

India

August 03, 2025 - 1:40 PM

Overweight (no change)

Cement

Muted activity in rainy season; rebound likely

- Our channel check shows that in Jul 2025, cement prices fell by ~1% MoM but were up ~5% yoy. South India prices are still higher, after a marginal decline.
- Experts believe that demand will be better post-monsoon. In the remaining monsoon phase, price hikes will be done tactically to prevent any erosion.
- Government capex and better IHB demand to support incremental capacity addition in 2HFY26F. Government capex reached ~25% of FY26BE in 1Q.

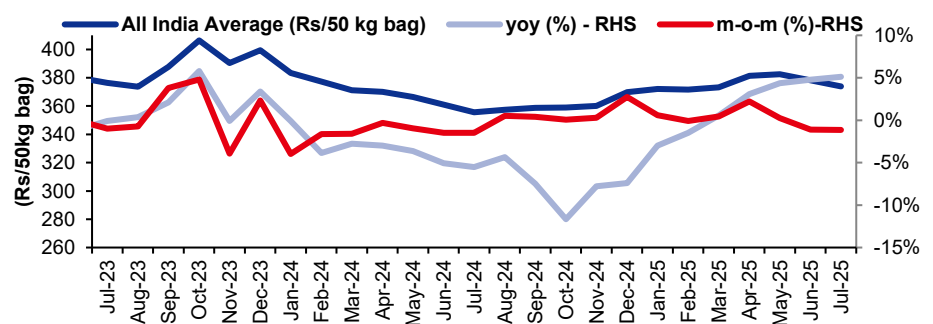
Prices down by ~1% vs. Jun 2025; govt spending looks promising

- Our channel check indicates that average pan-India cement price was down by Rs4-5/bag MoM with the onset of a strong monsoon phase across India, but better on a yoy basis with a healthy gain of ~5% in Jul 2025 at Rs374/bag. Prices are in a good shape even after the first half of the monsoon season, aided by no major decline in any region and providing a positive price outlook post-monsoon. Any further hike going ahead till the monsoon season ends will be to maintain the price level (prevent bottoming out), while a substantial increase from Mar-Jun 2025 levels is possible only post-monsoon, as per dealers.
- Demand remained weak due to the monsoon seasonality, which is accompanied by a slowdown in construction activity, and individual house builder or IHB demand. However, demand is expected to be better post-monsoon. The intensity of government capex in 2HFY26F to support incremental capacity addition during the year. Central government capex spending in 1QFY26 reached ~25% of BE FY26 ([news link](#)) vs. 16.5% in 1QFY25, and the spending trend hints at a promising outlook post-monsoon.

Region-wise channel check

- **East:** Cement prices, after declining in Jun 2025, were firm across pockets. Price levels remained flat in Bihar and Odisha while they were up by ~Rs10/bag in West Bengal from the second half of the month. Chances of a price hike seem low until the monsoon season ends, as per dealers.
- **South:** Cement prices, after peaking in May 2025, have declined due to seasonal weakness. Prices in Tamil Nadu were down by ~Rs10-15/bag, and in Karnataka, Andhra Pradesh & Telangana they were down by ~Rs5-10/bag. Most players have reduced their invoice prices too during the month. Price hike is possible in the first week of Aug 2025F.
- **North:** Prices varied across pockets in the northern region, with a flat trend in Chandigarh, Jammu & Kashmir, and Jaipur on mom basis, while declining by ~Rs5-10/bag in Delhi, where there was a discount of ~Rs4-5/bag.
- **West:** Prices remained broadly flat in Jul 2025. In Maharashtra, prices remained stable in Mumbai and Nagpur, despite higher rainfall. Some pockets of Gujarat witnessed a discount of ~Rs4-5/bag; however, top-tier brands' prices remained flat.
- **Central:** During Jul 2025, prices fell in Lucknow and Varanasi by ~Rs10-20/bag while they were flat in Prayagraj. Prices in Bhopal were flat at ~Rs340-350/bag. There was no information on price hikes. Channels highlighted rising competition in the non-trade segment.

Figure 1: All-India average cement price was down by ~1% vs. 1QFY26 exit price and up by ~5% YoY in Jul 2025



SOURCES: INCRED RESEARCH, COMPANY REPORTS

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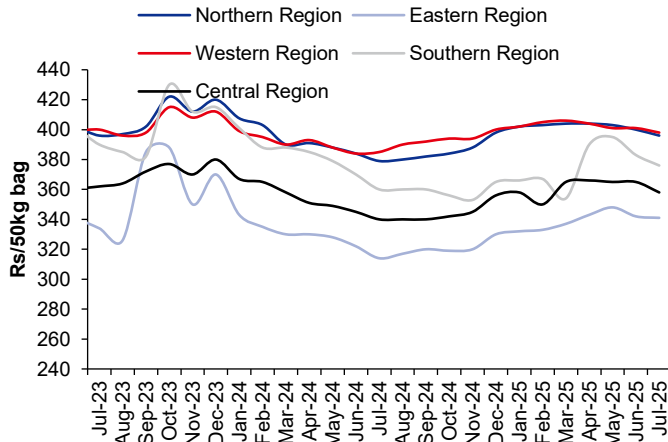
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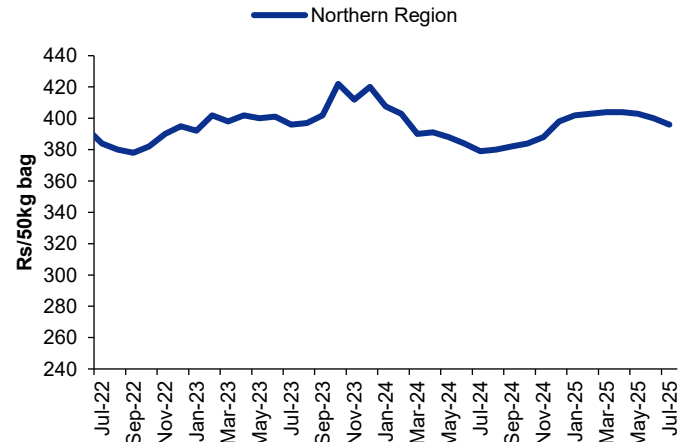
Muted activity in rainy season; rebound likely

Figure 2: Region-wise, cement prices declined marginally in most pockets in Jul 2025



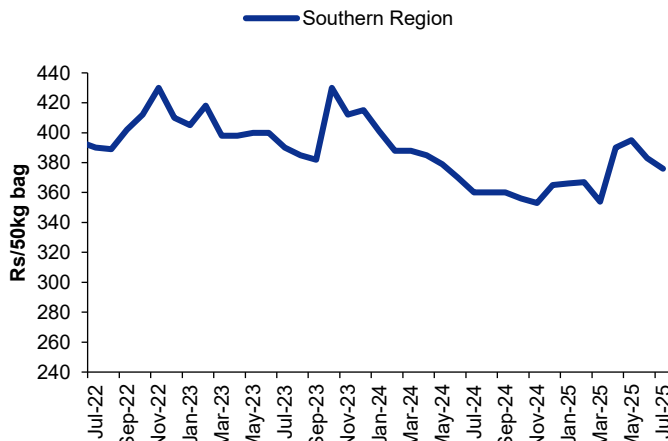
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 3: North India cement prices dipped marginally in Jul 2025



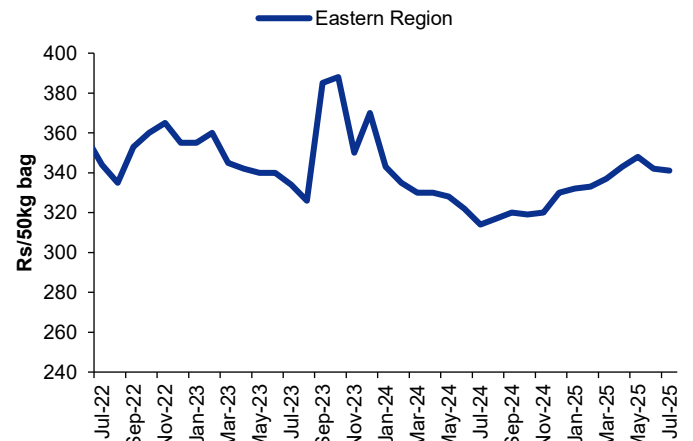
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 4: Southern region cement prices declined from their May 2025 peak level



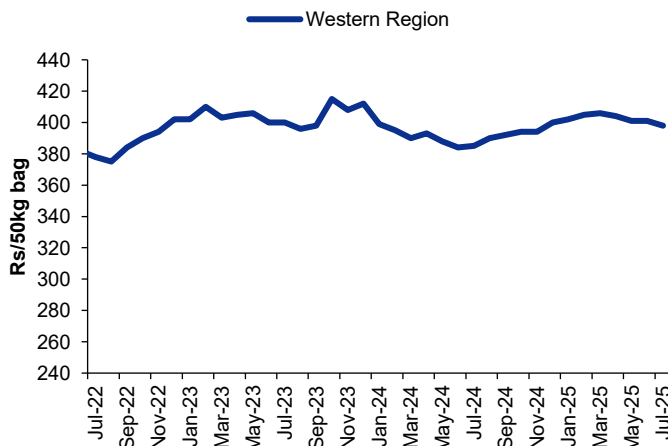
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 5: Eastern region cement prices, after declining in the previous month, remained flat in Jul 2025



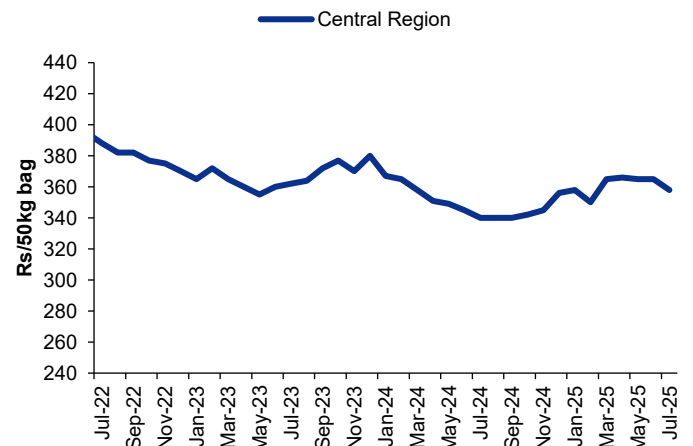
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 6: Western region cement prices were stable in Jul 2025



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 7: Central region cement prices declined in Jul 2025



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Major input cost trend ➤

- **Fuel price environment remains volatile:** Prices of Brent crude oil, after declining steeply in Apr-May 2025, were up by 12% in Jul 2025. Further, pet-coke prices eased to US\$114/t vs. US\$120/t in Mar 2025.

Figure 8: International pet-coke price trend

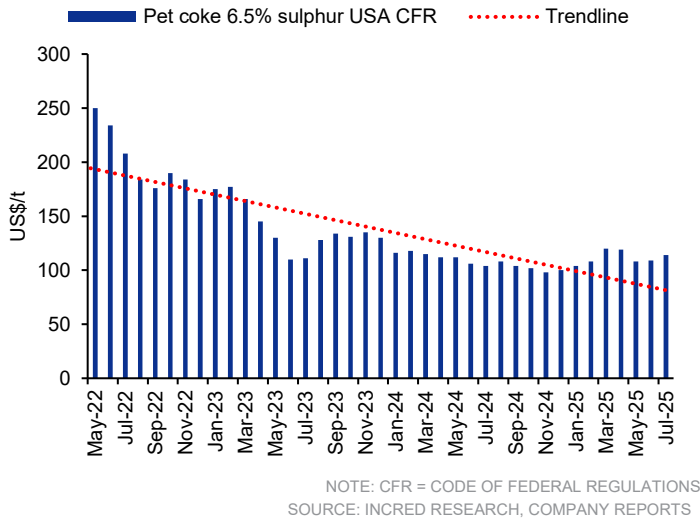


Figure 9: Domestic pet-coke prices at the beginning of Jul 2025

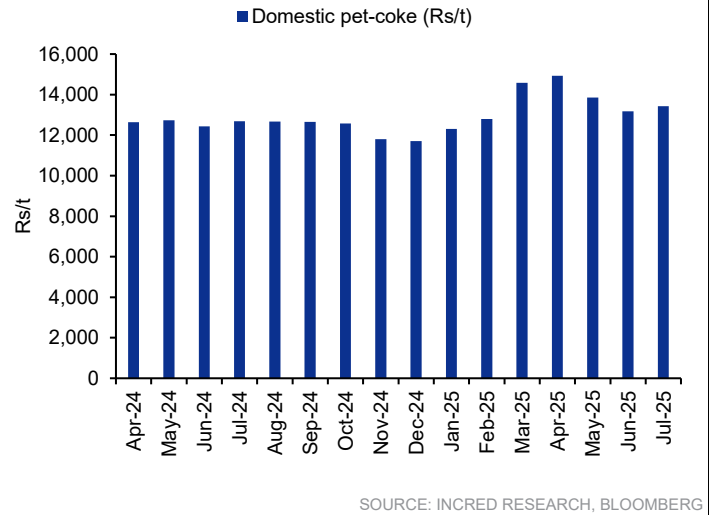


Figure 10: Imported coal price (South African 6k/kcal) trend

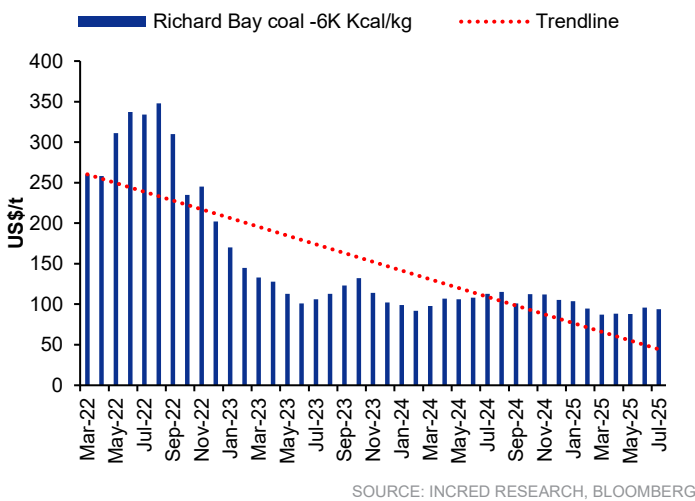


Figure 11: Average diesel price trend in top metro cities

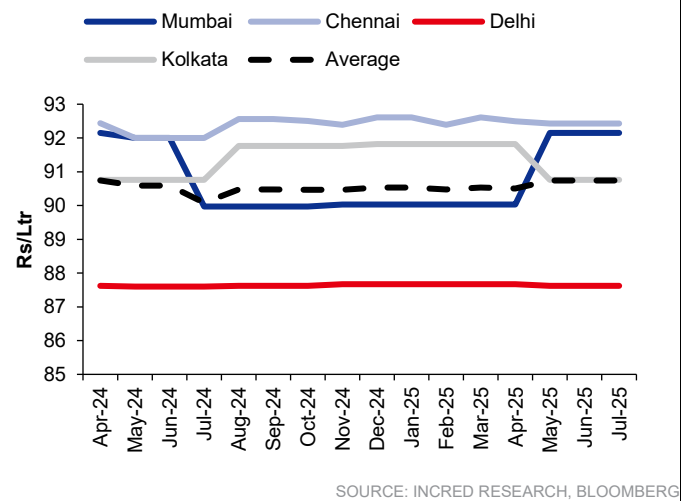


Figure 12: Crude oil price trend

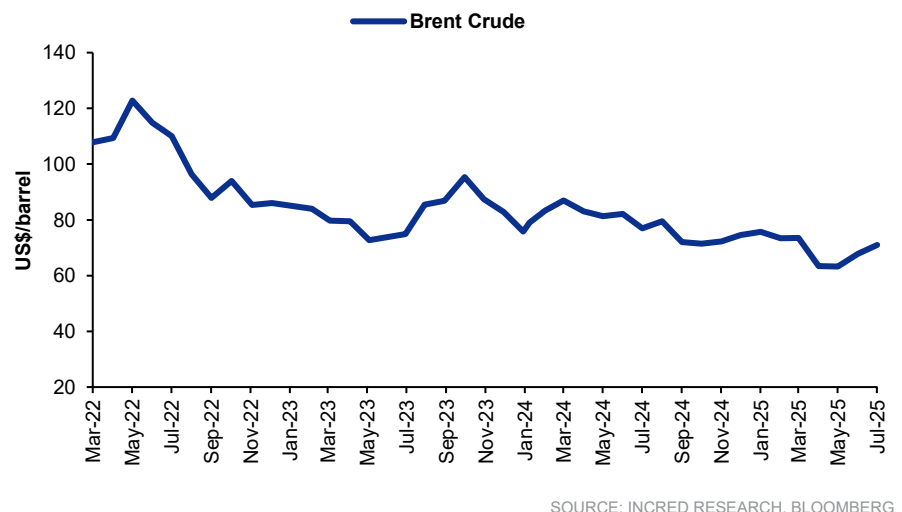
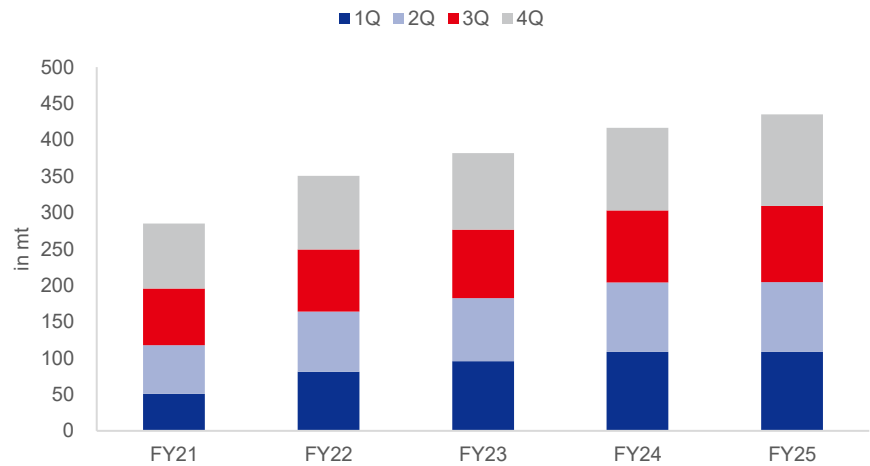
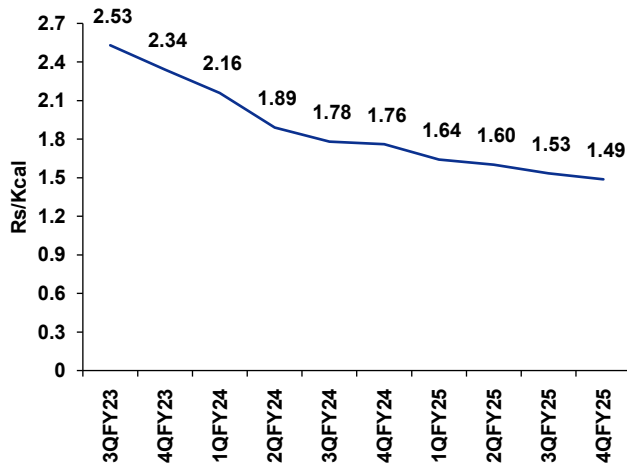


Figure 13: Cement production data indicates ~68-70% utilization level in FY25



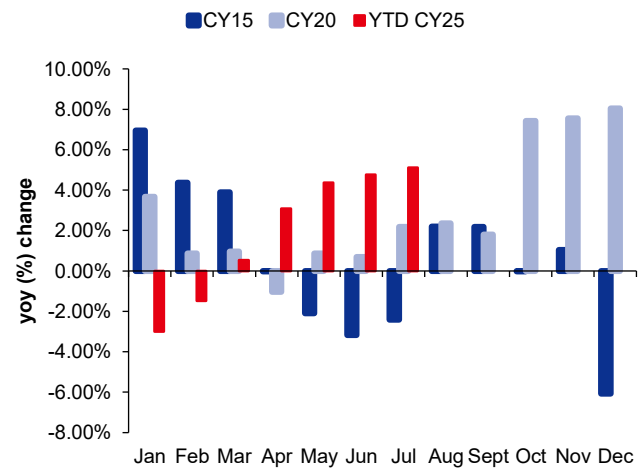
SOURCE: INCRED RESEARCH, CMIE, CSO

Figure 14: Average energy costs continue to decline



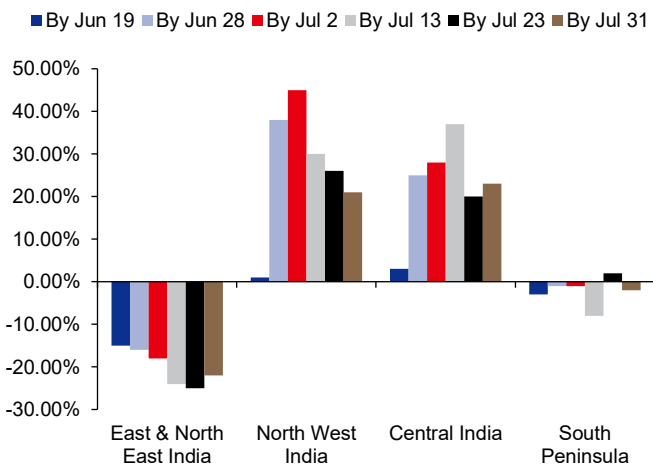
SOURCE: INCRED RESEARCH, COMPANY REPORTS

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



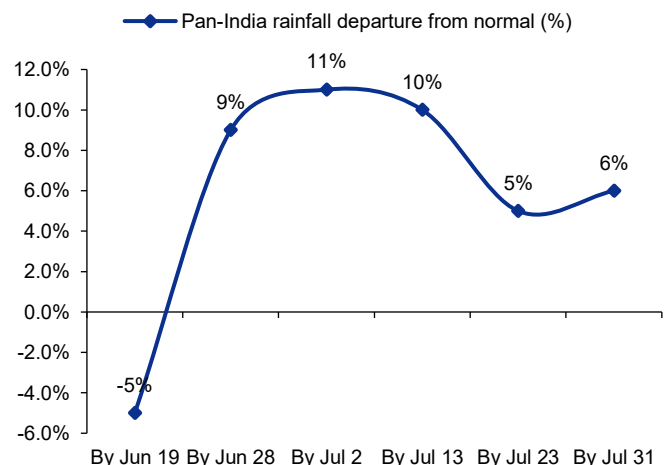
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 16: Monsoon season 2025 cumulative sub-division wise surplus/deficit rainfall (%)



SOURCE: INCRED RESEARCH, IMD

Figure 17: Cumulative pan-India rainfall for the season



SOURCE: INCRED RESEARCH, IMD

Figure 1: 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	12,108	14,100	16%	40,758	31.1	22.6	18.3	5.3	4.8	4.4	9.3%	11.9%	14.4%	61.1	42.4	32.1	243.4	238.2	220.8
ACC	ADD	1,797	2,100	17%	3,855	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	606	660	9%	17,040	25.5	19.1	15.2	2.3	2.2	2.0	6.0%	5.5%	6.9%	33.0	40.0	30.2	234.1	256.4	259.9
Shree Cement	HOLD	30,735	31,100	1%	12,668	27.0	22.3	18.7	5.2	5.0	4.7	5.3%	6.9%	9.1%	99.7	74.3	53.4	222.8	181.7	181.9
The Ramco Cements	REDUCE	1,150	900	-22%	3,104	24.2	18.0	15.1	3.4	3.2	3.0	1.5%	5.1%	7.4%	60.9	64.4	42.4	143.7	137.7	116.4
JK Cement	HOLD	6,705	6,550	-2%	5,918	26.4	21.1	17.5	8.1	7.1	6.1	13.8%	17.2%	19.1%	57.5	43.9	34.3	235.2	188.1	165.5
Birla Corporation	ADD	1,320	1,530	16%	1,161	10.8	9.3	8.0	1.5	1.4	1.3	4.9%	6.6%	8.3%	31.6	22.1	16.7	73.0	70.2	63.1
HeidelbergCement	HOLD	214	182	-15%	553	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	2,206	2,530	15%	4,727	18.2	14.8	13.0	2.5	2.3	2.2	4.6%	6.3%	7.2%	63.0	38.5	31.3	104.1	111.7	102.3
JK Lakshmi Cement	ADD	974	935	-4%	1,309	14.5	11.5	9.8	3.0	2.7	2.4	9.0%	12.6%	14.6%	35.4	22.9	17.5	89.1	68.0	64.9
Mean						20.7	16.3	13.6	3.6	3.4	3.1	7.0%	9.1%	10.9%	49.9	40.0	29.9	150.9	141.0	133.1
Median						21.2	16.4	14.0	3.1	2.9	2.7	6.7%	7.8%	9.4%	50.0	39.2	30.7	123.9	124.7	109.3
Minimum						10.8	9.3	8.0	1.5	1.4	1.3	1.5%	5.1%	6.9%	14.0	20.0	16.4	73.0	68.0	63.1
Maximum						31.1	22.6	18.7	8.1	7.1	6.1	13.8%	17.2%	19.1%	99.7	74.3	53.4	243.4	256.4	259.9

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICES AS ON 1ST AUG 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.