

## India

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**Overweight** (no change)

# Cement

## Southern region moves pan-India prices

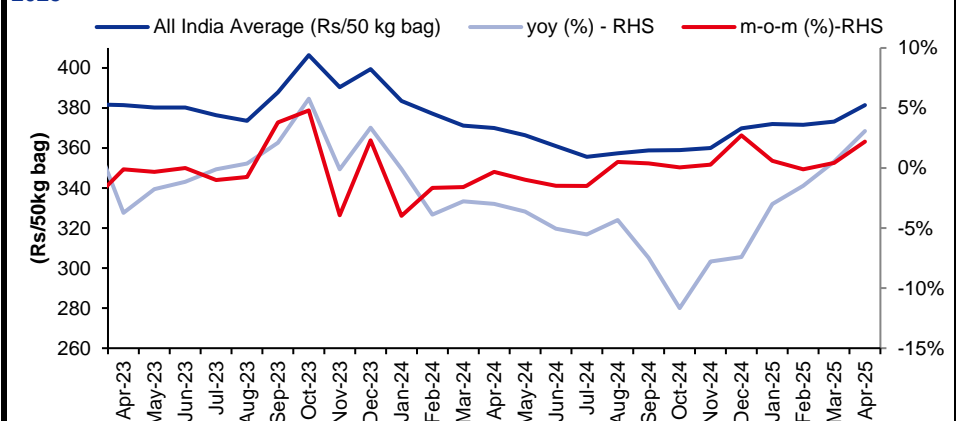
- Our channel check indicates that in Apr 2025, prices were up by ~2.5% MoM and ~3% YoY. Steep price hikes in South India improved the pricing scenario.
- Dealers said the price hike in South India was possible as regional players now focus on profitability through discipline after the exit of some large players.
- Sustainability of price hikes and the impact of heatwave to decide the further sequential improvement in unit EBITDA for the industry.

### South, east regions lead price hike; demand stable despite heatwave

- Based on our channel check, the average pan-India cement price rose by Rs8-10/bag MoM and increased by ~3% YoY in Apr 2025. This uptick was primarily driven by a sharp price hike in the southern region (Rs40-45/bag) and a relatively modest increase in the eastern region (Rs5-10/bag). Some production cuts were also reported in South India. Prices in other regions remained largely stable, although some pockets in the northern and western regions witnessed a slight dip. Most markets expect an additional price hike of Rs10-20/bag in the current month.
- On the demand front, experts believe that government infrastructure projects have maintained their steady pace since their revival in Dec 2024, with no significant acceleration observed. The heatwave across most regions has moderately impacted demand. However, rural demand has shown an improvement compared to last year.

### Region-wise channel check

- **East:** Cement demand improved in most pockets, despite the presence of heatwave. Prices gradually started rising from Jan 2025, with significant hikes in Apr 2025—Jharkhand and Bihar saw a hike of Rs15-20/bag while West Bengal recorded a modest hike of Rs4-5/bag. Dealers expect a price hike in May 2025F.
- **South:** Demand in the region remains soft. Despite this, the market witnessed two consecutive price hikes within a month (Rs40-50/bag followed by Rs5-10/bag), driven by regional players prioritizing profitability, after a prolonged period of pricing pressure. Spot cement prices stood at Rs365/bag in Hyderabad and at Rs385/bag in Bengaluru. Channels expect an additional price hike of Rs5-10/bag in May 2025.
- **North:** Demand remains mixed in the region because most markets expect New Delhi and Rajasthan to witness reduced demand due to the heatwave, leading to a dip of Rs5-10/bag. A price hike of Rs10-15/bag is likely in May 2025F.
- **West:** Demand remained flat MoM, although experts expect robust housing demand ahead of the monsoon season. Prices in Mumbai were stable, but Ahmedabad saw a dip of Rs4-5/bag, while Nagpur recorded a rise of Rs10-15/bag in Apr 2025. Excluding Ahmedabad, most markets expect a price hike of Rs4-5/bag in May 2025F.
- **Central:** As per dealers, the heatwave intensity increased from mid-Apr 2025, slightly impacting demand in the region. Rural demand, however, continues to perform better than last year. Prices in major markets like Varanasi, Prayagraj, Lucknow, and Bhopal remained flat MoM. Dealers expect a price hike of Rs10-20/bag in May 2025F.

**Figure 1: All-India cement average price was up by ~3% MoM and by ~3% YoY in Apr 2025**

SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

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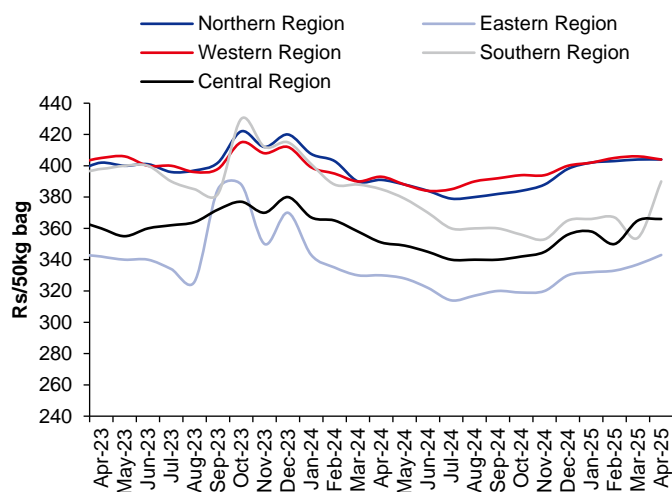
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## Southern region moves pan-India prices

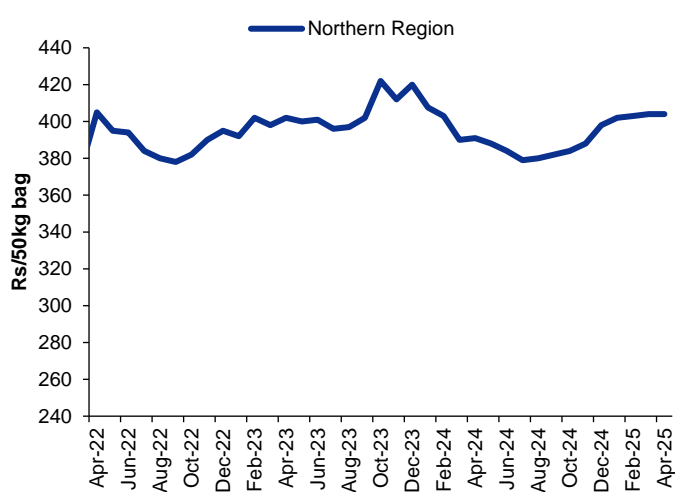
### Brave run-up in South India despite weak demand ➤

- **Lower-tier brands support South India price hikes:** Dealers said that successive price hikes are possible, even in a low-demand environment, as regional and lower-tier brands have gone for an aggregate hike of Rs50-60/bag in Apr 2025. This has enabled top-tier brands to raise prices more smoothly compared to last year. Industry experts highlighted that regional players are prioritizing profitability over sales volume currently and this should continue till Jun 2025F. The price hikes aim to offset losses incurred last year by regional players due to distress pricing.
- Dealers feel these hikes are intended to prevent prices from bottoming out during the seasonal monsoon phase, which saw a new low in 2024. However, current demand in most pockets has been affected by steep price hikes and, as a result, it will be interesting to note as till when the players can hold on to this strategy which can hit the volume.
- In 2024, price hike attempts were often reversed within days, leading to a volatile pricing environment and frequent attempts to raise prices. In Apr 2025, the pricing environment was more stable in South India.
- Experts believe the exit of prominent players (e.g., acquisitions of India Cements, Penna Cements, and Orient Cements) in South India over the past one year has shifted regional players' focus toward profitability to survive in this industry and avoid price discounts to capture each other's market share.

Figure 2: Region-wise, cement prices remained better in Apr 2025 Figure 3: North India cement price close to Dec 2024 levels

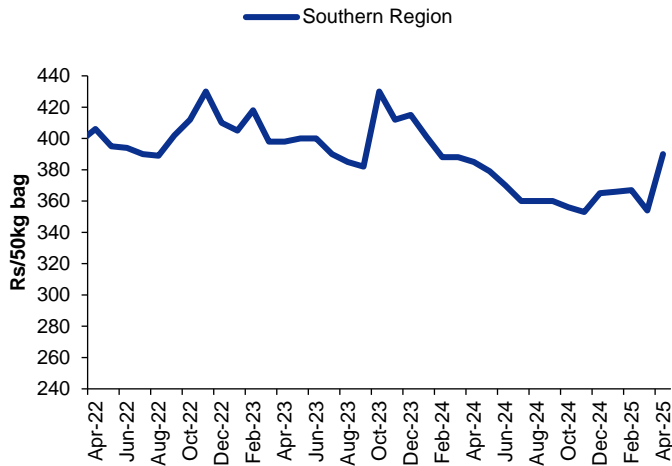


SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK



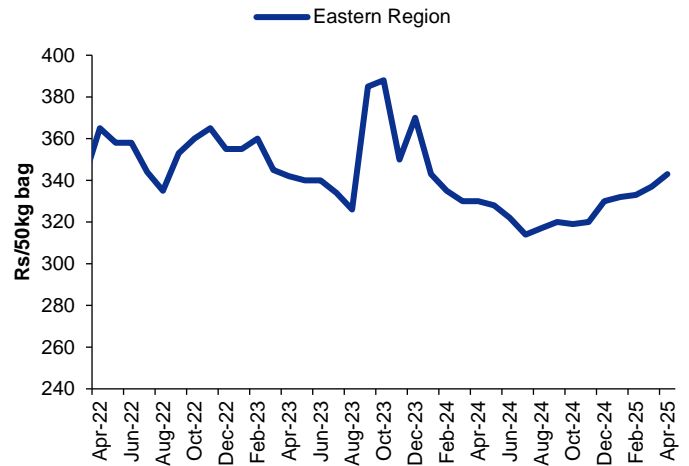
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 4: Southern region cement prices posted a steep recovery in Apr 2025**



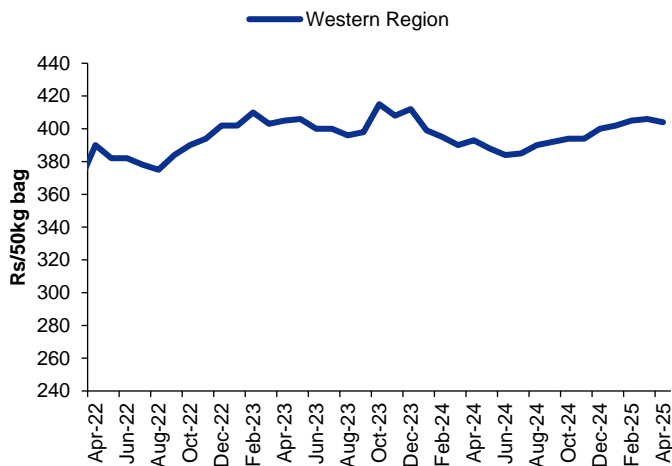
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 5: Eastern region cement prices continues to improve gradually**



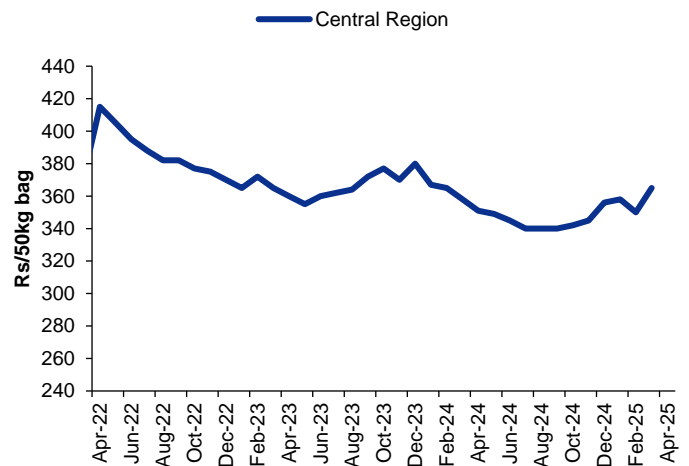
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 6: Western region cement prices decline marginally from Feb 2025**



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

**Figure 7: Central region cement prices remain stable MoM, after rising in Feb 2025**

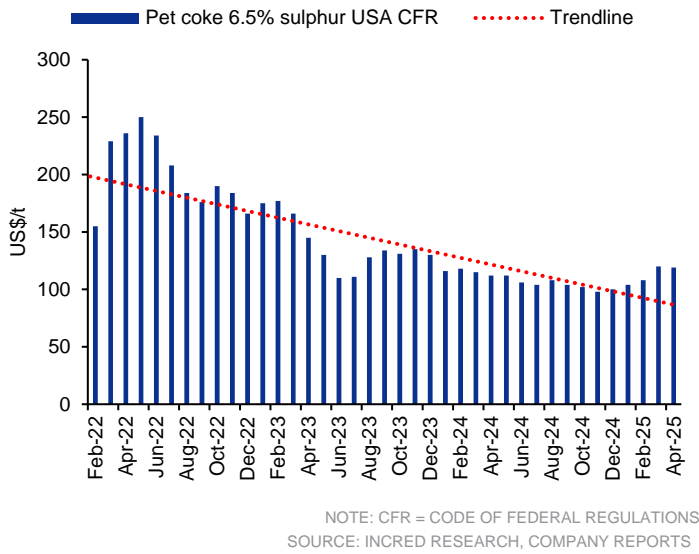


SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

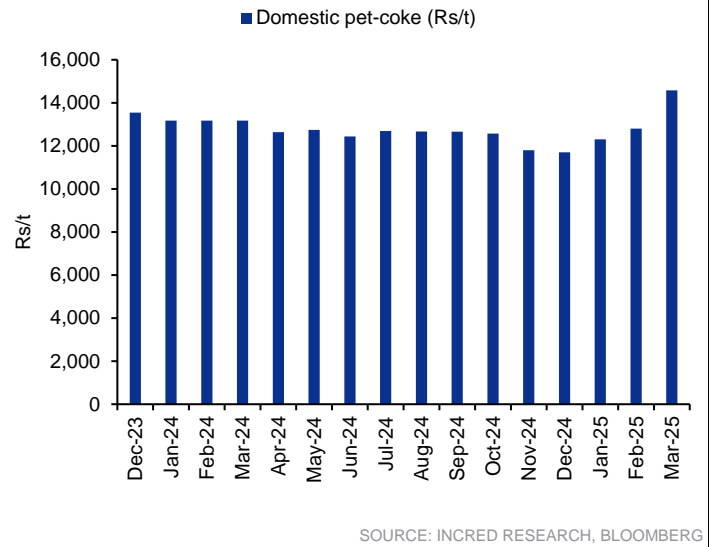
### Major input cost trend ➤

- **Pet-coke prices rally while Brent crude oil prices ease:** Prices of Brent crude oil declined steeply in Apr 2025 and are now at a level similar to the level witnessed during the Covid-19 pandemic. However, pet-coke prices are still ~19% higher vs. Dec 2024 exit levels.

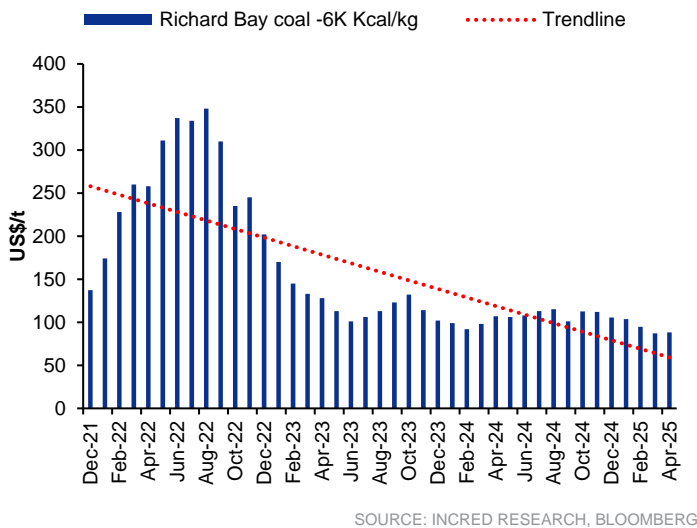
**Figure 8: International pet-coke prices**



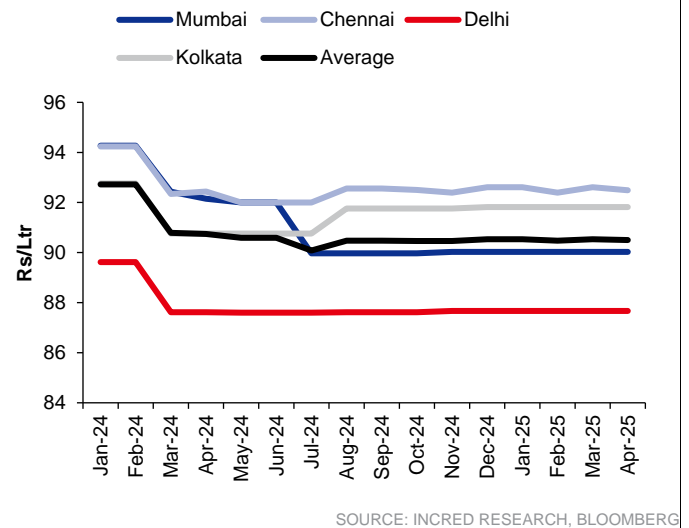
**Figure 9: Domestic pet-coke prices at the beginning of Mar 2025**



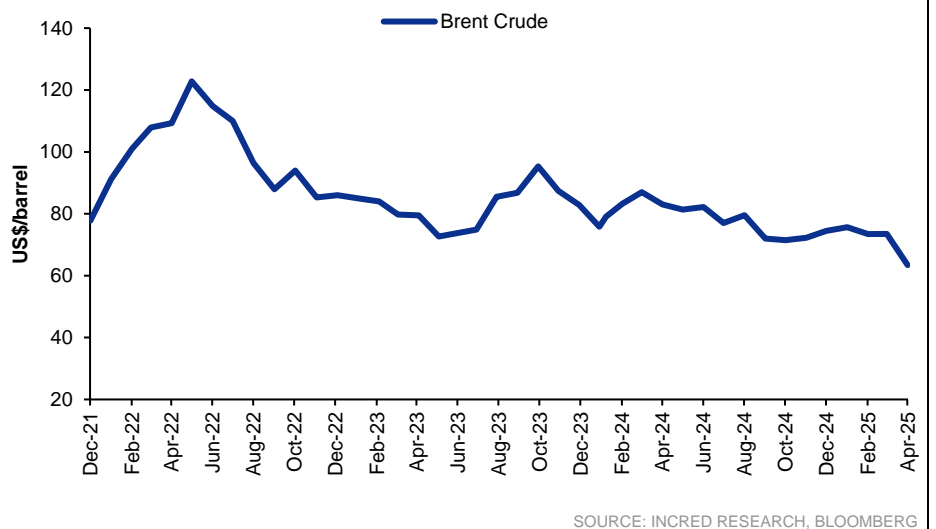
**Figure 10: Imported coal price (South African 6k/kcal) trend**



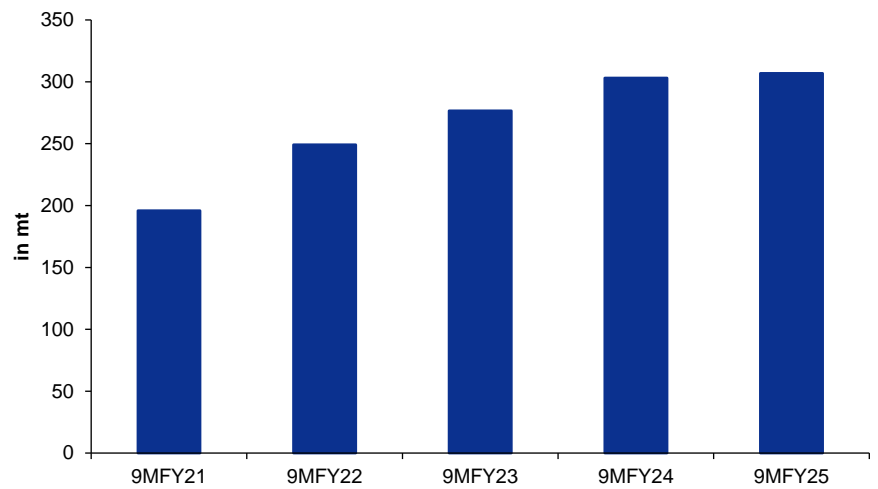
**Figure 11: Average diesel price trend in top metro cities**



**Figure 12: Crude oil price trend**

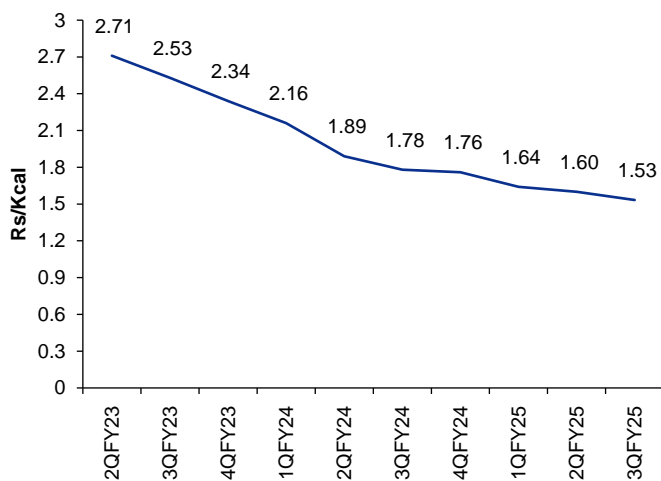


**Figure 13: Cement production was up 1.3% yoy in 9MFY25**



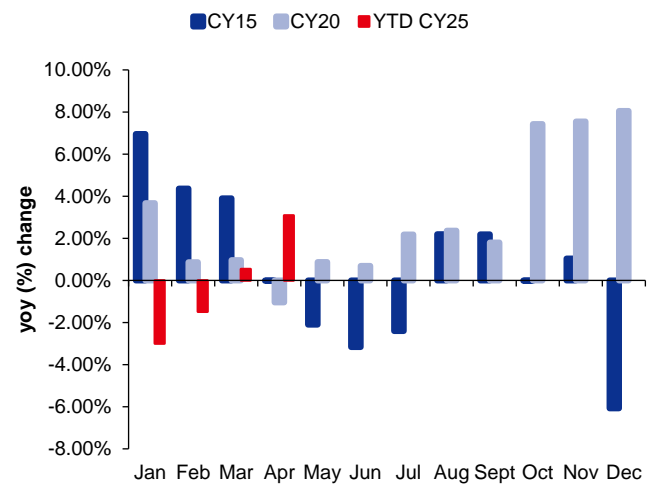
SOURCE: INCRED RESEARCH, CMIE, CSO

**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 Cement coverage peer comparison**

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	11,641	13,550	16%	40,543	27.3	29.6	21.8	5.8	5.0	4.6	12.3%	9.3%	11.4%	50.0	58.0	41.5	285.0	231.7	218.9
ACC	ACC IN	ADD	1,888	2,210	17%	4,190	10.7	13.4	10.7	2.2	1.9	1.8	14.1%	8.2%	9.1%	15.2	14.8	20.1	103.5	97.1	91.9
Ambuja Cements	ACEM IN	ADD	540	620	15%	15,711	15.0	21.9	17.6	2.1	2.1	2.0	7.6%	6.0%	5.4%	29.7	28.6	37.0	170.9	201.2	232.4
Shree Cement	SRCM IN	HOLD	29,710	27,600	-7%	12,669	23.3	28.5	22.9	5.3	5.1	4.8	12.2%	4.4%	6.9%	45.7	119.0	72.2	221.4	203.4	179.7
The Ramco Cements	TRCL IN	HOLD	944	900	-5%	2,635	17.4	19.8	16.1	3.1	3.0	2.9	5.7%	2.6%	5.6%	56.4	117.3	53.5	138.9	132.2	119.9
JK Cement	JKCE IN	HOLD	5,113	4,900	-4%	4,669	20.6	22.3	18.5	7.1	6.5	5.8	15.8%	12.6%	15.1%	48.1	54.0	40.4	205.1	191.2	155.8
Birla Corp0ration	BCORP IN	ADD	1,060	1,455	37%	965	8.0	10.7	8.4	1.3	1.2	1.2	6.5%	2.5%	5.2%	20.5	50.0	23.2	67.6	65.7	57.8
HeidelbergCement	HEIM IN	HOLD	192	166	-14%	513	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	1,943	2,180	12%	4,307	14.1	15.8	13.1	2.3	2.1	2.0	5.2%	4.6%	5.7%	44.7	54.5	36.4	98.2	90.4	97.6
JK Lakshmi Cement	JKLC IN	ADD	777	930	20%	1,081	10.3	13.9	10.3	2.9	2.7	2.4	15.5%	8.0%	12.1%	20.1	35.2	21.3	77.6	75.0	67.5
<b>Mean</b>							<b>15.9</b>	<b>18.6</b>	<b>14.8</b>	<b>3.5</b>	<b>3.3</b>	<b>3.0</b>	<b>10.6%</b>	<b>7.3%</b>	<b>9.4%</b>	<b>35.6</b>	<b>55.1</b>	<b>36.2</b>	<b>144.2</b>	<b>136.1</b>	<b>129.2</b>
<b>Median</b>							<b>14.5</b>	<b>17.8</b>	<b>14.6</b>	<b>2.9</b>	<b>2.8</b>	<b>2.6</b>	<b>11.8%</b>	<b>7.0%</b>	<b>8.0%</b>	<b>37.2</b>	<b>52.0</b>	<b>36.7</b>	<b>121.2</b>	<b>114.7</b>	<b>108.8</b>
<b>Minimum</b>							<b>8.0</b>	<b>10.0</b>	<b>8.4</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>	<b>5.2%</b>	<b>2.5%</b>	<b>5.2%</b>	<b>15.2</b>	<b>14.8</b>	<b>16.7</b>	<b>67.6</b>	<b>65.7</b>	<b>57.8</b>
<b>Maximum</b>							<b>27.3</b>	<b>29.6</b>	<b>22.9</b>	<b>7.1</b>	<b>6.5</b>	<b>5.8</b>	<b>15.8%</b>	<b>14.9%</b>	<b>16.9%</b>	<b>56.4</b>	<b>119.0</b>	<b>72.2</b>	<b>285.0</b>	<b>231.7</b>	<b>232.4</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICES AS ON 30<sup>TH</sup> APR 2025

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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.