern and western regions remain better placed in terms of prices while the southern region continues to underperform. Our channel check indicates that industry is making attempts to hike prices, and more attempts are possible in the current month to sustain the recent round of hikes. A price hike of Rs10-15/bag is expected across regions in Jan 2025F. We expect our coverage universe's realization to improve by 2-2.5% qoq and decline by ~7-8% yoy in 3QFY25F.

### Sector poised for cost relief due to soft fuel prices & efficiency gains

We expect power & fuel costs for the sector in 3QFY25F to remain favourable due to falling coal/pet-coke prices. In 3Q, avg. fuel costs fell by 1-1.5%. We expect operating costs to fall by ~2.4% qoq and ~5% yoy driven by a stable fuel cost environment, positive leverage benefits on regaining volume in Dec 2024 & cost-savings initiatives of various players.

### Profitability to rebound qoq led by pricing gains and volume recovery

We expect our coverage universe's average EBITDA/t to recover by Rs160-180 qoq to ~Rs800 led by sustained price hikes at the end of the quarter, and improved volume as well as marginal operating leverage benefits contributing to profitability improvement during the quarter. We expect UTCEM/ACEM/TRCL to be better placed on the profitability front while JKCE/SRCM/JKLC/BCORP/ACC to post the highest decline in EBITDA/t on a yoy basis.

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**Figure 1: 3QFY25F earnings summary of our coverage universe**

Company	Revenue (Rs m)	% chg (yoy)	% chg (qoq)	EBITDA (Rs m)	% chg. (yoy)	% chg. (qoq)	PAT (Rs m)	% chg. (yoy)	% chg. (qoq)
UTCEM - consol.	1,68,517	1%	8%	26,685	-18%	32%	12,188	-31%	49%
SRCM	47,009	-10%	16%	9,010	-29%	47%	2,489	-65%	225%
ACC - consol.	49,387	0%	7%	6,321	-30%	45%	3,198	-40%	60%
ACEM	45,727	3%	9%	8,484	0%	25%	5,382	5%	8%
TRCL	19,671	-7%	-3%	3,137	-21%	1%	273	-71%	7%
JKCE - consol.	27,881	-5%	9%	4,592	-27%	62%	1,775	-37%	30%
BCORP	21,606	-7%	11%	2,660	-30%	50%	382	65%	NA
HEIM	5,161	-15%	12%	598	-9%	60%	273	-13%	144%
DALBHARA - consol.	33,806	-6%	10%	5,767	-26%	33%	1,486	-44%	203%
JKLC - consol.	15,274	-10%	24%	1,925	-36%	116%	586	-59%	NA
<b>Total</b>	<b>4,34,039</b>	<b>-3%</b>	<b>9%</b>	<b>69,178</b>	<b>-22%</b>	<b>36%</b>	<b>27,968</b>	<b>-37%</b>	<b>57%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Cement peer comparison

Company	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\$)		
						FY24	FY25F	FY26F	FY24	FY25F	FY26F	FY24	FY25F	FY26F	FY24	FY25F	FY26F	FY24	FY25F	FY26F
UltraTech Cement	ADD	11,435	12,190	7%	38,448	25.8	26.7	21.4	5.5	5.1	4.7	12.4%	10.1%	12.3%	46.2	52.5	39.9	144.9	161.1	172.9
ACC	ADD	2,018	2,760	37%	4,413	12.1	13.3	10.3	2.4	2.2	2.0	14.1%	9.1%	10.9%	17.0	25.7	19.5	119.1	112.3	103.8
Ambuja Cements	ADD	538	700	30%	15,447	30.4	32.2	26.2	3.0	2.6	2.4	7.2%	5.2%	6.0%	47.0	53.1	41.6	186.3	191.4	219.3
Shree Cement	HOLD	26,071	26,500	2%	10,956	19.9	21.5	17.7	4.5	4.3	4.0	12.2%	7.2%	9.1%	39.3	61.0	45.4	202.1	168.2	151.6
The Ramco Cements	HOLD	942	870	-8%	2,592	17.4	16.3	13.9	3.1	3.0	2.8	5.7%	6.0%	8.1%	56.4	51.0	35.5	141.7	136.4	128.8
JK Cement	HOLD	4,762	4,500	-6%	4,286	19.9	20.4	17.3	6.9	6.2	5.5	15.8%	13.6%	15.6%	46.2	47.9	37.2	202.7	189.3	155.6
Birla Corporation	ADD	1,220	1,490	22%	1,094	8.8	11.8	9.1	1.4	1.4	1.4	6.5%	2.4%	5.6%	23.2	59.5	24.8	75.8	76.4	71.6
HeidelbergCement	HOLD	214	166	-22%	564	13.9	11.3	9.7	3.3	3.2	3.1	11.4%	14.9%	16.9%	28.8	21.8	18.6	84.6	83.7	81.8
Dalmia Bharat	ADD	1,806	2,060	14%	3,945	13.0	13.8	11.3	2.1	2.0	1.9	5.2%	5.2%	6.5%	41.0	39.5	29.6	92.1	88.8	77.5
JK Lakshmi Cement	ADD	809	955	18%	1,108	10.5	9.9	8.7	3.0	2.6	2.2	15.5%	16.3%	17.0%	20.5	17.0	14.0	80.5	78.8	72.4
<b>Mean</b>						<b>17.2</b>	<b>17.7</b>	<b>14.5</b>	<b>3.5</b>	<b>3.3</b>	<b>3.0</b>	<b>10.6%</b>	<b>9.0%</b>	<b>10.8%</b>	<b>36.6</b>	<b>42.9</b>	<b>30.6</b>	<b>133.0</b>	<b>128.6</b>	<b>123.5</b>
<b>Median</b>						<b>15.7</b>	<b>15.0</b>	<b>12.6</b>	<b>3.1</b>	<b>2.8</b>	<b>2.6</b>	<b>11.8%</b>	<b>8.2%</b>	<b>10.0%</b>	<b>40.2</b>	<b>49.4</b>	<b>32.6</b>	<b>130.4</b>	<b>124.3</b>	<b>116.3</b>
<b>Minimum</b>						<b>8.8</b>	<b>9.9</b>	<b>8.7</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>5.2%</b>	<b>2.4%</b>	<b>5.6%</b>	<b>17.0</b>	<b>17.0</b>	<b>14.0</b>	<b>75.8</b>	<b>76.4</b>	<b>71.6</b>
<b>Maximum</b>						<b>30.4</b>	<b>32.2</b>	<b>26.2</b>	<b>6.9</b>	<b>6.2</b>	<b>5.5</b>	<b>15.8%</b>	<b>16.3%</b>	<b>17.0%</b>	<b>56.4</b>	<b>61.0</b>	<b>45.4</b>	<b>202.7</b>	<b>191.4</b>	<b>219.3</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS AT 08<sup>TH</sup> JAN 2025

## 3Q: As expected, a gradual recovery is likely India cement sector - 3QFY25 results preview

### Key assumptions for our coverage companies ►

We expect industry volume to remain in mid-single digit on a yoy basis in 3QFY25F.

Revival in construction activity led to demand growth during the quarter. The western region saw some cool-off in demand as construction activity in Maharashtra dipped after assembly elections. For the Apr -Nov period in FY25 govt utilization of BE capex allocation stood at 46.2% vs 58.5% yoy.

Based on our channel check, pan-India cement prices were up by Rs8-10/bag during the quarter. However, pan-India prices remained lower by Rs20-30/bag vs Dec 2023 exit prices due to a steep decline in 1HFY25.

Pet-coke & coal: Fuel prices continued to remain stable with overall pet-coke prices declining by 14%, domestic pet-coke prices falling by 12% and Brent crude oil prices down by 6% in CY24.

We expect cement companies to post a qoq improvement in terms of both absolute EBITDA and EBITDA/t in 3QFY25F due to improved demand, prices and the benefits of positive operating leverage.

**Figure 3: We expect aggregate sales volume for our coverage universe to increase by ~6% yoy and ~7% qoq due to the demand being better in 2H of the quarter**

Volumes	3QFY25F	2QFY25	3QFY24	yoy (%)	qoq (%)
UTCCEM - Consol.	29.7	27.8	27.3	9%	7%
SRCM	8.7	7.6	8.9	-2%	15%
ACC - Consol.	9.6	9.3	8.9	8%	3%
ACEM	9.2	.7	8.2	13%	6%
TRCL	4.3	4.5	4.0	7%	-4%
JKCE	4.8	4.3	4.7	2%	10%
BCORP	4.3	4.0	4.2	2%	8%
HEIM	1.1	1.0	1.2	-10%	11%
DALBHARA - Consol	7.2	6.7	6.8	7%	8%
JKLC - Consol.	3.0	2.5	3.0	0%	20%
<b>Coverage Total</b>	<b>81.9</b>	<b>76.4</b>	<b>77.2</b>	<b>6%</b>	<b>7%</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 4: We expect the average blended realization to fall by ~9% yoy and rise by ~2% qoq for our coverage universe**

Realization/t	3QFY25F	2QFY25	3QFY24	yoy (%)	qoq (%)
UTCCEM - consol.	5,614	5,499	6,035	-7.0%	2.1%
SRCM	5,400	5,334	5,873	-8.0%	1.2%
ACC - consol.	4,837	4,680	5,220	-7.3%	3.4%
ACEM	4,945	4,843	5,414	-8.7%	2.1%
TRCL	4,584	4,539	5,265	-12.9%	1.0%
JKCE	5,830	5,913	6,238	-6.5%	-1.4%
BCORP	4,837	4,722	5,316	-9.0%	2.4%
HEIM	4,733	4,689	5,026	-5.8%	0.9%
DALBHARA - consol	4,667	4,607	5,300	-12.0%	1.3%
JKLC - consol.	5,150	4,983	5,753	-10.5%	3.4%
<b>Coverage Average</b>	<b>5,060</b>	<b>4,981</b>	<b>5,544</b>	<b>-8.7%</b>	<b>1.6%</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 5: We expect the average cost/t to decline by 2.4% qoq and 5% yoy for our coverage universe due to positive leverage benefits on account of improvement in volume**

Cost/t	3QFY25F	2QFY25	3QFY24	yoy (%)	qoq (%)
UTCCEM - consol.	4,777	4,891	4,936	-3%	-2.3%
SRCM	4,365	4,527	4,452	-2%	-3.6%
ACC - consol.	4,480	4,492	4,505	-1%	-0.3%
ACEM	4,028	4,061	4,376	-8%	-0.8%
TRCL	3,853	3,844	4,277	-10%	0.2%
JKCE	4,870	5,257	4,909	-1%	-7.4%
BCORP	4,438	4,472	4,604	-4%	-0.8%
HEIM	4,184	4,308	4,484	-7%	-2.9%
DALBHARA - consol	3,870	3,960	4,154	-7%	-2.3%
JKLC - consol.	4,501	4,623	4,732	-5%	-2.6%
<b>Coverage Average</b>	<b>4,337</b>	<b>4,443</b>	<b>4,543</b>	<b>-5%</b>	<b>-2.4%</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 6: We expect the average EBITDA/t to improve by Rs185/t qoq and decline by Rs278/t yoy for our coverage universe in 3QFY25F**

EBITDA/t	3QFY25F	2QFY25	3QFY24	yoy (%)	qoq (%)
UTCCEM - consol.	899	725	1,191	-25%	24%
SRCM	1,035	807	1,421	-27%	28%
ACC - consol.	657	469	1,017	-35%	40%
ACEM	918	782	1,038	-12%	17%
TRCL	731	695	988	-26%	5%
JKCE - consol	960	656	1,329	-28%	46%
BCORP	623	446	901	-31%	40%
HEIM	548	381	542	1%	44%
DALBHARA - consol	796	648	1,146	-31%	23%
JKLC - consol.	649	360	1,021	-36%	80%
<b>Coverage Average</b>	<b>782</b>	<b>597</b>	<b>1,059</b>	<b>-26%</b>	<b>31%</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

## 3QFY25F estimates for our coverage companies

Figure 1: UltraTech Cement (consolidated)

	3QFY25F	2QFY25	QoQ (%)	3QFY24	YoY (%)
Net Sales (Rs m)	1,68,517	1,56,347	7.8%	1,67,400	0.7%
EBITDA (Rs m)	26,685	20,183	32.2%	32,546	-18.0%
EBIT (Rs m)	17,675	11,144	58.6%	24,711	-28.5%
PAT (Rs m)	12,188	8,200	48.6%	17,770	-31.4%
EPS (Rs)	42.2	28.4	48.6%	61.6	-31.4%
EBITDA Margin (%)	15.8%	12.9%	293bp	19.4%	-361bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: Shree Cement

	3QFY25F	2QFY25	QoQ (%)	3QFY24	YoY (%)
Net Sales (Rs m)	47,009	40,542	16.0%	52,232	-10.0%
EBITDA (Rs m)	9,010	6,135	46.9%	12,640	-28.7%
EBIT (Rs m)	2,352	(1,024)	-329.7%	8,201	-71.3%
PAT (Rs m)	2,489	766	224.7%	7,019	-64.5%
EPS (Rs)	68.9	21.2	225.4%	194.5	-64.6%
EBITDA Margin (%)	19.2%	15.1%	403bp	24.2%	-503bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 3: ACC (consolidated)

	3QFY25F	2QFY25	QoQ (%)	3QFY24	YoY (%)
Net Sales (Rs m)	49,387	46,135	7.0%	49,144	0.5%
EBITDA (Rs m)	6,321	4,364	44.9%	9,047	-30.1%
EBIT (Rs m)	3,874	1,941	99.7%	6,695	-42.1%
PAT (Rs m)	3,198	2,000	59.9%	5,301	-39.7%
EPS (Rs)	17.0	10.6	59.9%	28.6	-40.6%
EBITDA Margin (%)	12.8%	9.5%	334bp	18.4%	-561bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 4: Ambuja Cements (standalone)

	3QFY25F	2QFY25	QoQ (%)	3QFY24	YoY (%)
Net Sales (Rs m)	45,727	42,132	8.5%	44,395	3.0%
EBITDA (Rs m)	8,484	6,805	24.7%	8,511	-0.3%
EBIT (Rs m)	6,061	4,407	37.5%	6,176	-1.9%
PAT (Rs m)	5,382	5,007	7.5%	5,137	4.8%
EPS (Rs)	2.2	2.0	7.5%	2.6	-15.5%
EBITDA Margin (%)	18.6%	16.2%	240bp	19.2%	-62bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 5: Dalmia Bharat (consolidated)

	3QFY25F	2QFY25	QoQ (%)	3QFY24	YoY (%)
Net Sales (Rs m)	33,806	30,870	9.5%	36,040	-6.2%
EBITDA (Rs m)	5,767	4,340	32.9%	7,790	-26.0%
EBIT (Rs m)	2,382	980	143.1%	4,090	-41.8%
PAT (Rs m)	1,486	490	203.2%	2,660	-44.1%
EPS (Rs)	8.0	2.5	223.0%	14.1	-43.5%
EBITDA Margin (%)	17.1%	14.1%	300bp	21.6%	-455bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 6: The Ramco Cements

	3QFY25F	2QFY25	QoQ (%)	3QFY24	YoY (%)
Net Sales (Rs m)	19,671	20,382	-3.5%	21,061	-6.6%
EBITDA (Rs m)	3,137	3,121	0.5%	3,954	-20.7%
EBIT (Rs m)	1,428	1,436	-0.5%	2,299	-37.9%
PAT (Rs m)	273	256	6.9%	934	-70.7%
EPS (Rs)	1.2	1.1	6.9%	4.0	-70.7%
EBITDA Margin (%)	15.9%	15.3%	63bp	18.8%	-283bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 7: JK Cement**

	3QFY25F	2QFY25	QoQ (%)	3QFY24	YoY (%)
Net Sales (Rs m)	27,881	25,601	8.9%	29,348	-5.0%
EBITDA (Rs m)	4,592	2,840	61.7%	6,251	-26.5%
EBIT (Rs m)	3,016	1,377	119.1%	4,847	-37.8%
PAT (Rs m)	1,775	1,362	30.4%	2,838	-37.4%
EPS (Rs)	23.0	17.6	30.4%	36.7	-37.4%
EBITDA Margin (%)	16.5%	11.1%	538bp	21.3%	-483bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 8: Birla Corporation**

	3QFY25F	2QFY25	QoQ (%)	3QFY24	YoY (%)
Net Sales (Rs m)	21,606	19,526	10.7%	23,120	-6.5%
EBITDA (Rs m)	2,660	1,772	50.1%	3,785	-29.7%
EBIT (Rs m)	1,165	322	262.2%	2,337	-50.1%
PAT (Rs m)	382	(252)	NA	1,091	65.0%
EPS (Rs)	5.0	(3.3)	NA	14.2	65.0%
EBITDA Margin (%)	12.3%	9.1%	324bp	16.4%	-406bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 9: JK Lakshmi Cement (consolidated)**

	3QFY25F	2QFY25	QoQ (%)	3QFY24	YoY (%)
Net Sales (Rs m)	15,274	12,343	23.8%	17,028	-10.3%
EBITDA (Rs m)	1,925	893	115.6%	3,021	-36.3%
EBIT (Rs m)	902	(203)	NA	2,229	-59.5%
PAT (Rs m)	586	(140)	NA	1,437	-59.2%
EPS (Rs)	5.0	(1.2)	NA	12.2	-59.2%
EBITDA Margin (%)	12.6%	7.2%	537bp	17.7%	-514bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 10: HeidelbergCement India**

	3QFY25F	2QFY25	QoQ (%)	3QFY24	YoY (%)
Net Sales (Rs m)	5,161	4,614	11.8%	6,071	-15.0%
EBITDA (Rs m)	598	375	59.7%	655	-8.6%
EBIT (Rs m)	320	110	191.5%	380	-15.8%
PAT (Rs m)	273	112	143.9%	315	-13.1%
EPS (Rs)	1.2	0.5	143.9%	1.4	-13.1%
EBITDA Margin (%)	12%	8%	347bp	11%	81bp

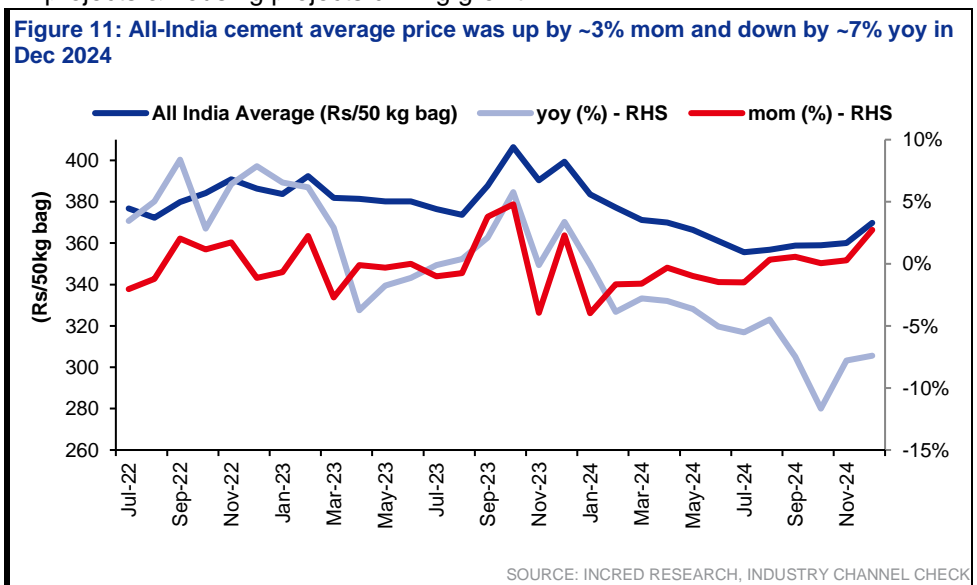
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Our interactions with cement dealers and an expert indicate that in 3QFY25, pan-India cement prices rose by ~2.-2.5% qoq, with prices rising across regions mostly on players refusing to sell at lower prices for volume gains.

### Cement prices >

- Based on our channel check, the avg. pan-India cement price was up by Rs8-10/bag mom in Dec 2024 at Rs370/bag, a 10-month high. In 3QFY25, the avg. pan-India price was up by 2-2.5% qoq, but still down ~6% on a yoy basis. As per experts, non-trade prices saw a steep hike of Rs20-40/bag across markets, reducing the price gap between trade & non-trade segments. Industry is making attempts to raise prices, and more attempts with similar hikes are possible in the current month to sustain the recent round of hikes. A further price hike of Rs10-15/bag is expected across regions in Jan 2025F as the channel expects 4QFY25F to be the best quarter of this season amid a likely revival in government projects.
- Demand continued to show improvement, with major construction projects seeing revival post festive season and labourers returning to work. However, government capex has still not shown any uptick. Northern, central & southern regions saw better demand during the quarter. Channels expect the demand to improve and 4QFY25F to be the best quarter of FY25F amid government projects & housing projects driving growth.

Figure 11: All-India cement average price was up by ~3% mom and down by ~7% yoy in Dec 2024



### Region-wise pricing trend:

- East:** As per dealers, demand was soft during the month and a price hike of Rs10-15/bag was mainly from players aligning their strategies on the price front. The avg. price in the region is now Rs330-340/bag. A price hike of ~Rs10/bag is expected in Jan 2025F.
- South:** Demand was better after the first two weeks of the month, with the region seeing its first price hike since general elections in India. An avg. price hike of Rs5-8/bag was taken during the month. A further price hike of Rs5-10/bag is expected post Pongal festival. The avg. price stood at Rs365/bag.
- North:** A price hike of ~Rs12-15/bag was taken during the month amid strong demand from infrastructure projects and rural areas. The avg. price is in the range of Rs390-400/bag and a price hike of Rs5-10/bag is likely in Jan 2025F.
- West:** Demand is yet to recover, post assembly elections in Maharashtra, from government infrastructure projects. Demand in Gujarat was better in the second half of the month. An avg. price hike of Rs8-10/bag was taken, with a further hike of Rs10-15/bag likely in Jan 2025F. The avg. price is now in the range of Rs380-400/bag.
- Central:** The region saw better demand in Dec 2024, which turned out to be the best month for the quarter. A price hike of Rs10/bag was witnessed during the month. Channels expect a price hike of Rs5-10/bag in Jan 2025F. The avg. spot price was Rs350-356/bag.
- Construction activity aids demand; players united on the pricing front:** As per our channel check, demand turned out to be better in the 2H of 3QFY25

amid house construction activity showing a revival. However, there is no significant revival in government infrastructure projects currently. Region-wise, the northern region continues to be relatively better placed on the price as well as demand front. As per experts, the price hike witnessed in 3QFY25 was largely a outcome of mutual agreement among players to not sell at lower prices and the focus back on improvement in profitability in 2HFY25F.

- The non-trade segment witnesses a steeper hike:** As per experts, the non-trade segment cement prices witnessed a steeper hike (Rs40-50/bag) during the month in comparison to the trade segment prices. Most players are now avoiding selling at lower prices to post better volume as they prefer profitability and see a better scenario on the pricing front in the rest of FY25F. The non-trade segment's price hike also supports the trade segment's prices, which partly collapsed during the year due to excess supply from the non-trade segment.
- Price hike may be attempted in 4QFY25F:** Channels expect a further price hike in 4QFY25F to cover up on the profitability front, from the current low levels even in the best season. A price hike of Rs10-15/bag is likely across regions in Jan 2025F based on the improving demand scenario, but festivals like Pongal and Uttarayan in mid-Jan 2025F may defer the price hike in some regions, as seen historically. A positive for the cement industry is that large players are now focusing on profitability and, as per experts, even if price hikes are not fully implemented, cement prices are likely to remain stable at the current levels, avoiding the fall witnessed in Apr–Sep 2024.

Figure 12: All regions saw a recovery in cement prices in 3QFY25 Figure 13: North India cement price trend

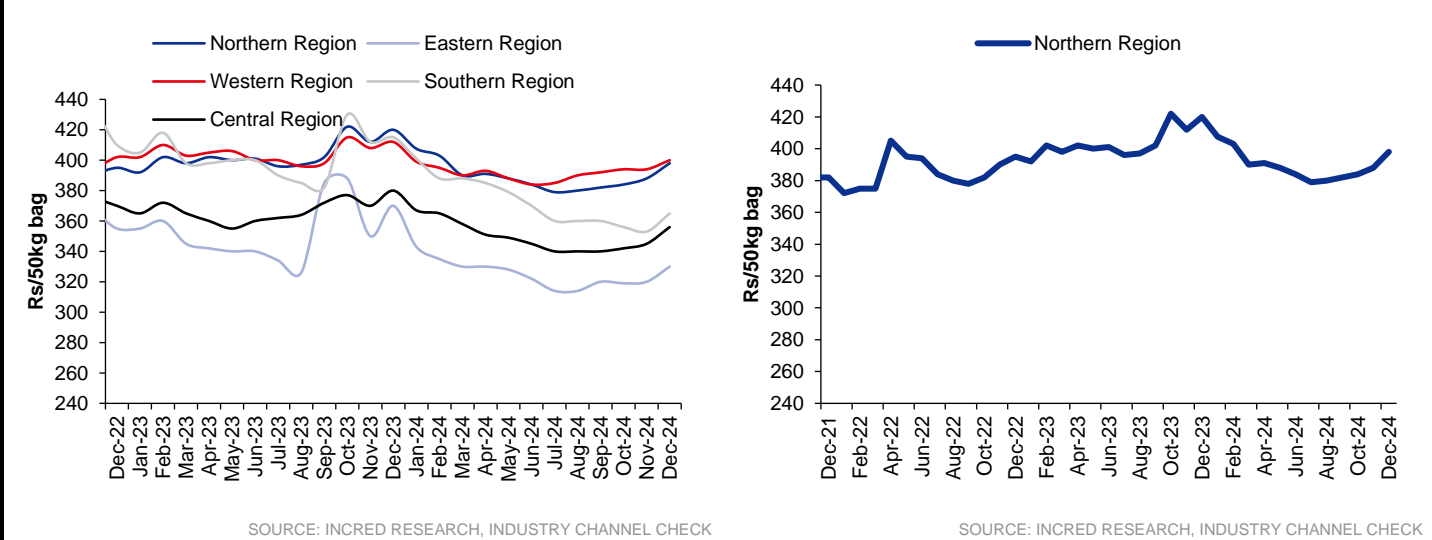


Figure 14: Southern region's cement price trend

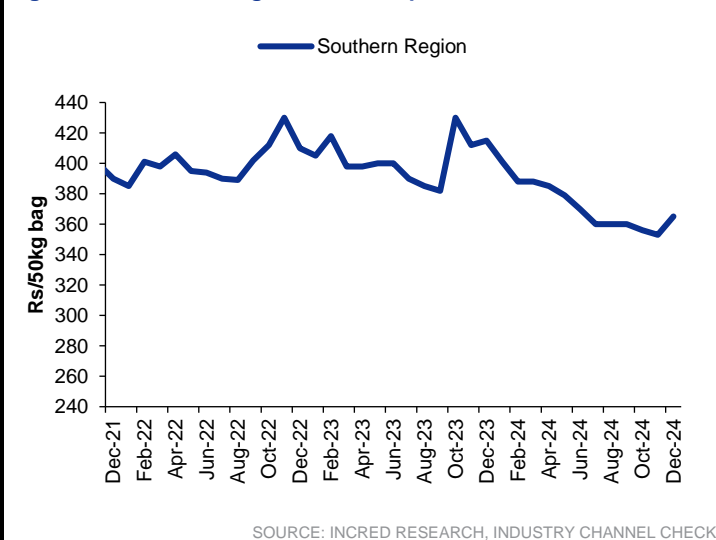


Figure 15: Eastern region's cement price trend

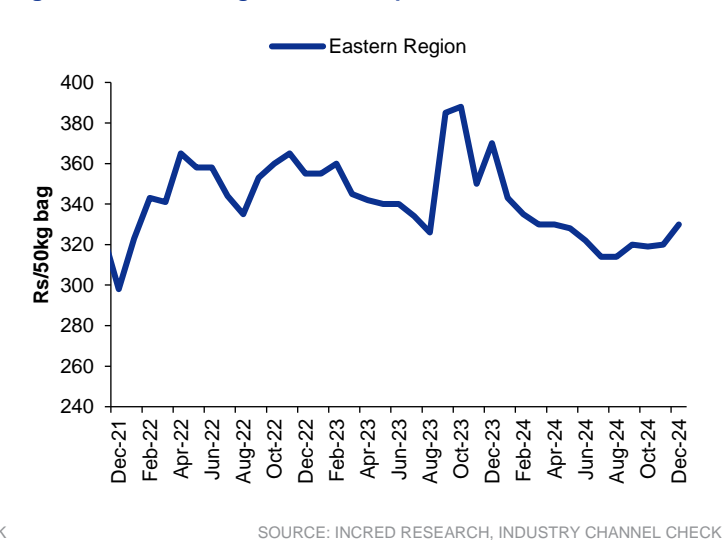
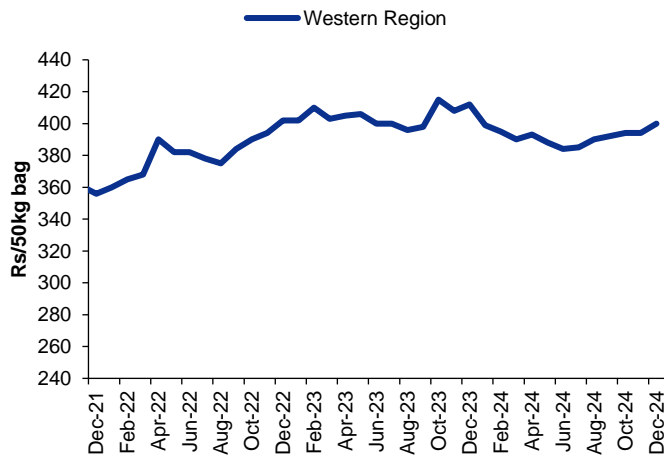
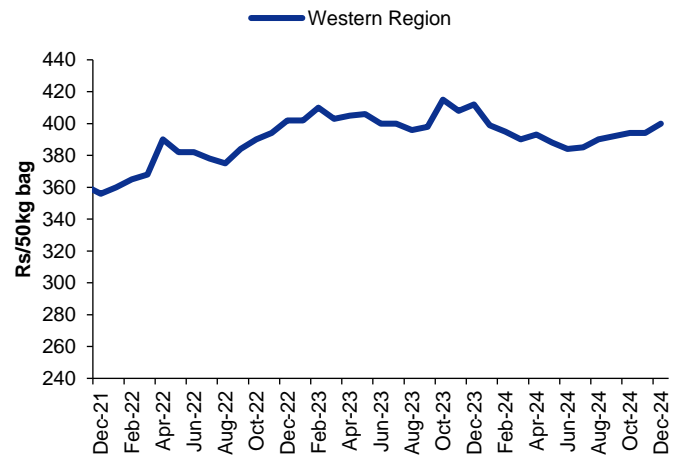


Figure 16: Western region's cement price trend



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 17: Central region's cement price trend



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 18: Long-term capacity expansion plans of various cement majors

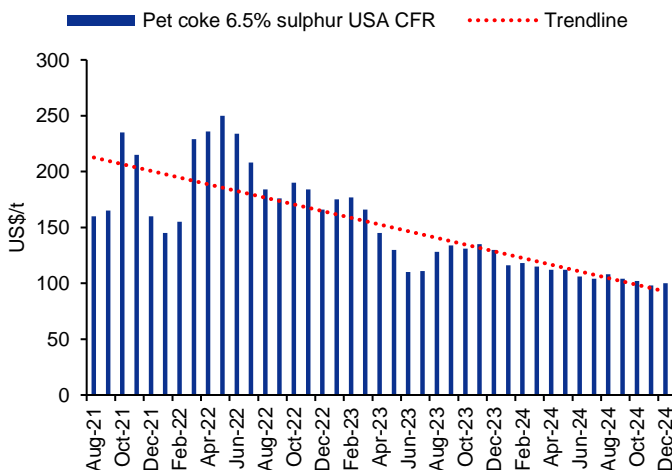
Company	FY24 Capacity	Targeted Capacity	Near-Term Target
ACC+Ambuja Cements	78.9mtpa	140mtpa by 2028F	110mtpa by FY27F
Ultratech Cement	148mtpa	200mtpa by FY30F	
Shree Cement	56mtpa	80mtpa by 2028F	
JK Cement	22mtpa	25mtpa by FY25F	29.6mtpa by FY27F
The Ramco Cements	23mtpa	26mtpa by FY26F	
JK Lakshmi Cement	14mtpa	30mtpa by 2030F	19mtpa by FY27F
Dalmia Bharat	44.6mtpa	110-130mtpa by 2031F	75mtpa by FY27F
Birla Corporation	20mtpa	30mtpa by 2030F	25mtpa by FY27F
Orient Cement	8.5mtpa	11.5mtpa by FY26F	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

### Major input costs trend ➔

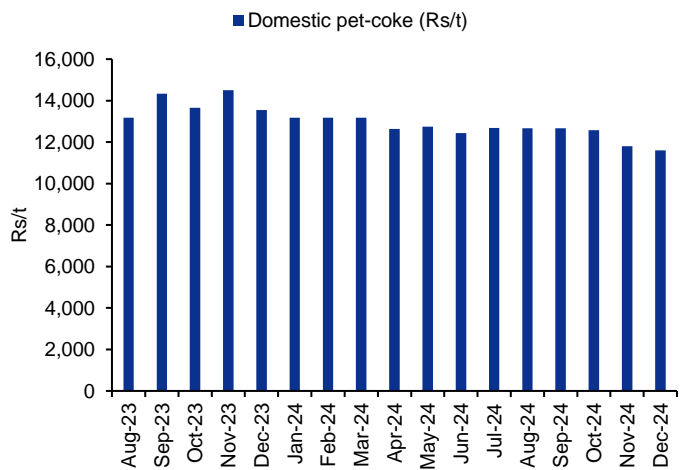
- Overall fuel prices remain stable:** In Sep 2024, international pet-coke prices remained steady at US\$104/t (down ~10% YTD) while imported coal prices were down by 12% mom. Overall fuel costs remain favourable for the industry, with Brent crude oil prices also declining.

Figure 19: International pet-coke prices continue to be stable



NOTE: CFR = CODE OF FEDERAL REGULATIONS  
SOURCE: INCRED RESEARCH, COMPANY REPORTS

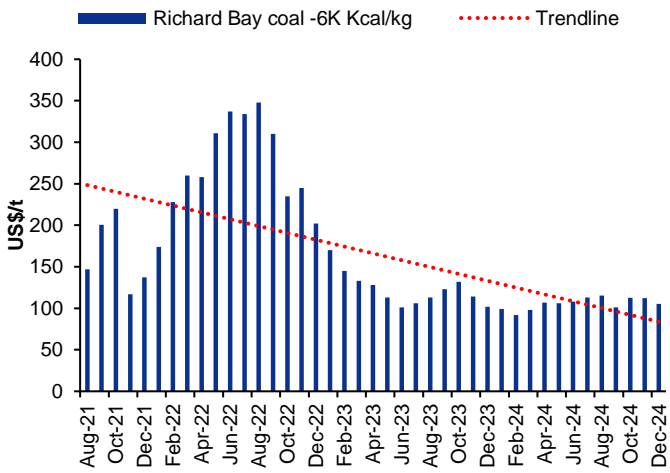
Figure 20: Domestic pet-coke prices close lower by 14% yoy in Dec 2024



SOURCE: INCRED RESEARCH, BLOOMBERG

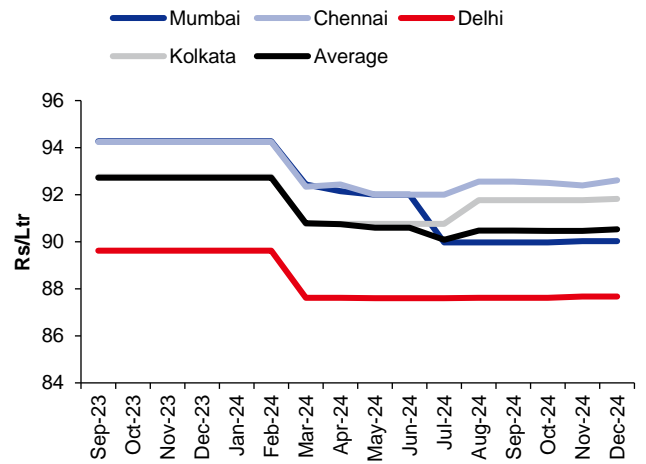


Figure 21: Imported coal price (South African 6k/kcal) trend



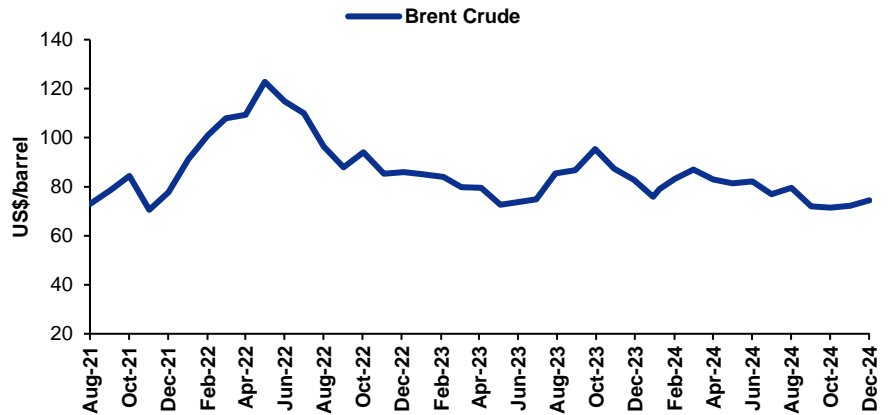
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 22: Average diesel price trend in top metro cities



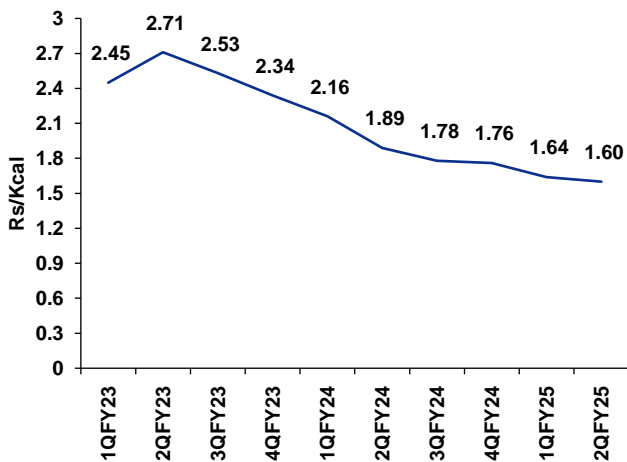
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 23: Crude oil price trend



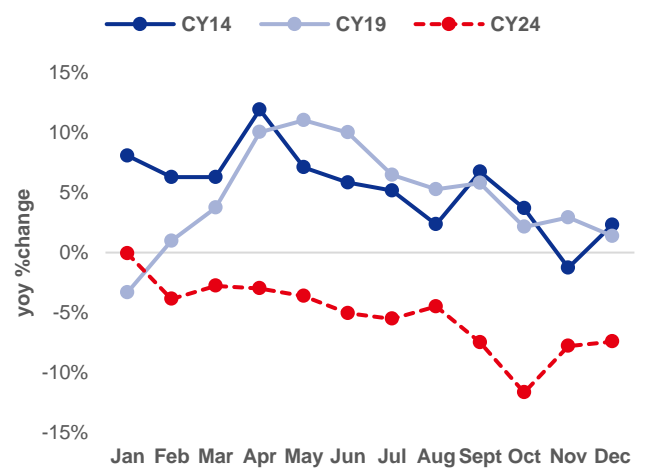
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 24: Average energy cost continues to decline



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 25: Pan-India cement price yoy change during the last three general election years



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

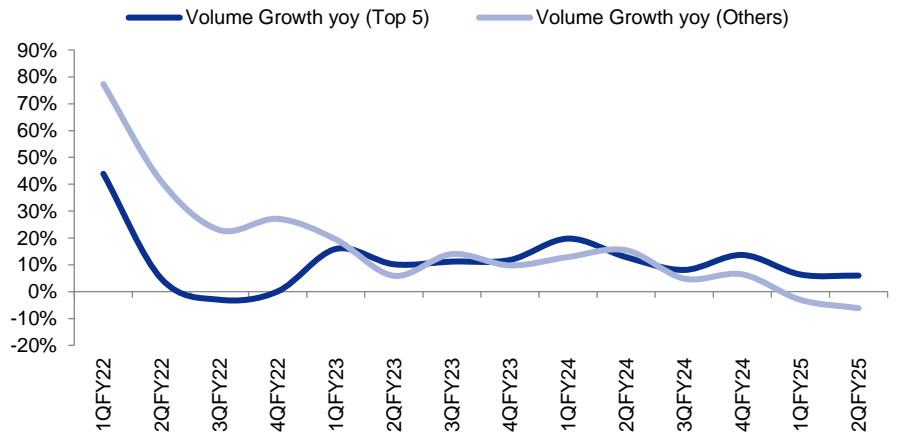
**Figure 26: Fuel costs booked by various companies on a kcal basis**

Rs Kcal	2QFY2	3QFY2	4QFY2	1QFY2	2QFY2	3QFY2	4QFY2	1QFY2	2QFY2	FY25F	vs. spot prices
	3	3	3	4	4	4	4	5	5		
ACC	3.1	2.61	2.35	2.13	1.85	1.86	1.91	1.71	1.57		
ACEM	2.8	2.33	2.1	2.09	1.82	1.84	1.84	1.73	1.59	Rs500/t savings in the medium term.	
UTCCEM	2.5	2.6	2.5	2.34	2.12	2.05	2.03	2	1.84	Rs300/t savings in the next three-to-four years.	
SRCM	2.83	2.53	2.53	2.37	2.05	1.78	1.82	1.76	1.71	Expected to reduce from the current level, Rs1.64-1.65/kcal.	
JKCE	2.4	2.6	2.41	2.2	1.9	1.82	1.79	1.62	1.65	Working on Rs150/t savings over the next two years.	
Nuvoco	2.64	2.74	2.31	1.94	1.77	1.67	1.63	1.57	1.54		
TRCL		2.43	2.21	2.03	1.75	1.64	1.65	1.49	1.60		Pet-coke - US\$102/t
India Cements	3.26	2.95	2.7	2.25	2.04	1.99	1.95				Coal - US\$108/t
JKLC	2.3	2.57	2.42	2.23	2.04	1.78	1.68	1.63	1.62	To remain in this range for the next few quarters.	
DALBHARA	2.52	2.42	2.06	1.98	1.58	1.5	1.45	1.38	1.36	P&F costs to decline by 1-2% in the next few quarters.	
Star Cement		2.09	2.1	2.35	1.9	1.75	1.7	1.5	1.50		
BCORP				1.95	1.75	1.58	1.56	1.48		Not much reduction likely in energy costs over the next few quarters.	
ORCMNT					1.97	1.9	1.77	1.78			
<b>Average</b>	<b>2.71</b>	<b>2.53</b>	<b>2.34</b>	<b>2.16</b>	<b>1.89</b>	<b>1.78</b>	<b>1.76</b>	<b>1.65</b>	<b>1.60</b>		

SOURCE: INCRED RESEARCH, COMPANY REPORTS

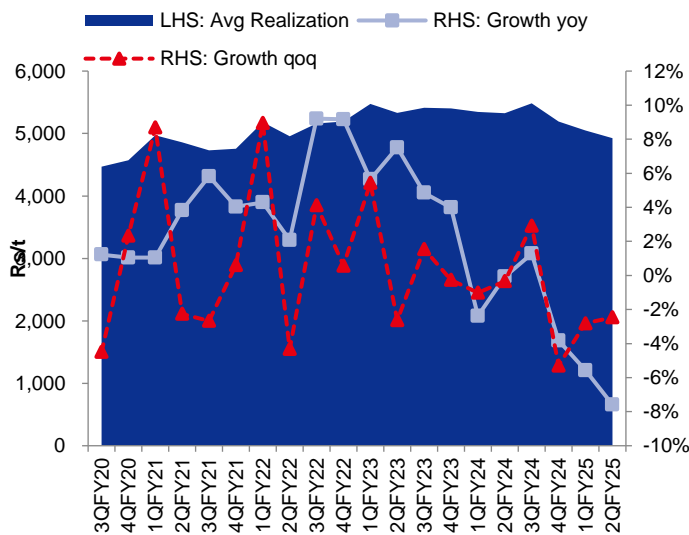
Key operational quarterly charts >

Figure 27: Volume growth trend 2QFY25 – combined volume of top 5 companies was up by ~6.0% yoy vs. a negative yoy growth of 6% of other players



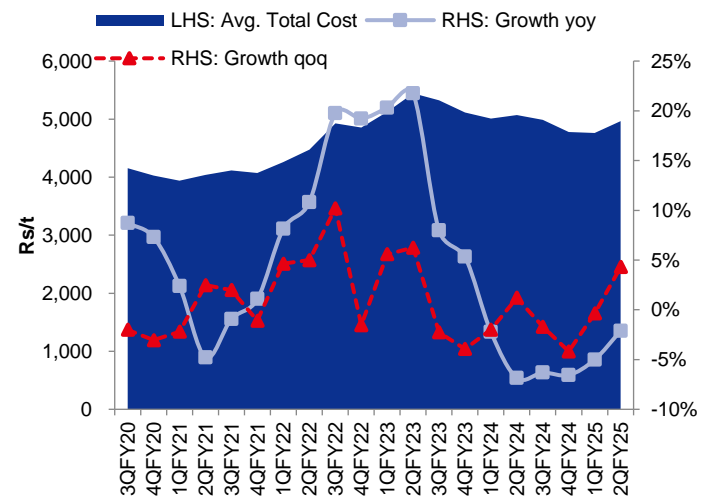
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 28: Realization trend - average realization declined by ~3% qoq and ~8% yoy in 2QFY25



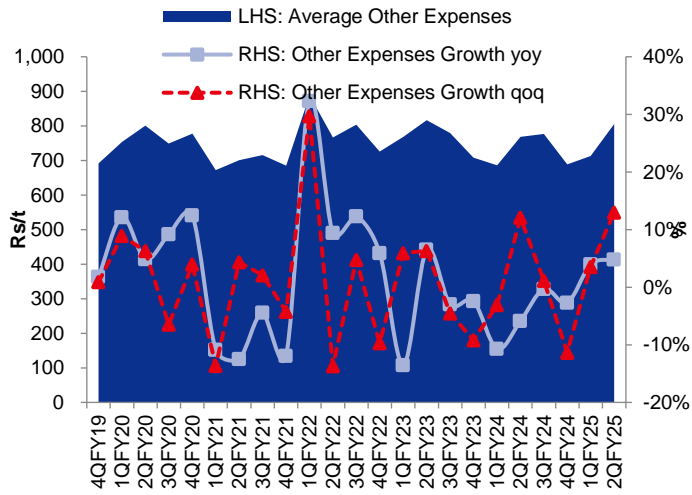
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 29: Trend in unit cost – average total costs/t up by ~4% qoq and down by ~2% yoy; we expect the costs to cool off in the coming quarters



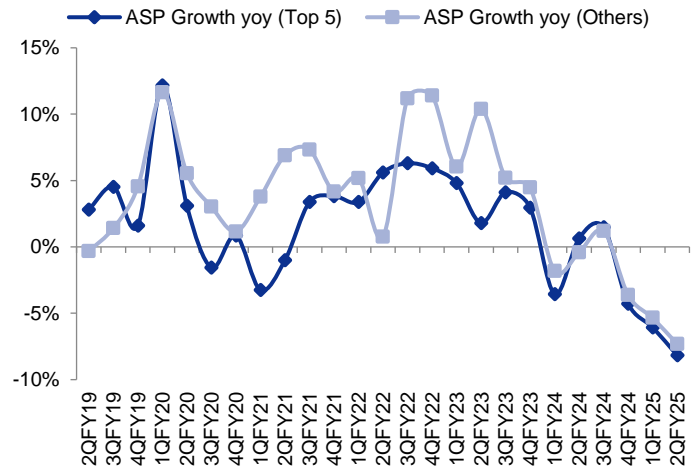
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 30: Other expenses were up by 5% yoy and 13% qoq due to higher fixed costs and negative leverage in 2QFY25**



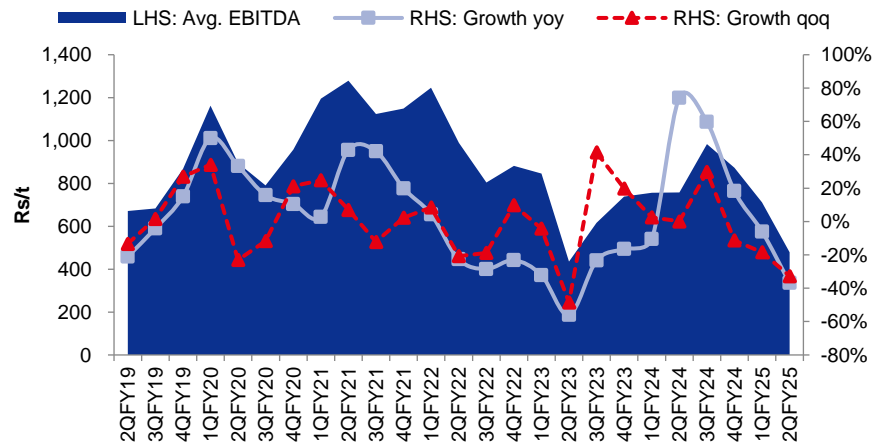
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 31: ASP of Top-5 players continues to decline more than that of other players**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 32: Sector unit EBITDA declined in 2QFY25 by 33% qoq and 37% yoy; we expect profitability to improve from 3QFY25F**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Key assumptions for our coverage companies

Figure 33: We expect cement volume of coverage companies to grow by ~10% over FY24-27F

Volume (mt)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCEM*	81	86	94	106	119	129	144	159	6.8%	10.0%
ACC*#	29	26	29	39	37	41	44	46	5.4%	7.9%
ACEM#	24	23	27	38	34	39	44	51	7.3%	14.0%
SRCM*	25	27	28	32	36	38	42	47	6.6%	10.0%
TRLC	11	10	11	15	18	20	21	23	10.6%	8.3%
JKCE*	8	10	12	14	17	18	20	22	14.4%	9.1%
BCORP*	14	13	14	16	18	18	19	21	5.0%	5.9%
HEIM	5	4	5	4	5	5	5	6	-0.4%	5.3%
DALBHARA*	19	21	22	26	29	31	34	37	9.0%	9.0%
JKLC*	10	10	11	11	12	13	14	16	1.5%	9.2%
ORCMNT	6	5	5	6	6	6	7	7	-0.9%	6.3%
<b>Total</b>	<b>232</b>	<b>236</b>	<b>259</b>	<b>306</b>	<b>331</b>	<b>358</b>	<b>396</b>	<b>435</b>	<b>6.7%</b>	<b>9.6%</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 34: We expect realization of coverage companies to remain flat over FY24-27F

Realization (Rs/t)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCEM*	4,072	3,839	4,371	4,981	4,867	5,624	5,736	5,860	4.2%	0.0%
ACC#	4,585	4,477	4,553	5,257	4,579	4,781	4,886	4,940	1.7%	-0.8%
ACEM#	3,956	3,849	3,981	4,435	4,229	4,990	5,110	5,202	2.8%	0.0%
SRCM*	3,655	3,532	4,075	4,681	4,470	5,459	5,541	5,641	4.8%	-0.6%
TRLC	3,777	3,729	4,251	4,629	4,238	5,000	5,100	5,223	2.2%	0.9%
JKCE*	4,478	4,223	4,641	5,178	4,974	4,889	4,977	5,076	4.6%	0.4%
BCORP	4,091	4,069	4,466	5,029	4,656	4,859	4,966	5,085	3.7%	-1.0%
HEIM	3,489	3,589	3,899	4,529	4,263	4,941	5,010	5,081	2.7%	1.1%
DALBHARA	3,923	3,550	3,991	4,367	4,188	4,847	4,934	5,018	1.5%	-0.6%
JKLC	3,548	3,625	3,991	4,916	4,785	5,492	5,569	5,647	7.9%	-0.1%
ORCMNT	3,517	3,513	3,896	4,467	4,461	5,199	5,303	5,409	5.7%	1.4%
<b>Average</b>	<b>3,917</b>	<b>3,818</b>	<b>4,192</b>	<b>4,770</b>	<b>4,519</b>	<b>5,098</b>	<b>5,194</b>	<b>5,289</b>	<b>3.8%</b>	<b>0.1%</b>

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

Figure 35: We expect costs/t of coverage companies to decline by ~1% over FY24-27F

Cost (Rs/t)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCEM*	4,072	3,839	4,371	4,981	4,867	4,729	4,722	4,704	4.0%	-1.1%
ACC	4,585	4,477	4,553	5,257	4,579	4,420	4,395	4,383	0.4%	-1.4%
ACEM	3,956	3,849	3,981	4,435	4,229	4,141	4,071	4,019	1.6%	-1.7%
SRCM*	3,655	3,532	4,075	4,681	4,470	4,349	4,322	4,364	3.4%	-0.8%
TRLC	3,777	3,729	4,251	4,629	4,238	4,145	4,180	4,242	2.7%	0.0%
JKCE*	4,478	4,223	4,641	5,178	4,974	4,879	4,840	4,814	2.8%	-1.1%
BCORP	4,091	4,069	4,466	5,029	4,656	4,459	4,432	4,453	2.8%	-1.5%
HEIM	3,489	3,589	3,899	4,529	4,263	4,184	4,189	4,194	4.8%	-0.5%
DALBHARA	3,923	3,550	3,991	4,367	4,188	3,998	3,978	4,002	0.7%	-1.5%
JKLC	3,548	3,625	3,991	4,916	4,785	4,586	4,579	4,629	6.7%	-1.1%
ORCMNT	3,517	3,513	3,896	4,467	4,461	4,380	4,409	4,447	5.3%	-0.1%
<b>Average</b>	<b>3,917</b>	<b>3,818</b>	<b>4,192</b>	<b>4,770</b>	<b>4,519</b>	<b>4,388</b>	<b>4,374</b>	<b>4,386</b>	<b>3.1%</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 36: We expect EBITDA/t of coverage companies to increase by ~4% over FY24-27F

EBITDA (Rs/t)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCEM*	1,055	1,339	1,225	1,005	1,089	980	1,100	1,247	7.0%	4.6%
ACC#	782	899	1,038	499	830	673	798	862	4.2%	1.3%
ACEM#	893	1,167	1,187	852	980	849	1,039	1,183	4.6%	6.5%
SRCM*	1,508	1,520	1,337	930	1,271	1,111	1,219	1,277	3.3%	0.2%
TRLC	1,015	1,552	1,162	787	844	855	920	981	-2.0%	5.1%
JKCE*	1,184	1,282	1,057	810	1,079	1,015	1,086	1,164	5.7%	2.6%
BCORP	979	999	781	491	815	594	726	820	3.5%	0.2%
HEIM	1,122	1,129	910	567	659	757	822	887	-7.8%	10.4%
DALBHARA	1,072	1,324	1,084	906	917	849	956	1,017	-1.7%	3.5%
JKLC	794	898	849	735	878	906	991	1,018	16.6%	5.1%
ORCMNT	660	1,091	1,079	633	732	818	893	962	8.5%	9.5%
<b>Average</b>	<b>1,006</b>	<b>1,200</b>	<b>1,064</b>	<b>747</b>	<b>918</b>	<b>855</b>	<b>959</b>	<b>1,038</b>	<b>3.2%</b>	<b>4.2%</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 total revenue of coverage companies to increase by ~9% over FY24-27F**

Revenue (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCEM*	424	447	526	632	709	737	839	944	11.3%	10.0%
ACC*#	157	138	162	222	200	207	227	243	6.2%	6.8%
ACEM#	117	114	140	200	179	192	226	265	9.6%	13.9%
SRCM*	129	136	150	179	204	209	235	267	10.2%	9.4%
TRLC	54	53	60	81	93	98	109	122	12.6%	9.3%
JKCE*	58	66	80	97	116	118	132	145	17.1%	7.9%
BCORP*	69	68	75	87	97	91	100	111	8.1%	4.6%
HEIM	22	21	23	22	24	25	27	29	2.1%	6.5%
DALBHARA*	97	101	113	136	147	151	169	187	9.1%	8.4%
JKLC*	44	47	54	65	68	71	79	88	9.5%	9.1%
ORCMNT	24	23	27	29	32	32	35	40	4.8%	7.7%
<b>Total</b>	<b>1,193</b>	<b>1,214</b>	<b>1,409</b>	<b>1,750</b>	<b>1,868</b>	<b>1,933</b>	<b>2,178</b>	<b>2,441</b>	<b>10.0%</b>	<b>9.3%</b>

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

**Figure 38: We expect EBITDA of coverage companies to grow by over ~14% over FY24-27F**

EBITDA (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCEM*	92.5	115.7	115.1	106.2	129.7	126.5	158.5	197.9	12.0%	15.1%
ACC*#	24.1	23.6	30.0	19.2	30.6	27.4	34.9	40.0	8.4%	9.3%
ACEM#	21.5	26.5	32.1	32.2	33.7	32.7	46.0	60.3	12.3%	21.4%
SRCM*	37.6	40.8	37.1	29.6	45.2	42.6	51.8	60.4	10.1%	10.2%
TRLC	11.4	15.5	12.8	11.8	15.5	16.7	19.6	22.9	8.4%	13.9%
JKCE*	12.1	15.4	14.8	13.1	20.6	20.3	24.1	28.3	19.8%	11.1%
BCORP*	13.4	13.4	11.1	7.7	14.4	10.8	14.1	17.2	8.7%	6.2%
HEIM	5.3	5.1	4.3	2.5	3.2	3.9	4.4	5.0	-8.1%	16.3%
DALBHARA*	21.1	27.6	24.3	23.3	26.4	26.5	32.7	37.9	6.3%	12.8%
JKLC*	8.0	9.4	9.5	8.4	10.5	11.8	14.0	15.9	18.3%	14.7%
ORCMNT	3.8	5.5	5.9	3.6	4.5	5.1	6.0	7.1	7.6%	16.3%
<b>Total</b>	<b>251</b>	<b>298</b>	<b>297</b>	<b>258</b>	<b>334</b>	<b>324</b>	<b>406</b>	<b>493</b>	<b>10.7%</b>	<b>13.8%</b>

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

**Figure 39: We expect PAT of coverage companies to increase by ~14% over FY24-27F**

PAT (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCEM*	57.6	53.2	71.8	50.6	70.0	62.9	82.8	111.2	23.9%	16.7%
ACC*#	13.7	14.3	18.6	8.9	23.4	15.5	20.4	23.6	9.0%	0.3%
ACEM#	15.3	17.9	20.8	25.5	23.3	23.4	33.1	43.4	9.4%	23.0%
SRCM*	15.4	22.9	23.3	12.7	24.0	15.4	20.7	25.7	18.9%	2.4%
TRLC	6.0	7.6	8.9	3.4	3.9	4.4	6.3	8.4	-4.8%	28.7%
JKCE*	4.9	7.1	6.9	4.2	7.9	7.7	9.9	12.2	23.9%	15.6%
BCORP*	5.1	6.3	4.0	0.4	4.2	1.6	3.9	6.1	10.5%	13.1%
HEIM	2.7	3.1	2.5	1.0	1.7	2.2	2.6	3.0	-5.3%	21.6%
DALBHARA*	2.2	11.7	8.2	10.4	8.3	8.7	11.5	13.9	21.8%	18.8%
JKLC*	2.5	4.1	4.6	3.6	4.7	5.6	6.8	7.6	55.8%	17.4%
ORCMNT	0.9	2.1	2.6	1.2	1.7	2.2	2.6	3.1	29.7%	21.7%
<b>Total</b>	<b>126</b>	<b>150</b>	<b>172</b>	<b>122</b>	<b>173</b>	<b>150</b>	<b>201</b>	<b>258</b>	<b>16.5%</b>	<b>14.3%</b>

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

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- 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.*

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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.

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Definition:

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