

India

August 31, 2025 - 1:40 PM

Overweight (no change)**Highlighted Companies****UltraTech Cement Ltd****ADD, TP Rs14100, Rs12640 close**

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

Summary Valuation Metrics

P/E (x)	Mar26-F	Mar27-F	Mar28-F
UltraTech Cement Ltd	42.4	32.0	27.7
P/BV (x)	Mar26-F	Mar27-F	Mar28-F
UltraTech Cement Ltd	4.8	4.4	3.9
Dividend Yield	Mar26-F	Mar27-F	Mar28-F
UltraTech Cement Ltd	0.6%	0.0%	0.0%

Cement

Invoice price hike; pan-India price dip

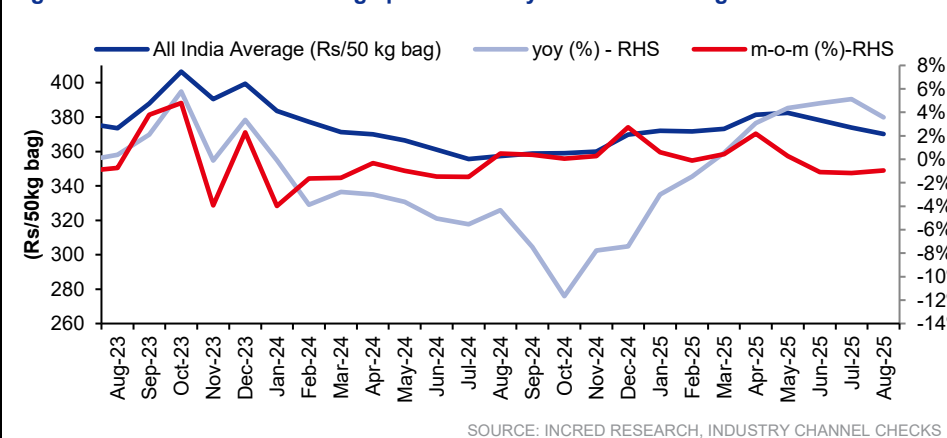
- Our channel check shows that in Aug 2025, cement prices fell by ~1% mom but were up ~4% yoy. South India and a few regional pockets witnessed a dip.
- Experts feel the GST rate relief won't boost demand immediately, while players plan tactical invoice price hike to protect their margin from tax reduction.
- Demand was hit due to the peak monsoon across regions, but schemes are in play to achieve target volume. Surplus rainfall aids better outlook.

Cement cos plan tactical price hike; selling prices soften in Aug 2025

- Based on our channel check, cement players across regions plan to raise invoice prices by Rs10-30/bag from the first week of Sep 2025F, prior to implementation of the new Goods and Services Tax (GST) rates, in a tactical move. Invoice price hike is planned by all categories of brands and players. The hike will be done tactically to protect against any price-cut pressure from GST rate rationalization, as per experts. However, net selling prices are expected to remain flat due to seasonal weakness and the onset of the festive season, which will defer demand. In Aug 2025, cement prices fell by Rs4-5/bag (~1%) mom due to higher rainfall and rising competition in some markets; however, they were still up by ~4% on a yoy basis. During Aug 2025, the South India region remained the major loser. A few pockets in the eastern region and central India witnessed a dip, but the northern and western region prices remained stable.
- During the peak monsoon phase, cement consumption declined across regions, with some areas also facing demand constraints due to sand shortage for construction. In Bihar, non-trade demand slowed because of assembly elections, while the western region witnessed strong non-trade demand. Brands have shifted to month-end discount schemes to push up volume. The channels remain optimistic about demand revival after this weak phase, supported by a good monsoon this year, but do not expect any immediate boost from GST rate cuts.

Region-wise channel check

- **East:** Cement prices declined by Rs3-4/bag in the region, where Bihar posted a decline of >Rs10/bag due to state elections. West Bengal and Odisha prices are broadly similar.
- **South:** Prices fell by Rs10-15/bag across states in the region except Karnataka, where they remained stable. Price hikes were attempted but they failed to sustain during the month.
- **North:** Prices were stable, with the monsoon season entering the break phase in some regions. A few pockets witnessed marginal discount sales to clear the inventory. Price hike looks difficult till Sep 2025F.
- **West:** Despite higher rainfall in the region, demand continues to hold ground due to a revival in the non-trade segment. Prices remained unchanged from the previous month.
- **Central:** A mixed trend was witnessed, where prices in Madhya Pradesh were stable; however, in Uttar Pradesh the prices declined by Rs10-20/bag due to soft demand and rising competition.

Figure 1: All-India cement average price down by ~1% mom in Aug 2025**Research Analyst(s)****Nishant BAGRECHA**

T (91) 22 4161 1564

E nishant.bagrecha@incredresearch.com

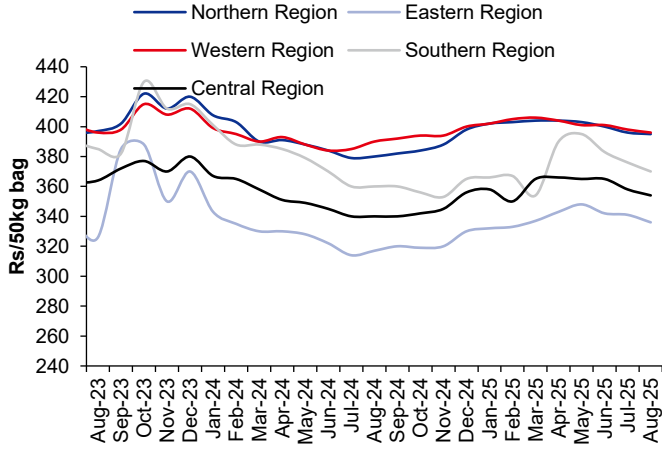
Rohan KALLE

T (91) 22 4161 1561

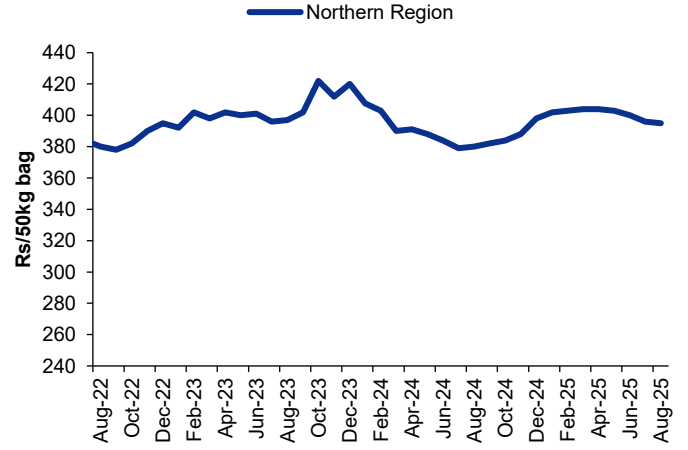
E rohan.kalle@incredresearch.com

Invoice price hike; pan-India price dip

Figure 2: Region-wise, cement prices dipped in all pockets except the northern and western regions in Aug 2025
Figure 3: North India cement prices flat vs. Jul 2025

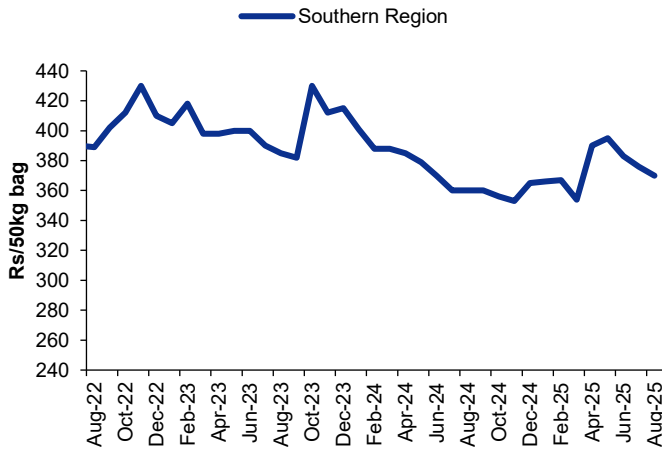


SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

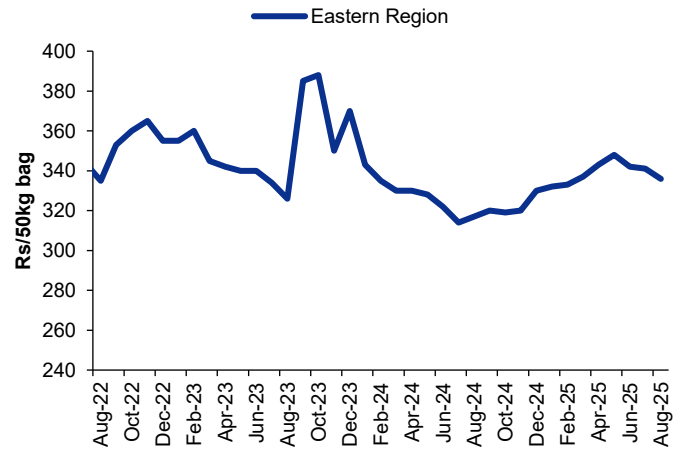


SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 4: Southern region cement prices continued to decline from mid-Jun 2025
Figure 5: Eastern region cement prices declined in Aug 2025 due to a steep fall in demand in some pockets

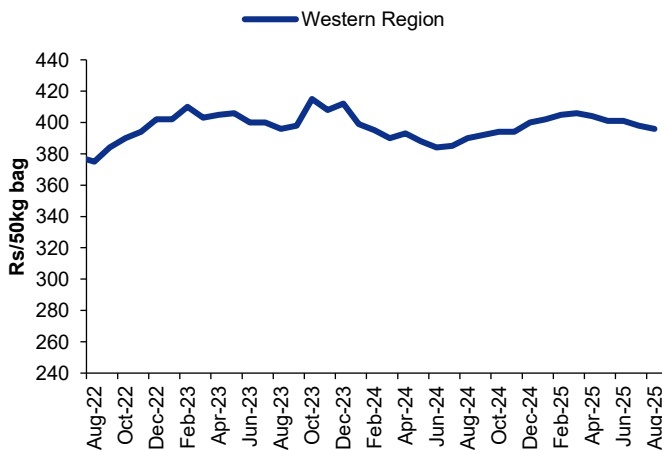


SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK



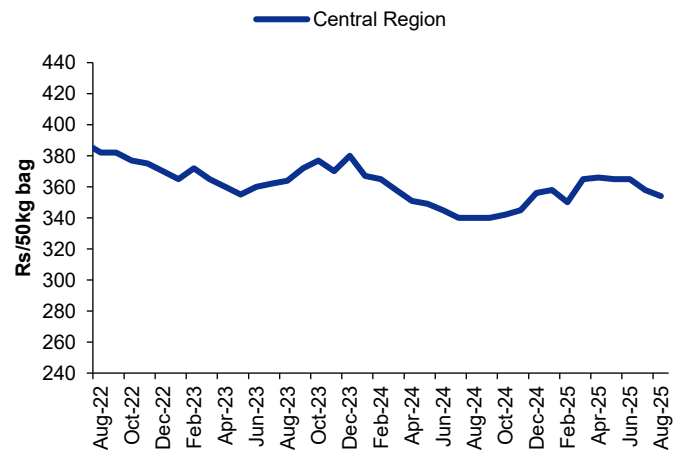
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 6: Western region cement prices remained flat mom



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 7: Central region cement prices declined in some pockets



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Major input cost trend ➤

- **Pet-coke prices remain volatile:** Pet-coke prices remained volatile at US\$116/t vs. US\$108/t in May 2025, along with a weakening Indian rupee or INR.

Figure 8: International pet-coke price trend

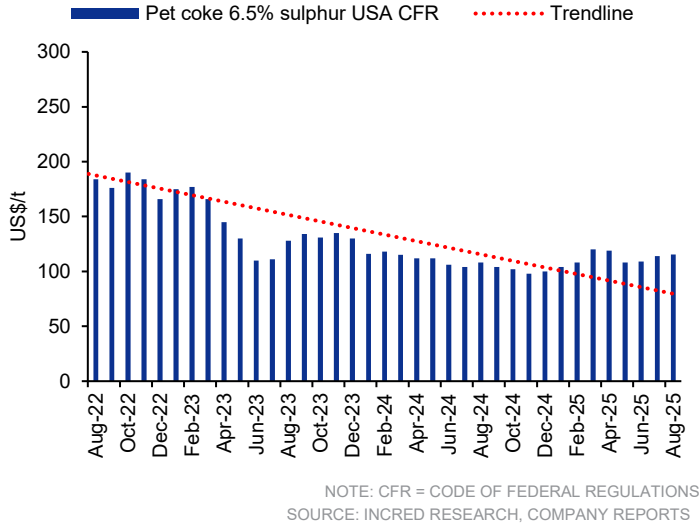


Figure 9: Domestic pet-coke prices at the beginning of Aug 2025

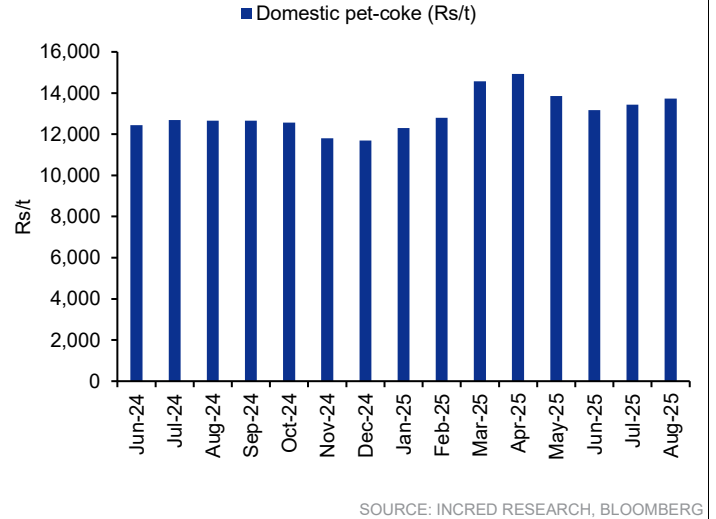


Figure 10: Imported coal price (South African 6k/kcal) trend

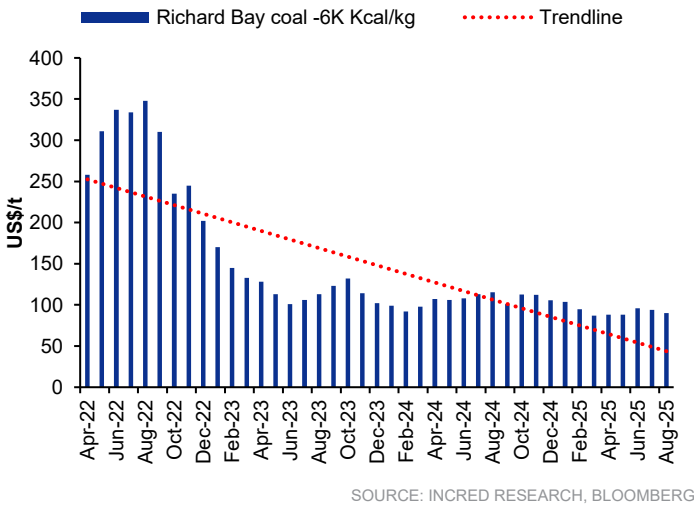


Figure 11: Average diesel price trend in top metro cities

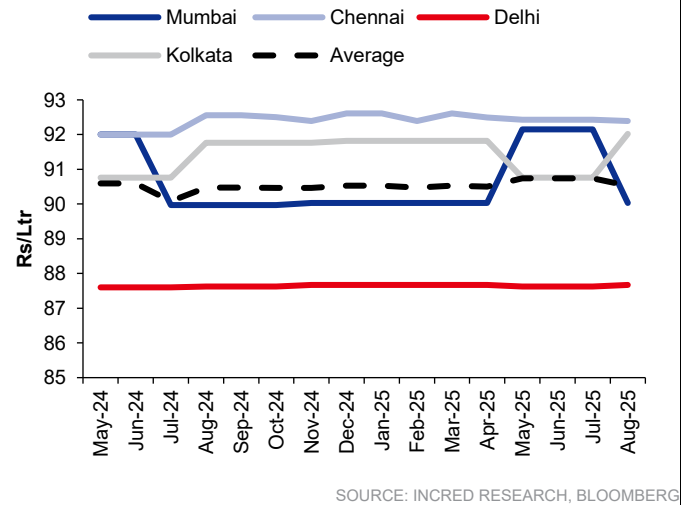


Figure 12: Crude oil price trend

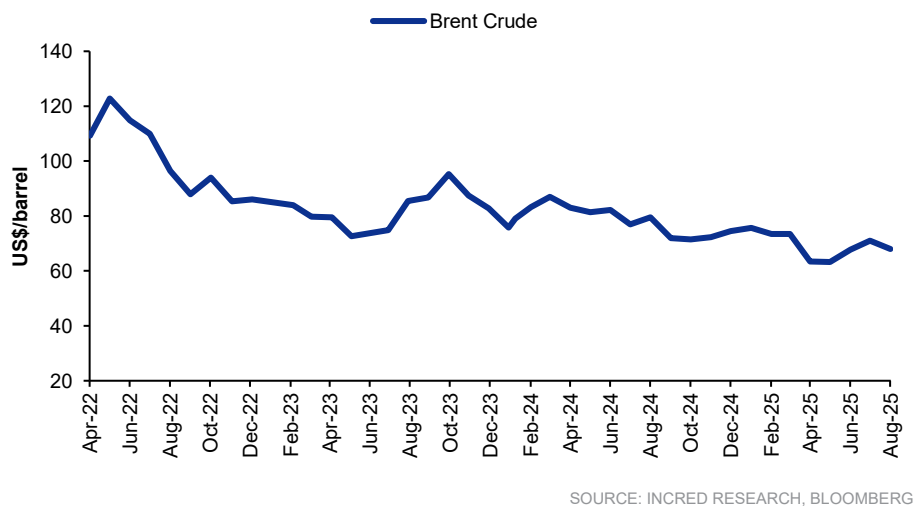
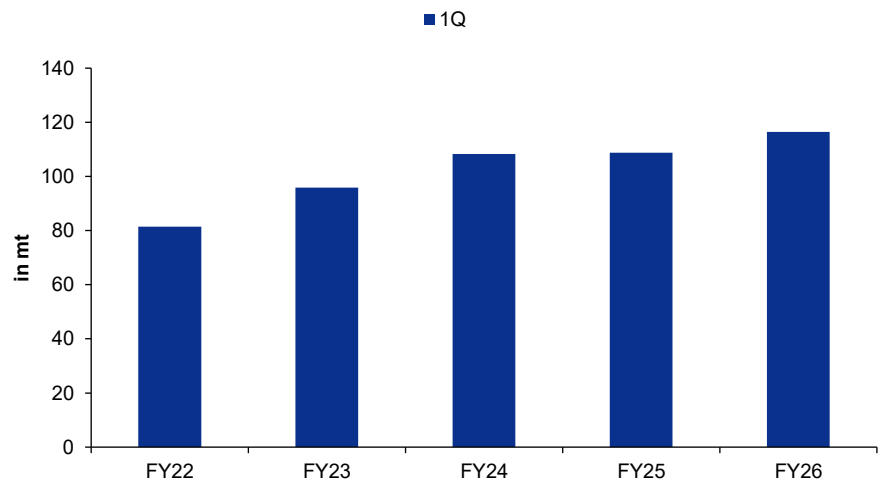
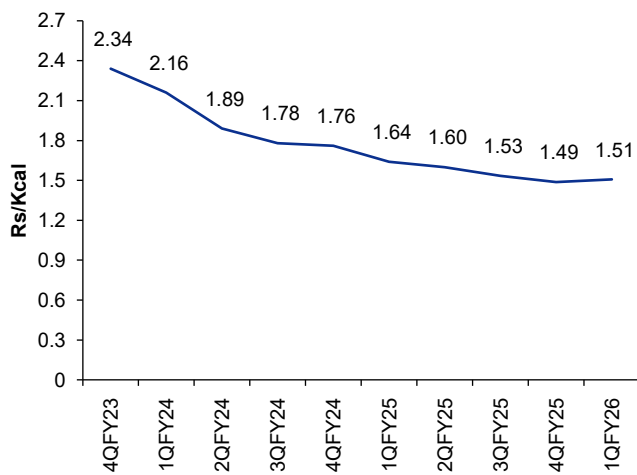


Figure 13: Cement production data for 1Q over the past five fiscals



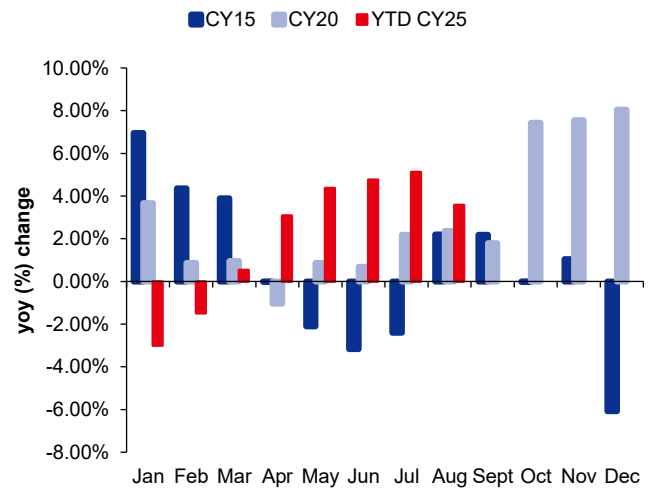
SOURCE: INCRED RESEARCH, CMIE, CSO

Figure 14: Average energy costs continue to decline



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 15: Pan-India cement price yoy change post general election years



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 16: Incred's cement sector coverage 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	12,640	14,100	12%	42,236	30.1	21.9	17.8	5.1	4.7	4.2	9.3%	11.9%	14.4%	59.0	41.0	31.0	235.6	230.6	213.8
ACC	ADD	1,802	2,100	17%	3,837	12.6	10.5	8.8	1.8	1.7	1.5	8.2%	8.7%	9.8%	14.0	20.0	16.4	85.6	82.4	82.7
Ambuja Cements	ADD	563	660	17%	15,730	25.3	18.9	15.0	2.3	2.1	2.0	6.0%	5.5%	6.9%	32.7	39.6	29.9	231.6	253.8	257.3
Shree Cement	HOLD	29,275	32,289	10%	11,977	27.0	21.3	17.9	5.2	5.0	4.7	5.3%	7.7%	9.8%	99.7	66.4	49.3	198.7	189.8	181.6
The Ramco Cements	REDUCE	1,047	993	-5%	2,805	23.4	17.3	14.5	3.3	3.1	2.9	1.5%	5.1%	7.4%	58.4	62.8	40.9	138.8	133.2	112.4
JK Cement	HOLD	6,947	6,550	-6%	6,086	24.2	19.3	16.0	7.4	6.4	5.5	13.8%	17.2%	19.1%	52.2	39.9	31.2	215.2	172.2	151.5
Birla Corporation	ADD	1,255	1,530	22%	1,096	11.0	9.5	8.1	1.5	1.5	1.4	4.9%	6.6%	8.3%	32.4	22.7	17.1	74.5	71.6	64.3
HeidelbergCement	HOLD	206	182	-11%	528	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	2,402	2,530	5%	5,108	18.0	14.6	12.9	2.5	2.3	2.2	4.6%	6.3%	7.2%	62.4	38.1	31.0	103.1	110.7	101.4
JK Lakshmi Cement	ADD	921	999	8%	1,229	13.4	10.8	9.3	2.8	2.5	2.2	9.0%	12.6%	14.6%	32.2	20.9	15.9	82.4	64.2	61.8
Mean						20.2	15.8	13.2	3.5	3.2	3.0	7.0%	9.2%	11.0%	48.6	38.2	28.8	144.3	138.4	130.1
Median						20.7	16.0	13.7	3.0	2.8	2.5	6.7%	8.2%	9.8%	47.3	38.9	30.4	121.0	122.0	106.9
Minimum						11.0	9.5	8.1	1.5	1.5	1.4	1.5%	5.1%	6.9%	14.0	20.0	15.9	74.5	64.2	61.8
Maximum						30.1	21.9	17.9	7.4	6.4	5.5	13.8%	17.2%	19.1%	99.7	66.4	49.3	235.6	253.8	257.3

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

NOTE: BLOOMBERG. PRICES AS ON 29 AUG 2025

DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. 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 IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. While every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which is believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made (information barriers and other arrangements may be established, where necessary, to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short-term views, etc.) that are inconsistent with and reach a different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

Research Analyst or his/her relative(s) or InCred Research Services Private Limited or our associate may have any financial interest in the subject company.

Research Analyst or his/her relatives or InCred Research Services Limited or our associates may have actual or beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report.

Research Analyst or his/her relative or InCred Research Services Private Limited or our associate entities may have any other material conflict of interest at the time of publication of the Research Report.

In the past 12 months, IRSPL or any of its associates may have:

- a) Received any compensation/other benefits from the subject company,
- b) Managed or co-managed public offering of securities for the subject company,
- c) Received compensation for investment banking or merchant banking or brokerage services from the subject company,
- d) Received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company

We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Research Analyst may have served as director, officer, or employee in the subject company.

We or our research analyst may engage in market-making activity of the subject company.

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based on any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.

Registration granted by SEBI, membership of a SEBI recognized supervisory body (if any) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

InCred Research Services Private Limited

Research Analyst SEBI Registration Number: INH000011024

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05th floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Mr. Mayuresh Kadam

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2016PTC287535

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.