

# Construction Materials

India

Sector View: **Cautious**

NIFTY-50: **25,051**

August 20, 2025

## Cement prices tracking seasonal softness

Our channel checks suggest pan-India cement prices have softened marginally (0-1% mom) in August 2025 similar to June-July 2025. The drift is in line with historic seasonal trends and shows resilience after a strong 1QFY26. Cement demand saw a 3.5-4% yoy growth in 1QFY26, as per our tracking universe, which is lower than DIPP data's 8.4% yoy. Margins improved sharply in 1QFY26, but we believe they have peaked. Back-ended capacity additions in FY2026E should bring prices/margins under pressure in 2HFY26E. Remain cautious on the sector due to demanding valuations.

## Cement prices easing with seasonality in 2QFY26

Our channel checks suggest that all-India average prices remain under pressure in 2QFY26E, though the quantum of decline (-1.2% qoq) has been limited thus far. Prices ex-south are largely stable over the past two months, whereas south prices have declined 2.7% qoq in 2QFY26E, partially reversing 1QFY26 gains.

## Tepid demand growth in 1QFY26

Early monsoon impacted demand in May-June 2025. Volumes for our coverage universe grew 4.2% yoy, partially distorted by contribution from inorganic growth in ACEM and UTCCEM. Our tracking universe's (85% of industry) volumes grew 3.6% yoy, which is a better presentation of industry growth, whereas DIPP data reflects 8.4% yoy growth in 1QFY26. Dealer feedback suggests low-mid single-digit demand growth across regions in the trade segment in July-August 2025. We estimate a 6% demand growth in FY2026E, factoring in a stronger 2HFY26E.

## Strong margins in 1QFY26 came at the cost of market share of a few

In 1QFY26, our coverage saw higher realizations (+4.6% qoq) due to price hikes, more than offset by higher costs (+4.1% qoq). Margins expanded to multi-quarter highs of ~Rs1,200/ton (+36% yoy, +6.4% qoq). Leaders such as UTCCEM, SHREE and DALMIA lost market share in 1QFY26, which helped elevate prices/margins. We estimate a ~50 mtpa (+7.7% yoy) capacity addition in FY2026E, majorly in five companies. Capacity addition is back-ended—~40 mtpa starting in 2HFY26E, which should bring the focus back on market share. The leader's strategic recalibration should intensify the market share battle in 2HFY26E and exert pressure on prices/margins. We believe margins have peaked in 1QFY26 and estimate EBITDA at Rs1,100/ton in FY2026E versus Rs1,200/ton in 1QFY26 for our coverage.

## Punchy valuations limit upside

A potential GST rate cut for cement to 18% (from 28%) has led to a speculative rally in cement stocks on the expectation of higher demand/prices. We find it misplaced since cement demand is inelastic to prices, as it forms only <5% of construction costs. Cement prices are led by market competition, which would remain unchanged by lower GST. We believe that the valuations of most companies in our coverage universe are demanding. Strong supply addition over FY2026-28E should keep sector utilization and margins rangebound. UTCCEM and DALBHARA are better placed than peers. TRCL and SRCM remain our top SELLS.

## Company data and valuation summary

Ticker	CMP(Rs)	FV (Rs)	Rating	Upside
ACC	1,860	1,900	REDUCE	2%
ACEM	592	390	SELL	-34%
UTCCEM	12,863	7,700	SELL	-40%
SRCM	30,905	20,250	SELL	-34%
DALBHARA	2,347	1,820	SELL	-22%
JKCE	7,399	3,350	SELL	-55%
TRCL	1,087	620	SELL	-43%
NUVOCO	458	390	REDUCE	-15%

Ticker	EV/ton (x)		EV/EBITDA (x)	
	2026E	2027E	2026E	2027E
ACC	85	79	9.6	8.5
ACEM	191	168	23.6	18.5
UTCCEM	227	212	22.0	19.3
SRCM	179	166	22.3	19.2
DALBHARA	109	111	14.4	13.0
JKCE	221	217	23.5	20.5
RAMCO	137	111	18.4	15.7
NUVOCO	101	77	12.5	10.4

Source: Bloomberg, Company data, Kotak Institutional Equities estimates

Prices in this report are based on the market close of August 20, 2025

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### Cement prices saw 0.3% mom correction in August 2025, mainly led by the southern region

Exhibit 1: Quarterly trend in cement prices in India across geographies, March fiscal year-ends, August 2024-25E (Rs per 50 kg bag)

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
North	350	361	356	354	362	364	368	373	373	378	374	373	372
Central	375	381	380	381	385	386	389	385	386	387	385	383	386
East	360	376	357	357	378	371	378	373	378	385	378	374	378
West	369	375	372	373	383	377	383	383	384	387	386	386	385
South	347	342	333	332	341	336	335	327	363	373	367	360	355
<b>All India average</b>	<b>358</b>	<b>363</b>	<b>356</b>	<b>356</b>	<b>365</b>	<b>362</b>	<b>365</b>	<b>362</b>	<b>375</b>	<b>381</b>	<b>377</b>	<b>373</b>	<b>372</b>
<b>Change per bag (% mom)</b>													
North	0.2	3.2	(1.3)	(0.5)	2.0	0.6	1.0	1.5	(0.1)	1.5	(1.0)	(0.3)	(0.3)
Central	0.5	1.8	(0.5)	0.3	1.0	0.2	0.9	(1.0)	0.3	0.4	(0.6)	(0.5)	0.8
East	1.9	4.4	(5.0)	-	5.9	(1.9)	1.7	(1.1)	1.2	2.0	(1.9)	(1.0)	1.0
West	0.9	1.7	(0.8)	0.3	2.7	(1.6)	1.5	0.1	0.3	0.8	(0.3)	(0.1)	(0.3)
South	1.8	(1.4)	(2.6)	(0.3)	2.7	(1.4)	(0.5)	(2.4)	11.2	2.5	(1.4)	(1.9)	(1.4)
<b>All India average</b>	<b>1.1</b>	<b>1.4</b>	<b>(2.0)</b>	<b>(0.1)</b>	<b>2.7</b>	<b>(0.8)</b>	<b>0.7</b>	<b>(0.8)</b>	<b>3.6</b>	<b>1.6</b>	<b>(1.0)</b>	<b>(0.9)</b>	<b>(0.3)</b>
<b>Change per bag (% yoy)</b>													
North	(10.8)	(9.1)	(12.4)	(10.7)	(8.6)	(7.0)	(3.6)	1.9	1.4	3.9	4.0	6.9	6.4
Central	(2.2)	(3.0)	(3.8)	(1.8)	(0.9)	2.8	4.2	4.2	1.7	2.8	1.5	2.8	3.1
East	(1.4)	(9.4)	(14.0)	(10.7)	(0.4)	(1.5)	1.2	0.1	0.1	4.6	2.7	6.0	5.0
West	(7.6)	(6.1)	(9.1)	(8.8)	(4.9)	(4.6)	(1.8)	0.5	0.1	2.6	4.3	5.5	4.2
South	(7.6)	(8.9)	(17.4)	(16.4)	(10.2)	(9.6)	(7.0)	(7.8)	0.4	4.8	4.3	5.7	2.4
<b>All India average</b>	<b>(6.3)</b>	<b>(7.4)</b>	<b>(12.1)</b>	<b>(10.6)</b>	<b>(5.9)</b>	<b>(4.8)</b>	<b>(2.2)</b>	<b>(1.3)</b>	<b>0.7</b>	<b>3.9</b>	<b>3.5</b>	<b>5.3</b>	<b>3.9</b>

Source: Industry data, Kotak Institutional Equities estimates

### All-India cement prices have eased in 2QFY26 due to seasonal factors

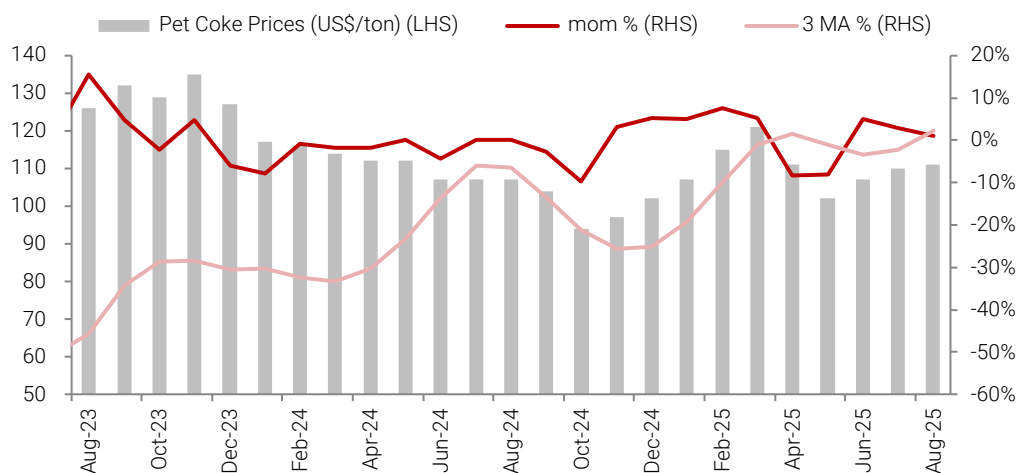
Exhibit 2: Quarterly trend in cement prices in India across geographies, March fiscal year-ends, 2QFY24-26E (Rs per 50 kg bag)

	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
North	394	400	380	364	353	357	368	375	373
Central	386	390	373	379	376	382	386	386	385
East	385	398	374	371	363	364	374	380	376
West	400	407	389	377	370	376	381	386	385
South	373	394	362	357	343	336	333	368	358
<b>All India average</b>	<b>385</b>	<b>397</b>	<b>373</b>	<b>368</b>	<b>359</b>	<b>359</b>	<b>363</b>	<b>377</b>	<b>373</b>
<b>Change per bag (% qoq)</b>									
North	2.5	1.5	(5.1)	(4.1)	(2.9)	1.2	3.0	1.9	(0.6)
Central	1.8	1.1	(4.5)	1.6	(0.6)	1.4	1.2	(0.1)	(0.3)
East	(0.6)	3.4	(6.1)	(0.8)	(2.2)	0.3	2.7	1.7	(1.1)
West	0.9	1.9	(4.5)	(3.0)	(1.9)	1.7	1.3	1.3	(0.2)
South	(1.2)	5.5	(8.0)	(1.6)	(3.7)	(2.3)	(0.9)	10.5	(2.7)
<b>All India average</b>	<b>0.5</b>	<b>3.0</b>	<b>(6.0)</b>	<b>(1.6)</b>	<b>(2.4)</b>	<b>0.1</b>	<b>1.1</b>	<b>4.0</b>	<b>(1.2)</b>
<b>Change per bag (% yoy)</b>									
North	4.5	6.3	(0.7)	(5.3)	(10.3)	(10.6)	(3.0)	3.1	5.5
Central	2.4	5.3	(1.4)	(0.1)	(2.5)	(2.2)	3.7	2.0	2.3
East	7.4	5.0	(2.9)	(4.2)	(5.8)	(8.6)	(0.0)	2.5	3.6
West	6.6	5.7	(0.7)	(4.8)	(7.4)	(7.6)	(2.0)	2.3	4.1
South	(5.9)	(1.0)	(4.9)	(5.6)	(8.0)	(14.8)	(8.1)	3.2	4.2
<b>All India average</b>	<b>1.3</b>	<b>3.3</b>	<b>(2.5)</b>	<b>(4.2)</b>	<b>(7.0)</b>	<b>(9.6)</b>	<b>(2.8)</b>	<b>2.7</b>	<b>3.9</b>

Source: Industry data, Kotak Institutional Equities estimates

### Inventory lag should marginally aid costs in 2QFY26E, but to be a headwind thereon

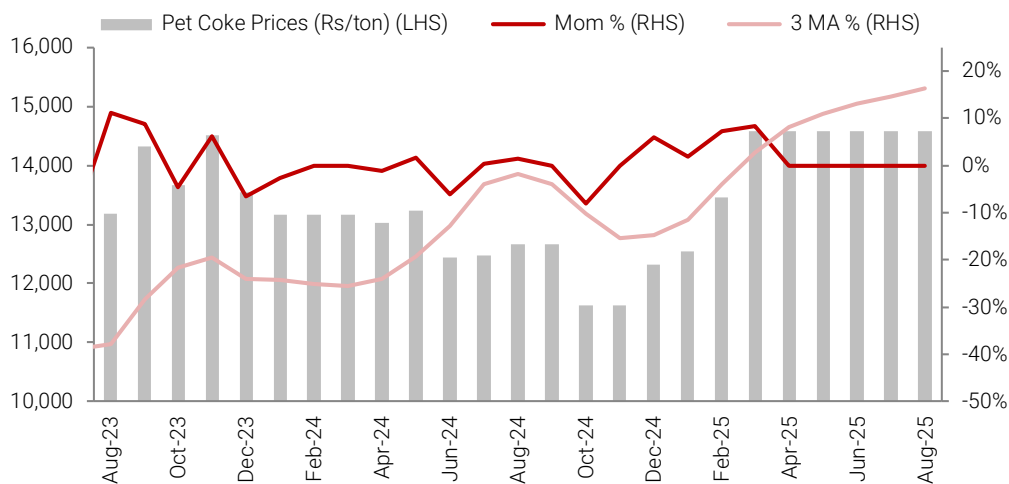
Exhibit 3: US pet coke prices (CFR basis), August 2023-25 (US\$/ton)



Source: Industry data, Bloomberg, Kotak Institutional Equities estimates

### Domestic pet coke prices are stable versus March exit prices

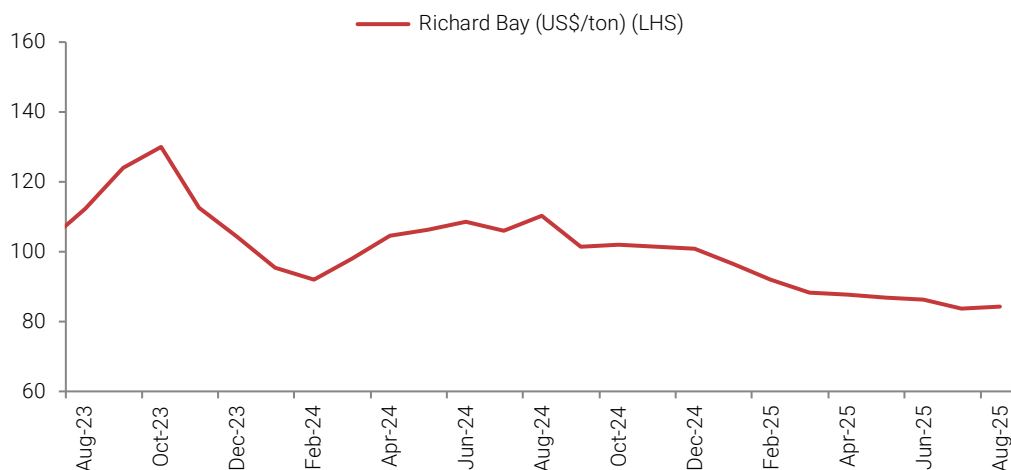
Exhibit 4: Domestic pet coke prices, August 2023-25 (Rs /ton)



Source: Industry data, Bloomberg, Kotak Institutional Equities estimates

### Imported coal prices continue to be muted, with spot prices around ~US\$84/ton

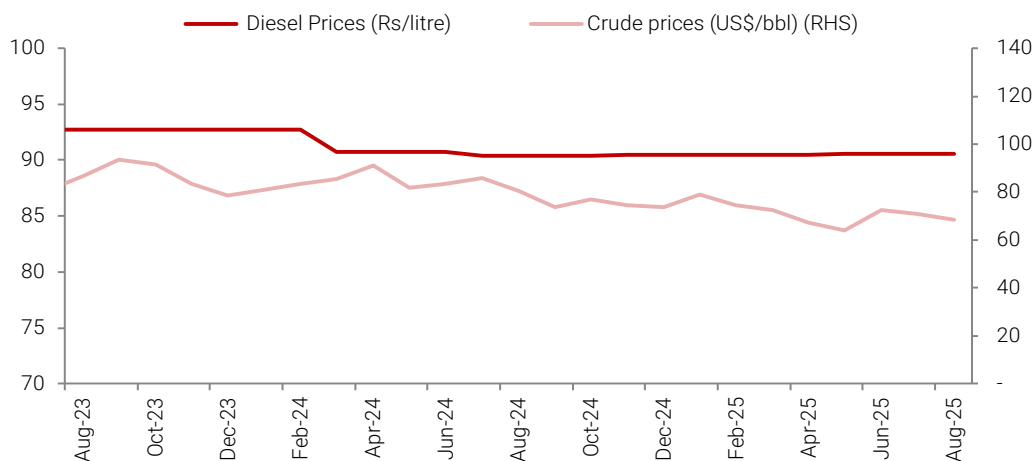
Exhibit 5: Coal prices at Richard Bay, August 2023-25 (US\$/ton)



Source: Industry data, Bloomberg, Kotak Institutional Equities estimates

### Diesel prices in India remain stable

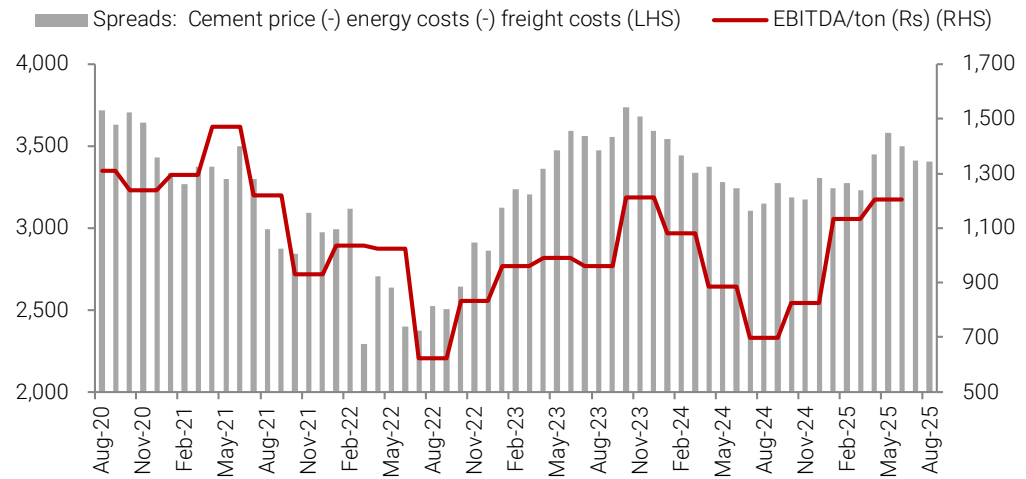
Exhibit 6: Average retail price of diesel in major cities in India, August 2023-25 (Rs/ton, US\$/bbl)



Source: Industry data, Bloomberg, Kotak Institutional Equities estimates

**We expect cement spreads to decline in 2QFY26E on pricing headwinds**

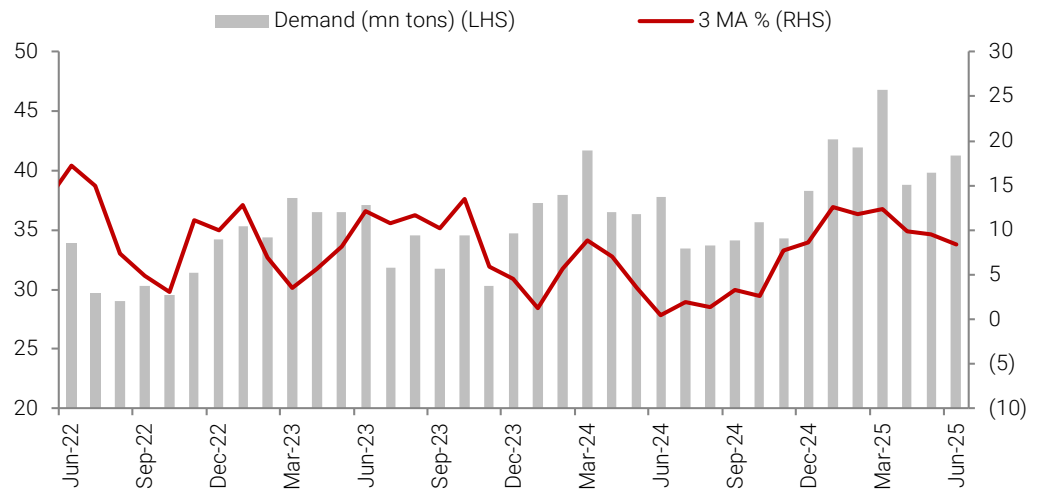
**Exhibit 7: Spreads and EBITDA/ton for Indian cement companies, August 2020-25 (Rs/ton)**



Source: Industry data, Bloomberg, Kotak Institutional Equities estimates

**According to DIPP, cement volumes grew 8.4% yoy during 1QFY26**

**Exhibit 8: Monthly cement production volumes in India, June 2022-25 (mn tons, %)**



Source: Industry data, Bloomberg, Kotak Institutional Equities estimates

## Cement volumes for coverage companies increased 4.2% yoy in 1QFY26

Exhibit 9: Quarterly volumes for cement companies, March year-ends, 1QFY24-26, FY2026-28E (mn tons)

Volumes (mn tons)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	Growth %		FY2026E	FY2027E	FY2028E
										yoy	qoq			
Ambuja (consolidated)	15.4	13.1	14.1	16.6	15.3	14.2	16.5	18.2	18.4	20.3	1.1	79.8	87.5	94.8
Ultratech	29.0	25.7	26.1	33.9	32.5	26.4	28.8	37.2	33.1	1.8	(11.1)	143.1	157.2	172.8
Shree Cement	8.9	8.2	8.9	9.5	9.6	7.6	8.8	9.8	9.0	(7.2)	(9.0)	37.0	40.7	44.8
JK Cement	4.5	4.3	4.6	5.1	4.7	4.2	4.7	5.8	5.4	14.3	(7.2)	21.8	24.3	26.3
Nuvoco Cement	5.0	4.5	4.0	5.3	4.8	4.2	4.7	5.7	5.1	6.3	(10.5)	20.7	22.6	25.7
Dalmia Cement	7.0	6.2	6.8	8.8	7.4	6.7	6.7	8.6	7.0	(5.9)	(18.2)	30.6	33.0	36.3
Ramco Cement	4.3	4.6	4.0	5.5	4.4	4.5	4.4	5.3	4.1	(5.5)	(22.1)	19.4	21.4	23.5
<b>Total (coverage)</b>	<b>74.1</b>	<b>66.5</b>	<b>68.5</b>	<b>84.7</b>	<b>78.7</b>	<b>67.8</b>	<b>74.5</b>	<b>90.6</b>	<b>82.0</b>	<b>4.2</b>	<b>(9.4)</b>	<b>352.4</b>	<b>386.7</b>	<b>424.4</b>

Source: Industry data, Bloomberg, Kotak Institutional Equities estimates

## Realization/ton improved qoq for all coverage companies in 1QFY26

Exhibit 10: Quarterly realization/ton for cement companies, March year-ends, 1QFY24-26, FY2026-28E (Rs/ton)

Realization (Rs/ton)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	Growth %		FY2026E	FY2027E	FY2028E
										yoy	qoq			
Ambuja (consolidated)	5,658	5,667	5,765	5,358	5,485	5,196	5,153	5,484	5,602	2.1	2.2	5,526	5,694	5,876
Ultratech	5,937	6,030	6,191	5,841	5,629	5,641	5,871	5,686	5,939	5.5	4.5	5,724	5,823	5,895
Shree Cement	5,573	5,561	5,513	5,323	5,015	4,904	4,830	5,325	5,528	10.2	3.8	5,380	5,432	5,468
JK Cement	5,848	5,947	6,118	5,788	5,594	5,694	5,765	5,744	5,833	4.3	1.6	5,796	5,844	5,980
Nuvoco Cement	5,578	5,777	5,993	5,535	5,493	5,401	5,137	5,337	5,633	2.6	5.5	5,444	5,576	5,623
Dalmia Cement	5,177	5,114	5,288	4,894	4,870	4,621	4,741	4,779	5,194	6.7	8.7	4,924	5,072	5,223
Ramco Cement	5,225	5,077	5,277	4,878	4,805	4,553	4,539	4,533	5,036	4.8	11.1	4,890	5,012	5,112
<b>Average (coverage)</b>	<b>5,693</b>	<b>5,727</b>	<b>5,855</b>	<b>5,505</b>	<b>5,398</b>	<b>5,281</b>	<b>5,357</b>	<b>5,435</b>	<b>5,684</b>	<b>5.3</b>	<b>4.6</b>	<b>5,516</b>	<b>5,631</b>	<b>5,734</b>

Source: Industry data, Bloomberg, Kotak Institutional Equities estimates

## Cost/ton increased qoq by ~4%, mainly led by sequential operating deleverage and marginally higher fuel costs

Exhibit 11: Quarterly cost/ton for cement companies, March year-ends, 1QFY24-26, FY2026-28E (Rs/ton)

Costs (Rs/ton)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	Growth %		FY2026E	FY2027E	FY2028E
										yoy	qoq			
Ambuja (consolidated)	4,575	4,673	4,537	4,335	4,649	4,510	4,616	4,458	4,526	(2.6)	1.5	4,520	4,459	4,544
Ultratech	4,903	5,075	4,983	4,655	4,718	4,910	4,904	4,446	4,668	(1.0)	5.0	4,523	4,577	4,577
Shree Cement	4,527	4,500	4,125	3,930	4,065	4,124	3,750	3,922	4,155	2.2	6.0	4,097	4,087	4,064
JK Cement	4,951	4,913	4,781	4,709	4,580	5,045	4,726	4,479	4,585	0.1	2.4	4,689	4,696	4,725
Nuvoco Cement	4,797	5,036	4,977	4,609	4,777	4,881	4,587	4,370	4,616	(3.4)	5.6	4,604	4,677	4,717
Dalmia Cement	4,306	4,152	4,145	4,151	3,970	3,972	3,997	3,853	3,933	(0.9)	2.1	3,873	3,954	4,031
Ramco Cement	4,426	4,197	4,286	4,114	4,070	3,853	3,900	3,929	4,071	0.0	3.6	4,060	4,134	4,198
<b>Average (coverage)</b>	<b>4,702</b>	<b>4,766</b>	<b>4,642</b>	<b>4,424</b>	<b>4,513</b>	<b>4,582</b>	<b>4,533</b>	<b>4,302</b>	<b>4,479</b>	<b>(0.8)</b>	<b>4.1</b>	<b>4,416</b>	<b>4,462</b>	<b>4,495</b>

Source: Industry data, Bloomberg, Kotak Institutional Equities estimates

## EBITDA/ton improved sequentially in 1QFY26, mainly due to higher prices, but we see it as peak

Exhibit 12: Quarterly EBITDA/ton for cement companies, March year-ends, 1QFY24-26, FY2026-28E (Rs/ton)

EBITDA (Rs/ton)	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	Growth %		FY2026E	FY2027E	FY2028E
										yoy	qoq			
Ambuja (consolidated)	1,082	994	1,228	1,023	836	686	537	1,026	1,076	28.6	4.8	982	1,112	1,202
Ultratech	1,034	955	1,208	1,186	911	731	967	1,240	1,271	39.5	2.5	1,202	1,246	1,318
Shree Cement	1,045	1,061	1,388	1,393	951	780	1,079	1,404	1,373	44.5	(2.2)	1,283	1,346	1,404
JK Cement	897	1,033	1,337	1,078	1,014	649	1,040	1,265	1,248	23.1	(1.4)	1,108	1,148	1,255
Nuvoco Cement	780	741	1,016	926	715	521	551	968	1,017	42.1	5.1	840	899	907
Dalmia Cement	871	962	1,143	743	900	650	744	926	1,261	40.2	36.2	1,051	1,117	1,192
Ramco Cement	799	880	991	763	735	700	639	604	965	31.4	59.9	830	878	914
<b>Average (coverage)</b>	<b>991</b>	<b>962</b>	<b>1,214</b>	<b>1,081</b>	<b>885</b>	<b>699</b>	<b>824</b>	<b>1,133</b>	<b>1,205</b>	<b>36.2</b>	<b>6.4</b>	<b>1,100</b>	<b>1,168</b>	<b>1,239</b>

Source: Industry data, Bloomberg, Kotak Institutional Equities estimates

## We estimate higher EBITDA/ton in FY2026E for cement companies, led by recovery in prices and muted costs

Exhibit 13: Realization/ton, costs/ton, EBITDA/ton and volumes, March fiscal year-ends, 2020-28E (Rs/ton, mn tons)

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	% Change		
										2026E	2027E	2028E
<b>Realization (Rs/ton)</b>												
ACC	5,419	5,399	5,591	5,755	5,409	5,006	5,268	5,382	5,499	5	2	2
Ambuja Cements (cons)	5,128	5,091	5,229	5,635	5,601	5,248	5,526	5,694	5,876	5	3	3
Ultratech Cement	5,157	5,222	5,678	6,021	5,987	5,627	5,724	5,823	5,895	2	2	1
Shree Cement	4,776	4,690	5,158	5,292	5,502	5,067	5,380	5,432	5,468	6	1	1
J K Cement	5,741	5,690	5,641	5,891	5,922	5,565	5,796	5,844	5,980	4	1	2
Dalmia Bharat	5,039	4,884	5,036	5,273	5,101	4,755	4,924	5,072	5,223	4	3	3
The Ramco Cements	4,811	5,303	5,389	5,429	5,096	4,605	4,890	5,012	5,112	6	2	2
Nuvoco Vistas Corp..	5,092	4,839	5,226	5,636	5,697	5,314	5,444	5,576	5,623	2	2	1
<b>Average</b>	<b>5,136</b>	<b>5,126</b>	<b>5,423</b>	<b>5,713</b>	<b>5,685</b>	<b>5,321</b>	<b>5,516</b>	<b>5,631</b>	<b>5,734</b>	<b>4</b>	<b>2</b>	<b>2</b>
<b>Costs (Rs/ton)</b>												
ACC	4,585	4,428	4,553	5,257	4,579	4,432	4,542	4,621	4,702	2	2	2
Ambuja Cements (cons)	4,259	4,024	4,108	4,894	4,520	4,459	4,544	4,582	4,674	2	1	2
Ultratech Cement	4,004	3,852	4,406	5,010	4,886	4,665	4,523	4,577	4,577	(3)	1	(0)
Shree Cement	3,302	3,217	3,843	4,367	4,269	3,989	4,097	4,087	4,064	3	(0)	(1)
J K Cement	4,500	4,294	4,553	5,055	4,835	4,688	4,689	4,696	4,725	0	0	1
Dalmia Bharat	3,942	3,546	3,951	4,367	4,185	3,936	3,873	3,954	4,031	(2)	2	2
The Ramco Cements	3,786	3,742	4,231	4,640	4,246	3,938	4,060	4,134	4,198	3	2	2
Nuvoco Vistas Corp.	4,121	3,896	4,384	4,992	4,835	4,610	4,604	4,677	4,717	(0)	2	1
<b>Average</b>	<b>4,069</b>	<b>3,869</b>	<b>4,262</b>	<b>4,881</b>	<b>4,623</b>	<b>4,434</b>	<b>4,416</b>	<b>4,462</b>	<b>4,495</b>	<b>(0)</b>	<b>1</b>	<b>1</b>
<b>EBITDA (Rs/ton)</b>												
ACC	834	972	1,038	499	830	575	726	761	797	26	5	5
Ambuja Cements (cons)	870	1,066	1,121	741	1,081	789	982	1,112	1,202	24	13	8
Ultratech Cement	1,153	1,370	1,272	1,011	1,101	962	1,202	1,246	1,318	25	4	6
Shree Cement	1,474	1,473	1,315	925	1,233	1,078	1,283	1,346	1,404	19	5	4
J K Cement	1,241	1,396	1,089	835	1,088	877	1,108	1,148	1,255	26	4	9
Dalmia Bharat	1,097	1,338	1,085	906	916	819	1,051	1,117	1,192	28	6	7
The Ramco Cements	1,024	1,561	1,158	789	850	666	830	878	914	25	6	4
Nuvoco Vistas Corp.	971	944	842	644	862	704	840	899	907	19	7	1
<b>Average</b>	<b>1,066</b>	<b>1,257</b>	<b>1,161</b>	<b>832</b>	<b>1,063</b>	<b>888</b>	<b>1,100</b>	<b>1,168</b>	<b>1,239</b>	<b>24</b>	<b>6</b>	<b>6</b>
<b>Volumes (mn tons)</b>												
ACC	29	26	29	39	37	42	43	45	46	3	3	3
Ambuja Cements (cons)	53	48	55	69	59	65	80	87	95	22	10	8
Ultratech Cement	79	81	89	102	115	128	143	157	173	12	10	10
Shree Cement	25	27	28	32	35	36	37	41	45	4	10	10
J K Cement	10	11	14	16	18	19	22	24	26	12	12	8
Dalmia Bharat	19	21	22	26	29	29	31	33	36	4	8	10
The Ramco Cements	11	10	11	15	18	19	19	21	24	5	10	10
Nuvoco Vistas Corp.	17	15	18	19	19	19	21	23	26	6	9	14
<b>Total</b>	<b>243</b>	<b>239</b>	<b>266</b>	<b>317</b>	<b>294</b>	<b>315</b>	<b>352</b>	<b>387</b>	<b>424</b>	<b>12</b>	<b>10</b>	<b>10</b>

Source: Industry data, Bloomberg, Kotak Institutional Equities estimates

## We estimate 6.7% demand/supply CAGR in FY2025-28E to keep industry utilization capped below 70%

Exhibit 14: Realization/ton, costs/ton, EBITDA/ton and volumes, March fiscal year-ends, 2020-28E (Rs/ton, mn tons)

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	CAGR % (25-28E)		CAGR % (20-25)
Cement capacity (mtpa)	499	525	545	573	624	654	704	742	795	6.7		5.6
Cement demand (mtpa)	334	331	359	390	425	451	479	512	548	6.7		6.2
Growth yoy (%)	(1)	(1.0)	8.5	8.6	9.0	6.2	6.0	7.0	7.0			
Capacity utilization (%)	67	63	66	68	68	69	68	69	69			

Source: Industry data, Bloomberg, Kotak Institutional Equities estimates

## Exhibit 15: Valuation summary for cement companies in coverage universe

Company	Market cap	CMP (Rs)	Fair Value	Rating	EPS (Rs)				P/E (X)				P/B (X)				EV/ton of capacity (US\$)				EV/EBITDA (X)				RoE(%)				
	(US\$ mn)	19-Aug	(Rs)		2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	2025	2026E	2027E	2028E	
Large-cap. stocks																													
ACC	4,015	1,860	1,900	REDUCE	54	94	104	118	35	20	18	16	1.9	1.7	1.6	1.5	99	85	79	73	12.9	9.6	8.5	7.4	5.8	9.1	9.3	9.7	
Ambuja Cements	16,779	592	390	SELL	7	13	18	22	83	44	33	27	2.7	2.6	2.4	2.3	227	191	168	152	35.8	23.6	18.5	15.5	3.7	6.0	7.6	8.8	
UltraTech Cement	43,587	12,863	7,700	SELL	208	312	361	448	62	41	36	29	5.4	4.9	4.5	4.0	248	227	212	194	31.6	22.0	19.3	16.3	8.7	11.9	12.5	13.9	
Shree Cement	12,822	30,905	20,250	SELL	332	417	443	557	93	74	70	55	5.3	5.0	4.8	4.5	222	179	166	151	27.6	22.3	19.2	16.4	5.8	6.9	7.0	8.4	
Mid-cap. stocks																													
Dalmia Bharat	5,061	2,347	1,820	SELL	42	73	81	95	55	32	29	25	2.5	2.4	2.2	2.1	107	109	111	89	18.6	14.4	13.0	11.4	4.7	7.7	7.9	8.7	
J K Cement	6,574	7,399	3,350	SELL	103	141	164	208	72	52	45	36	9.4	8.1	7.0	5.9	274	221	217	207	30.2	23.5	20.5	17.4	15.0	16.6	16.6	17.9	
The Ramco Cements	2,952	1,087	620	SELL	3	17	26	33	351	65	42	33	3.4	3.2	3.0	2.8	147	137	111	107	24.5	18.4	15.7	13.6	3.7	8.2	7.3	8.8	
Nuvoco Vistas Corp.	1,879	458	390	REDUCE	1	9	12	18	748	52	38	26	1.8	1.8	1.7	1.6	94	101	77	68	14.6	12.5	10.4	8.6	2.9	4.4	5.7	6.8	

Source: Industry data, Bloomberg, Kotak Institutional Equities estimates



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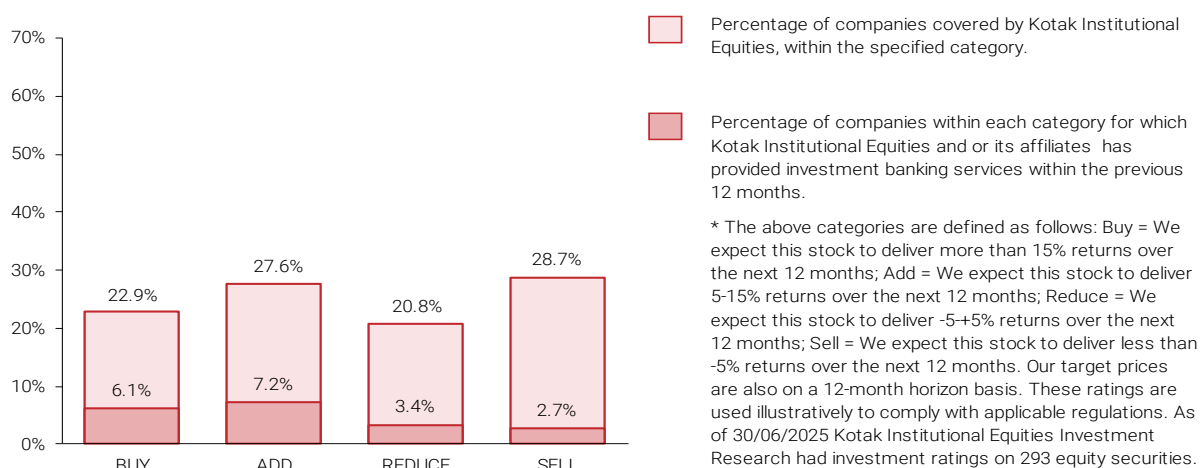
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