

India

Overweight (no change)

Highlighted Companies

UltraTech Cement Ltd

ADD, TP Rs12900, Rs11641 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 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.

Ambuja Cements Ltd

ADD, TP Rs630, Rs513 close

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

Summary Valuation Metrics

P/E (x)	Mar25-F	Mar26-F	Mar27-F
UltraTech Cement Ltd	54.5	39.8	30.3
Ambuja Cements Ltd	44.4	35.8	28.0

P/BV (x)	Mar25-F	Mar26-F	Mar27-F
UltraTech Cement Ltd	5.2	4.8	4.3
Ambuja Cements Ltd	2.3	2.2	2.1

Dividend Yield	Mar25-F	Mar26-F	Mar27-F
UltraTech Cement Ltd	0.5%	0.6%	0.0%
Ambuja Cements Ltd	0.4%	0.7%	0.9%

Cement

In revival mode; profitability to rise further

- In 3Q, industry volume grew by ~6% yoy. However, Adani group (Penna/Sanghi ramp-up), Ultratech & TRCL outperformed the industry growth.
- Avg. unit EBITDA up by ~Rs104 qoq in 3Q, driven by improved prices & cost savings. We expect a further improvement driven by stable demand & pricing.
- We maintain our Overweight stance on the cement sector and retain Ultratech Cement and Ambuja Cements as our top stock picks from the sector.

Healthy volume growth in 3QFY25; stable demand & changing gears

We believe the industry clocked a yoy growth of ~6-7% in 3QFY25F based on our analysis of top listed companies, where our coverage universe grew by >9% yoy. In our coverage stocks, Ultratech Cement (UTCEM) and Ambuja Cements or ACEM (consol.) outperformed the industry with double-digit growth, and also gained market share. We believe Shree Cement's strategic focus on profitable volume led to volume decline of ~1% and Dalmia Bharat's volume fell 1.5% yoy due to discontinuation of JPA assets tolling arrangement; however, it benefited JK Cement or JKCE (with increased volume in central India). Management commentaries highlighted that overall demand improved in 3Q, as seen in early trends visible from government spending in some regions. Most players expect cement demand to grow by 6-7% in 4QFY25F and display a similar growth in FY26F.

Realization holds ground; demand boost is favourable for prices

On qoq basis, average realization improved by ~1% in 3QFY25, for the first time since 3QFY24, with prices showing improvement across regions barring South India. A few players' commentaries and our recent check indicate that current prices are stable vs. Dec 2024 exit prices. Region-wise, current prices are better in all regions vs. 3Q avg. levels, with southern & eastern regions' prices still soft relatively mainly due to regional conditions. In our coverage universe, Dalmia Bharat posted the highest ~3% qoq improvement in blended realization followed by UTCEM/JKCE at 1.6%/1.4%, respectively. Companies remain optimistic about pricing going head, with strong demand expected in 4QFY25F.

EBITDA/t improves qoq; profitability to improve in coming quarters

On a unit/t basis, total costs fell >2% qoq, with a decline in fixed costs & reduced power and fuel costs due to lower fuel prices during 3QFY25. Avg. EBITDA/t improved by ~Rs104 qoq to Rs701, with a slight improvement in realization and savings on the costs front. The highest qoq improvement was reported by JKCE, SRCM and JKLC of Rs290-360/t while ACEM and TRCL posted a qoq decline. JKCE and SRCM reported blended EBITDA/t of >Rs1,000. Fuel costs across companies fell to Rs1.55-56/kcal. We believe the profitability, after bottoming out in the previous quarter, has started to show an improvement and is expected to be on same path going ahead, with the current fuel cost environment, improving efficiency in cost savings and the likely uptick in cement prices and demand.

Selective in this space - UTCEM & ACEM remain our preferred picks

We believe 4QFY25F will be better, with the government-targeted capex to revive and quite visible already in Dec 2024 spending. We retain our Overweight stance on the sector, with Ultratech Cement and Ambuja Cements as our top stock picks.

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Figure 1: 3QFY25 earnings performance for 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.	1,71,933	2.7%	10.0%	28,871	-11.3%	43.0%	14,695	-17.3%	79.2%
SRCM	45,727	-12.0%	12.8%	9,648	-23.7%	57.3%	1,937	-72.4%	152.8%
ACC - consol.	52,905	7.7%	14.7%	4,789	-47.1%	9.7%	10,915	105.9%	445.6%
ACEM	50,432	13.6%	19.7%	6,006	-29.4%	-11.7%	15,063	193.2%	200.9%
TRCL	19,766	-6.2%	-3.0%	2,794	-29.3%	-10.5%	3,253	248.4%	1171.8%
JKCE-consol	29,303	-0.2%	14.5%	4,921	-21.3%	73.3%	1,892	-33.3%	39.0%
BCORP	22,567	-2.4%	15.6%	2,479	-34.5%	39.9%	312	-71.4%	NA
HEIM	5,428	-10.6%	17.6%	333	-49.2%	-11.2%	52	-83.5%	-53.7%
DALBHARA	31,810	-11.7%	3.0%	5,110	-34.4%	17.7%	660	-75.2%	34.7%
JKLC - consol.	14,968	-12.1%	21.3%	2,018	-33.2%	125.9%	628	-58.2%	NA

SOURCE: INCRED RESEARCH, COMPANY REPORTS

In revival mode; profitability to rise further

India cement sector - 3QFY25 results review

3QFY25 performance of our coverage companies ➤

- **Difference on growth outlook:** Leading players like Ultratech Cement (UTCEM), Adani Cements (ACC + ACEM) maintained their positive stance on cement demand in India and expect the industry to grow by an average 7-9% in 4QFY25F, remaining confident on outperforming the industry growth rate. However, other players like JK Cement or JKCE, JK Lakshmi Cement or JKLC, and Birla Corporation or BCORP are expected to grow in line with the industry in 2HFY25F.

3QFY25 operational performance

Figure 2: Volume growth trend – combined volume of our coverage cement companies increased by ~10% yoy and ~11% qoq in 3QFY25

Volume	3QFY25	2QFY25	3QFY24	yoy (%)	qoq (%)
UTCEM - consol.	30.4	27.8	27.3	11.2%	9.1%
SRCM	8.8	7.6	8.9	-1.4%	15.4%
ACC - consol.	10.7	9.3	8.9	20.2%	15.1%
ACEM	10.1	8.7	8.2	23.2%	16.1%
TRCL	4.4	4.5	4.0	9.3%	-2.7%
JKCE - consol.	4.9	4.3	4.7	3.5%	12.5%
BCORP	4.5	4.0	4.2	7.1%	13.4%
HEIM	1.1	1.0	1.2	-5.3%	16.3%
DALBHARA - consol.	6.7	6.7	6.8	-1.5%	0.0%
JKLC - consol.	3.0	2.5	3.0	2.4%	22.3%
Coverage Total	84.6	76.4	77.2	9.5%	10.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Blended realization growth trend - average realization improved by ~1% qoq; however, lower by ~9% yoy due to bottomed-out prices during 3QFY25

Realization/t	3QFY25	2QFY25	3QFY24	yoy (%)	qoq (%)
UTCEM - consol.	5,588	5,499	6,035	-7.4%	1.6%
SRCM	5,214	5,334	5,839	-10.7%	-2.3%
ACC - consol.	4,652	4,680	5,220	-10.9%	-0.6%
ACEM	4,993	4,843	5,414	-7.8%	3.1%
TRCL	4,523	4,539	5,265	-14.1%	-0.4%
JKCE - consol.	6,017	5,913	6,238	-3.5%	1.8%
BCORP	4,790	4,722	5,316	-9.9%	1.4%
HEIM	4,745	4,689	5,026	-5.6%	1.2%
DALBHARA - consol.	4,748	4,607	5,300	-10.4%	3.0%
JKLC - consol.	4,940	4,983	5,753	-14.1%	-0.9%
Coverage average	5,021	4,981	5,541	-9.4%	0.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Trend in unit cost – average total costs/t declined by 3% yoy and 1.5% qoq in 3QFY25 due to reduction in fixed costs and P&F costs

Cost/t	3QFY25	2QFY25	3QFY24	yoy (%)	qoq (%)
UTCEM - Consol.	4,711	4,891	4,936	-4.6%	-3.7%
SRCM	4,114	4,527	4,418	-6.9%	-9.1%
ACC - Consol.	4,497	4,492	4,505	-0.2%	0.1%
ACEM	4,399	4,061	4,376	0.5%	8.3%
TRCL	3,884	3,844	4,277	-9.2%	1.0%
JKCE – Consol	5,006	5,257	4,909	2.0%	-4.8%
BCORP	4,464	4,472	4,604	-3.0%	-0.2%
HEIM	4,454	4,308	4,484	-0.7%	3.4%
DALBHARA – Consol	3,985	3,960	4,154	-4.1%	0.6%
JKLC - Consol.	4,274	4,623	4,732	-9.7%	-7.5%
Coverage average	4,379	4,443	4,540	-3.5%	-1.5%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Unit EBITDA (for our coverage companies) was down 34% yoy but recovered by ~18% qoq in 3QFY25

EBITDA/t	3QFY25	2QFY25	3QFY24	yoy (%)	qoq (%)
UTCEM - consol.	951	725	1,191	-20.2%	31.1%
SRCM	1,100	807	1,421	-22.6%	36.3%
ACC - consol.	448	469	1,017	-56.0%	-4.6%
ACEM	595	782	1,038	-42.7%	-24.0%
TRCL	639	695	988	-35.3%	-8.0%
JKCE – consol	1,011	656	1,329	-23.9%	54.1%
BCORP	551	446	901	-38.9%	23.4%
HEIM	291	381	542	-46.3%	-23.6%
DALBHARA - consol.	763	648	1,146	-33.4%	17.7%
JKLC - consol.	666	360	1,021	-34.8%	84.7%
Coverage average	701	597	1,059	-33.8%	17.5%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: 3QFY25 results review – yoy change where top players performed relatively better on the volume front

3QFY25 - YoY (change)	Ultratech	Dalmia	Ambuja	ACC	Shree	Orient	BCORP	Nuvoco	Sagar	Ramco	JK Lakshmi	JK CEMENT	HEIM
Sales volume growth (%)	11.2%	-1.5%	23.2%	20.2%	-1.4%	-7.3%	7.1%	16.9%	-1.9%	9.3%	-0.1%	3.5%	-5.3%
Rs/t change -													
Realization	-447	-552	-421	-568	-625	-414	-525	-896	-671	-742	-813	-221	-281
EBITDA/t	-241	-383	-443	-569	-321	-379	-350	-471	-346	-349	-355	-318	-251
Raw material costs/t	113	-156	356	464	32	-44	-34	-38	-124	373	-111	162	60
P&F costs/t	-219	-74	-189	-344	-417	-92	-70	-32	-321	-324	-335	-247	-150
Freight costs/t	-70	24	-159	-114	69	8	-6	-144	-31	-267	-13	49	-9
Employee costs/t	-2	8	-26	-16	12	53	-16	-67	60	-41	7	47	-18
Other expenses/t	-48	29	40	1	0	40	-14	25	-7	-134	-6	86	86
Costs/t	-225	-169	22	-8	-304	-35	-140	-425	-325	-393	-458	97	-30

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: 3QFY25 results review – qoq change where industry saw an improvement in volume, realization and profitability

3QFY25 - QoQ (change)	Ultratech	Dalmia	Ambuja	ACC	Shree	Orient	BCORP	Nuvoco	Sagar	Ramco	JK Lakshmi	JK CEMENT	HEIM
Sales volume growth (%)	9.1%	0.0%	16.1%	15.1%	15.4%	18.2%	13.4%	11.9%	19.0%	-2.7%	22.3%	12.5%	16.3%
Rs/t change -													
Realization	90	140	150	-28	-120	1	68	-275	-10	-16	-43	104	56
EBITDA/t	226	115	-188	-22	293	45	105	29	101	-56	305	355	-90
Raw material costs/t	38	100	329	124	106	-32	30	-124	-188	218	-80	-63	364
P&F costs/t	-68	-61	-65	-45	-347	57	0	8	119	-61	-137	-2	-190
Freight costs/t	-32	18	-46	-42	-41	-2	71	-70	-1	-130	10	27	36
Employee costs/t	-48	6	-10	-10	-64	-73	-34	-27	8	-2	-67	-49	-104
Other expenses/t	-70	-37	131	-22	-69	6	-74	12	-62	14	-74	-164	40
Costs/t	-180	25	338	5	-413	-44	-8	-304	-111	39	-348	-250	146

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key 3QFY25 financials of our coverage companies ➤

Figure 8: 3QFY25 revenue performance

Company	Revenue (Rs m)	% chg (yoy)	% chg (qoq)
UTCEM - consol.	1,71,933	2.7%	10.0%
SRCM	45,727	-12.0%	12.8%
ACC - consol.	52,905	7.7%	14.7%
ACEM	50,432	13.6%	19.7%
TRCL	19,766	-6.2%	-3.0%
JKCE - consol.	29,303	-0.2%	14.5%
BCORP	22,567	-2.4%	15.6%
HEIM	5,428	-10.6%	17.6%
DALBHARA - consol.	31,810	-11.7%	3.0%
JKLC - consol.	14,968	-12.1%	21.3%
Coverage Total	4,44,839	-0.2%	11.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: 3QFY25 EBITDA performance

Company	EBITDA (Rs m)	% chg (yoy)	% chg (qoq)
UTCEM - consol.	28,871	-11.3%	43.0%
SRCM	9,648	-23.7%	57.3%
ACC - consol.	4,789	-47.1%	9.7%
ACEM	6,006	-29.4%	-11.7%
TRCL	2,794	-29.3%	-10.5%
JKCE - consol.	4,921	-21.3%	73.3%
BCORP	2,479	-34.5%	39.9%
HEIM	333	-49.2%	-11.2%
DALBHARA - consol.	5,110	-34.4%	17.7%
JKLC - consol.	2,018	-33.2%	125.9%
Coverage Total	66,969	-24.1%	31.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

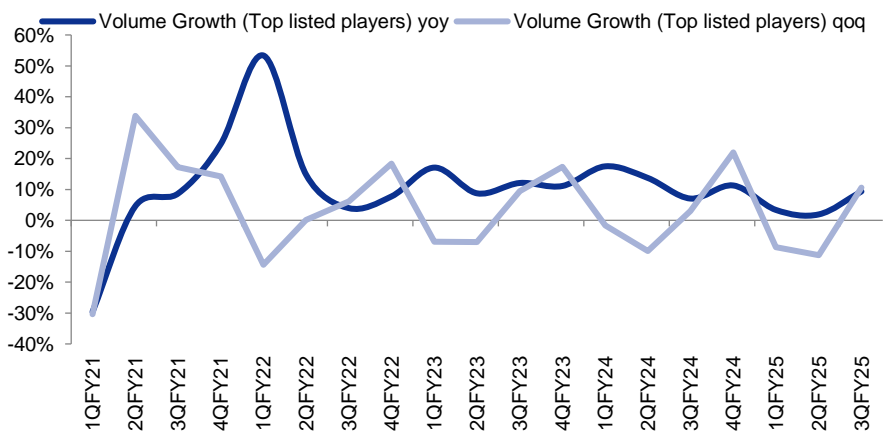
Figure 10: 3QFY25 adjusted PAT performance

Company	PAT (Rs m)	% chg (yoy)	% chg (qoq)
UTCEM - consol.	14,695	-17.3%	79.2%
SRCM	1,937	-72.4%	152.8%
ACC - consol.	10,915	105.9%	445.6%
ACEM	15,063	193.2%	200.9%
TRCL	3,253	248.4%	1171.8%
JKCE - consol.	1,892	-33.3%	39.0%
BCORP	312	-71.4%	NA
HEIM	52	-83.5%	-53.7%
DALBHARA - consol.	660	-75.2%	34.7%
JKLC - consol.	628	-58.2%	NA
Coverage Total	49,407	10.9%	177.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

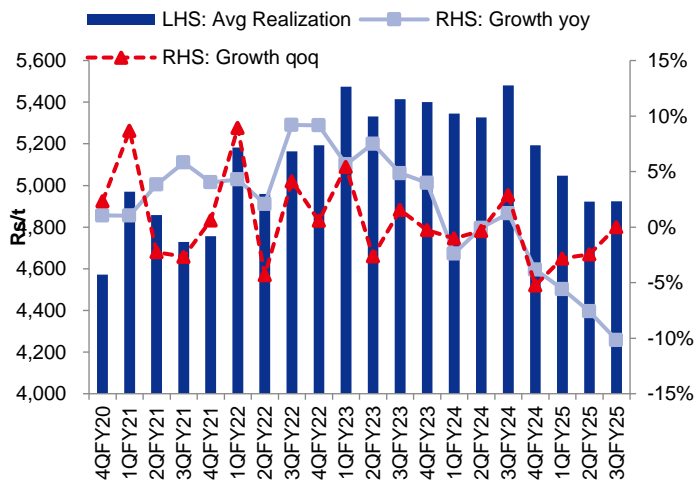
Key operational quarterly charts (3QFY25 results review) ➤

Figure 11: Volume growth trend in 3QFY25 – combined volume of top 5 companies was up by ~11% yoy and 6% for other players



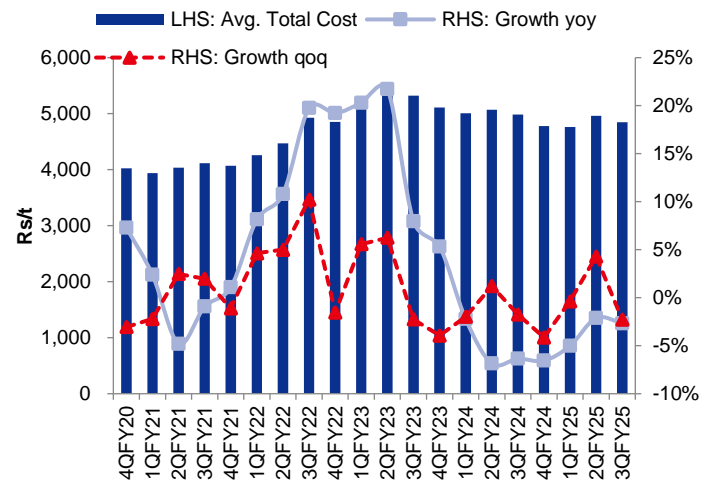
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: Realization trend - average realization flat qoq and down by ~10% yoy in 3QFY25



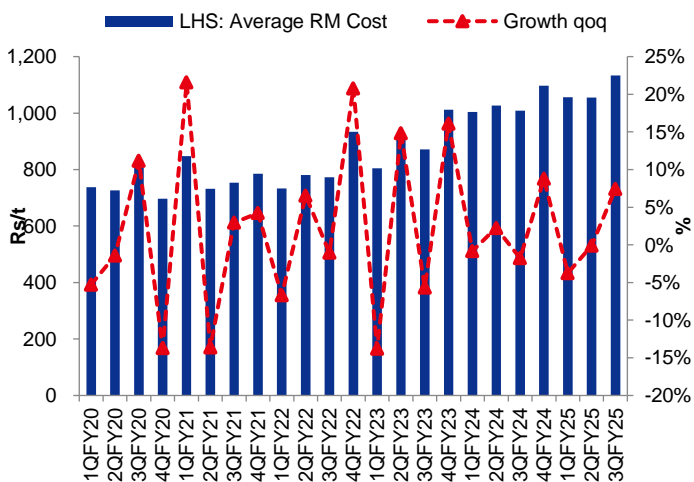
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: Trend in unit cost – average total costs/t down by ~2.3% qoq and ~3% yoy in 3QFY25



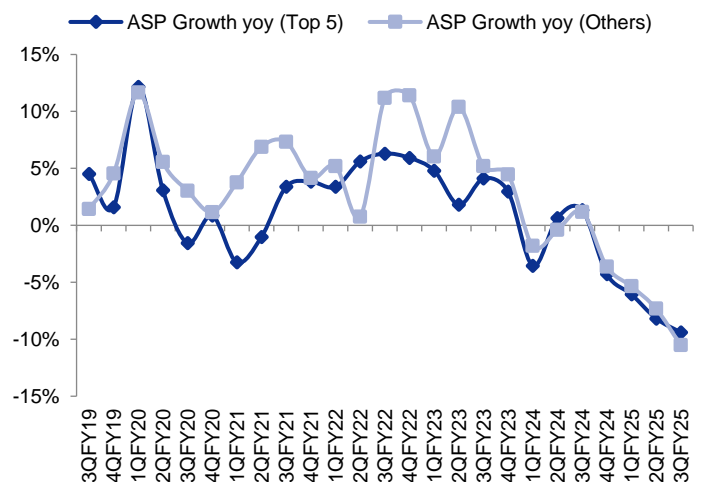
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 14: Cement industry’s average raw material costs continue to increase



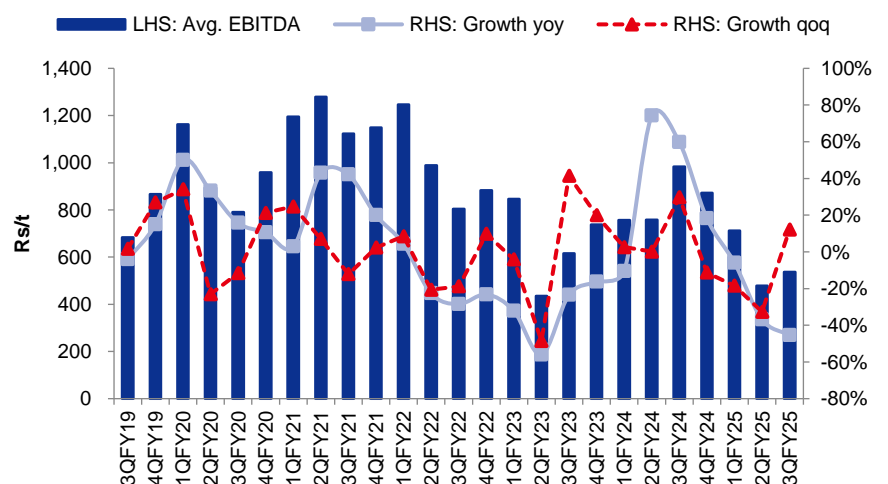
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 15: ASP of top-5 players was better during 3QFY25



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 16: Sector unit EBITDA improved in 3QFY25 by 12% qoq and declined by 45% yoy; we expect the profitability to further improve from 4QFY25F



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 17: Industry's average performance and declining realization continues to drag profitability in an easing costs environment

Rs/t	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Realization	5,163	5,193	5,475	5,331	5,414	5,400	5,345	5,327	5,481	5,193	5,047	4,923	4,924
Raw material Costs	773	933	805	924	872	1,012	1,004	1,027	1,009	1,097	1,056	1,055	1,133
P& F Costs	1,439	1,367	1,674	1,806	1,744	1,534	1,514	1,458	1,367	1,225	1,243	1,221	1,164
Freight Costs	1,158	1,169	1,213	1,171	1,188	1,235	1,195	1,140	1,213	1,211	1,192	1,188	1,152
Other Costs	803	725	768	817	779	708	686	768	759	689	713	806	787
Employee Costs	341	269	320	340	318	278	301	341	333	274	332	367	331
Total Costs	4,928	4,853	5,124	5,444	5,321	5,112	5,010	5,071	4,983	4,776	4,759	4,964	4,850
EBITDA/t	803	882	846	435	615	738	757	758	983	872	711	479	537

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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

Rs Kcal	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	FY25F	Vs spot prices
ACC	2.61	2.35	2.13	1.85	1.86	1.91	1.71	1.57	1.65		
ACEM	2.33	2.10	2.09	1.82	1.84	1.84	1.73	1.59	1.66	Rs500/t savings in the medium term.	
UTCEM	2.60	2.50	2.34	2.12	2.05	2.03	2.00	1.84	1.76	Rs300/t savings in the next three-to-four years.	
SRCM	2.53	2.53	2.37	2.05	1.78	1.82	1.76	1.71	NA	Expected to reduce from the current level to Rs1.64-1.65/kcal.	
JKCE	2.60	2.41	2.20	1.90	1.82	1.79	1.62	1.65	1.50	Working on Rs150/t savings over the next two years.	
Nuvoco	2.74	2.31	1.94	1.77	1.67	1.63	1.57	1.54	1.45		
TRCL	2.43	2.21	2.03	1.75	1.64	1.65	1.49	1.60	1.45		Pet-coke - US\$104/t
India Cements	2.95	2.70	2.25	2.04	1.99	1.95					Coal - US\$103/t
JKLC	2.57	2.42	2.23	2.04	1.78	1.68	1.63	1.62	1.57	To remain in this range for the next few quarters.	
DALBHA RA	2.42	2.06	1.98	1.58	1.50	1.45	1.38	1.36	1.31	P&F costs to decline by 1-2% in the next few quarters.	
Star Cement	2.09	2.10	2.35	1.90	1.75	1.70	1.50	1.48	1.48		
BCORP			1.95	1.75	1.58	1.56	1.48	1.48	1.50	Not much reduction seen in energy costs over the next few quarters.	
ORCMN T				1.97	1.90	1.77	1.79				
Average	2.53	2.34	2.16	1.89	1.78	1.76	1.64	1.60	1.53		

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 19: Volume guidance of some listed companies

Volume target	Revised FY25F guidance	Earlier FY25F guidance
ACEM/ACC	> industry growth rate of 8-9%	1.2x vs. GDP growth
UTCEM	UTCEM to grow >10%	> 8-9% industry growth
SAGCEM	4.1% in 4QFY25F	
JKCE	7-8% growth in 4QFY25F	
JKLC	7-8% growth in 4QFY25F	
DALBHARA	6-7% growth in 4QFY25F	
BCORP	7-8% volume growth in 2HFY25F	7-8% volume growth in 2HFY25F
STARCEM	10% volume growth in 4QFY25F	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key takeaways from cement players during the 3QFY25 earnings call

Figure 20: Ultratech Cement:

- **Demand:** As per UTCEM, the industry has moved out of the silent phase since Dec 2024 and there has been improvement in demand. Urban housing demand is improving but maturing, and rural demand is outperforming, as per management. The pick-up in government capex to revive demand in the coming months. The central, state and public sector undertakings or PSUs' capex has been muted so far, which is expected to pick up in the coming years, and the long-term trend remains strong for the sector. Rural demand remains robust after strong monsoons.
- **Pricing:** Pan-India cement prices were up 1.4% vs. 3Q average, where northern and western regions witnessed ~3% hike, while these regions were the best regions for pricing and demand. As per management, price hikes were again done in western and central regions in Jan 2025. Eastern and southern regions remain the underperforming regions, as per management. Dec 2024 exit prices were marginally up by 1% vs. 3QFY25 prices.
- **Costs:** UTCEM expects normalization of fuel costs in the next few quarters. Progress on the cost-savings target of Rs300/t will be shared in 4QFY25F, as it is volatile for comparison qoq due to seasonality.
- **Capex:** Rs30bn will be incurred in 4QFY25F, Capex to be at Rs90bn in FY26F, Rs60-70bn in FY27F (ex-India Cements). All capex will be funded by internally generated funds and the debt level to reduce from FY26F.
- **Green energy:** The green energy mix stood at 33% vs. 32% qoq.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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

- **Demand:** Improved construction activity and government spending will support cement demand growth of 4-5% in FY25F. Adani Cement to grow ahead of the industry, as per management.
- **Prices:** Cement prices are up in Dec 2024 and Jan 2025.
- **Costs:** Expects ~15% reduction in acquired assets' costs. Rs3,650/t is the average targeted cost on overall company basis and will be achieved by FY28F. Rs500- 550/t cost savings remain on path.
- **Capex:** Organic capex was Rs62bn in 9MFY25 and capex expected at Rs70bn in FY25F.
- **Green energy:** Green energy share to reach ~60% by FY28F.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 22: Birla Corporation:

- **Demand:** Price hikes have sustained due to good demand in Jan 2025, and management remains optimistic about profitability improvement with favourable conditions. Healthy rural demand and government spending are supporting the demand environment.
- **Prices:** Non-trade prices and demand improved during the quarter. Prices in its core markets improved relatively at a lower pace than the pan-India average level.
- **Costs:** Expects Rs150-200/t EBITDA improvement from the 2QFY25 level to be largely driven by cost-saving measures, which are controllable.
- **Capex:** The company revised its capex guidance for FY25F to Rs5bn, down from Rs7bn earlier. Capex for 9MFY25 stood at Rs3bn.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 23: Dalmia Bharat:

- **Demand:** As per management, due to lower government spending, assembly elections and unexpected rainfall, industry demand grew in low single digit in 3QFY25. Government capex should improve by ~20% yoy in 4QFY25F, driving cement demand by 6-7% in 4QFY25F and by 3-4% in FY25F for the industry.
- **Prices:** They have been improving, which leads to improved realization. There is rising price optimization since the past few months, and prices stood firm in Jan 2025 as the demand momentum continues to improve.
- **Costs:** The company maintains Rs150-200/t cost savings target by FY27F, mainly through internal measures - both freight costs and power costs. Freight savings to come from expansion, bridging the gap between markets and plants.
- **Capex:** Capex in FY26F to be Rs25-30bn, which will include investments in land (~Rs5bn). Incurred Rs20.4bn capex in 9MFY25 while capex for FY25F to be Rs30bn, which will be largely towards the northeast region and Bihar capacity expansions, acquiring land for future projects and some cost reduction projects apart from maintenance capex.
- **Green power:** The renewable energy's share is expected to be 45% by FY25F and 50% by FY26F.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 24: JK Cement:

- **Demand:** Management expects 4QFY25F volume to grow by ~7-8% and should have a ~10% volume growth in FY26F.
- **Prices:** Currently, prices are marginally higher vs. 3Q average price. Both central and northern region prices are up in a similar range.
- **Costs:** Strategies like increased use of green power, AFR share, and logistics costs reduction are already at work. Expects more savings going ahead; Rs40-50/t to be achieved this year and Rs70-75/t to be saved over the next few years out of ~Rs150/t target.
- **Capex:** Expected capex is Rs19bn for FY25F, capex for FY26F to be Rs17bn and an additional Rs1.75bn for Saifco Cements investment. In 9MFY25, capex incurred was Rs14bn.
- **Cash/debt:** Net debt was ~Rs31.1bn in 3QFY25 vs. Rs30.44bn in 2QFY25.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 25: Star Cement:

- **Demand:** Management remains highly optimistic about northeast demand, expecting stronger growth than in the previous years. It projects a 10% volume growth in 4QFY25 and 7-8% in FY25F. Additionally, industry growth is expected at 6-7% in FY26F, with Star Cement aiming at 12-15% growth.
- **Prices:** Cement prices in the northeast region have remained strong, while those outside the region have declined. However, no further decline is expected, with prices likely to remain stable outside the northeast region.
- **Capex:** 9MFY25 capex is around Rs4.4bn, with an additional Rs2-2.5bn expected in 4QFY25F. Capex for FY26F/27F is projected at Rs6bn and Rs3-4bn, respectively.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 26: Sagar Cement:

- **Demand:** Despite weak volume growth in 3Q, management remains optimistic about demand recovery, particularly driven by increased government infrastructure projects and improved rural consumption. Jan 2024 demand picked up; wherein Andhra Pradesh has seen strong growth, followed by Tamil Nadu and Karnataka. Telangana demand has not yet picked up; however, the company remains positive that govt. push for low-cost housing would drive demand going ahead. Amravati capital city projects are expected to pick up in the next one-to-two years.
- **Prices:** The company is witnessing stable cement pricing, with Rs2-3/bag increase vs. exit price of Dec 2024/ avg. price of 3QFY25. The company expects a similar trend to continue and does not expect a major price hike in 4QFY25F considering the fact that industry would focus on increasing the volume due to year-end targets. However, with a pick-up in demand, prices could gradually see a rising trend from 1QFY26F.
- **Capex:** The company has incurred Rs880m in 9MFY25. It expects capex of Rs2.42bn in 1.5 years (vs. earlier levels of Rs2bn/Rs3 bn for FY25F/FY26F).

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 27: Nuvoco Vistas Corp.:

- **Demand:** Industry demand improved in 3QFY25, benefiting the company. Management is hopeful of a further improvement in the demand trend in 4QFY25F led by a pick-up in government capex. The company posted double-digit volume growth in both North and East India markets, with a broad-based growth in trade and non-trade segments.
- **Prices:** Cement prices in key markets nose-dived in Oct/Nov 2024 and remained subdued for a major part of the quarter. Price improvement was observed towards the second half of Dec 2024, which sustained into Jan 2025.
- **Capex:** Capex for 9MFY25 stood at ~Rs3bn. Capex guidance for FY25F remains unchanged at Rs3.5-3.6bn. The company may look at a capex of Rs36bn over FY26F-27F.

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Cement prices >

Figure 28: All-India cement average price was up by ~1% mom and down by ~4% yoy in Jan 2025

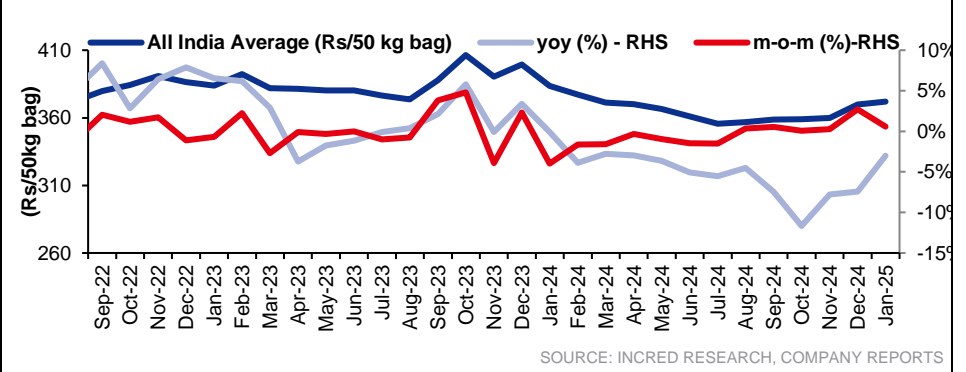


Figure 29: Region-wise, cement prices remained better in Jan 2025

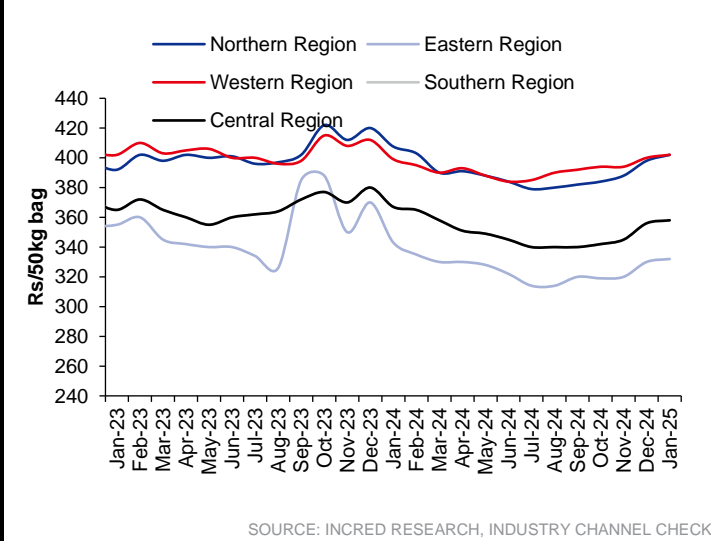


Figure 30: North India cement price trend

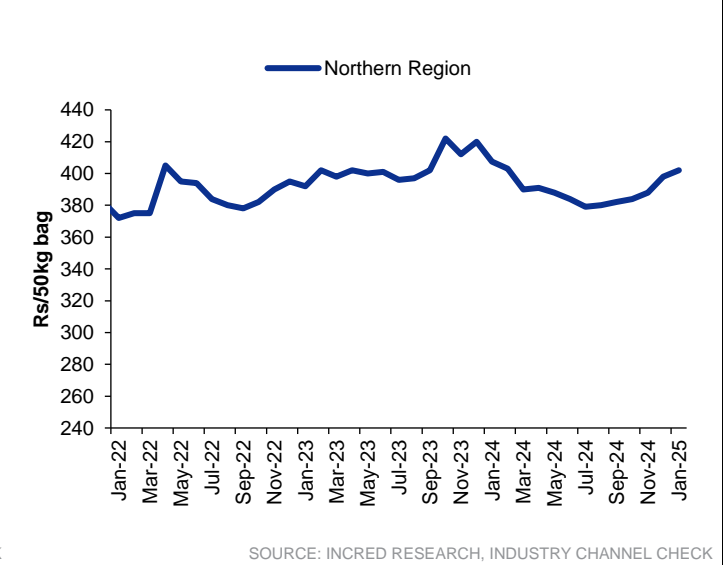


Figure 31: Southern region's cement price trend

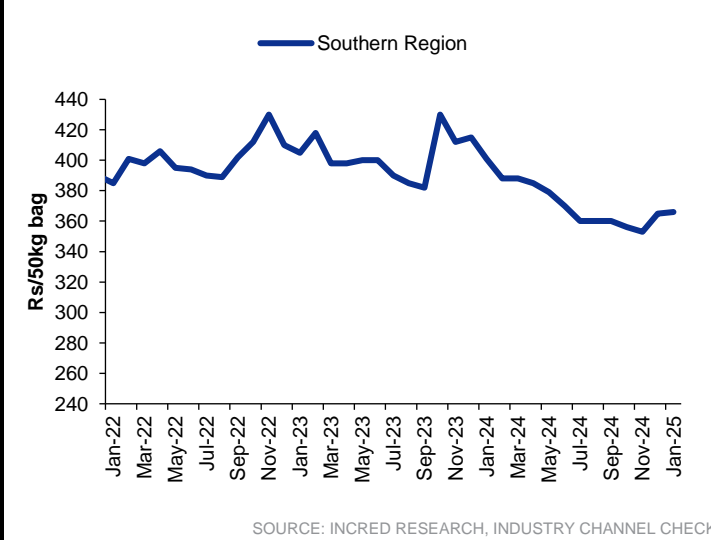


Figure 32: Eastern region's cement price trend

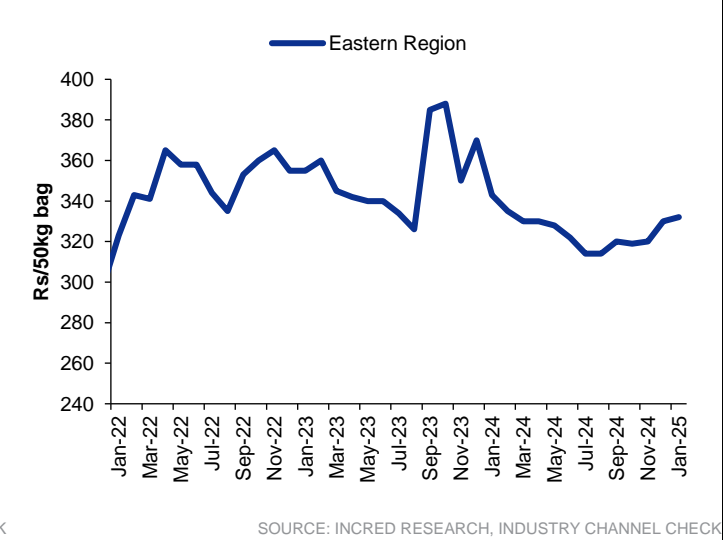
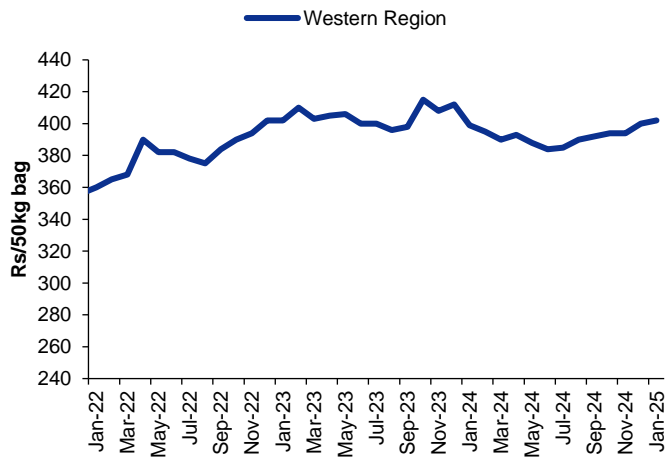
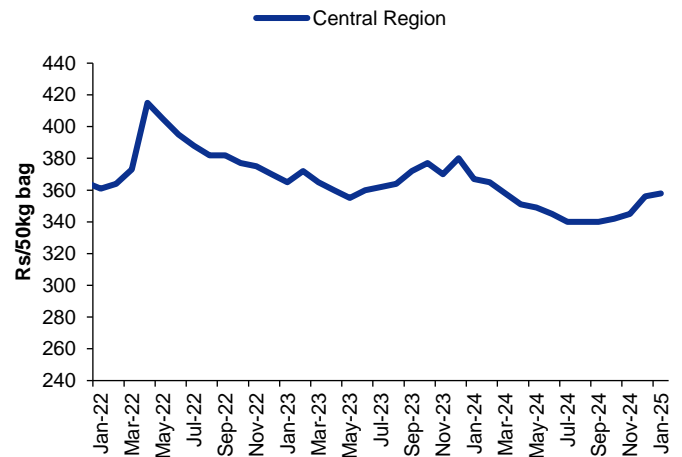


Figure 33: Western region's cement price trend



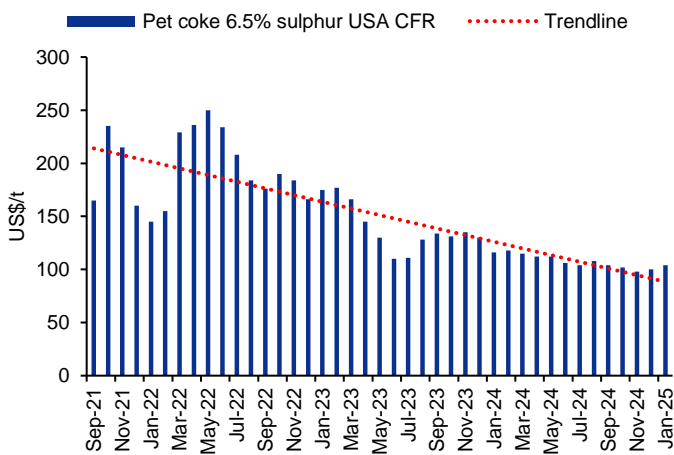
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 34: Central region's cement price trend



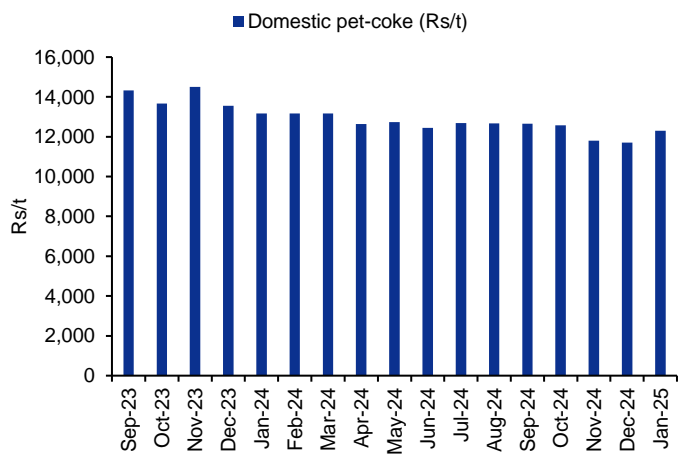
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 35: International pet-coke prices up 4% vs Dec 2024 exit prices



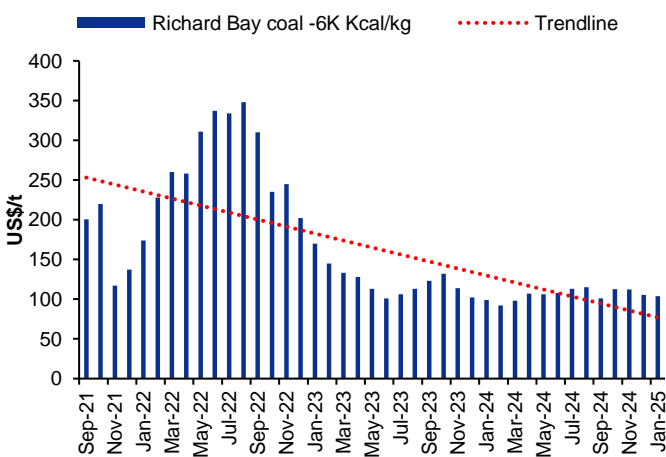
NOTE: CFR = CODE OF FEDERAL REGULATIONS
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 36: Domestic pet-coke prices increased by 5% vs. Dec 2024 exit prices



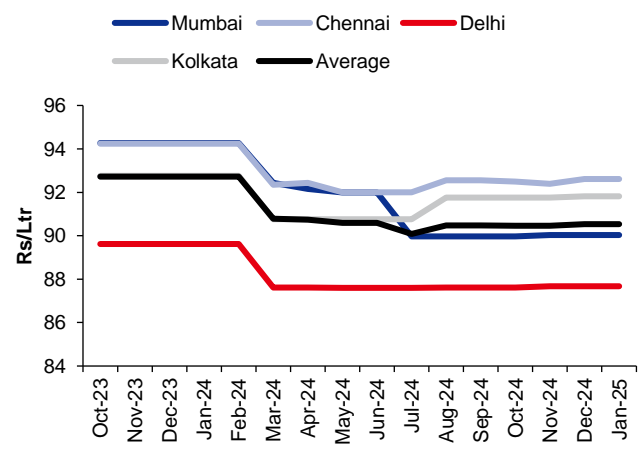
SOURCE: INCRED RESEARCH, BLOOMBERG

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



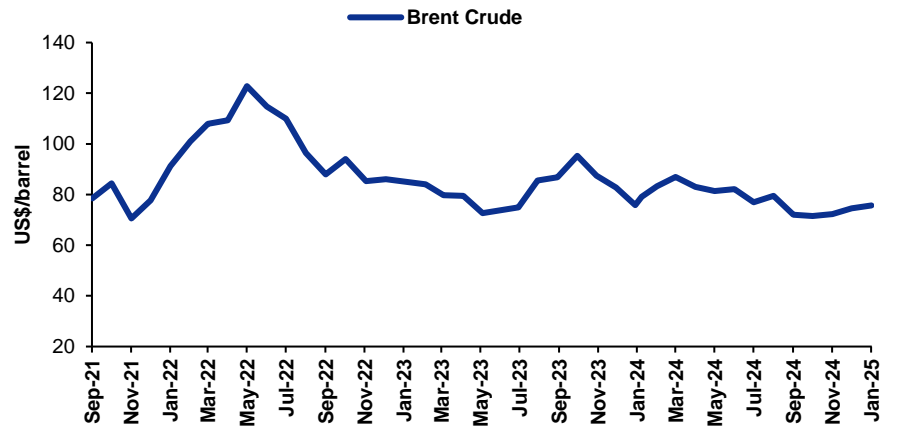
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 38: Average diesel price trend in top metro cities



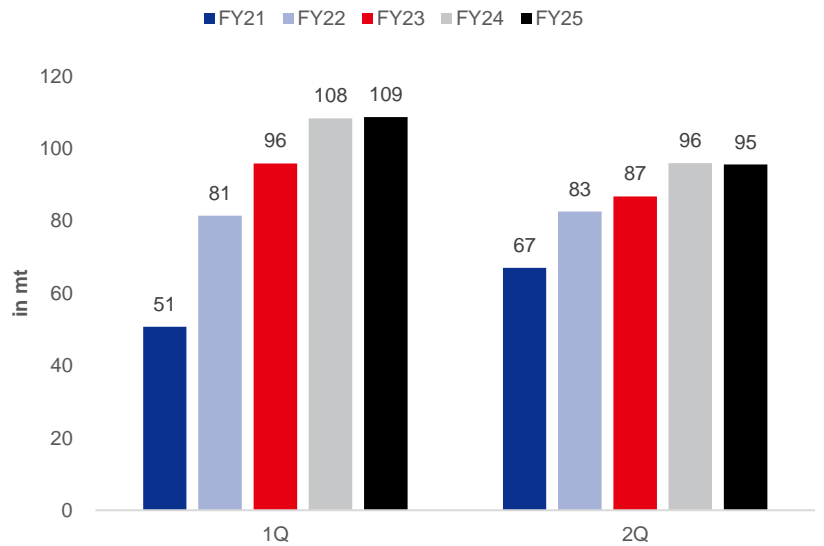
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 39: Crude oil price trend



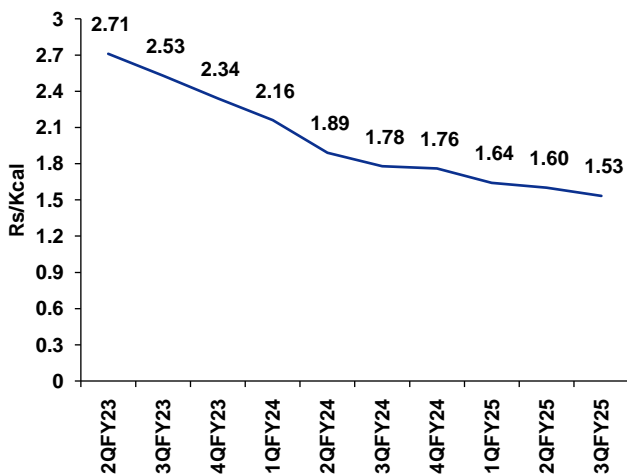
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 40: Cement production remained flattish yoy in 1HFY25



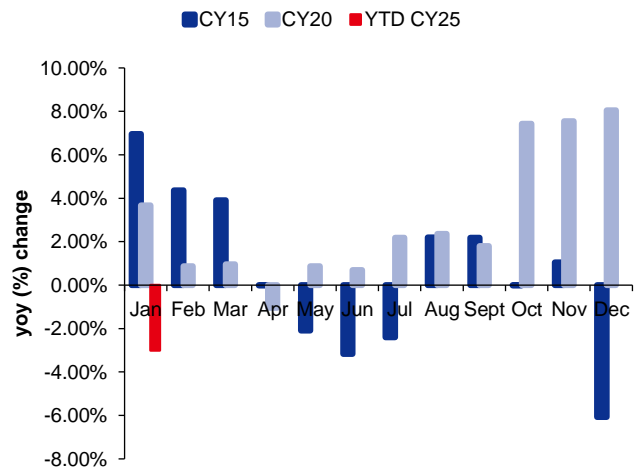
SOURCE: INCRED RESEARCH, CMIE, CSO

Figure 41: Average energy cost continues 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 ~9% over FY24-27F

Volume (mt)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCCEM*	81	86	94	106	119	129	144	158	6.8%	10.0%
ACC*#	29	26	29	39	37	42	44	46	5.4%	7.8%
ACEM#	24	23	27	38	34	39	45	51	7.3%	14.2%
SRCM*	25	27	28	32	36	36	40	45	6.6%	7.9%
TRLC	11	10	11	15	18	19	21	23	10.6%	7.5%
JKCE*	8	10	12	14	17	17	19	22	14.4%	8.8%
BCORP*	14	13	14	16	18	18	19	21	5.0%	6.0%
HEIM	5	4	5	4	5	5	5	6	-0.4%	5.3%
DALBHARA*	19	21	22	26	29	30	33	36	9.0%	7.9%
JKLC*	10	10	11	11	12	12	13	14	1.5%	6.4%
Total	227	231	253	300	324	347	383	422	6.9%	9.2%

*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% over FY24-27F

Realization (Rs/t)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCCEM*	5,127	5,122	5,501	5,900	5,864	5,583	5,644	5,735	4.2%	-0.7%
ACC#	4,801	4,909	5,044	5,276	5,059	4,695	4,799	4,890	1.7%	-1.1%
ACEM#	4,719	4,929	5,105	5,287	5,209	4,969	5,089	5,188	2.8%	-0.1%
SRCM*	5,163	5,052	5,411	5,611	5,741	5,281	5,381	5,478	4.8%	-1.6%
TRLC	4,792	5,281	5,413	5,416	5,081	4,594	4,660	4,735	2.2%	-2.3%
JKCE*	4,527	4,494	4,774	4,971	5,009	4,808	4,924	5,042	4.6%	0.2%
BCORP	4,826	4,853	4,961	5,242	5,236	4,827	4,914	5,022	3.7%	-1.4%
HEIM	4,575	4,652	4,681	5,096	4,922	4,941	5,010	5,081	2.7%	1.1%
DALBHARA	4,691	4,874	5,073	5,141	5,105	4,809	4,905	5,003	1.5%	-0.7%
JKLC	4,342	4,523	4,840	5,650	5,662	5,034	5,155	5,247	7.9%	-2.5%
Average	4,756	4,869	5,080	5,359	5,289	4,954	5,048	5,142	3.6%	-0.9%

*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

Cost (Rs/t)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCCEM*	4,072	3,839	4,371	4,981	4,867	4,699	4,609	4,571	4.0%	-2.1%
ACC	4,585	4,477	4,553	5,257	4,579	4,451	4,392	4,385	0.4%	-1.4%
ACEM	3,956	3,849	3,981	4,435	4,229	4,226	4,142	4,096	1.6%	-1.1%
SRCM*	3,655	3,532	4,075	4,681	4,470	4,238	4,210	4,231	3.4%	-1.8%
TRLC	3,777	3,729	4,251	4,629	4,238	3,881	3,861	3,866	2.7%	-3.0%
JKCE*	4,478	4,223	4,641	5,178	4,974	4,860	4,815	4,782	2.8%	-1.3%
BCORP	4,091	4,069	4,466	5,029	4,656	4,431	4,408	4,418	2.8%	-1.7%
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	3,995	3,975	3,999	0.7%	-1.5%
JKLC	3,548	3,625	3,991	4,916	4,785	4,355	4,302	4,302	6.7%	-3.5%
Average	3,957	3,848	4,222	4,800	4,525	4,332	4,290	4,284	2.9%	-1.8%

*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 ~3% over FY24-27F

EBITDA (Rs/t)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCCEM*	1,055	1,339	1,225	1,005	1,089	965	1,122	1,254	7.0%	4.8%
ACC#	782	899	1,038	499	830	560	721	818	4.2%	-0.5%
ACEM#	893	1,167	1,187	852	980	744	946	1,092	4.6%	3.7%
SRCM*	1,508	1,520	1,337	930	1,271	1,044	1,171	1,247	3.3%	-0.6%
TRLC	1,015	1,552	1,162	787	844	712	799	869	-2.0%	1.0%
JKCE*	1,184	1,282	1,057	810	1,079	979	1,086	1,179	5.7%	3.0%
BCORP	979	999	781	491	815	590	698	792	3.5%	-0.9%
HEIM	1,122	1,129	910	567	659	757	822	887	-7.8%	10.4%
DALBHARA	1,072	1,324	1,084	906	917	814	929	1,004	-1.7%	3.1%
JKLC	794	898	849	735	878	679	852	945	16.6%	2.5%
Average	1,040	1,211	1,063	758	936	784	915	1,009	2.8%	2.5%

*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 ~8% over FY24-27F

Revenue (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCCEM*	424	447	526	632	709	730	824	923	11.3%	9.2%
ACC*#	157	138	162	222	200	208	224	240	6.2%	6.4%
ACEM#	117	114	140	200	179	192	226	266	9.6%	14.0%
SRCM*	129	136	150	179	204	190	215	244	10.2%	6.2%
TRLC	54	53	60	81	93	87	97	108	12.6%	5.0%
JKCE*	58	66	80	97	116	115	128	144	17.1%	7.5%
BCORP*	69	68	75	87	97	91	99	110	8.1%	4.3%
HEIM	22	21	23	22	24	25	27	29	2.1%	6.5%
DALBHARA*	97	101	113	136	147	146	162	181	9.1%	7.1%
JKLC*	44	47	54	65	68	61	68	76	9.5%	3.8%
Total	1,169	1,191	1,382	1,721	1,836	1,846	2,071	2,319	10.2%	8.1%

*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 ~12% over FY24-27F

EBITDA (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCCEM*	92.5	115.7	115.1	106.2	129.7	124.3	161.3	198.6	12.0%	15.3%
ACC*#	24.1	23.6	30.0	19.2	30.6	23.3	31.6	37.8	8.4%	7.3%
ACEM#	21.5	26.5	32.1	32.2	33.7	28.8	42.1	55.9	12.3%	18.3%
SRCM*	37.6	40.8	37.1	29.6	45.2	37.6	46.8	55.6	10.1%	7.2%
TRLC	11.4	15.5	12.8	11.8	15.5	13.6	16.7	19.8	8.4%	8.5%
JKCE*	12.1	15.4	14.8	13.1	20.6	19.2	23.5	28.4	19.8%	11.3%
BCORP*	13.4	13.4	11.1	7.7	14.4	10.7	13.6	16.7	8.7%	5.1%
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	24.7	30.8	36.3	6.3%	11.2%
JKLC*	8.0	9.4	9.5	8.4	10.5	8.2	11.2	13.7	18.3%	9.1%
Total	247	293	291	254	330	294	382	468	10.8%	12.4%

*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 ~14% over FY24-27F

PAT (Rs bn)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F	FY27F	CAGR FY19-24	CAGR FY24-27F
UTCCEM*	57.6	53.2	71.8	50.6	70.0	61.7	84.5	110.9	23.9%	16.5%
ACC*#	13.7	14.3	18.6	8.9	23.4	12.9	18.4	22.4	9.0%	-1.3%
ACEM#	15.3	17.9	20.8	25.5	23.3	25.7	35.3	45.1	9.4%	24.5%
SRCM*	15.4	22.9	23.3	12.7	24.0	9.2	15.2	20.9	18.9%	-4.4%
TRLC	6.0	7.6	8.9	3.4	3.9	1.9	4.2	6.4	-4.8%	17.4%
JKCE*	4.9	7.1	6.9	4.2	7.9	7.1	9.5	12.2	23.9%	15.6%
BCORP*	5.1	6.3	4.0	0.4	4.2	1.7	3.6	5.8	10.5%	11.5%
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	6.7	9.9	12.7	21.8%	15.3%
JKLC*	2.5	4.1	4.6	3.6	4.7	2.6	4.4	5.7	55.8%	6.4%
Total	125	148	170	121	171	132	187	245	16.4%	12.7%

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

Figure 50: 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	11,641	12,900	11%	38,278	25.7	27.1	21.0	5.5	5.1	4.7	12.4%	9.9%	12.5%	46.0	53.3	39.0	146.2	177.6	189.4
ACC	ADD	1,999	2,400	20%	4,276	11.4	14.9	10.8	2.3	2.1	2.0	14.1%	7.6%	10.1%	16.1	29.1	20.4	110.0	104.2	96.8
Ambuja Cements	ADD	513	630	23%	14,385	28.1	33.5	26.3	2.8	2.4	2.3	7.2%	5.6%	6.4%	43.8	45.2	36.5	172.5	175.6	201.6
Shree Cement	HOLD	28,249	27,600	-2%	11,609	20.6	25.2	20.2	4.7	4.5	4.3	12.2%	4.4%	6.9%	40.5	105.5	64.0	199.3	183.5	162.0
The Ramco Cements	HOLD	895	900	1%	2,408	16.6	18.8	15.3	2.9	2.9	2.7	5.7%	2.6%	5.6%	53.0	110.3	50.3	132.1	125.4	118.2
JK Cement	HOLD	4,880	4,900	0%	4,295	20.1	21.7	18.0	6.9	6.3	5.6	15.8%	12.6%	15.1%	46.6	52.4	39.2	204.2	190.4	155.2
Birla Corporation	ADD	1,175	1,455	24%	1,030	8.3	11.1	8.7	1.3	1.3	1.3	6.5%	2.5%	5.2%	21.6	52.8	24.5	70.3	70.0	65.4
HeidelbergCement	HOLD	218	166	-24%	562	13.9	11.3	9.7	3.3	3.2	3.1	11.4%	14.9%	16.9%	28.8	21.8	18.6	83.0	82.1	80.2
Dalmia Bharat	ADD	1,850	2,000	8%	3,952	13.3	15.1	12.2	2.1	2.1	2.0	5.2%	4.0%	5.7%	42.2	52.4	35.7	94.8	90.6	78.9
JK Lakshmi Cement	ADD	844	930	10%	1,131	10.9	14.6	10.9	3.1	2.9	2.6	15.5%	8.0%	12.1%	21.4	37.5	22.7	81.0	78.1	70.2
Mean						16.9	19.3	15.3	3.5	3.3	3.0	10.6%	7.2%	9.6%	36.0	56.0	35.1	129.3	127.7	121.8
Median						15.2	16.9	13.8	3.0	2.9	2.7	11.8%	6.6%	8.5%	41.4	52.4	36.1	121.1	114.8	107.5
Minimum						8.3	11.1	8.7	1.3	1.3	1.3	5.2%	2.5%	5.2%	16.1	21.8	18.6	70.3	70.0	65.4
Maximum						28.1	33.5	26.3	6.9	6.3	5.6	15.8%	14.9%	16.9%	53.0	110.3	64.0	204.2	190.4	201.6

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS AT 7TH FEBRUARY 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.