

Cement

Ear to Ground: Seasonal breather in the near term

Our channel checks suggest that pan-India cement prices have taken a breather in May'25 (after a sharp hike in Apr'25) with prices broadly flat MoM/ up ~7-8% YoY at INR 388/bag. The current prices are the highest in the past 15-17 months. QTD, pan-India average prices are up ~4% sequentially mainly led by South (up 10-11% QoQ) and East (up 4-5% QoQ). Industry demand is likely to have been flat YoY in May'25 as the initial pick-up in demand was impacted partly by Indo-Pak cross-border tensions in the North and early onset of the monsoon in many parts of the country. QTD, industry demand is likely to have grown in low-single digit YoY. With the early onset of the monsoon and demand weakness, cement price momentum may face near-term pressure. As the sector enters a seasonally weak period, we expect stock performance to remain rangebound in the near term. Our top picks are UltraTech in largecaps and JK Cement in mid-caps.

- **Pan-India prices broadly flat MoM in May'25; up ~7-8% in 1QFY26-TD:** Our channel checks suggest that pan-India average cement prices were broadly flat MoM (though up 7-8% YoY) at INR 388/bag in May'25. Post the sharp price hike in Apr'25 (in the range of INR 45-50/bag), price have declined by INR 5/bag in South. Prices in Central and North have also declined by INR 2-4/bag, while it has risen by INR 2-4/bag in East and West. QTD, pan-India average prices are up ~4% QoQ (7-8% YoY) mainly led by ~11% increase in South and 4-5% in East, while it has been broadly flat in other regions. With the early onset of the monsoon, we see increasing possibility of some price reversal over the next few days.
- **Industry demand likely to have been broadly flat YoY/ up in high single digit MoM in May'25:** Post soft demand in Apr'25, the initial pickup in demand in May'25 has been partly impacted by Indo-Pak cross-border tensions in the North for a few days and early onset of the monsoon in many parts of the country. QTD, industry demand is likely to have grown in low single-digit YoY with North being the only region where it is likely to have declined YoY. Given the government's focus on infra and housing projects, along with increased rural/ urban demand, sustainable volume growth of 6-7% is expected in the coming years.
- **Spot international petcoke are ~7% lower than average price in 4QFY25:** US petcoke CIF/ landed cost at port now stands at USD 103/ 118 respectively, ~7% lower than average prices in 4QFY25. The recent thaw in US-China trade tensions has created some positive sentiment for US petcoke, contributing to the gradual price rise. In 4QFY25, various management commentaries have suggested sustainable cost savings potential of INR 150-200/tn over the next couple of years.
- **A strong finish to FY25:** In 4QFY25, the aggregate EBITDA of coverage companies (comprising ~65% of industry capacity) grew by 12% YoY and 66% QoQ; blended EBITDA/tn was largely flat YoY/up 33% QoQ at INR 1,099/tn (+INR 273/tn QoQ). We expect coverage companies to register ~20% EBITDA CAGR over FY25-28E (post declining by ~10% YoY in FY25) with EBITDA/tn increasing from INR 844 in FY25 to INR 1,177 in FY28E.

Exhibit 1. Valuation Matrix

Company Name	Mcap (USD mn)	Rating	CMP (INR/sh)	TP (INR/sh)	EV/EBITDA (x)			EV/Tonne (USD)		
					FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
ACC	4,132	BUY	1,879	2,150	10.6	8.5	7.2	88	80	69
Ambuja	15,914	BUY	552	635	19.3	15.6	12.8	151	144	137
Birla Corp	1,234	BUY	1,370	1,600	8.8	8.0	7.2	70	69	68
Dalmia	4,582	HOLD	2,062	2,050	13.3	11.7	10.1	106	108	96
JK Cement	4,964	BUY	5,493	5,850	18.3	15.6	13.3	168	147	130
Ramco Cements	2,712	HOLD	981	960	15.4	13.3	11.7	127	106	91
Shree Cement	12,377	HOLD	29,330	31,000	19.8	17.0	14.6	163	149	135
Star Cement	1,033	HOLD	219	230	12.4	10.6	9.3	111	92	91
UltraTech	38,033	BUY	11,035	13,500	19.6	16.0	13.9	196	180	166

Source: Company, JM Financial

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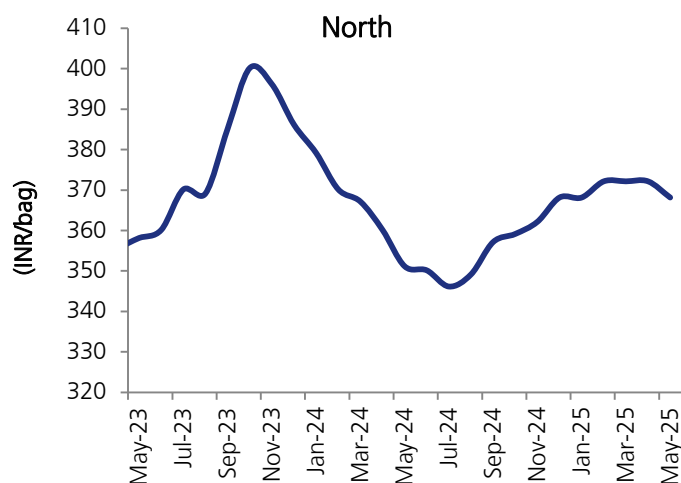
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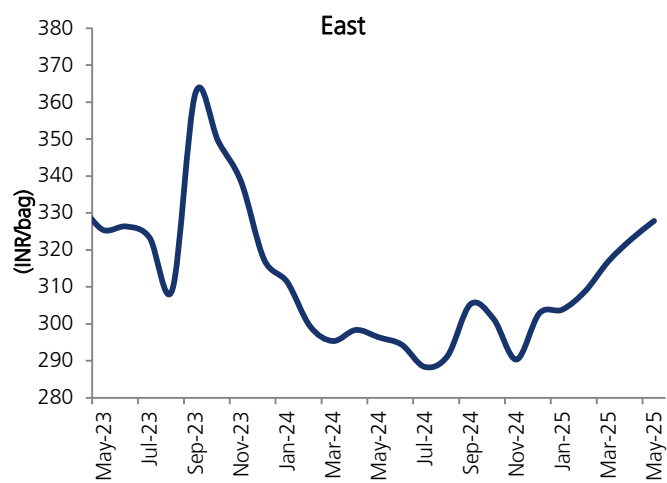
Cement Prices

Exhibit 1. North cement prices broadly flat QoQ in 1QFY26-TD



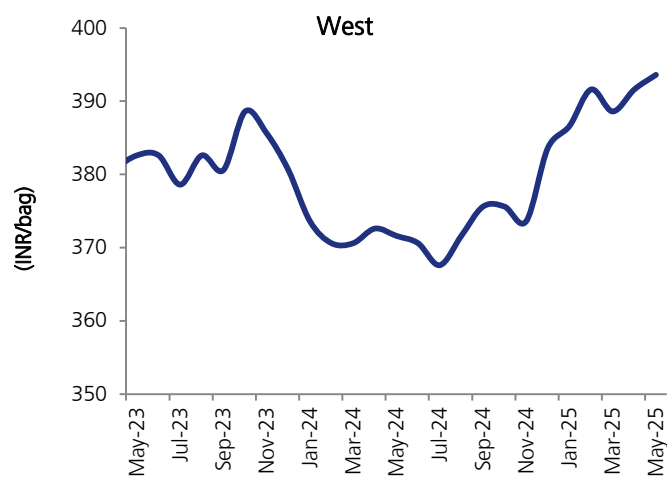
Source: Industry, JM Financial

Exhibit 2. East cement prices rose ~3-4% QoQ in 1QFY26-TD



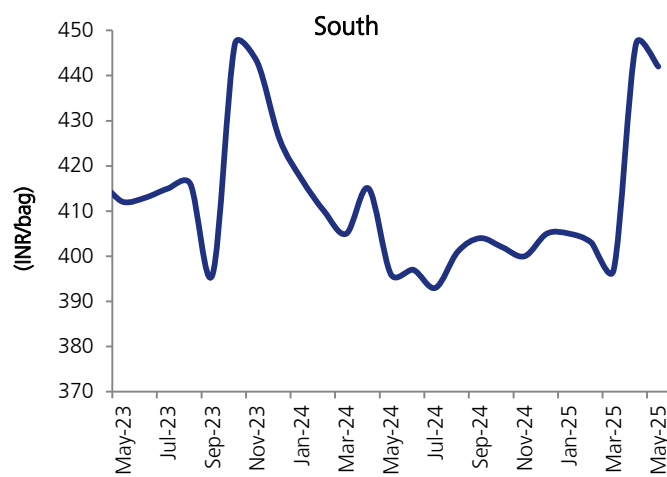
Source: Industry, JM Financial

Exhibit 3. West cement prices rose ~1% QoQ in 1QFY26-TD



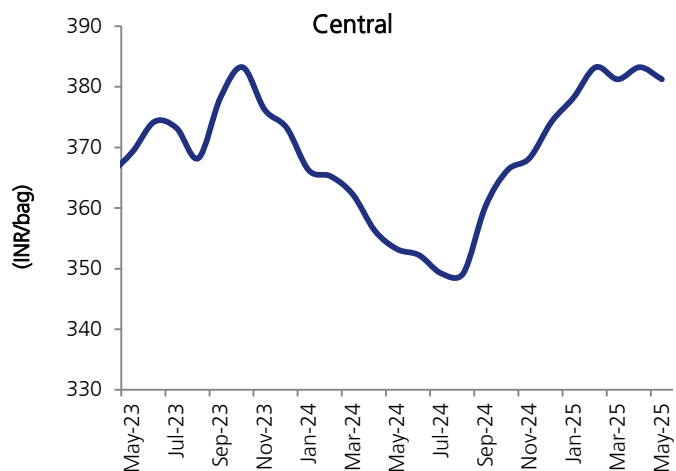
Source: Industry, JM Financial

Exhibit 4. South cement prices rose ~10-11% QoQ in 1QFY26-TD



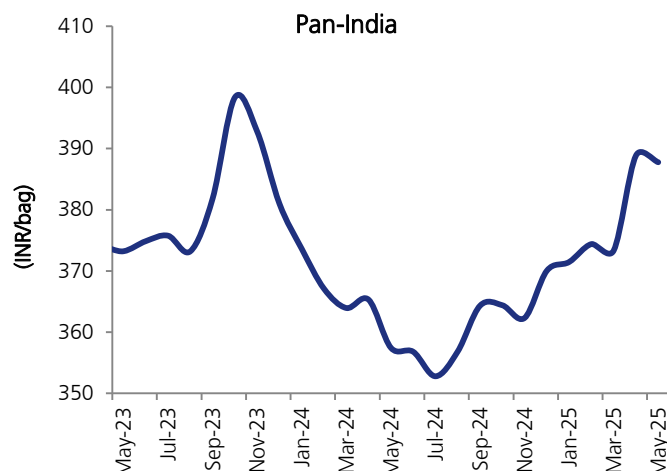
Source: Industry, JM Financial

Exhibit 5. Central cement prices broadly flat QoQ in 1QFY26-TD



Source: Industry, JM Financial

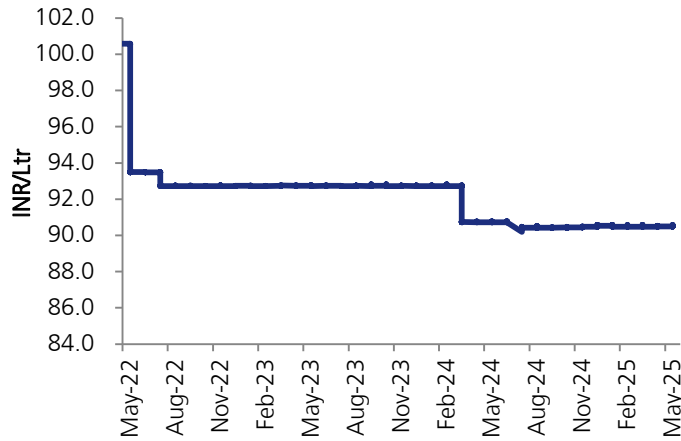
Exhibit 6. Pan-India cement prices rose ~4% QoQ in 1QFY26-TD



Source: Industry, JM Financial

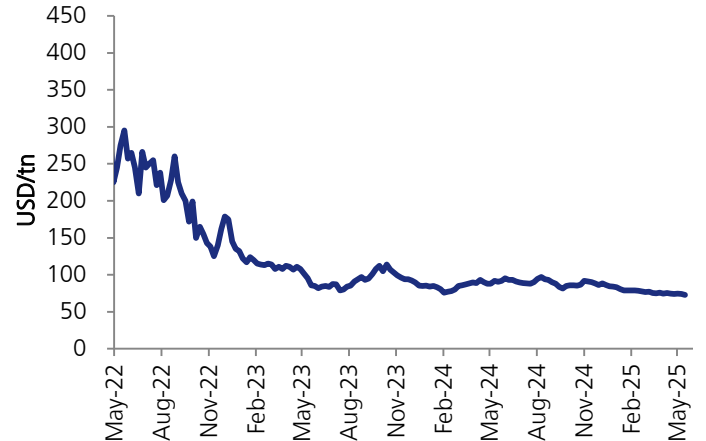
Input Costs

Exhibit 7. Diesel prices have been stable in recent past



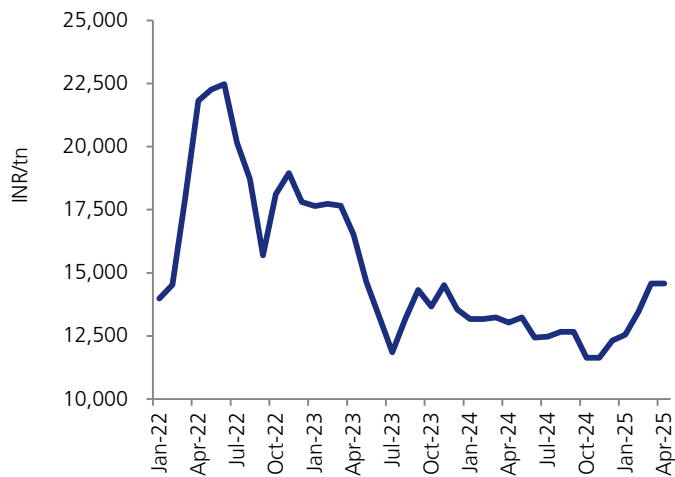
Source: Industry, JM Financial

Exhibit 8. International coal prices declined ~5% QoQ in 1QFY26-TD



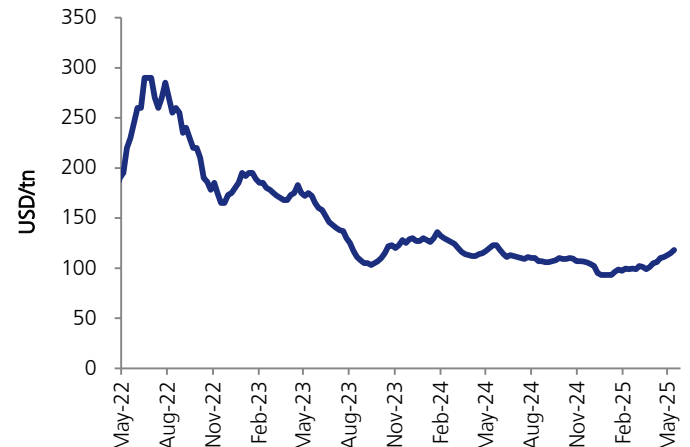
Source: Industry, JM Financial

Exhibit 9. Domestic petcoke prices increased 12% YoY/ flat MoM...



Source: Industry, JM Financial

Exhibit 10. ...while international petcoke prices declined ~7% in 1QFY26-TD



Source: Industry, JM Financial

Exhibit 11. Volume likely to grow at ~11% CAGR over FY25-28E

Volumes (mt)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY20-25	FY25-28E
UltraTech	82	86	94	106	119	136	156	172	186	10.5	11.0
Shree Cement	28	30	31	35	39	40	43	46	50	7.3	8.1
Ambuja	54	49	56	69	59	65	80	91	104	3.9	16.9
Dalmia	19	21	22	26	29	29	31	34	38	8.8	8.6
ACC	30	26	29	39	37	42	46	49	51	7.2	6.5
Ramco	11	10	11	15	18	19	20	22	23	10.6	7.7
JK Cement	10	12	14	16	19	20	22	25	28	14.6	11.6
Birla Corp	14	14	14	16	18	18	19	20	21	5.5	4.9
Star Cement	3	3	3	4	4	5	5	6	7	10.4	13.0
Total	251	250	276	325	343	374	423	465	508	8.3	10.7

Source: Company, JM Financial

Exhibit 12. Realisation likely to grow at ~2% CAGR over FY25-28E

Realisation (INR/tn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY20-25	FY25-28E
Ultratech	5,038	5,118	5,502	5,895	5,864	5,517	5,613	5,692	5,774	1.8	1.5
Shree Cement	4,609	4,523	4,765	5,091	5,208	4,852	5,009	5,127	5,250	1.0	2.7
Ambuja	5,035	5,017	5,134	5,643	5,602	5,246	5,311	5,367	5,408	0.8	1.0
Dalmia	4,967	5,088	5,084	5,258	5,104	4,764	4,904	4,968	5,030	(0.8)	1.8
ACC	5,156	5,151	5,380	5,645	5,308	4,903	4,992	5,051	5,129	(1.0)	1.5
Ramco	4,788	5,278	5,392	5,465	5,097	4,605	4,973	4,998	5,023	(0.8)	2.9
JK Cement	5,603	5,449	5,592	5,854	5,868	5,684	5,782	5,816	5,856	0.3	1.0
Birla Corp	4,865	4,872	5,129	5,395	5,387	4,991	5,065	5,141	5,217	0.5	1.5
Star Cement	6,389	6,500	6,523	6,735	6,546	6,336	6,463	6,538	6,616	(0.2)	1.5
Wtd avg.	5,016	5,052	5,290	5,639	5,563	5,219	5,340	5,414	5,486	0.8	1.7

Source: Company, JM Financial

Exhibit 13. EBITDA/tn likely to grow at ~12% CAGR over FY25-28E

EBITDA (INR/tn)	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY20-25	FY25-28E
Ultratech	1,144	1,338	1,225	1,004	1,089	924	1,120	1,240	1,300	(4.2)	12.0
Shree Cement	1,346	1,360	1,177	844	1,146	998	1,157	1,232	1,308	(5.8)	9.5
Ambuja	854	1,051	1,101	742	1,081	789	950	1,075	1,170	(1.6)	14.0
Dalmia	1,092	1,346	1,093	899	917	820	975	1,030	1,090	(5.6)	10.0
ACC	811	949	1,020	499	830	575	655	725	790	(6.6)	11.2
Ramco	1,024	1,560	1,168	800	851	666	920	970	1,020	(8.2)	15.3
JK Cement	1,186	1,320	1,057	810	1,079	1,002	1,110	1,175	1,226	(3.3)	6.9
Birla Corp	967	988	781	491	815	672	770	850	925	(7.0)	11.2
Star Cement	1,369	1,258	1,014	1,167	1,261	1,223	1,370	1,400	1,425	(2.2)	5.2
Wtd avg.	1,050	1,233	1,125	821	1,027	844	1,008	1,107	1,177	(4.3)	11.7

Source: Company, JM Financial

APPENDIX I

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