

India

June 30, 2025 - 09:40 AM

Overweight (no change)

Cement

Industry enters a seasonally weak phase

- Our channel check shows that in Jun 2025, cement prices fell by 1.3% MoM but were up ~1.5% vs. 4Q exit prices. South & East India led the gains in 1Q.
- Dealers believe the monsoon density in Aug-Sep 2025F and a recovery in the overall construction activity to decide the pricing direction in FY26F.
- South & East India-based players to perform better in 1QFY26F following a substantial improvement in pricing across the trade and non-trade segments.

Prices up ~1.5% vs. Mar 2025; room for further price hikes seems low

- Our channel check shows the average pan-India cement price fell by Rs4-5/bag MoM with the onset of a subdued season for cement demand, but still up by ~5% YoY in Jun 2025 at Rs383/bag due to the steep hikes taken in Apr 2025. Prices are up by ~1.5% vs. 4QFY25 exit prices, with both the southern and eastern markets performing better during the current quarter. Prices in other markets were at a level similar to the Mar 2025 exit level. No further price hike is expected in most pockets and dealers feel any hike will not sustain due to poor demand and the onset of a seasonally weak phase.
- On the demand front, demand remained better due to a lower base of the previous year. The demand from government infrastructure projects is yet to pick up in some key states, as per experts. With the onset of the monsoon season, demand softened further in most pockets. The density of the rainfall in Sep-Oct 2025F and revival of demand post-monsoon to decide the pricing direction, with most capacities in FY26F to come on stream in the second half of the year.

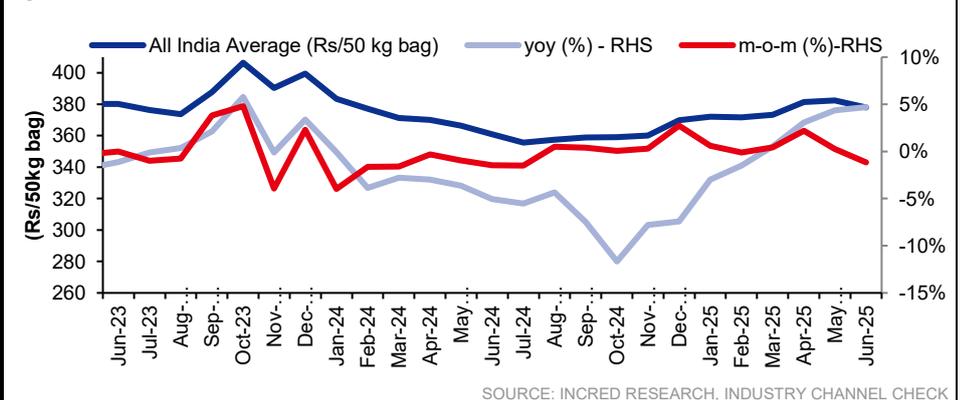
Region-wise channel check

- **East:** Cement prices declined by Rs5-6/bag MoM due to soft demand and the onset of the monsoon season in some pockets. Prices were flat in Bihar and Odisha while they declined in West Bengal and Jharkhand. Huge discounts are being offered in West Bengal to clear the inventory. No price rise is expected in Jul 2025F across markets.
- **South:** With the monsoon paving its way gradually across the region from mid-Jun 2025, demand has started tapering. Prices in Tamil Nadu are down by Rs10-15/bag, and in Karnataka, Andhra Pradesh & Telangana they are down by Rs10-20/bag. There is no information on any price hike yet, according to dealers.
- **North:** Prices remained flat MoM across markets, except Delhi where there was a discount of Rs4-5/bag. No price hike is expected in Jul 2025F, as per dealers.
- **West:** Both Maharashtra and Gujarat received higher rainfall in Jun 2025, which impacted demand in most pockets. However, the prices in most pockets held firm despite soft demand. Price hikes were attempted in some regions during the month, but they failed to sustain due to poor demand, and channels believe that any attempt to hike prices in Jul 2025F may meet the same fate due to the seasonally weak phase.
- **Central:** Prices were flat MoM as the monsoon is yet to properly spread across the region while rural housing demand was better. Prices in Bhopal stood at Rs340/bag and in Lucknow at Rs380-390/bag. There was no information on price hikes.

Research Analyst(s)

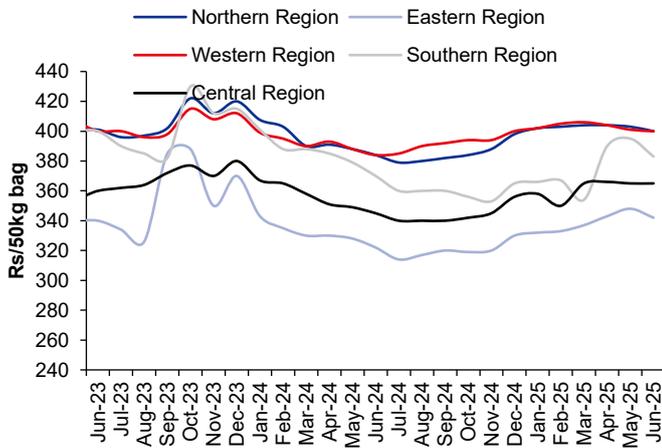
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Figure 1: All-India average cement price was up by ~1% vs. 4QFY25 exit price and up by ~5% YoY in Jun 2025



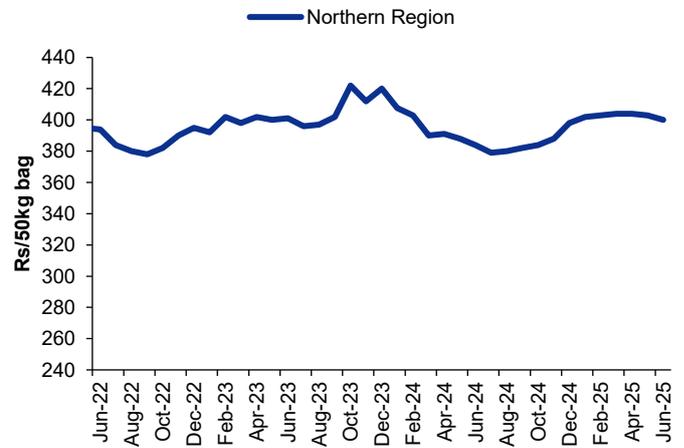
Industry enters a seasonally weak phase

Figure 2: Region-wise, cement prices declined across most pockets in Jun 2025



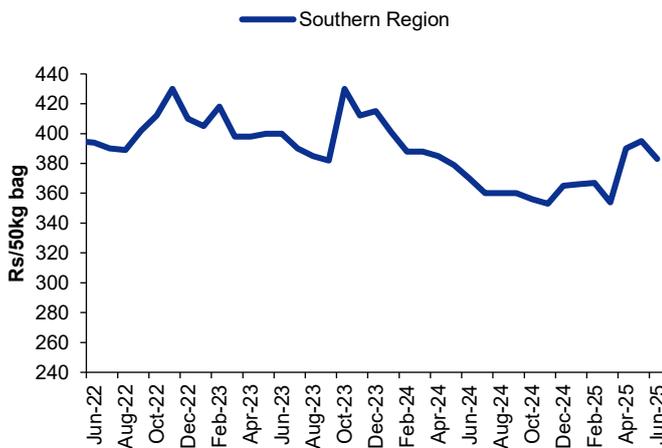
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 3: North India cement prices close to Mar 2025 exit level, with no price hikes so far in 1QFY26



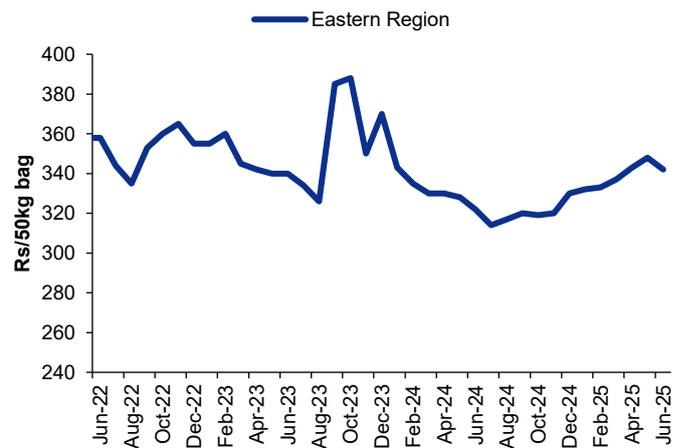
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 4: Southern region cement prices on the decline from mid-Jun 2025



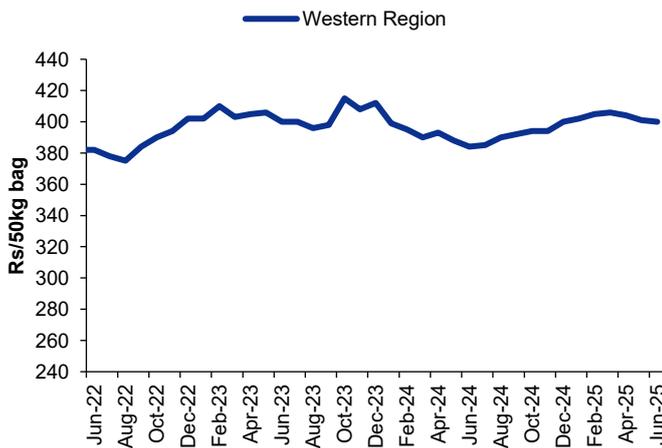
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 5: Eastern region cement prices declined in Jun 2025 due to soft demand



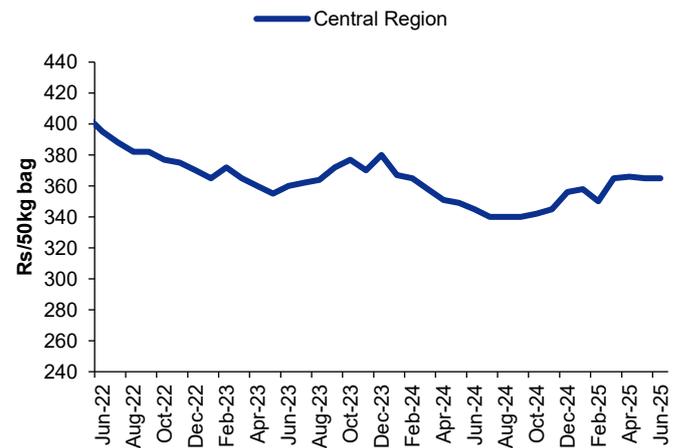
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 6: Western region cement prices remain flat MoM



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 7: Central region cement prices were also flat MoM



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Major input cost trend ➤

- Pet-coke prices stable after a rally while Brent crude oil prices volatile:** Prices of Brent crude oil, after declining steeply in Apr-May 2025, are up by 7% in Jun 2025 but still lower vs. Mar 2025 exit level. Further, pet-coke prices have cooled to US\$109/t vs. US\$120/t in Mar 2025.

Figure 8: International pet-coke price trend

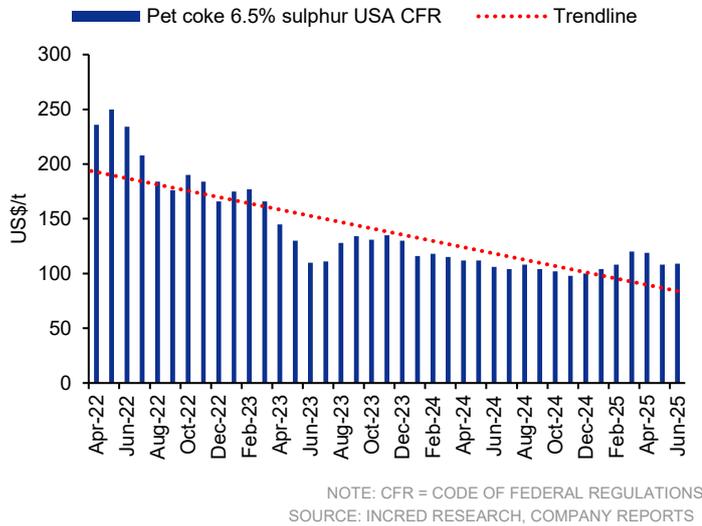


Figure 9: Domestic pet-coke prices at the beginning of May 2025

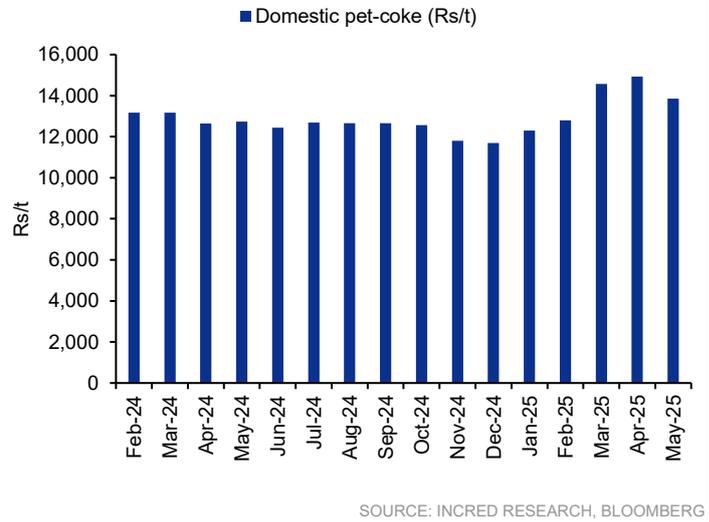


Figure 10: Imported coal price (South African 6k/kcal) trend

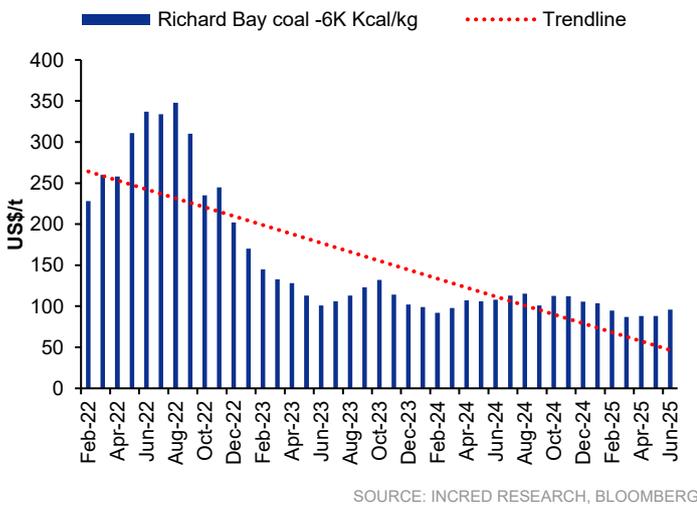


Figure 11: Average diesel price trend in top metro cities

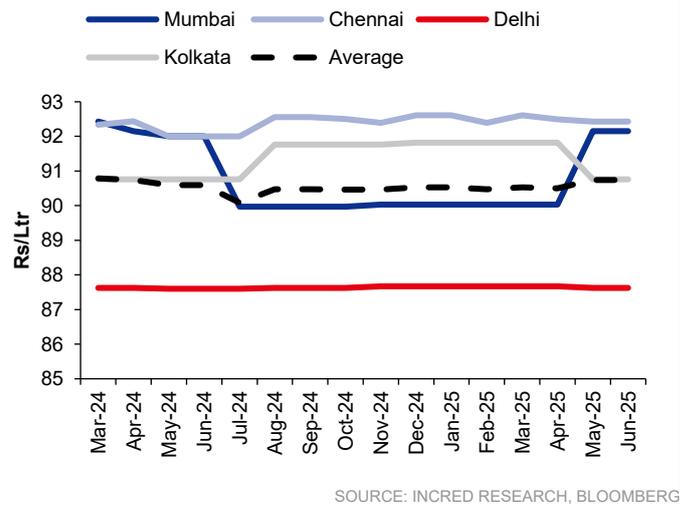
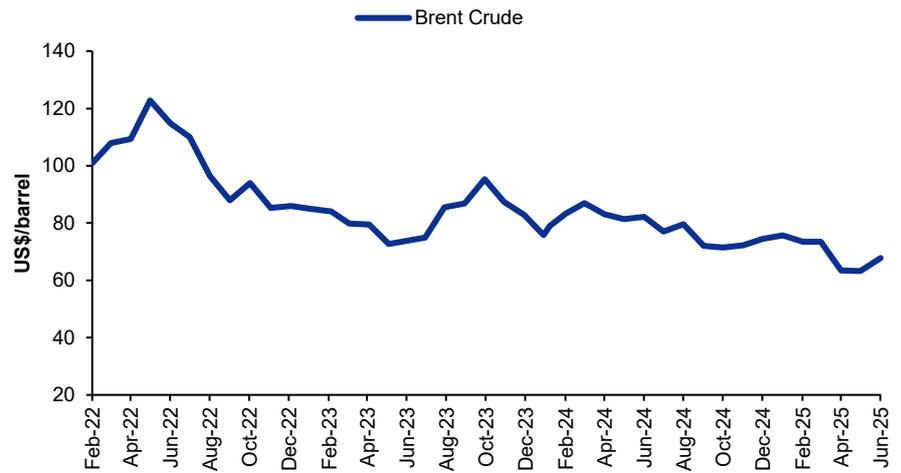
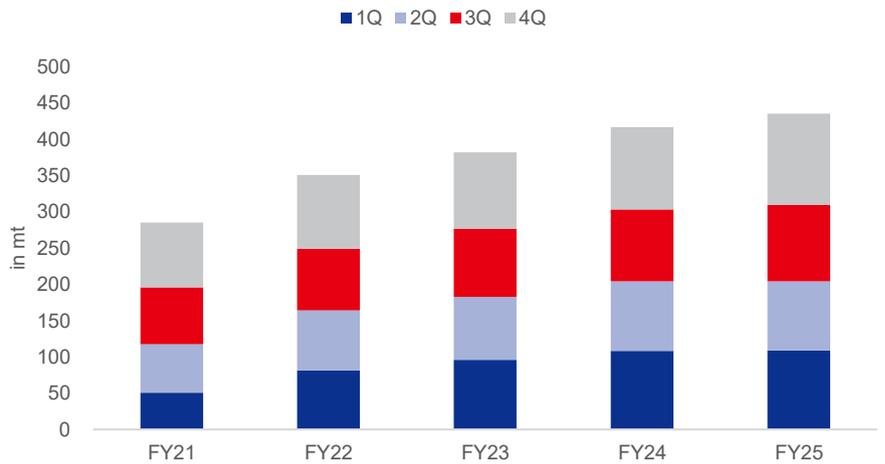


Figure 12: Crude oil price trend



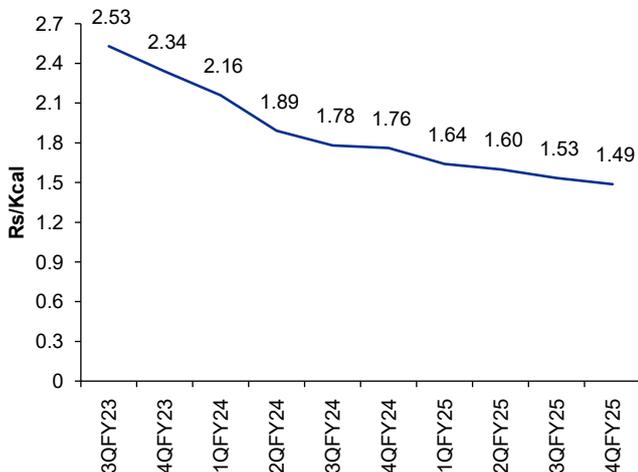
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 13: Cement production data indicates ~68-70% capacity utilization level in FY25



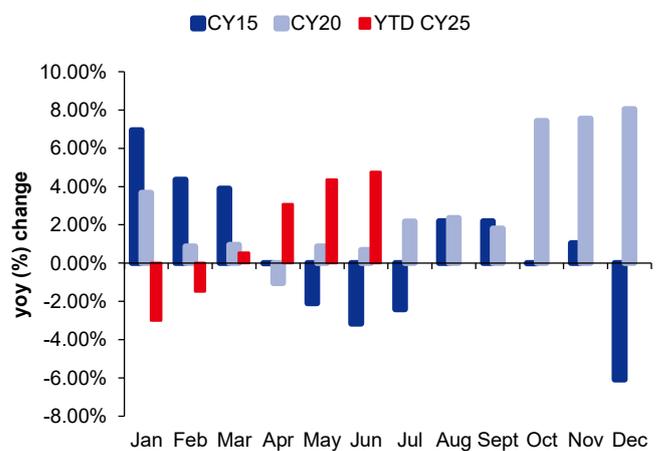
SOURCE: INCRED RESEARCH, CENTRE FOR MONITORING INDIAN ECONOMY, CENTRAL STATISTICS OFFICE

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	12,213	13,550	11%	42,127	28.5	21.3	16.7	4.8	4.4	4.0	9.3%	11.4%	14.5%	55.8	40.4	29.2	223.4	218.3	201.8
ACC	ADD	1,920	2,210	15%	4,221	13.4	10.7	8.8	1.9	1.8	1.6	8.2%	9.1%	10.3%	14.8	20.1	16.3	90.8	86.3	85.3
Ambuja Cements	ADD	575	620	8%	16,577	20.3	14.7	11.4	1.7	1.6	1.5	6.0%	5.4%	7.1%	26.5	31.0	22.4	185.8	194.3	197.6
Shree Cement	HOLD	31,030	31,100	0%	13,105	26.8	22.2	18.6	5.2	5.0	4.7	5.3%	6.9%	9.1%	99.0	73.7	53.0	221.1	180.2	180.5
The Ramco Cements	REDUCE	1,055	900	-15%	2,918	22.8	16.9	14.2	3.2	3.0	2.8	1.5%	5.1%	7.4%	56.7	60.1	39.5	135.4	129.8	109.6
JK Cement	HOLD	6,336	5,500	-13%	5,731	22.0	18.0	15.5	6.7	5.8	5.1	13.8%	16.5%	17.7%	47.0	37.6	30.9	197.8	161.2	142.8
Birla Corporation	ADD	1,339	1,530	14%	1,206	10.1	8.6	7.5	1.4	1.3	1.2	4.9%	6.5%	8.1%	29.3	21.0	15.8	72.5	70.3	71.5
HeidelbergCement	HOLD	206	182	-12%	548	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	2,209	2,180	-1%	4,849	15.8	13.1	11.1	2.1	2.0	1.9	4.6%	5.7%	7.1%	54.5	36.4	27.8	90.4	97.6	88.8
JK Lakshmi Cement	ADD	886	935	6%	1,221	13.7	10.9	9.3	2.9	2.6	2.2	9.0%	12.6%	14.6%	33.3	21.6	16.5	84.7	64.8	62.0
Mean						19.1	15.0	12.4	3.3	3.1	2.8	7.0%	9.0%	10.8%	45.9	37.3	27.6	138.0	127.8	121.4
Median						18.7	14.2	11.4	3.0	2.8	2.5	6.7%	8.0%	9.7%	44.7	33.8	26.4	113.1	113.7	99.2
Minimum						10.1	8.6	7.5	1.4	1.3	1.2	1.5%	5.1%	7.1%	14.8	20.1	15.8	72.5	64.8	62.0
Maximum						28.5	22.2	18.6	6.7	5.8	5.1	13.8%	16.5%	17.7%	99.0	73.7	53.0	223.4	218.3	201.8

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICES AS ON 27TH JUN 2025

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- 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.

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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.

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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.