

India

March 01, 2025 - 3:40 PM

Overweight (no change)

Cement

Feb prices flat; +ve trend likely in Mar 2025F

- Our channel check indicates that in Feb 2025, cement prices were flat-to-marginally up mom and ~2% QTD vs. 3Q average price, barring South India.
- Price hike attempts succeeded in some pockets only. Dealers see a Rs15-20/bag hike in Mar 2025F, but its absorption is key due to financial year-end.
- Stable cement prices at these levels along with a V-shaped recovery in demand in 2HFY25F should contribute to a further recovery qoq in EBITDA/t.

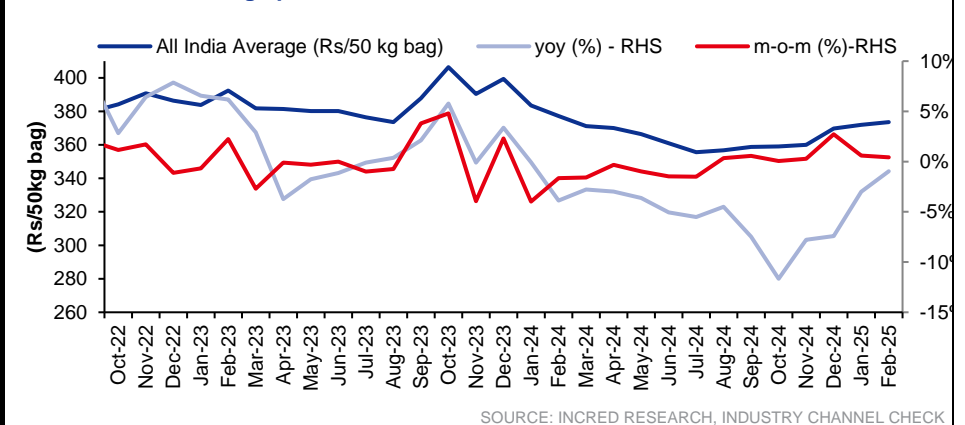
Prices up ~2% QTD vs 3Q; conditions seem favourable for FY-end

- As per our channel check, average pan-India cement price was up by Rs2-3/bag mom in Feb 2025 at Rs374/bag, flat mom. Spot average pan-India price was up by 2-2.5% vs. qoq average price, and down by ~1-2% on a yoy basis. Price hikes were attempted during the month, but its success was limited to some regions only. Our channel check indicates a price hike will be attempted in early Mar 2025F; however, given the fact that it is the last month of the current financial year, network partners don't expect the net hike to be steeper in the backdrop of year-end volume targets.
- Overall, construction activity is better with the winter season coming to an end in most states and a revival in government-related construction activity. Workers may return to their hometown for the 'Holi' festival, but experts don't see its significance in creating any shortage. The 'Maha Kumbh' restrictions in Uttar Pradesh have been lifted, enabling smooth flow of supplies. We expect 4QFY25F to be the best quarter of the year, and the players in northern and western regions are likely to perform better.

Region-wise channel check

- **East:** Demand remains moderate across eastern states, except Bihar where dealers highlighted some recovery with the change in pace of government projects with the state moving closer to assembly elections. Price remained flat mom in the region.
- **South:** Supply outweighing demand and intense competition for market share kept prices stagnant in the region, as per dealers. Price levels are still at a similar range as in Dec 2024, and dealers don't expect any price hike in Mar 2025F.
- **North:** The region continues to be best-placed for both demand and pricing. Average prices remained stable in Feb 2025 at Delhi and Rajasthan. Dealers see a price hike of Rs5-10/bag in Mar 2025F.
- **West:** Maharashtra demand remains lower compared to the levels before the assembly elections while any uptick in state government spending can stabilize demand in east Maharashtra, which has been lagging. Demand in Gujarat is now better. In Feb 2025, Gujarat markets passed on a price hike of Rs5/bag, west Maharashtra saw a hike of Rs2-5/bag, & east Maharashtra was largely flat vs. Jan 2025 levels.
- **Central:** East Uttar Pradesh (UP) operations were more hit due to restrictions placed for the 'Maha Kumbh' event disrupting the transportation of goods in the region. A price hike of Rs10-15/bag was taken in some regions of UP and dealers expect the demand to improve in Mar 2025F. Prices in Madhya Pradesh prices have been largely flat.

Figure 1: All-India cement average price flat-to-marginal, up mom in Feb 2025 while up ~2% QTD vs 3Q average price



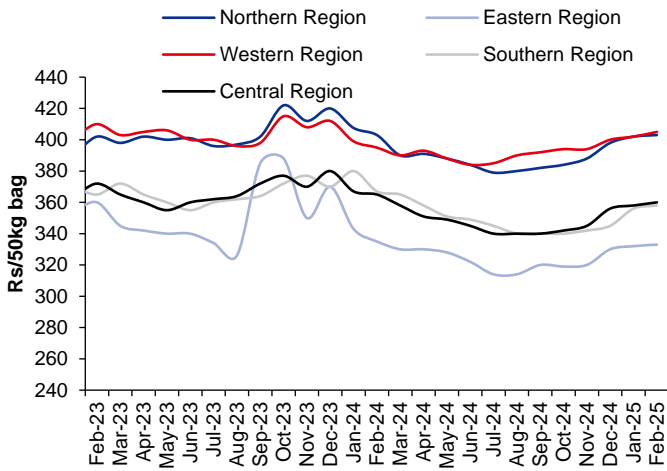
Research Analyst(s)

Nishant BAGRECHA
 T (91) 22 4161 1564
 E nishant.bagrecha@incredresearch.com
Saurabh SINGH
 T (91) 2241611558
 E saurabh.singh@incredresearch.com
Rohan KALLE
 T (91) 22 4161 1561
 E rohan.kalle@incredresearch.com

SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

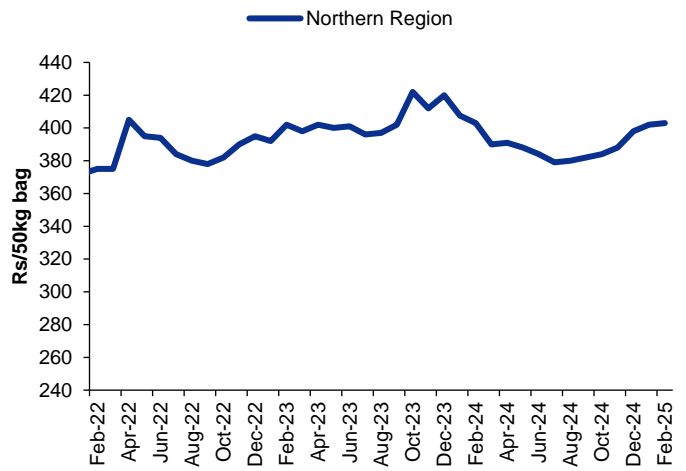
Feb prices flat; +ve trend likely in Mar 2025F

Figure 2: Region-wise, cement prices were stable in Feb 2025



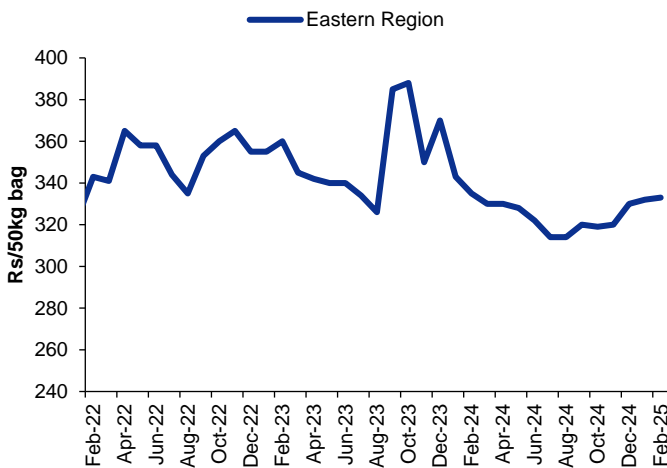
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 3: North India price trend



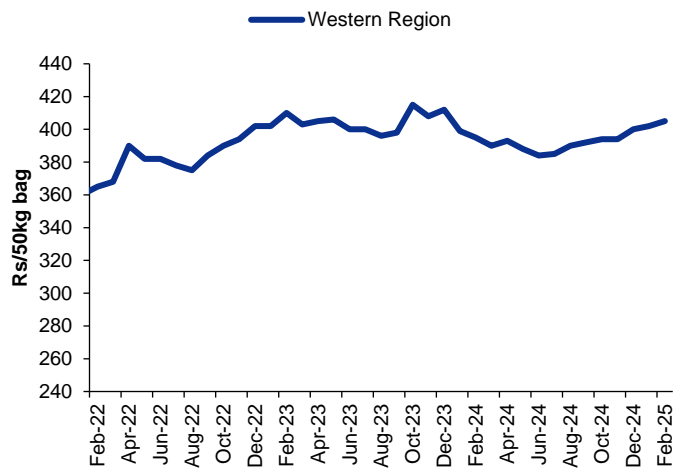
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 4: East India price trend



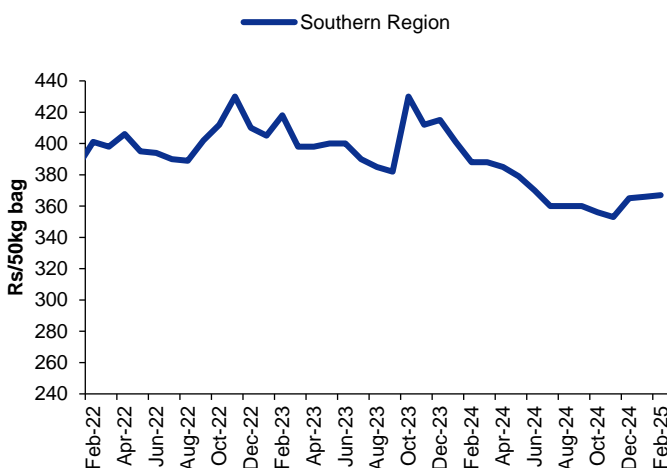
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 5: West India price trend



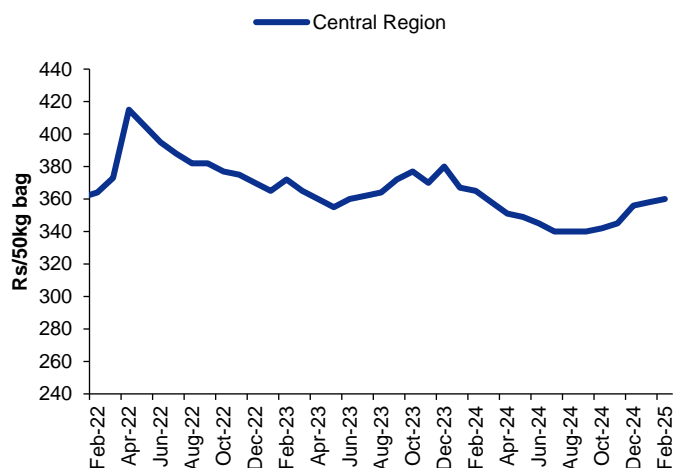
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 6: South India prices remain flat post Dec 2024



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 7: Central India prices remain stable

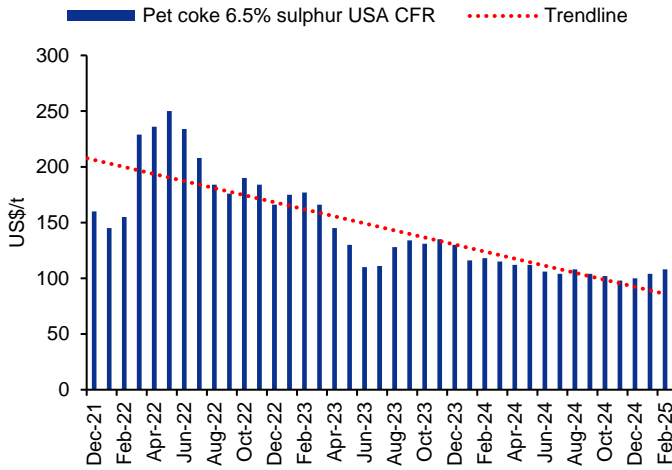


SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Major input cost trend ➤

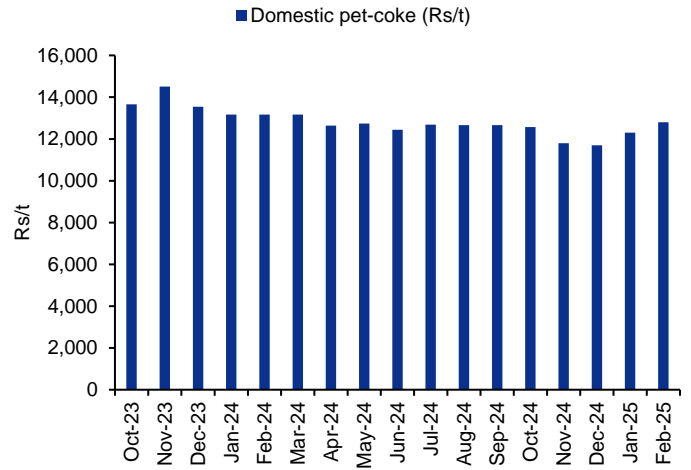
- Fuel prices continue to remain beneficial:** Domestic pet-coke and imported pet-coke prices increased marginally qoq but remain in the comfort zone for the industry. Brent crude oil prices now at US\$74/bbl.

Figure 8: International pet-coke price up 7% vs. Dec 2024 exit price



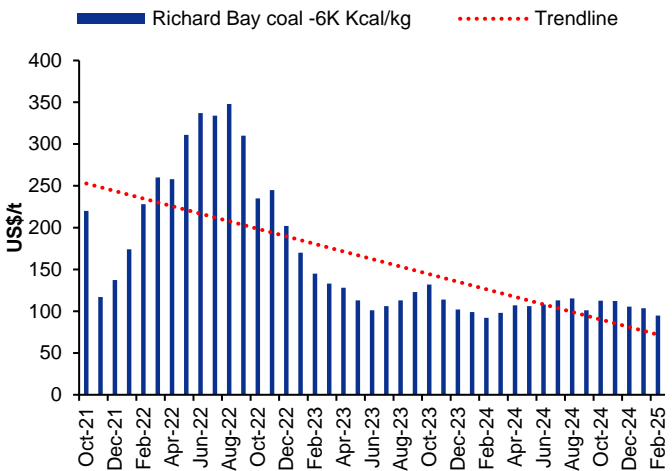
NOTE: CFR = CODE OF FEDERAL REGULATIONS
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Domestic pet-coke price up by 8% vs. Dec 2024 exit price



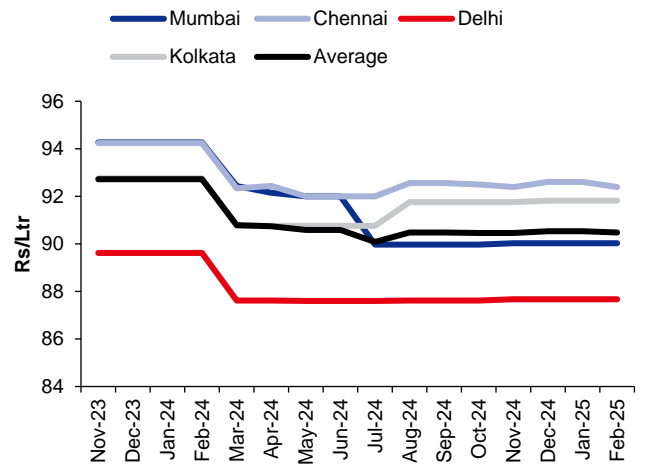
SOURCE: INCRED RESEARCH, BLOOMBERG

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



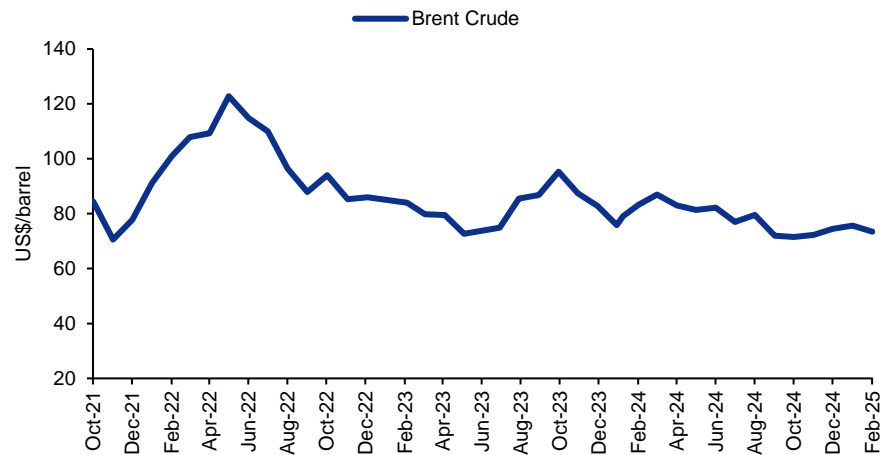
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 11: Average diesel price trend in top metro cities



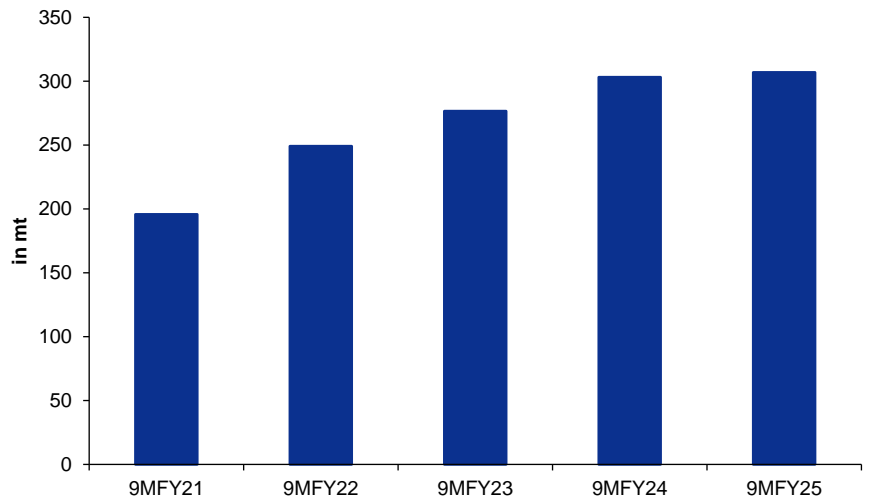
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 12: Crude oil price trend



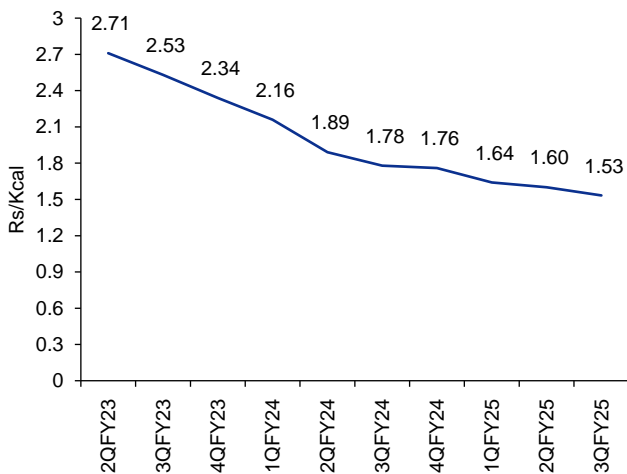
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 13: Cement production up by ~1% yoy in 9MFY25



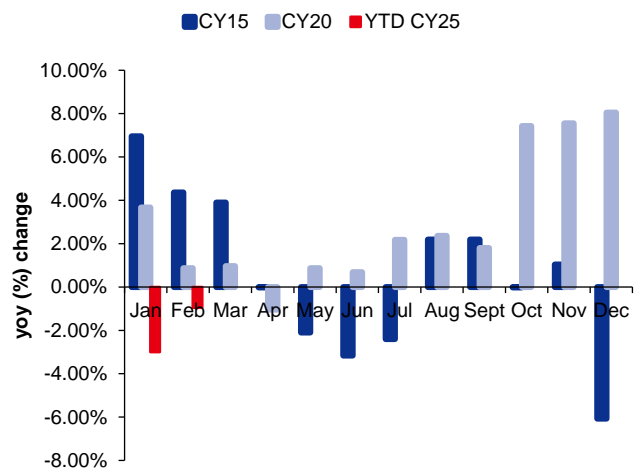
SOURCE: INCRED RESEARCH, CMIE, MOSPI

Figure 14: Average energy cost continues 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 Cement coverage valuation matrix

Company	Bloomberg Ticker	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	UTCEM IN	ADD	10,128	12,900	27%	33,449	22.9	24.1	18.7	4.9	4.5	4.2	12.4%	9.9%	12.5%	40.9	47.4	34.6	146.2	177.6	189.4
ACC	ACC IN	ADD	1,819	2,400	32%	3,906	10.3	13.4	9.7	2.1	2.0	1.8	14.1%	7.6%	10.1%	14.6	26.5	18.5	99.3	94.0	87.1
Ambuja Cements	ACEM IN	ADD	465	630	35%	13,100	24.8	29.1	23.0	2.5	2.1	2.0	7.2%	5.6%	6.4%	39.0	40.3	32.5	151.9	152.5	176.0
Shree Cement	SRCM IN	HOLD	27,284	27,600	1%	11,261	20.9	25.5	20.5	4.8	4.6	4.3	12.2%	4.4%	6.9%	41.1	106.9	64.9	202.1	186.0	164.3
The Ramco Cements	TRCL IN	HOLD	829	900	9%	2,241	15.7	17.8	14.5	2.7	2.7	2.6	5.7%	2.6%	5.6%	49.6	103.2	47.1	125.2	118.8	112.0
JK Cement	JKCE IN	HOLD	4,389	4,900	12%	3,879	18.5	20.0	16.6	6.3	5.7	5.1	15.8%	12.6%	15.1%	42.6	47.9	35.8	188.5	175.9	143.5
Birla Corporation	BCORP IN	ADD	973	1,455	50%	857	7.3	9.8	7.7	1.1	1.1	1.1	6.5%	2.5%	5.2%	18.1	44.3	20.6	61.9	61.5	57.5
HeidelbergCement	HEIM IN	HOLD	192	166	-14%	499	12.4	10.0	8.6	3.0	2.9	2.8	11.4%	14.9%	16.9%	25.9	19.6	16.7	73.8	72.9	71.0
Dalmia Bharat	DALBHARA IN	ADD	1,690	2,000	18%	3,625	12.2	13.9	11.2	2.0	1.9	1.8	5.2%	4.0%	5.7%	38.5	47.8	32.5	86.5	83.1	72.4
JK Lakshmi Cement	JKLC IN	ADD	672	930	38%	904	9.0	12.1	9.1	2.5	2.3	2.1	15.5%	8.0%	12.1%	17.1	29.9	18.1	66.7	64.9	58.6
Mean							15.4	17.6	14.0	3.2	3.0	2.8	10.6%	7.2%	9.6%	32.7	51.4	32.1	120.2	118.7	113.2
Median							14.0	15.8	12.8	2.6	2.5	2.3	11.8%	6.6%	8.5%	38.8	45.8	32.5	112.3	106.4	99.5
Minimum							7.3	9.8	7.7	1.1	1.1	1.1	5.2%	2.5%	5.2%	14.6	19.6	16.7	61.9	61.5	57.5
Maximum							24.8	29.1	23.0	6.3	5.7	5.1	15.8%	14.9%	16.9%	49.6	106.9	64.9	202.1	186.0	189.4

SOURCE: INCRED RESEARCH, COMPANY REPORTS
NOTE: BLOOMBERG. PRICES AS ON 28TH FEB 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. Yogesh 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.