

## India

**Overweight** (no change)**Highlighted Companies****Birla Corporation Ltd****ADD, TP Rs1530, Rs1374 close**

The company's better market mix, higher share of premium product sales, ramp-up of capacity utilization at Mukutban (>75% utilization level currently), and the benefits of higher incentives with the commissioning of a third line at the Kundanganj grinding unit to keep the profitability level balanced.

**UltraTech Cement Ltd****ADD, TP Rs13550, Rs11210 close**

We see the company as a key beneficiary of the India infrastructure capex theme in the medium- to long-term, aided by timely significant addition of new capacity along with acquired ones, 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-A	Mar26-F	Mar27-F
Birla Corporation Ltd	31.7	22.8	17.1
UltraTech Cement Ltd	53.6	38.4	27.9

P/BV (x)	Mar25-A	Mar26-F	Mar27-F
Birla Corporation Ltd	1.5	1.4	1.3
UltraTech Cement Ltd	4.6	4.2	3.8

Dividend Yield	Mar25-A	Mar26-F	Mar27-F
Birla Corporation Ltd	0.9%	1.0%	1.3%
UltraTech Cement Ltd	0.8%	0.7%	0.0%

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# Cement

## An encouraging fiscal year-end performance

- In 4Q, volume grew by 5-6% yoy. UTCЕМ, JKCE & ACEM outperformed the industry with higher growth. Industry growth expected at ~6-8% in FY26F.
- Avg. unit EBITDA up by ~Rs282 qoq in 4Q, driven by stable prices and benefits of cost savings. We expect the south and east regions to perform better in 1Q.
- We maintain our Overweight stance on the cement sector and prefer Ultratech Cement and Birla Corporation as our top stock picks in the cement sector.

**Demand puts growth on track; industry to grow by ~6-8% in FY26F**

In 4QFY25, we believe the industry clocked a yoy growth of ~5-6% with revival in demand based on our analysis of top listed companies, wherein our coverage universe grew by >10% yoy. In our coverage stocks, UTCЕМ, JKCE and ACEM (consol.) reported the highest growth. JKCE continues to benefit from its central India position while eroding others' market share, like that of DALBHARA and HEIM. SRCM, with its value strategy, and TRCL, with regional intensifying competition, posted disappointing volume growth during the quarter. As per our analysis, the industry achieved ~68-70% capacity utilization in FY25. Most companies believe ~6-8% industry growth in FY26F driven by revival in government capex, infrastructure and rural recovery. However, demand can be affected in 1HFY26F if the monsoon remains robust in Sep-Oct of 2H, as above-normal rainfall is expected this year as well.

**Realization up by ~3% qoq; south and east placed better in 1QFY26F**

On a qoq basis, companies reported ~3% improvement in avg. realization in 4Q, ending FY25 on a high note, with improvement in prices across regions (ex-South India). Company commentaries and our check highlight that prices are up by ~3% vs. 4Q avg., with southern and eastern regions leading the gains after a dull FY25 performance. For our coverage universe, SRCM, BCORP and JKLC posted the highest improvement of >7% in 4Q led by price improvement and rising product premium share. Pricing outlook is positive for FY26F.

**Profitability up from 1HFY25 bottom; cost savings likely to continue**

On unit/t basis, total costs were down by >4% qoq, with benefits flowing from fixed and P&F costs due to stable fuel prices during the quarter. Avg. EBITDA/t improved by ~Rs282 qoq to Rs978, with improvement in both realization and cost structure. The highest qoq improvement was reported by ACEM, BCORP and HEIM by >Rs400/t while TRCL posted a second sequential quarter of decline. From our coverage universe, SRCM, JKCE and UTCЕМ reported blended EBITDA/t of >Rs1,100. Avg. fuel costs stood at Rs1.49-51/kcal. For FY26F, companies to focus on cost savings. We expect southern and eastern region-based players to outperform on the profitability front in 1QFY26F, with improved pricing in QTD and DALBHARA, among the lowest on the cost front amid exposure to both eastern and southern markets, is positioned better.

**Selective in the space, UTCЕМ and BCORP remain our top picks**

We feel 1QFY26F will be better yoy due to a non-election year (last year, demand was subdued due to polls) and less intense heatwave. We retain our Overweight stance on the sector, with Ultratech Cement, Birla Corporation & Ambuja Cements as our top stock picks.

**Figure 1: 4QFY25 earnings performance 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)
UTCЕМ - consol.	2,30,633	13%	30%	46,184	12%	60%	24,820	10%	83%
SRCM	55,320	2%	21%	14,286	0%	48%	5,750	-15%	197%
ACC - consol.	60,665	12%	15%	8,302	-1%	73%	7,492	-21%	-31%
ACEM	98,886	11%	16%	18,676	10%	111%	9,563	-37%	-55%
TRCL	23,920	-11%	21%	3,209	-23%	15%	310	-74%	-90%
JKCE-consol	35,812	15%	22%	7,649	37%	55%	3,614	65%	91%
BCORP	28,149	6%	25%	5,338	13%	115%	2,566	-33%	723%
HEIM	6,125	3%	13%	906	2%	172%	505	5%	873%
DALBHARA	40,910	-5%	29%	7,930	21%	55%	4,390	37%	565%
JKLC - consol.	18,976	7%	27%	3,512	4%	74%	1,835	17%	209%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## An encouraging fiscal year-end performance 4QFY25 operational performance

**Figure 2: Volume growth trend – combined volume of our coverage cement companies increased by ~11% yoy and ~23% qoq in 4QFY25**

Volume (in mt)	4QFY25	3QFY25	4QFY24	yoy (%)	qoq (%)
UTCEM - Consol.	41.0	30.4	35.1	16.9%	35.1%
SRCM	9.8	8.8	9.5	3.2%	12.2%
ACC - Consol.	11.9	10.7	10.4	14.4%	11.2%
ACEM - Consol.	18.7	16.5	16.6	12.7%	13.3%
TRCL	5.3	4.4	5.5	-3.7%	21.0%
JKCE	6.1	4.9	5.2	15.9%	24.4%
BCORP	5.3	4.5	4.9	8.2%	16.7%
HEIM	1.3	1.1	1.2	1.9%	9.8%
DALBHARA - Consol	8.6	6.7	8.8	-2.5%	28.4%
JKLC - Consol.	3.6	3.0	3.3	10.3%	18.7%
<b>Coverage Total</b>	<b>111.5</b>	<b>91.0</b>	<b>100.5</b>	<b>11.0%</b>	<b>22.6%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 3: Blended realization growth trend - average realization improved by ~3% qoq but still lower by ~2% yoy due to flattish prices in southern and eastern regions**

Realization/t (in Rs)	4QFY25	3QFY25	4QFY24	yoy (%)	qoq (%)
UTCEM - Consol.	5,555	5,796	5,721	-2.9%	-4.1%
SRCM	5,622	5,214	5,664	-0.7%	7.8%
ACC - Consol.	4,778	4,652	4,919	-2.9%	2.7%
ACEM - Consol.	5,288	5,153	5,358	-1.3%	2.6%
TRCL	4,522	4,523	4,869	-7.1%	0.0%
JKCE	4,901	4,809	4,913	-0.2%	1.9%
BCORP	5,127	4,790	5,213	-1.7%	7.0%
HEIM	4,876	4,745	4,838	0.8%	2.8%
DALBHARA - Consol	4,757	4,748	4,883	-2.6%	0.2%
JKLC - Consol.	5,274	4,940	5,459	-3.4%	6.8%
<b>Coverage Average</b>	<b>5,070</b>	<b>4,937</b>	<b>5,184</b>	<b>-2.2%</b>	<b>2.7%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 4: Trend in unit cost – average total costs/t declined by 3% yoy and 4% qoq in 4QFY25 due to a reduction in fixed costs and P&F costs**

Costs/t (in Rs)	4QFY25	3QFY25	4QFY24	yoy (%)	qoq (%)
UTCEM - Consol.	4,497	4,901	4,648	-3.3%	-8.3%
SRCM	4,170	4,114	4,173	-0.1%	1.4%
ACC - Consol.	4,400	4,497	4,396	0.1%	-2.1%
ACEM - Consol.	4,289	4,616	4,335	-1.0%	-7.1%
TRCL	3,916	3,884	4,109	-4.7%	0.8%
JKCE	4,647	5,006	4,868	-4.5%	-7.2%
BCORP	4,345	4,464	4,499	-3.4%	-2.7%
HEIM	4,155	4,454	4,117	0.9%	-6.7%
DALBHARA - Consol	3,835	3,985	4,142	-7.4%	-3.8%
JKLC - Consol.	4,298	4,274	4,428	-2.9%	0.6%
<b>Coverage Average</b>	<b>4,255</b>	<b>4,420</b>	<b>4,371</b>	<b>-2.7%</b>	<b>-3.7%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 5: Unit EBITDA (for our coverage companies) was flat yoy but recovered by ~41% qoq in 4QFY25**

EBITDA/t	4QFY25	3QFY25	4QFY24	yoy (%)	qoq (%)
UTCEM - Consol.	1,126	953	1,173	-4.0%	18.1%
SRCM	1,452	1,100	1,491	-2.6%	32.0%
ACC - Consol.	698	448	805	-13.3%	55.9%
ACEM - Consol.	999	537	1,023	-2.4%	86.1%
TRCL	607	639	760	-20.1%	-5.1%
JKCE - Consol	1,262	1011	1071	17.9%	24.9%
BCORP	1,017	551	974	4.4%	84.5%
HEIM	722	291	721	0.1%	148.1%
DALBHARA - Consol	922	763	741	24.4%	20.9%
JKLC - Consol.	976	666	1032	-5.4%	46.6%
<b>Coverage Average</b>	<b>978</b>	<b>696</b>	<b>979</b>	<b>-0.1%</b>	<b>40.6%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 6: 4QFY25 results review – yoy UTCM, ACEM and JKCE led the growth, and most players reported a decline in costs/t**

4QFY25 - YoY (change)	Ultratech	Dalmia	Ambuja	ACC	Shree	Star Cement	BCORP	Nuvoco	Sagar	Ramco	JKLC	JK Cement	HEIM
Sales volume growth (%)	16.9%	-2.5%	12.7%	14.4%	3.2%	10.4%	8.2%	7.5%	4.7%	-3.7%	10.3%	15.9%	1.9%
Rs/t change -													
Realization	-166	-126	-70	-141	-42	286	-86	-198	-498	-346	-185	-12	38
EBITDA/t	-47	181	-25	-107	-39	420	43	42	-204	-153	-56	191	1
RM costs/t	-26	-218	-80	363	158	-831	-25	-71	-138	39	-170	-1	201
P&F costs/t	-106	3	28	-208	-398	350	-116	-139	-169	-98	-187	-246	-173
Freight costs/t	-63	-26	-27	-102	125	270	24	-110	-28	-145	158	58	15
Employee costs/t	26	21	1	-14	28	-2	-23	-21	13	7	24	-38	17
Other expenses/t	17	-87	34	-35	84	79	-14	4	-40	4	45	6	-23
Costs/t	-151	-307	-45	4	-3	-134	-154	-239	-294	-193	-130	-220	37

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 7: 4QFY25 results review – qoq change where the industry saw a further improvement in volume, realization and profitability**

4QFY25 - QoQ (change)	Ultratech	Dalmia	Ambuja	ACC	Shree	Star Cement	BCORP	Nuvoco	Sagar	Ramco	JKLC	JK Cement	HEIM
Sales volume growth (%)	35.1%	28.4%	13.3%	11.2%	12.2%	43.6%	16.7%	21.3%	22.5%	21.0%	18.7%	24.4%	9.8%
Rs/t change -													
Realization	-240	9	135	126	408	131	337	211	-192	-1	334	92	131
EBITDA/t	173	159	462	250	352	738	466	418	-55	-33	310	252	431
RM costs/t	5	127	-117	59	-144	-777	148	-132	-27	75	64	26	-212
P&F costs/t	-138	-95	-21	-67	103	118	-141	-222	-48	-30	-71	-204	30
Freight costs/t	-67	14	11	-3	71	509	5	3	-12	32	75	4	32
Employee costs/t	-54	-83	-42	-37	-12	-176	-68	-83	-69	-68	-61	-90	101
Other expenses/t	-151	-112	-158	-48	38	-281	-62	-143	7	22	17	-94	-250
Costs/t	-404	-150	-327	-97	56	-607	-119	-207	-137	32	24	-359	-299

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Key 4QFY25 financials of our coverage companies ➤

Figure 8: 4QFY25 revenue performance

Company	Revenue (Rs m)	% chg (yoy)	% chg (qoq)
UTCCEM - consol.	2,30,633	13%	30%
SRCM	55,320	2%	21%
ACC - consol.	60,665	12%	15%
ACEM - consol.	98,886	11%	16%
TRCL	23,920	-11%	21%
JKCE - consol.	35,812	15%	22%
BCORP	28,149	6%	25%
HEIM	6,125	3%	13%
DALBHARA - consol.	40,910	-5%	29%
JKLC - consol.	18,976	7%	27%
<b>Coverage Total</b>	<b>5,99,396</b>	<b>9%</b>	<b>24%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: 4QFY25 EBITDA performance

Company	EBITDA (Rs m)	% chg (yoy)	% chg (qoq)
UTCCEM - consol.	46,184	12%	60%
SRCM	14,286	0%	48%
ACC - consol.	8,302	-1%	73%
ACEM - consol.	18,676	10%	111%
TRCL	3,209	-23%	15%
JKCE - consol.	7,649	37%	55%
BCORP	5,338	13%	115%
HEIM	906	2%	172%
DALBHARA - consol.	7,930	21%	55%
JKLC - consol.	3,512	4%	74%
<b>Coverage Total</b>	<b>1,15,992</b>	<b>9%</b>	<b>66%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

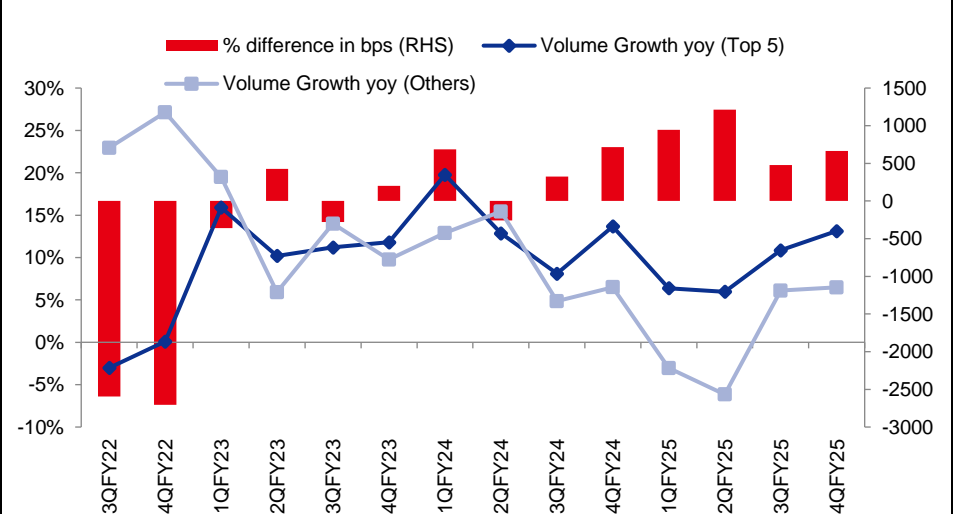
Figure 10: 4QFY25 adjusted PAT performance

Company	PAT (Rs m)	% chg (yoy)	% chg (qoq)
UTCCEM - consol.	24,820	10%	83%
SRCM	5,750	-15%	197%
ACC - consol.	7,492	-21%	-31%
ACEM - consol.	9,563	-37%	-55%
TRCL	310	-74%	-90%
JKCE - consol.	3,614	65%	91%
BCORP	2,566	-33%	723%
HEIM	505	5%	873%
DALBHARA - consol.	4,390	37%	565%
JKLC - consol.	1,835	17%	209%
<b>Coverage Total</b>	<b>60,845</b>	<b>-6%</b>	<b>12%</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

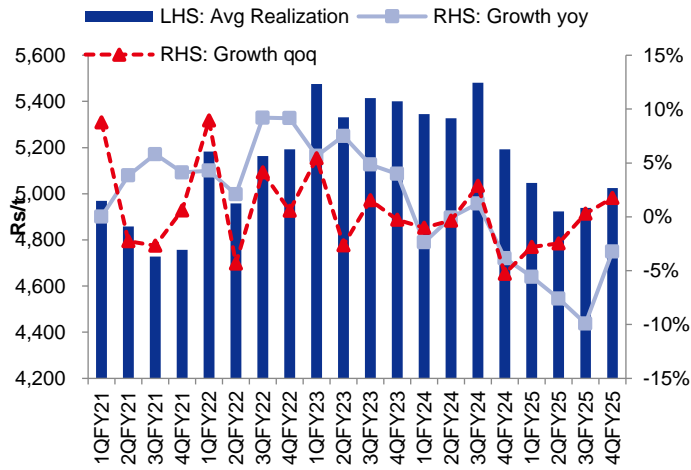
## Key operational quarterly charts (4QFY25 results review) ➤

Figure 11: Volume growth trend in 4QFY25 – combined volume of top five companies was up by ~13% yoy and by 6.5% for other players



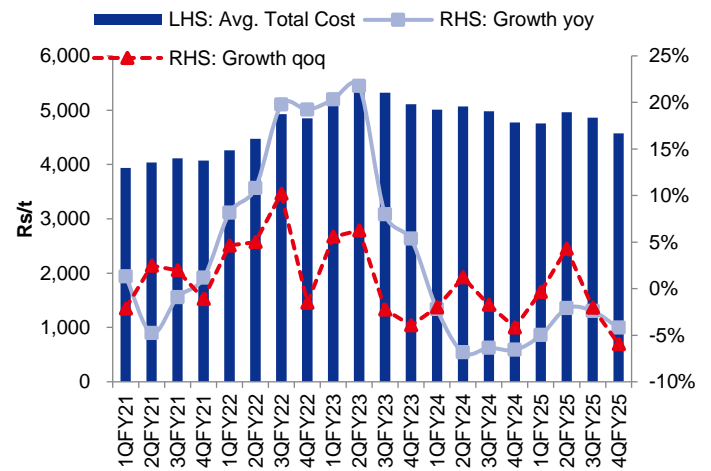
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 12: Realization trend - average realization up by 2% qoq and down ~3% yoy in 4QFY25**



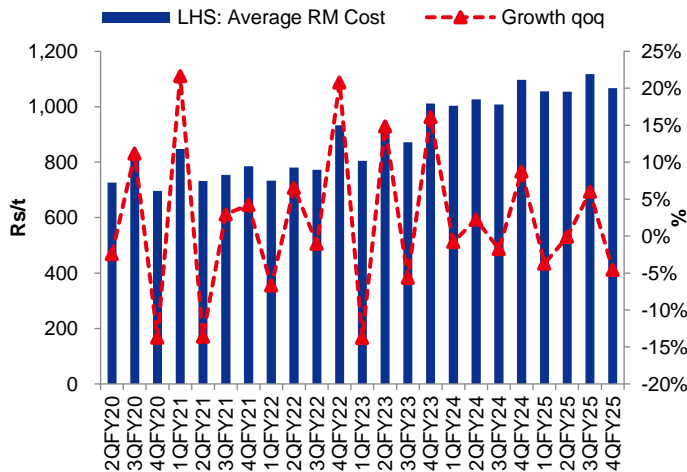
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 13: Trend in unit cost – average total costs/t down by ~6% qoq and ~4% yoy in 4QFY25**



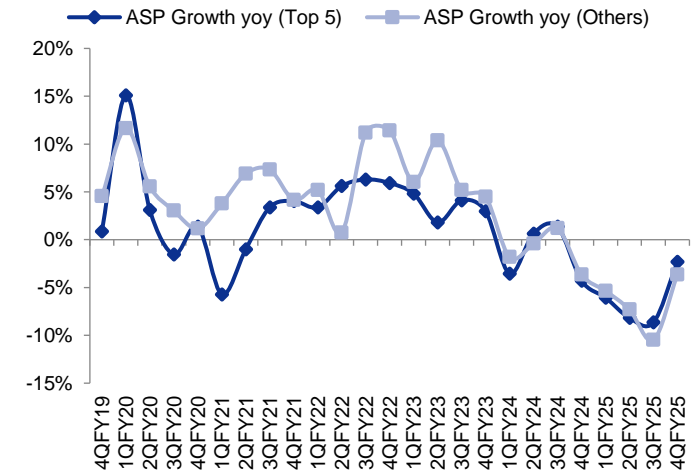
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 14: Industry average raw material costs cooled down in 4QFY25**



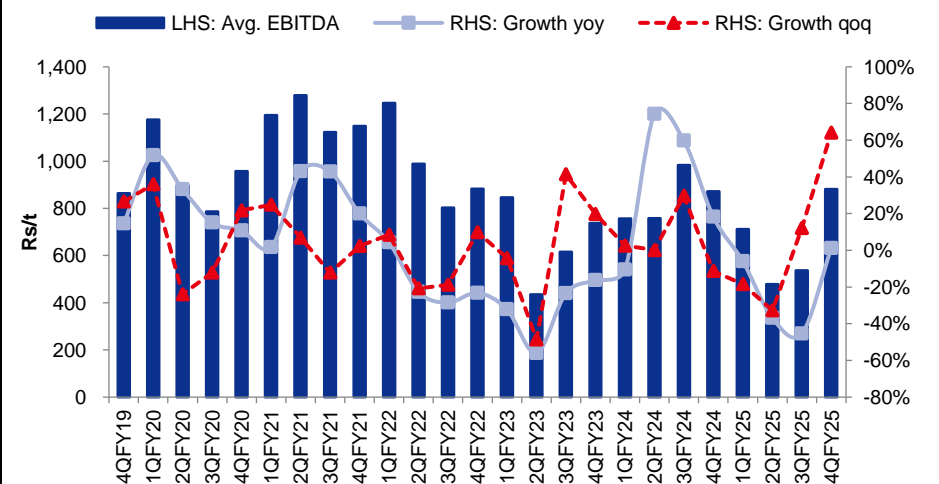
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 15: ASP of top five and other players recovered in 4QFY25**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 16: Sector unit EBITDA improved in 4QFY25 by 64% qoq and 1% yoy; we expect profitability to improve further in 1QFY26F, especially for South-based players**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 17: Industry's average performance realization continues to drag profitability in an easing cost environment**

	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25
<b>Rs/t</b>													
<b>Realization</b>	5,193	5,475	5,331	5,414	5,400	5,345	5,327	5,481	5,192	5,047	4,923	4,938	5,025
Raw material Costs	933	805	924	872	1,012	1,004	1,027	1,009	1,097	1,056	1,055	1,118	1,067
P& F Costs	1,367	1,674	1,806	1,744	1,534	1,514	1,458	1,367	1,225	1,243	1,221	1,171	1,104
Freight Costs	1,169	1,213	1,171	1,188	1,235	1,195	1,140	1,213	1,211	1,192	1,188	1,170	1,203
Other Costs	725	768	817	779	708	686	768	759	688	713	806	790	689
Employee Costs	269	320	340	318	278	301	341	333	274	332	367	332	273
<b>Total Costs</b>	<b>4,853</b>	<b>5,124</b>	<b>5,444</b>	<b>5,321</b>	<b>5,112</b>	<b>5,010</b>	<b>5,071</b>	<b>4,983</b>	<b>4,775</b>	<b>4,759</b>	<b>4,964</b>	<b>4,863</b>	<b>4,574</b>
<b>EBITDA/t</b>	<b>882</b>	<b>846</b>	<b>435</b>	<b>615</b>	<b>738</b>	<b>757</b>	<b>758</b>	<b>983</b>	<b>872</b>	<b>711</b>	<b>479</b>	<b>537</b>	<b>882</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 18: Fuel costs booked by various companies on Kcal basis and cost-reduction targets**

Rs Kcal	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	FY26F	Vs. spot prices
ACC	2.35	2.13	1.85	1.86	1.91	1.71	1.57	1.65	1.47		
ACEM	2.10	2.09	1.82	1.84	1.84	1.73	1.59	1.66	1.58	Rs150-170/t savings achieved, expected savings of Rs300/t over the next two years.	
UTCEM	2.50	2.34	2.12	2.05	2.03	2.00	1.84	1.76	1.73	Rs300/t savings in the next three-to-four years.	
SRCEM	2.53	2.37	2.05	1.78	1.82	1.76	1.71	NA	1.48		
JKCE	2.41	2.20	1.90	1.82	1.79	1.62	1.65	1.50	1.40	Expect incremental savings of Rs25/t in FY26F.	
Nuvoco	2.31	1.94	1.77	1.67	1.63	1.57	1.54	1.45	1.43		
TRCL	2.21	2.03	1.75	1.64	1.65	1.49	1.60	1.45	1.50		
JKLC	2.42	2.23	2.04	1.78	1.68	1.63	1.62	1.57	1.53	To remain in this range for the next few quarters.	
DALBHARA	2.06	1.98	1.58	1.50	1.45	1.38	1.36	1.31	1.30	Rs150-200/t cost savings likely by FY27F.	
Star Cement	2.10	2.35	1.90	1.75	1.70	1.50	1.48	1.48	1.54		
BCORP		1.95	1.75	1.58	1.56	1.48	1.48	1.50	1.40	Expect savings in P&F costs.	
ORCMNT			1.97	1.90	1.77	1.79					
<b>Average</b>	<b>2.34</b>	<b>2.16</b>	<b>1.89</b>	<b>1.78</b>	<b>1.76</b>	<b>1.64</b>	<b>1.60</b>	<b>1.53</b>	<b>1.49</b>		

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 19: Volume guidance of some major cement companies**

Volume target	FY26F guidance
ACEM/ACC	>7-8% industry growth in FY26F
UTCEM	Double-digit growth in FY26F
SAGCEM	6-8% industry growth rate in FY26F
JKCE	~11% growth in FY26F
JKLC	>6-7% industry growth rate in FY26F
DALBHARA	7-8% industry growth in FY26F
BCORP	6-8% industry growth in FY26F
STARCEM	

SOURCE: INCRED RESEARCH, COMPANY REPORTS



## KTAs from cement players during the 4QFY25 earnings call

### Figure 20: Ultratech Cement:

- **Demand:** As per UTCEM, 1QFY26F may face heatwave-related challenges (very short term), but UTCEM expects double-digit like-for-like (LFL) growth in FY26F. Industry capacity touched 655mtpa in FY25, up from 625mtpa yoy. UTCEM accounted for ~57% of the 30mtpa added in FY25. ~40–50mtpa capacity addition is projected in FY26F, with UTCEM contributing a major portion.
- **Pricing:** It improved in the current month compared to Mar 2025 exit level.
- **Costs:** UTCEM expects Rs300/t cost improvement by FY27F (achieved Rs86/t in FY25). This doesn't include cost improvement at India Cements, and Kesoram. For ICEM, it targets EBITDA of Rs>500/t in FY26F (led by quick ramp-up, freight cost savings + cement pricing improvement), >Rs800/t in FY27F and >Rs1,000 in FY28F. Yield from investment in efficiency measures (Rs10bn in the next three years) to bring its profitability on par with UTCEM's southern plants.
- **Capex:** Organic capex incurred stood at ~Rs90bn in FY25, and UTCEM expects ~Rs100bn (including C&W capex) in FY26F, largely for growth.
- **Green energy:** The green power mix stood at 35.4% vs. 33.4% qoq.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

### Figure 21: ACC/Ambuja Cements (Adani Cements):

- **Demand:** ~6.5-7% industry growth rate in 4QFY25, and 4-5% in FY25. Expects better growth in FY26F due to a revival in the infrastructure sector, rural demand and construction activity. Industry to grow by 7-8% in FY26F and ACEM to grow ahead of the industry.
- **Prices:** Prices/bag improved by Rs7-10 in 4Q and a further improvement is seen in the current month. Overall, healthy across pockets, with the southern region witnessing better improvement and eastern and northern regions remaining subdued.
- **Costs:** Savings of Rs150-170/t already achieved in the past few years, and more savings are expected going ahead with power, fly ash (entered into long-term agreements with Adani Power), BCFC rakes (26 ordered) to remain a game changer for the company. Will order around eight shipping vessels to improve marine shipment. Rs100/t savings targeted in FY26F and Rs150/t savings in FY27F.
- **Capex:** Expects capex of Rs90bn (Rs60bn for growth capex) in FY26F. Efficiency capex to be towards WHRS, and BCFC rakes.
- **Green energy:** Green energy's share to reach ~60% by FY28F.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

### Figure 22: Birla Corporation:

- **Demand:** Management expects industry volume growth in FY26F to be ~6-8%, with BCORP expected to grow in line with, if not better, than industry growth.
- **Prices:** Current realization at a level similar to that in 4QFY25.
- **Costs:** Working on various levers to bring down P&F costs, with further savings from rising the renewable energy mix and full functioning of Bikram coal mines.
- **Capex:** Actual capex incurred in FY25 at Rs4.37bn (vs. Rs5bn target). Capex for FY26F is projected at Rs11bn (including expansion capex).

SOURCE: INCRED RESEARCH, COMPANY REPORTS

### Figure 23: Dalmia Bharat:

- **Demand:** As per management, India appears better positioned compared to global economies. Cement demand is unlikely to be affected by global disruption. Both government and private consumption are expected to increase over the next few years. FY25 industry growth rate at 4-5%. The industry is expected to grow by 7-8% in FY26F.
- **Prices:** They improved during 4Q, and the company remains optimistic about price stickiness and consolidation benefiting pricing. Spot prices averaged approximately Rs10-15/bag, higher compared to the 4QFY25 average.
- **Costs:** The company expects to achieve Rs150-200/t cost savings by FY27F through various initiatives (e.g., green energy, logistics) and anticipates meeting half of the efficiency target by FY26F.
- **Capex:** Capex in FY26F is expected to be around Rs35bn, mostly on expansion. In FY25, DBL incurred capex amounting to ~Rs27bn vs. its Rs30bn target.
- **Green power:** Green energy's share stood at 36.4% in 4QFY25.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

### Figure 24: JK Cement:

- **Demand:** Management expects FY26F volume at 20mtpa (+11% YoY) in grey cement and 22mtpa in combined (grey and white) volume.
- **Prices:** Post Mar 2025, central and northern region prices up by 1%, while the southern region prices up by ~5-7%.
- **Costs:** Achieved exit cost savings of Rs35-40/t in logistics and Rs75/t on total costs/t basis. Savings stood at Rs40/t by way of FY25 average. These benefits are expected to continue in FY26F. Expects incremental benefit of Rs25/t in FY26F, which should be higher on an exit basis.
- **Capex:** In FY26F, capex is planned at Rs18-20bn (from Rs18.75bn earlier).
- **Cash/debt:** As per management, consolidated debt is at a level similar to that of standalone debt.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 25: Shree Cement:**

- **Demand:** The company expects industry growth at ~6.5-7.5% in FY26F, driven by infrastructure, rural demand, and real estate development. Its volume in FY26F to align with industry growth and can touch 39mtpa (+9% vs. FY25) on the aggressive side.
- **Prices:** Cement prices are expected to be steady without a steep decline. Cement realization at Rs4,758/t vs. Rs4,554/t qoq and Rs4,772/t yoy.
- **Capex:** FY25 capex was similar to its Rs40bn guidance; FY26F capex projected at Rs30bn (vs. Rs40bn earlier).
- **Cash/debt:** Net cash at ~Rs54bn in FY25.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 26: Sagar Cement:**

- **Demand:** Industry volume growth in FY26F is expected to be ~6-8%, and SAGCEM (Sagar Cements) to grow at a similar pace. SAGCEM won't compromise on pricing for volume.
- **Prices:** Prices largely flat in the southern region during 4QFY25; however, prices have risen from Apr 2025. Mar 2025 exit prices were at their lowest level historically. Current prices are higher: Andhra Pradesh & Telangana by Rs55-60/bag, Tamil Nadu by Rs50-55/bag, and Karnataka by Rs40-45/bag. The non-trade segment witnessed a steep hike during the month. Current prices are still ~15-20% below the all-time high in southern markets. Prices in Maharashtra up by Rs10-15/bag, and Odisha prices have been similar.
- **Capex:** Capex in FY26F guided to be at Rs3.6bn, of which Rs2.5bn will be for expansions in Andhra Pradesh

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 27: Nuvoco Vistas Corp:**

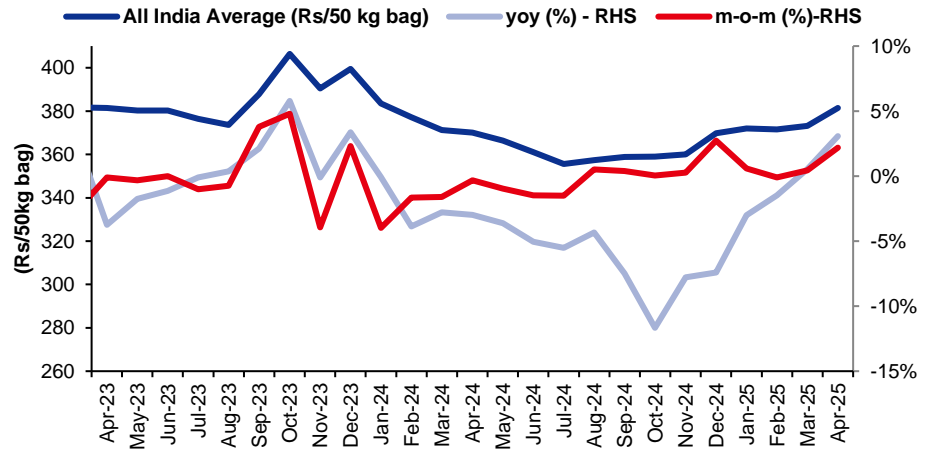
- **Demand:** Cement demand is expected to remain robust in FY26F due to planned capex, with the industry looking at ~7%-8% volume growth.
- **Prices:** Cement prices are up by Rs8-10/bag vs. 4Q avg. and demand seems sustainable to sustain the price hikes.
- **Capex:** Company expects net debt of Rs35-40bn at the end of capex cycle. Vadraj expansion to cost at Rs15bn over next three fiscal years. ~6bn each in FY26F and FY27F and the remaining in FY28F.

SOURCE: INCRED RESEARCH, COMPANY REPORTS



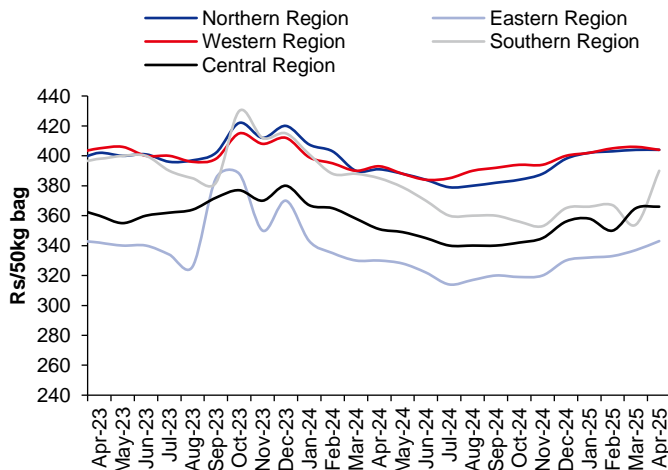
## Cement prices ➤

**Figure 28: All-India cement average price was up by ~3% MoM and by ~3% YoY in Apr 2025**



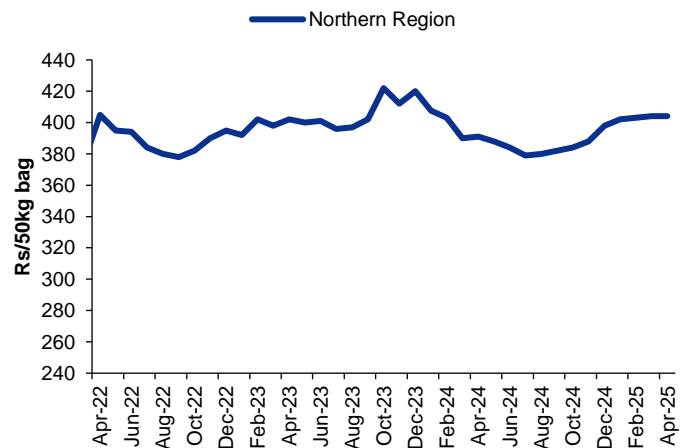
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 29: Region-wise, cement prices remained better in Apr 2025**



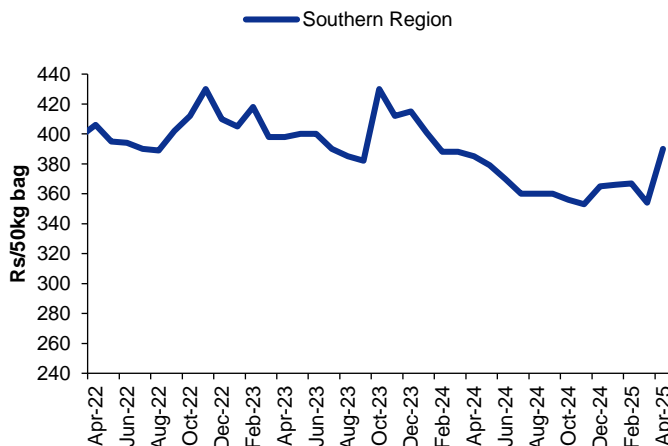
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 30: North India cement price close to Dec 2024 level**



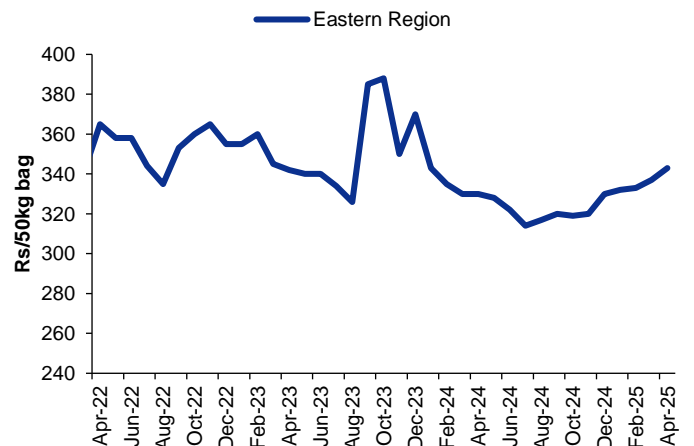
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 31: Southern region cement prices posted a steep recovery in Apr 2025**



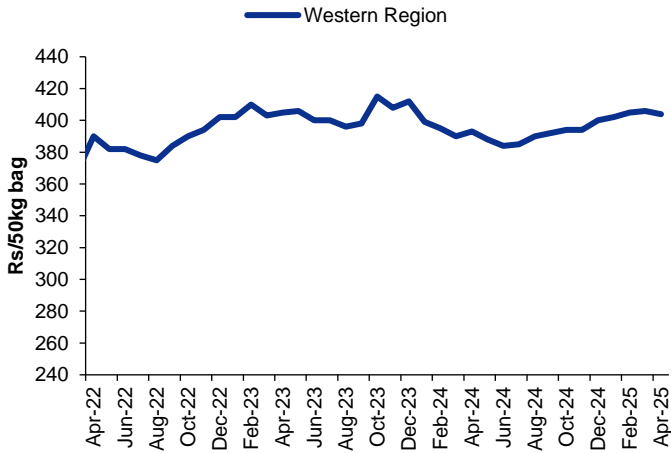
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 32: Eastern region cement prices continue to improve gradually**



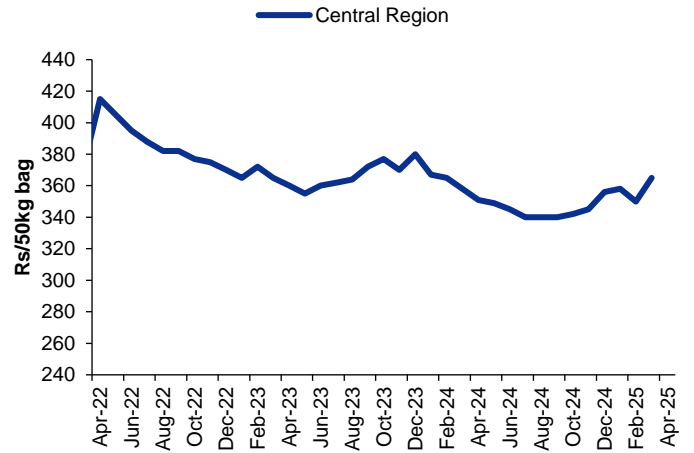
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 33: Western region cement prices decline marginally from Feb 2025**



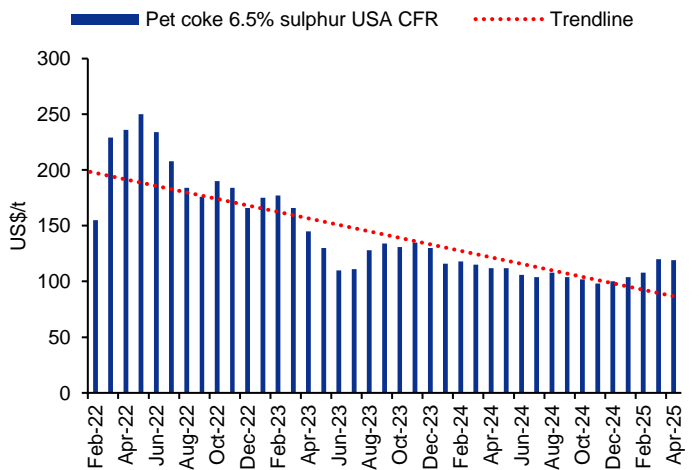
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 34: Central region cement prices remain stable MoM, after rising in Feb 2025**



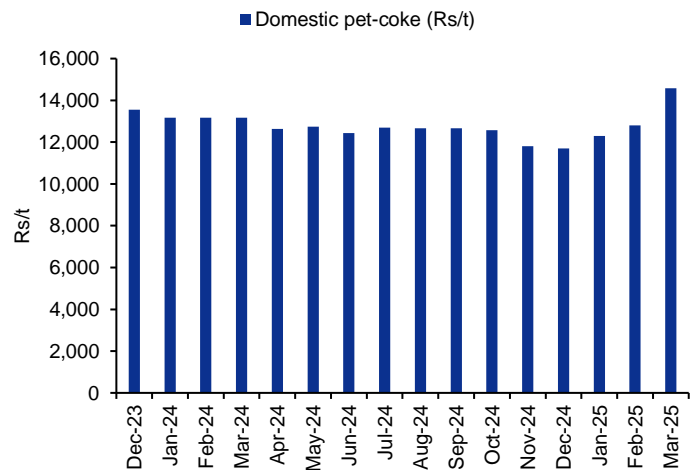
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 35: International pet-coke prices**



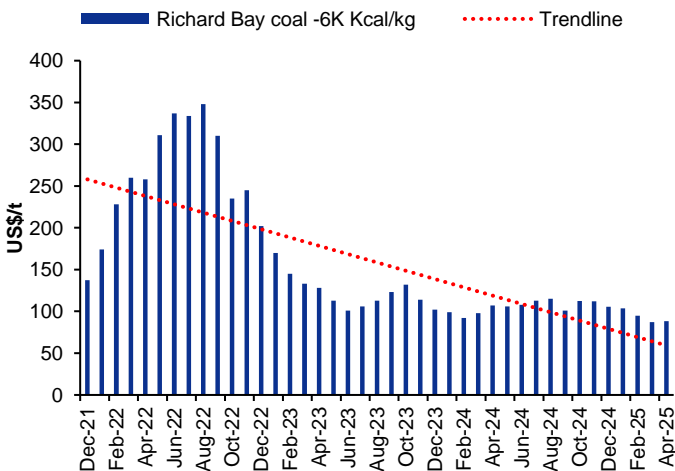
NOTE: CFR = CODE OF FEDERAL REGULATIONS  
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 36: Domestic pet-coke prices at the beginning of Mar 2025**



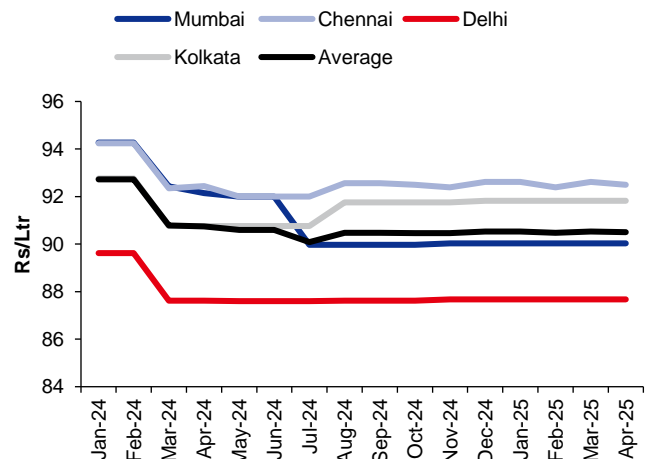
SOURCE: INCRED RESEARCH, BLOOMBERG

**Figure 37: Imported coal price (South African 6k/kcal) trend**



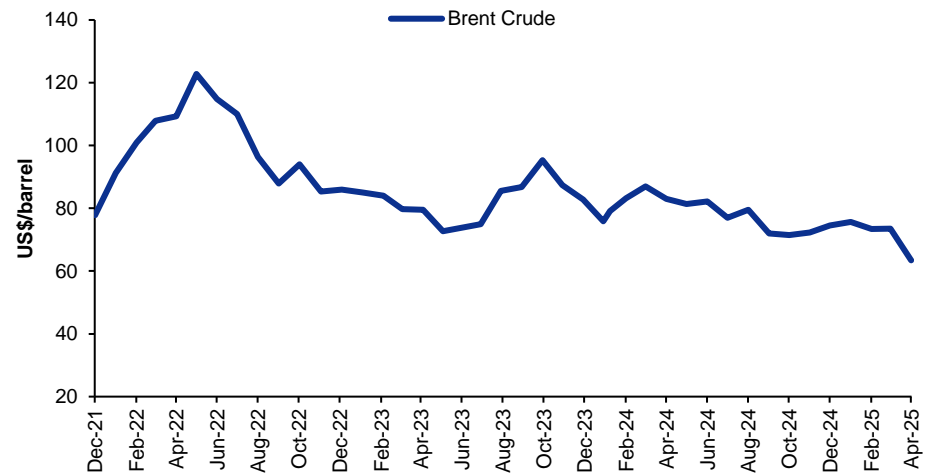
SOURCE: INCRED RESEARCH, BLOOMBERG

**Figure 38: Average diesel price trend in top metro cities**



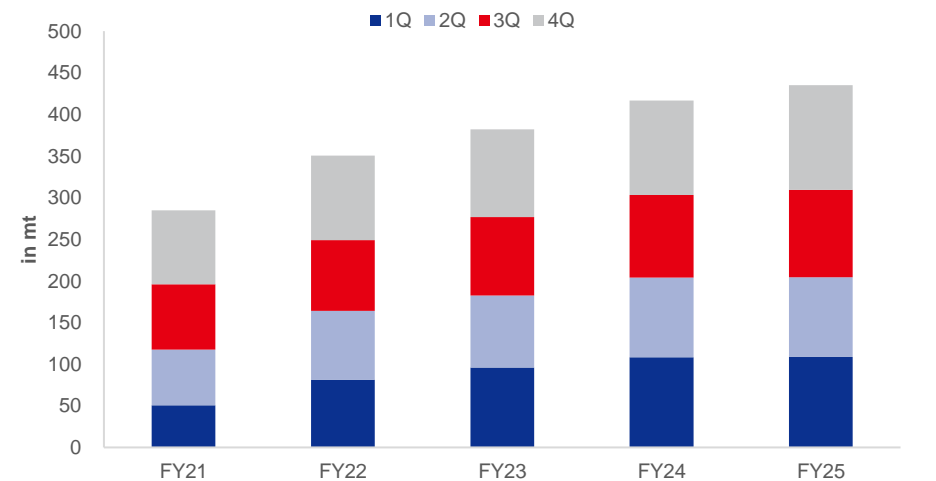
SOURCE: INCRED RESEARCH, BLOOMBERG

**Figure 39: Crude oil price trend**



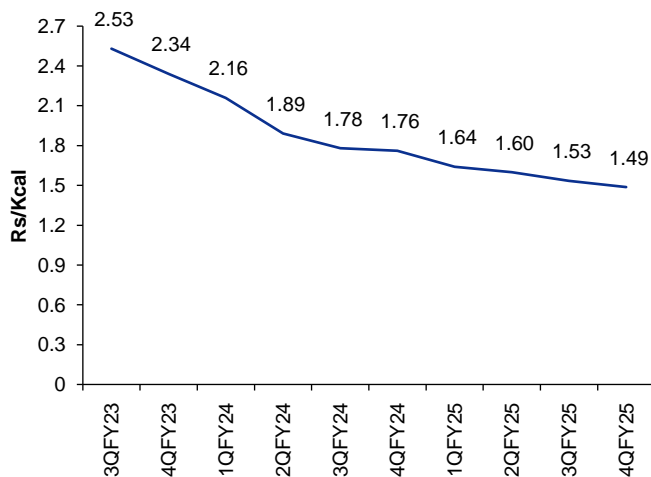
SOURCE: INCRED RESEARCH, BLOOMBERG

**Figure 40: Cement production data indicates 68-70% utilization level in FY25**



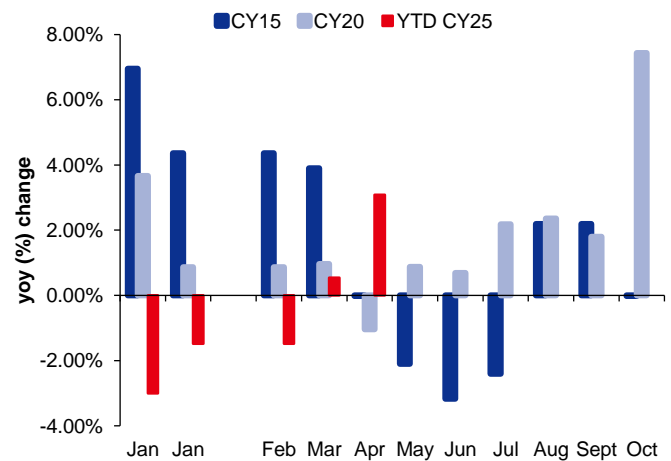
SOURCE: INCRED RESEARCH, CMIE, CSO

**Figure 41: Average energy costs continue to decline**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 42: Pan-India cement price yoy change post general election years**



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

## Key assumptions for our coverage companies

**Figure 43: We expect cement volume of coverage companies to grow by ~11% over FY24-27F**

Volume (mt)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	81	86	94	106	119	136	159	174	9.9%	13.4%
ACC*#	29	26	29	39	37	42	46	49	6.3%	9.6%
ACEM#	52	47	53	68	59	65	78	89	3.3%	14.6%
SRCM*	25	27	28	32	36	36	43	43	9.3%	6.5%
TRLC	11	10	11	15	18	20	20	22	13.2%	5.4%
JKCE*	8	10	12	14	17	18	20	22	18.9%	9.5%
BCORP*	14	13	14	16	18	19	19	21	6.6%	5.6%
HEIM	5	4	5	4	5	5	5	5	0.5%	0.7%
DALBHARA*	19	21	22	26	29	31	31	34	10.5%	5.8%
JKLC*	10	10	11	11	12	13	13	15	4.5%	6.6%
<b>Total</b>	<b>255</b>	<b>255</b>	<b>279</b>	<b>330</b>	<b>349</b>	<b>385</b>	<b>434</b>	<b>472</b>	<b>8.2%</b>	<b>10.6%</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 44: We expect realization of coverage companies to decline by 1.1% over FY24-27F**

Realisation (Rs/t)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM	5,127	5,122	5,501	5,900	5,864	5,517	5,572	5,650	3.4%	-1.2%
ACC#	4,801	5,074	5,229	5,354	5,092	4,859	4,956	5,016	1.5%	-0.5%
ACEM#	5,212	5,250	5,465	5,768	5,601	5,248	5,301	5,364	1.8%	-1.4%
SRCM	5,163	5,052	5,411	5,611	5,741	5,379	5,574	5,574	2.7%	-1.0%
TRLC	4,792	5,281	5,413	5,416	5,081	4,817	4,817	4,894	1.5%	-1.2%
JKCE	4,527	4,494	4,774	4,971	5,009	4,721	4,834	4,931	2.6%	-0.5%
BCORP	4,826	4,853	4,961	5,242	5,239	4,960	4,960	5,049	2.1%	-1.2%
HEIM	4,575	4,652	4,681	5,096	4,922	4,759	4,797	4,838	1.8%	-0.6%
DALBHARA	4,691	4,874	5,073	5,141	5,105	4,869	4,869	4,948	2.1%	-1.0%
JKLC	4,342	4,523	4,840	5,650	5,662	5,228	5,228	5,322	6.9%	-2.0%
<b>Average</b>	<b>4,806</b>	<b>4,918</b>	<b>5,135</b>	<b>5,415</b>	<b>5,332</b>	<b>5,036</b>	<b>5,091</b>	<b>5,159</b>	<b>2.6%</b>	<b>-1.1%</b>

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

**Figure 45: We expect costs/t of coverage companies to decline by ~2% over FY24-27F**

Costs (Rs/t)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM	4,072	3,839	4,371	4,981	4,867	4,667	4,568	4,486	4.6%	-2.7%
ACC#	4,585	4,477	4,553	5,257	4,579	4,432	4,290	4,259	0.0%	-2.4%
ACEM#	4,328	4,178	4,293	5,010	4,520	4,459	4,353	4,270	1.1%	-1.9%
SRCM	3,774	3,655	3,532	4,075	4,681	4,470	4,281	4,250	5.5%	-3.2%
TRLC	3,777	3,729	4,251	4,629	4,238	3,969	3,969	3,982	2.9%	-2.1%
JKCE	4,478	4,223	4,641	5,178	4,974	4,872	4,800	4,759	2.7%	-1.5%
BCORP	4,091	4,069	4,466	5,029	4,659	4,399	4,399	4,413	3.3%	-1.8%
HEIM	3,489	3,589	3,899	4,529	4,263	4,229	4,178	4,137	5.1%	-1.0%
DALBHARA	3,923	3,550	3,991	4,367	4,188	3,888	3,888	3,866	1.6%	-2.6%
JKLC	3,548	3,625	3,991	4,916	4,785	4,339	4,339	4,337	7.8%	-3.2%
<b>Average</b>	<b>4,007</b>	<b>3,893</b>	<b>4,199</b>	<b>4,797</b>	<b>4,575</b>	<b>4,373</b>	<b>4,307</b>	<b>4,276</b>	<b>3.5%</b>	<b>-2.2%</b>

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

**Figure 46: We expect EBITDA/t of coverage companies to increase by ~4% over FY24-27F**

EBITDA (Rs/t)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	1,055	1,339	1,225	1,005	1,089	924	1,077	1,244	0.8%	4.5%
ACC#	782	899	1,038	499	830	575	666	757	1.5%	-3.0%
ACEM#*	884	1,072	1,172	759	1,081	789	948	1,094	5.2%	0.4%
SRCM*	1,080	1,508	1,520	1,337	930	1,271	1,097	1,324	-3.7%	12.5%
TRLC	1,015	1,552	1,162	787	844	848	848	912	-4.5%	2.6%
JKCE*	1,184	1,282	1,057	810	1,079	1,003	1,133	1,204	-2.3%	3.7%
BCORP	979	999	781	491	815	765	765	836	-4.5%	0.8%
HEIM	1,122	1,129	910	567	659	530	620	701	-12.5%	2.1%
DALBHARA	1,072	1,324	1,084	906	917	981	981	1,082	-3.8%	5.7%
JKLC	794	898	849	735	878	889	889	985	2.5%	3.9%
<b>Average</b>	<b>997</b>	<b>1,200</b>	<b>1,080</b>	<b>789</b>	<b>912</b>	<b>857</b>	<b>902</b>	<b>1,014</b>	<b>-2.2%</b>	<b>3.6%</b>

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

**Figure 47: We expect total revenue of coverage companies to increase by ~10% over FY24-27F**

Revenue (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	424	447	526	632	709	760	895	994	13.7%	11.9%
ACC*#	157	138	162	222	200	211	240	258	6.3%	8.9%
ACEM#*	271	245	290	389	332	342	415	478	5.2%	13.0%
SRCM*	126	129	136	150	179	204	193	240	9.2%	10.3%
TRLC	54	53	60	81	93	94	94	105	14.9%	4.1%
JKCE*	58	66	80	97	116	119	131	145	18.8%	7.9%
BCORP*	69	68	75	87	97	100	100	109	8.7%	4.2%
HEIM	22	21	23	22	24	21	23	24	2.2%	0.1%
DALBHARA*	97	101	113	136	147	152	152	169	11.0%	4.8%
JKLC*	44	47	54	65	68	69	69	77	11.7%	4.5%
<b>Total</b>	<b>1,320</b>	<b>1,315</b>	<b>1,517</b>	<b>1,882</b>	<b>1,963</b>	<b>2,073</b>	<b>2,313</b>	<b>2,600</b>	<b>10.4%</b>	<b>9.8%</b>

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

**Figure 48: We expect EBITDA of coverage companies to grow by over ~15% over FY24-27F**

EBITDA (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	92.5	115.7	115.1	106.2	129.7	125.6	170.8	215.9	8.8%	18.5%
ACC*#	24.1	23.6	30.0	19.2	30.6	24.2	30.3	36.7	6.2%	6.3%
ACEM#	46.0	50.1	62.1	51.2	64.0	51.4	74.2	97.6	8.6%	15.1%
SRCM*	27.9	37.6	40.8	37.1	29.6	45.2	39.3	56.9	1.5%	24.3%
TRLC	11.4	15.5	12.8	11.8	15.5	16.6	16.6	19.7	8.1%	8.2%
JKCE*	12.1	15.4	14.8	13.1	20.6	20.3	25.1	29.3	14.1%	12.5%
BCORP*	13.4	13.4	11.1	7.7	14.4	14.8	14.8	17.4	1.8%	6.5%
HEIM	5.3	5.1	4.3	2.5	3.2	2.4	2.9	3.4	-12.0%	2.8%
DALBHARA*	21.1	27.6	24.3	23.3	26.4	30.7	30.7	36.9	5.8%	11.9%
JKLC*	8.0	9.4	9.5	8.4	10.5	11.8	11.8	14.3	7.2%	10.8%
<b>Total</b>	<b>262</b>	<b>313</b>	<b>325</b>	<b>281</b>	<b>344</b>	<b>343</b>	<b>417</b>	<b>528</b>	<b>7.1%</b>	<b>15.3%</b>

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

**Figure 49: We expect PAT of coverage companies to increase by ~12% over FY24-27F**

PAT (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	57.6	53.2	71.8	50.6	70.0	60.4	84.3	116.6	5.0%	18.5%
ACC*#	13.7	14.3	18.6	8.9	23.3	24.0	17.7	21.8	14.2%	-2.2%
ACEM#	27.8	31.1	37.1	30.2	47.3	51.6	35.6	49.3	14.2%	1.3%
SRCM*	10.1	15.4	22.9	23.3	12.7	24.0	11.2	21.0	6.0%	18.2%
TRLC	6.0	7.6	8.9	3.4	3.9	3.9	3.9	6.0	-10.0%	14.9%
JKCE*	4.9	7.1	6.9	4.2	7.9	8.6	10.8	13.1	12.6%	18.4%
BCORP*	5.1	6.3	4.0	0.4	4.2	4.6	4.6	6.2	-4.5%	13.7%
HEIM	2.7	3.1	2.5	1.0	1.7	1.1	1.5	1.8	-11.1%	2.7%
DALBHARA*	2.2	11.7	8.2	10.4	8.3	10.2	10.2	13.4	38.6%	17.5%
JKLC*	2.5	4.1	4.6	3.6	4.7	5.0	5.0	6.4	17.4%	10.5%
<b>Total</b>	<b>133</b>	<b>154</b>	<b>186</b>	<b>136</b>	<b>184</b>	<b>193</b>	<b>185</b>	<b>256</b>	<b>8.6%</b>	<b>11.5%</b>

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

**Figure 50: We expect total revenue of coverage companies to increase by ~8% over FY24-27F**

Revenue (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26F	FY27F	CAGR FY20-24	CAGR FY24-27F
UTCEM*	424	447	526	632	709	760	895	994	13.7%	11.9%
ACC*#	157	138	162	222	200	211	240	258	6.3%	8.9%
ACEM#	271	245	290	389	332	342	415	478	5.2%	13.0%
SRCM*	126	129	136	150	179	204	193	240	9.2%	10.3%
TRLC	54	53	60	81	93	94	94	105	14.9%	4.1%
JKCE*	58	66	80	97	116	119	131	145	18.8%	7.9%
BCORP*	69	68	75	87	97	100	100	109	8.7%	4.2%
HEIM	22	21	23	22	24	21	23	24	2.2%	0.1%
DALBHARA*	97	101	113	136	147	152	152	169	11.0%	4.8%
JKLC*	44	47	54	65	68	69	69	77	11.7%	4.5%
<b>Total</b>	<b>1,320</b>	<b>1,315</b>	<b>1,517</b>	<b>1,882</b>	<b>1,963</b>	<b>2,073</b>	<b>2,313</b>	<b>2,600</b>	<b>10.4%</b>	<b>9.8%</b>

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

Figure 51: 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\$)		
						FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F	FY25	FY26F	FY27F
UltraTech Cement	ADD	11,641	13,550	16%	40,543	27.8	20.7	16.3	4.7	4.3	3.9	9.3%	11.4%	14.5%	54.3	39.3	28.4	217.9	207.8	191.5
ACC	ADD	1,888	2,210	17%	4,190	13.4	10.7	8.8	1.9	1.8	1.6	8.2%	9.1%	10.3%	14.8	20.1	16.3	90.8	86.3	85.3
Ambuja Cements	ADD	540	620	15%	15,711	20.3	14.7	11.4	1.7	1.6	1.5	6.0%	5.4%	7.1%	26.5	31.0	22.4	185.8	194.3	197.6
Shree Cement	HOLD	29,710	31,100	5%	12,669	26.8	22.2	18.6	5.2	5.0	4.7	5.3%	6.9%	9.1%	99.0	73.7	53.0	221.1	180.2	180.5
The Ramco Cements	REDUCE	944	900	-5%	2,635	22.8	16.9	14.2	3.2	3.0	2.8	1.5%	5.1%	7.4%	56.7	60.1	39.5	135.4	129.8	109.6
JK Cement	HOLD	5,113	5,500	8%	4,669	22.0	18.0	15.5	6.7	5.8	5.1	13.8%	16.5%	17.7%	47.0	37.6	30.9	197.8	161.2	142.8
Birla Corporation	ADD	1,060	1,530	44%	965	10.1	8.6	7.5	1.4	1.3	1.2	4.9%	6.5%	8.1%	29.3	21.0	15.8	72.5	70.3	71.5
HeidelbergCement	HOLD	192	182	-5%	513	17.2	13.8	11.4	3.2	3.2	3.1	7.5%	10.3%	12.5%	42.5	31.1	24.9	77.5	75.7	73.8
Dalmia Bharat	ADD	1,943	2,180	12%	4,307	15.8	13.1	11.1	2.1	2.0	1.9	4.6%	5.7%	7.1%	54.5	36.4	27.8	90.4	97.6	88.8
JK Lakshmi Cement	ADD	777	935	20%	1,081	13.7	10.9	9.3	2.9	2.6	2.2	9.0%	12.6%	14.6%	33.3	21.6	16.5	84.7	64.8	62.0
<b>Mean</b>						<b>19.0</b>	<b>15.0</b>	<b>12.4</b>	<b>3.3</b>	<b>3.1</b>	<b>2.8</b>	<b>7.0%</b>	<b>9.0%</b>	<b>10.8%</b>	<b>45.8</b>	<b>37.2</b>	<b>27.5</b>	<b>137.4</b>	<b>126.8</b>	<b>120.3</b>
<b>Median</b>						<b>18.7</b>	<b>14.2</b>	<b>11.4</b>	<b>3.0</b>	<b>2.8</b>	<b>2.5</b>	<b>6.7%</b>	<b>8.0%</b>	<b>9.7%</b>	<b>44.7</b>	<b>33.8</b>	<b>26.4</b>	<b>113.1</b>	<b>113.7</b>	<b>99.2</b>
<b>Minimum</b>						<b>10.1</b>	<b>8.6</b>	<b>7.5</b>	<b>1.4</b>	<b>1.3</b>	<b>1.2</b>	<b>1.5%</b>	<b>5.1%</b>	<b>7.1%</b>	<b>14.8</b>	<b>20.1</b>	<b>15.8</b>	<b>72.5</b>	<b>64.8</b>	<b>62.0</b>
<b>Maximum</b>						<b>27.8</b>	<b>22.2</b>	<b>18.6</b>	<b>6.7</b>	<b>5.8</b>	<b>5.1</b>	<b>13.8%</b>	<b>16.5%</b>	<b>17.7%</b>	<b>99.0</b>	<b>73.7</b>	<b>53.0</b>	<b>221.1</b>	<b>207.8</b>	<b>197.6</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS AT 30<sup>TH</sup> MAY 2025



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## Recommendation Framework

### Stock Ratings

Definition:

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

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

### Sector Ratings

Definition:

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

### Country Ratings

Definition:

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