

January 28, 2025

**SECTOR UPDATE**

# Cement

## All India cement average prices increased by Rs2/bag on m-o-m basis in Jan'25

All India avg. cement prices was up by Rs2/bag on m-o-m basis in Jan'25 but remains down by Rs13/bag y-o-y from Jan'24. The highest price hike has happened in northern region (+Rs5/bag) followed by few states of central region (Rs10/bag Lucknow and Rs1/bag Indore), western region (+Rs5 Ahmedabad but Mumbai / Pune flattish) and eastern region (only +Rs3/bag in Kolkata), while few pockets in southern region (flattish m-o-m) was trying a price hike but didn't sustain for more than 2-3 days. January price hike in some states and sustaining in market looks positive, however Feb-Mar may witness neutral to negative price trend due to 1). Year-end volume push, 2). Labour availability issue due to Corp harvesting season, and 3). Upcoming Holi festival. On these backdrops, we are more concerned with rete difference (RD) status for the industry as most of the company would release the RD amount (Incl. monthly, quarterly, and annual) to dealers and distributor in 4Q. Also, the December's RD is not yet released in most of the states. Therefore, this may impact the profitability in 4Q. Dealer and distributors are in-line with our views on pricing and demand for the industry "we assume the demand may be better in 4Q ( a volume driven quarter for the industry) as compared to 3Q, but may not see any mid-teen digit/ double digit y-o-y volume growth in 4Q." especially southern and eastern region would remain weak in terms of volume and prices due to high competition and trust to gain quick market share by larger players. While north and central prices may witness flattish to marginal increase in pricing as compared to west in 4Q (we don't see any meaningful price hike in Feb-Mar'25). As of now we haven't observed much progress in government infra projects, however, major change/ impact would be seen from the upcoming budget announcement.

On the in-put cost front, diesel prices are remained stable over last twelve months at avg. cost of Rs90.5paise/ltr which gives some respite to logistic cost, also there may not be any railway busy season surcharges in Feb-Mar likely to provide comforts. Avg. domestic pet-coke prices have increased by 3% MoM in Jan'24 followed by ~5% increase in Dec'24 MoM to Rs13000/tn and ~7% YoY down from level of Rs14000/tn in Jan'24. however, the drop in prices have slowdown in past three quarters looks bit ambiguous and may see marginal spike in near-term. For our analysis, we are considering coal realization reported by Coal India Ltd in BSE filing for "3QFY25" as benchmark. Coal India Ltd (CIL) e-auction prices were up by ~7.6% in 3QFY25 followed by 2.5% increase in 2QFY25 on QoQ basis due to coal scarcity. Avg. imported coal prices (AUS - Newcastle coal prices - 6000kcal/kg) remained flattish MoM basis but increased by 11% YoY to USD137/tn in Jan'25 vs. USD124/tn in Jan'24. While imported pet-coke prices increased by ~4% to USD130/tn in Jan'25 vs. USD 125/tn in Jan'24. The marginal spike in international pet-coke and coal prices would adversely impact P&F cost in 4QFY25E.

**Our View:** The pricing weakness to persist further until major capacity addition or consolidation in the industry gets over. The price hike in Jan'25 (mere of +Rs2/bag) m-o-m followed by Dec'24 (+Rs7-8/bag) has sustained yet amidst weak volume, pricing pressure and intense competition looks good. But one need to understand the rate defrence amount which is yet to release the dealers and distributor. We don't see any significant price hike in near-term due to sluggish demand. 4Q is a year-end volume push quarter which may lead to pricing pressure. Any significant announcement in the upcoming budget with respect to infra capex may bring positive sentiment in the industry.

**Recommendation table**

Company	Rating	TP
ACC	BUY	2,909
ACEM	SELL	471
BCORP	ADD	1,425
DLBHARA	ADD	2,129
SRCM	BUY	31,778
UTCEM	SELL	9,039

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**Exhibit 1: All India cement avg. price per bag were up by ~0.6% MoM**

Region/Citywise cement avg. price (Rs/bag)	Jan-25	Dec-24	Jan-24	MoM (%)	YoY (%)
<b>North</b>	<b>396</b>	<b>391</b>	<b>398</b>	<b>1.3</b>	<b>-0.4</b>
Delhi	399	394	424	1.3	-5.9
Jaipur	377	372	362	1.3	4.1
Ludhiana	413	408	408	1.2	1.2
<b>East</b>	<b>371</b>	<b>370</b>	<b>382</b>	<b>0.3</b>	<b>-2.9</b>
Kolkata	382	379	390	0.8	-2.1
Bhubaneshwar	381	381	381	-	-
Patna	351	351	376	-	-6.6
<b>West</b>	<b>368</b>	<b>366</b>	<b>384</b>	<b>0.5</b>	<b>-4.2</b>
Mumbai	391	391	406	-	-3.7
Pune	317	317	340	-	-6.8
Ahmedabad	395	390	405	1.3	-2.5
<b>South</b>	<b>337</b>	<b>337</b>	<b>380</b>	<b>-</b>	<b>-11.2</b>
Hyderabad	298	298	352	-	-15.3
Bengaluru	400	400	425	-	-5.9
Chennai	314	314	362	-	-13.4
<b>Central</b>	<b>370</b>	<b>366</b>	<b>360</b>	<b>1.0</b>	<b>2.7</b>
Bhopal	332	332	325	-	2.2
Indore	326	325	319	0.3	2.2
Lucknow	451	441	436	2.3	3.4
<b>All India Avg.</b>	<b>368</b>	<b>366</b>	<b>381</b>	<b>0.6</b>	<b>-3.2</b>

Source: Company, YES Sec

**Exhibit 2: Avg. prices were up by 2% in Jan'25 from 3Q FY25 exit prices**

Region	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	Jan'25	From 3Q Exist price
North	379	389	409	391	376	369	385	396	2.9%
South	379	369	389	355	343	332	333	337	1.3%
East	332	392	387	361	363	362	366	371	1.4%
West	382	384	384	369	364	359	363	368	1.4%
Central	365	370	365	352	352	350	358	370	3.2%
<b>All India Average</b>	<b>369</b>	<b>371</b>	<b>391</b>	<b>373</b>	<b>363</b>	<b>354</b>	<b>361</b>	<b>368</b>	<b>2.0%</b>

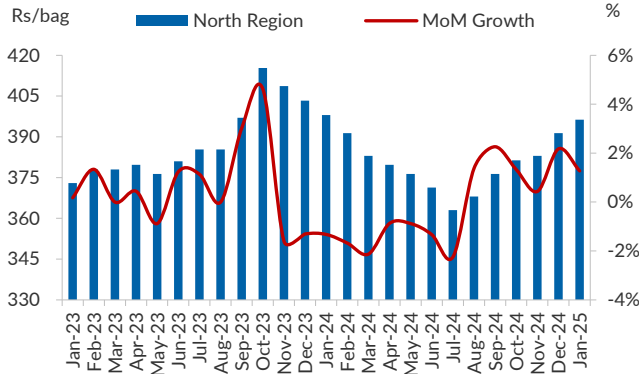
Source: Company, YES Sec

**Exhibit 3: Trade Segment Cement Price trend in Jan'25 vs. Dec'24/ Jan'24**

Region	MoM Change (Rs/Bag)	Trend	YoY Change (Rs/Bag)	Trend
North	5	↑	(2)	↓
South	0	↔	(43)	↓
East	1	↑	(11)	↓
West	2	↑	(16)	↓
Central	4	↑	10	↑
<b>All India Average</b>	<b>2</b>	<b>↑</b>	<b>(12)</b>	<b>↓</b>

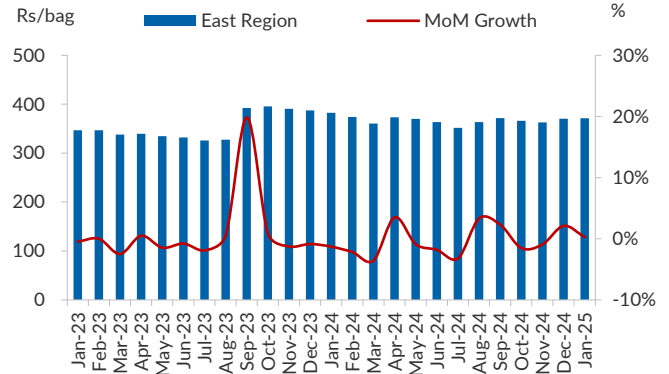
## CEMENT PRICING CHART ANALYSIS

**Exhibit 4: North region prices up by Rs5/bag on m-o-m**



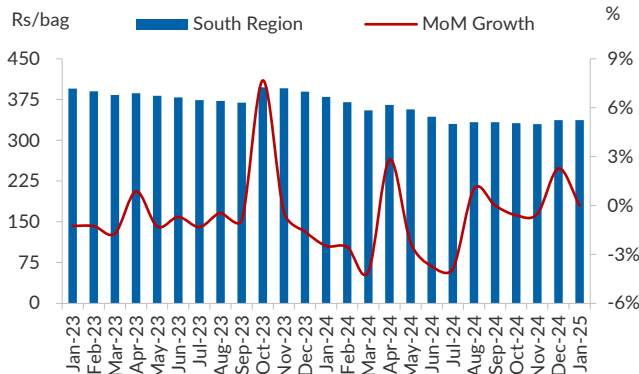
Source: Company, YES Sec

**Exhibit 5: East region prices up by Rs1/bag on m-o-m**



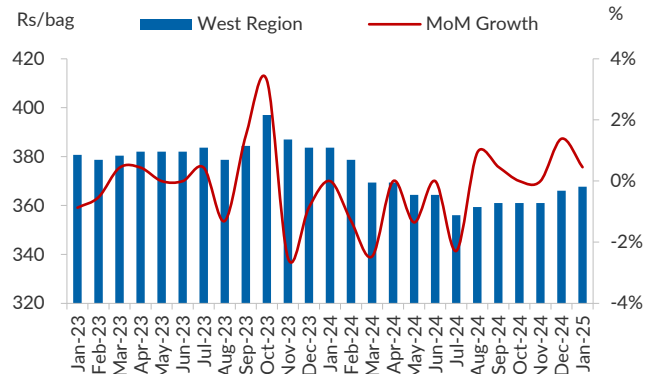
Source: Company, YES Sec

**Exhibit 6: South region prices flattish on m-o-m**



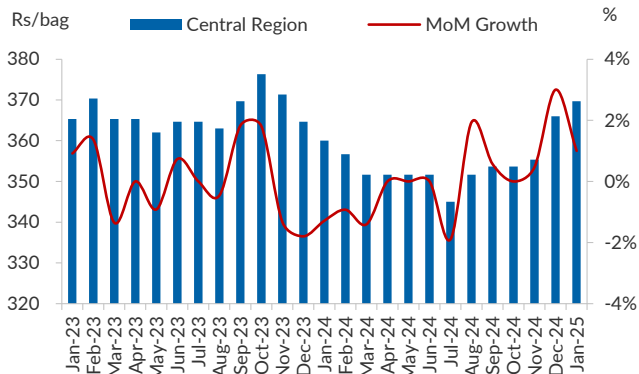
Source: Company, YES Sec

**Exhibit 7: West region prices up by Rs2/bag on m-o-m**



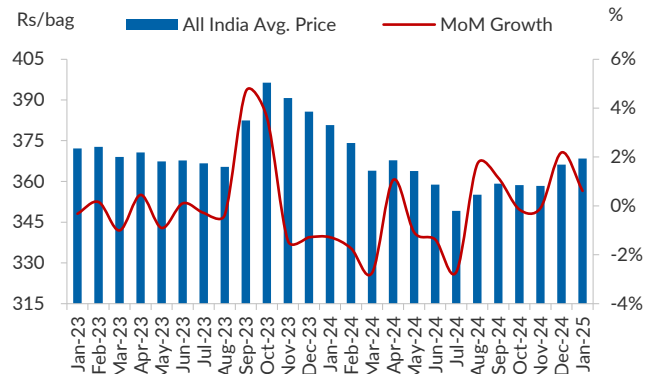
Source: Company, YES Sec

**Exhibit 8: Central region prices up by Rs3/bag on m-o-m**



Source: Company, YES Sec

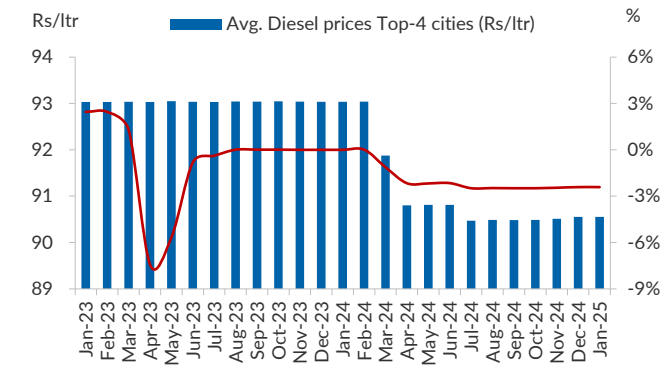
**Exhibit 9: All India avg. prices up by Rs2/bag on m-o-m**



Source: Company, YES Sec

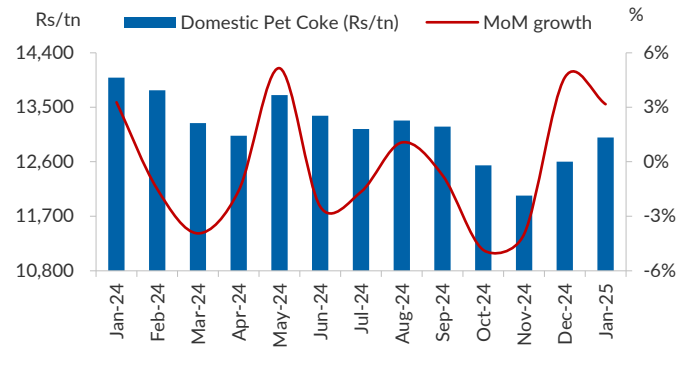
## COST CHART ANALYSIS

**Exhibit 10: Stable diesel over ten months**



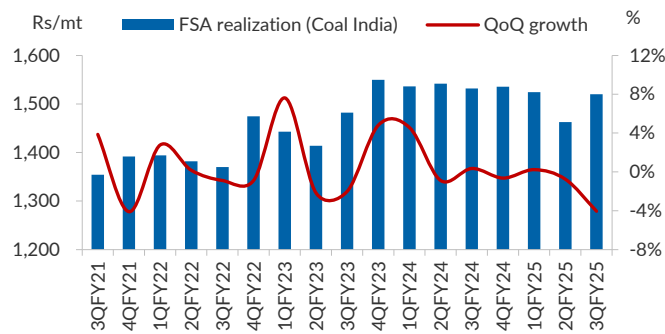
Source: Company, YES Sec

**Exhibit 11: Domestic pet coke prices up by 3% m-o-m**



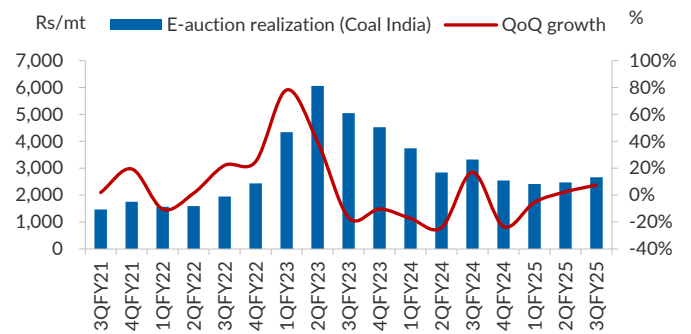
Source: Company, YES Sec

**Exhibit 12: CIL's coal price up by 4% q-o-q**



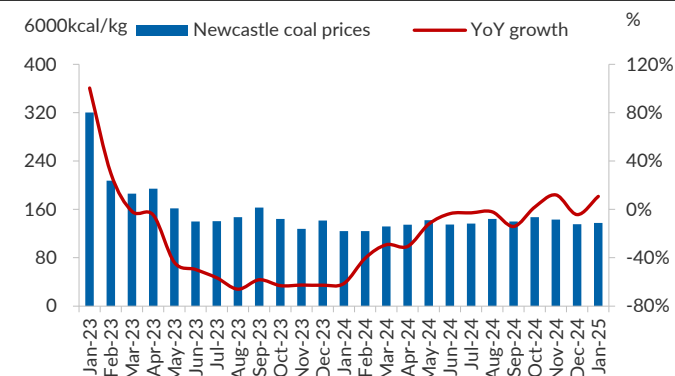
Source: Company, YES Sec

**Exhibit 13: ...while its e-auction were up 7.6% q-o-q**



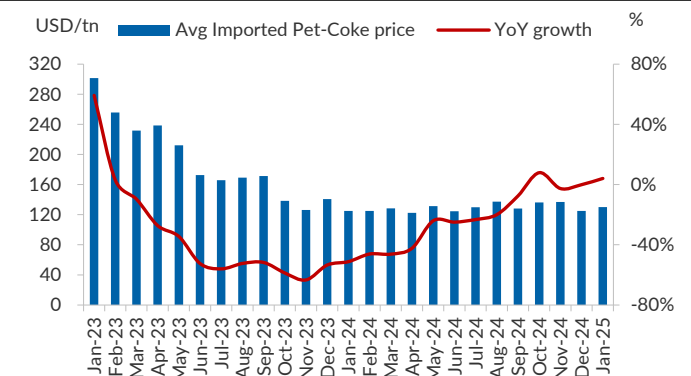
Source: Company, YES Sec

**Exhibit 14: International coal prices flattish m-o-m**



Source: Company, YES Sec

**Exhibit 15: International pet-coke prices up 4% m-o-m**



Source: Company, YES Sec

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