

Cement

South India leads price fall

All-India average price down INR 7 per 50kg bag in February

Our discussions with dealers, sales executives, and C&F agents suggest the usual excitement surrounding price increases during Q4 has been absent. This can be attributed to lower-than-expected demand, increased supply and a competitive pricing trend. As a result, all-India average retail price fell INR 7 per 50kg bag MoM to INR 375 in February vs an average MoM increase of INR 5 per bag for the past three years. MoM price movement across regions was as follows: South India saw the highest price cut of INR 13/bag, followed by INR 8/bag in East India, INR 6/bag in North India, INR 5/bag in West India and INR 3/bag in Central India. On the demand side, although most pockets witnessed MoM recovery, it has been below the desired levels. Market intermediaries anticipate a more favorable demand trend in March, but any major price hike seems unlikely, due to anticipated increase in volume pressure in the upcoming weeks, driven by year-end factors.

Prices drop across North and East India; Central India a mixed bag

Price corrections across Central, North and East India have been in the range of INR 0-10/bag MoM. In Central India, prices in Western Uttar Pradesh dipped INR 5/bag MoM while Eastern Uttar Pradesh was flat MoM. On the other hand, prices in Madhya Pradesh were down by INR 5/bag. In North India, prices in Delhi fell by INR 10/bag, followed by INR 5/bag drop each in Rajasthan and Punjab. Cement prices across East India fell for the fourth consecutive month in February. Bihar, Chhattisgarh and West Bengal fell INR 10/bag each. Prices in Jharkhand and Odisha dipped INR 5/bag each.

South India prices continue to fall

The southern pockets saw price cuts of INR 5-20/bag in February. Price correction in Kerala was the highest, down INR 20/bag, which was followed by a fall of INR 15/bag each in Andhra Pradesh and Telangana. Tamil Nadu saw a price drop of INR 10/bag, followed by INR 5/bag fall in Karnataka. Price cuts have been much sharper for regional brands as dues from government projects have blocked working capital.

In West India, Gujarat softens, Maharashtra mixed

Gujarat prices softened by INR 10/bag MoM in February after being flat for the past two months. However, Maharashtra was mixed, with a flat trend in Mumbai and Nasik while Nagpur prices fell INR 5/bag MoM.

Outlook: favorable cost trend to ease pricing weakness impact

Volume push in March may overshadow price hike efforts; thus, the industry is unlikely to see any material price hike prior to April. However, the pricing impact is expected to be partly offset by lower cost due to operating leverage benefits and weak fuel prices with thermal coal prices down ~31% from the peaks of mid-October.

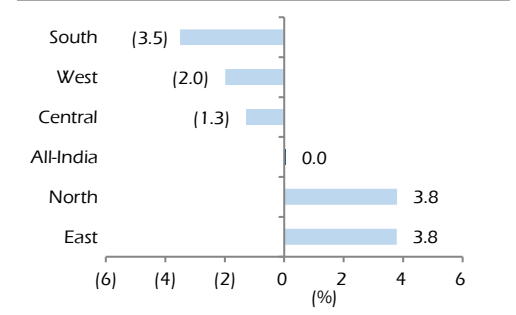
All-India cement prices down ~2% MoM

| | Feb-24 | YoY (%) | MoM (%) |
|----------------------|------------|--------------|--------------|
| Central India | | | |
| Allahabad | 430 | (1.1) | 0.0 |
| Meerut | 425 | 2.4 | (1.2) |
| Sagar | 320 | (5.9) | (1.5) |
| Bhopal | 335 | (5.6) | (1.5) |
| East India | | | |
| Patna | 370 | 0.0 | (2.6) |
| Raipur | 320 | (1.5) | (3.0) |
| Ranchi | 375 | 1.4 | (1.3) |
| Bhubaneswar | 360 | 2.9 | (1.4) |
| Kolkata | 380 | 2.7 | (2.6) |
| North India | | | |
| Delhi | 390 | (2.5) | (2.5) |
| Jaipur | 370 | 0.0 | (1.3) |
| Amritsar | 410 | 9.3 | (1.2) |
| Chandigarh | 405 | 9.5 | (1.2) |
| South India | | | |
| Bengaluru | 420 | 0.0 | (1.2) |
| Chennai | 335 | (10.7) | (2.9) |
| Hyderabad | 350 | (5.4) | (4.1) |
| Trissur | 390 | (10.3) | (4.9) |
| Vizag | 355 | (5.3) | (4.1) |
| West India | | | |
| Ahmedabad | 385 | (4.9) | (2.5) |
| Surat | 380 | (5.0) | (2.6) |
| Mumbai | 395 | (3.7) | 0.0 |
| Nagpur | 345 | 0.0 | (1.4) |
| Nashik | 350 | 0.0 | 0.0 |
| All-India | 375 | (1.4) | (1.9) |



Note: Exhibit represents retail prices as on 26 February 2024; Source: Elara Securities Research

All-India average cement price largely flat YoY in FY24 YTD



Source: Elara Securities Research

Exhibit 1: Average price during January-February 2024 ~3% below Q3FY24 average

| (INR/bag) | Q3FY23 | Q4FY23 | Q1FY24 | Q2FY24 | Q3FY24 | Jan-Feb 2024 | Variance (%)* | Comments |
|--------------------------|------------|------------|------------|------------|------------|--------------|---------------|--|
| Central region average | 378 | 383 | 381 | 385 | 390 | 379 | (2.7) | Early February price hike attempts in select pockets were followed by reversals and discount offerings by cement firms |
| Eastern region average | 349 | 353 | 346 | 349 | 378 | 365 | (3.5) | No price hike announcement for March as on now. Also, sustainability of any price hike remains uncertain, given year-end volume push |
| Northern region average | 366 | 375 | 374 | 386 | 408 | 397 | (2.8) | Several pockets have shown MoM recovery in demand with the receding Winter season |
| Southern region average | 407 | 393 | 384 | 372 | 399 | 377 | (5.6) | Although demand is expected to be on a positive trajectory, any meaningful price recovery is unlikely in March |
| Western region average | 381 | 379 | 376 | 373 | 382 | 374 | (2.1) | Non-trade demand trend in both Gujarat and Maharashtra looks good |
| All-India average | 376 | 377 | 372 | 373 | 391 | 378 | (3.4) | |

Note: *Variance between January-February 2024 and average of Q3FY24; Source: Elara Securities Research

Disclosures & Confidentiality for non U.S. Investors

The Note is based on our estimates and is being provided to you (herein referred to as the "Recipient") only for information purposes. The sole purpose of this Note is to provide preliminary information on the business activities of the company and the projected financial statements in order to assist the recipient in understanding / evaluating the Proposal. Nothing in this document should be construed as an advice to buy or sell or solicitation to buy or sell the securities of companies referred to in this document. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. Nevertheless, Elara Securities (India) Private Limited or any of its affiliates is committed to provide independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Elara Securities (India) Private Limited or any of its affiliates have not independently verified all the information given in this Note and expressly disclaim all liability for any errors and/or omissions, representations or warranties, expressed or implied as contained in this Note. The user assumes the entire risk of any use made of this information. Elara Securities (India) Private Limited or any of its affiliates, their directors and the employees may from time to time, effect or have effected an own account transaction in or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for or solicit investment banking or other business from any company referred to in this Note. Each of these entities functions as a separate, distinct and independent of each other. This Note is strictly confidential and is being furnished to you solely for your information. This Note should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. This Note is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Elara Securities (India) Private Limited or any of its affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. Upon request, the Recipient will promptly return all material received from the company and/or the Advisors without retaining any copies thereof. The Information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This Information is subject to change without any prior notice. Elara Securities (India) Private Limited or any of its affiliates reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Elara Securities (India) Private Limited is under no obligation to update or keep the information current. Neither Elara Securities (India) Private Limited nor any of its affiliates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. This Note should not be deemed an indication of the state of affairs of the company nor shall it constitute an indication that there has been no change in the business or state of affairs of the company since the date of publication of this Note. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. Elara Securities (India) Private Limited generally prohibits its analysts, persons reporting to analysts and their family members from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Any clarifications / queries on the proposal as well as any future communication regarding the proposal should be addressed to Elara Securities (India) Private Limited. It is important to note that any dispute with respect to this research report, would not have access to stock exchange investor redressal forum or arbitration mechanism.

Elara Securities (India) Private Limited was incorporated in July 2007 as a subsidiary of Elara Capital (India) Private Limited.

Elara Securities (India) Private Limited is a SEBI registered Stock Broker in the Capital Market and Futures & Options Segments of National Stock Exchange of India Limited [NSE], in the Capital Market Segment of BSE Limited [BSE] and a Depository Participant registered with Central Depository Services (India) Limited [CDSL].

Elara Securities (India) Private Limited's business, amongst other things, is to undertake all associated activities relating to its broking business.

The activities of Elara Securities (India) Private Limited were neither suspended nor has it defaulted with any stock exchange authority with whom it is registered in last five years. However, during the routine course of inspection and based on observations, the exchanges have issued advise letters or levied minor penalties on Elara Securities (India) Private Limited for minor operational deviations in certain cases. Elara Securities (India) Private Limited has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has the certificate of registration been cancelled by SEBI at any point of time.

Elara Securities (India) Private Limited offers research services primarily to institutional investors and their employees, directors, fund managers, advisors who are registered or proposed to be registered.

Details of Associates of Elara Securities (India) Private Limited are available on group company website www.elaracapital.com

Elara Securities (India) Private Limited is maintaining arms-length relationship with its associate entities.

Research Analyst or his/her relative(s) may have financial interest in the subject company. Elara Securities (India) Private Limited does not have any financial interest in the subject company, whereas its associate entities may have financial interest. Research Analyst or his/her relative does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Elara Securities (India) Private Limited does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Associate entities of Elara Securities (India) Private Limited may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. Research Analyst or his/her relative or Elara Securities (India) Private Limited or its associate entities does not have any other material conflict of interest at the time of publication of the Research Report.

Research Analyst or his/her relative(s) has not served as an officer, director or employee of the subject company.

Research analyst or Elara Securities (India) Private Limited have not received any compensation from the subject company in the past twelve months. Associate entities of Elara Securities (India) Private Limited may have received compensation from the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associate entities have not managed or co-managed public offering of securities for the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associates have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months. Research analyst or Elara Securities (India) Private Limited or its associate entities may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company or third party in connection with the Research Report in the past twelve months.

Disclaimer & Standard warning

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Disclaimer for non U.S. Investors

The information contained in this note is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

Disclaimer for U.S. Investors

This material is based upon information that we consider to be reliable, but Elara Capital Inc. does not warrant its completeness, accuracy or adequacy and it should not be relied upon as such.

This material is not intended as an offer or solicitation for the purchase or sale of any security or other financial instrument. Securities, financial instruments or strategies mentioned herein may not be suitable for all investors. Any opinions expressed herein are given in good faith, are subject to change without notice, and are only correct as of the stated date of their issue. Prices, values or income from any securities or investments mentioned in this report may fall against the interests of the investor and the investor may get back less than the amount invested. Where an investment is described as being likely to yield income, please note that the amount of income that the investor will receive from such an investment may fluctuate. Where an investment or security is denominated in a different currency to the investor's currency of reference, changes in rates of exchange may have an adverse effect on the value, price or income of or from that investment to the investor. The information contained in this report does not constitute advice on the tax consequences of making any particular investment decision. This material does not take into account your particular investment objectives, financial situations or needs and is not intended as a recommendation of particular securities, financial instruments or strategies to you. Before acting on any recommendation in this material, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice.

Certain statements in this report, including any financial projections, may constitute "forward-looking statements." These "forward-looking statements" are not guarantees of future performance and are based on numerous current assumptions that are subject to significant uncertainties and contingencies. Actual future performance could differ materially from these "forward-looking statements" and financial information.

| | | | |
|--|---|---|--|
| India Elara Securities (India) Pvt. Ltd. One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 6164 8500 | Europe Elara Capital Plc. 6th Floor, The Grove, 248A Marylebone Road, London, NW1 6JZ, United Kingdom Tel : +44 20 7486 9733 | USA Elara Securities Inc. 230 Park Avenue, Suite 2415, New York, NY 10169, USA Tel: +1 212 430 5870 Fax: +1 212 208 2501 | Asia / Pacific Elara Capital (Asia) Pte.Ltd. One Marina Boulevard, Level 20, Singapore 018989 Tel : +65 6978 4047 |
|--|---|---|--|

| | | | |
|--|---------------------------------------|--|-------------------------|
| Harendra Kumar | Managing Director | harendra.kumar@elaracapital.com | +91 22 6164 8571 |
| Sales | | | |
| Ashok Agarwal | India | ashok.agarwal@elaracapital.com | +91 22 6164 8558 |
| Hitesh Danak | India | hitesh.danak@elaracapital.com | +91 22 6164 8543 |
| Karan Rathod | India | karan.rathod@elaracapital.com | +91 22 6164 8570 |
| Lekha Nahar | India | lekha.nahar@elaracapital.com | +91 22 6164 8512 |
| Prashin Lalvani | India | prashin.lalvani@elaracapital.com | +91 22 6164 8544 |
| Shraddha Shrikhande | India | shraddha.shrikhande@elaracapital.com | +91 22 6164 8567 |
| Sudhanshu Rajpal | India | sudhanshu.rajpal@elaracapital.com | +91 22 6164 8508 |
| Joshua Saldanha | Asia | joshua.saldanha@elaracapital.com | +91 22 6164 8541 |
| Anita Nazareth | Corporate Access, Conference & Events | anita.nazareth@elaracapital.com | +91 22 6164 8520 |
| Tina D'souza | Corporate Access | tina.dsouza@elaracapital.com | +91 22 6164 8595 |
| Quantitative, Alternatives, Sales Trading & Dealing | | | |
| Sunil Jain | Quantitative & Alternates | sunil.jain@elaracapital.com | +91 22 6164 8531 |
| Nandish Patel | Quantitative & Alternates | nandish.patel@elaracapital.com | +91 22 6164 8564 |
| Biren Mehta | Head - Sales Trading | biren.mehta@elaracapital.com | +91 22 6164 8500 |
| Kalpesh Parekh | India | kalpesh.parekh@ElaraCapital.com | +91 22 6164 8555 |
| Manoj Murarka | India | manoj.murarka@elaracapital.com | +91 22 6164 8551 |
| Anil Pawar | India | anil.pawar@elaracapital.com | +91 22 6164 8552 |
| Nilesh Chheda | India | nilesh.chheda@elaracapital.com | +91 22 6164 8554 |
| Nupur Barve | India | nupur.barve@elaracapital.com | +91 22 6164 8532 |

| | | | |
|-----------------------|------------------|---|--------------------------------------|
| Research | | | |
| Dr Bino Pathiparampil | Head of Research | Healthcare, Pharmaceuticals, Strategy | bino.pathiparampil@elaracapital.com |
| Amit Purohit | Analyst | Building Materials, FMCG, Paints | amit.purohit@elaracapital.com |
| Ankita Shah | Analyst | Infrastructure, Ports & Logistics, Industrials | ankita.shah@elaracapital.com |
| Biju Samuel | Analyst | Quantitative & Alternate Strategy | biju.samuel@elaracapital.com |
| Gagan Dixit | Analyst | Aviation, Chemicals, Oil & Gas | gagan.dixit@elaracapital.com |
| Garima Kapoor | Economist | | garima.kapoor@elaracapital.com |
| Harshit Kapadia | Analyst | Capital Goods, Consumer Electronics | harshit.kapadia@elaracapital.com |
| Jay Kale, CFA | Analyst | Auto & Auto Ancillaries | jay.kale@elaracapital.com |
| Karan Taurani | Analyst | Media & Entertainment, Alcobev, QSR, Internet | karan.taurani@elaracapital.com |
| Prakhar Agarwal | Analyst | Banking & Financials | prakhar.agarwal@elaracapital.com |
| Prashant Biyani | Analyst | Agrochemicals, Fertilisers, Hotels, Sugar | prashant.biyani@elaracapital.com |
| Prerna Jhunjhunwala | Analyst | Textiles, Retail | prerna.jhunjhunwala@elaracapital.com |
| Ravi Sodah | Analyst | Cement, Metals & Mining | ravi.sodah@elaracapital.com |
| Ruchi Mukhija | Analyst | IT Services | ruchi.mukhija@elaracapital.com |
| Rupesh Sankhe | Analyst | Utilities, Renewables, Capital Goods, Real Estate | rupesh.sankhe@elaracapital.com |
| Shweta Daptardar | Analyst | Diversified Financials, Non-Lending Financials | shweta.daptardar@elaracapital.com |
| Saurabh Mitra | Sr. Associate | Cement, Metals & Mining | saurabh.mitra@elaracapital.com |
| Aditya Jaiswal | Associate | Strategy | aditya.jaiswal@elaracapital.com |
| Amogh Deshpande | Associate | Aviation, Chemicals, Oil & Gas | amogh.deshpande@elaracapital.com |
| Bhavi Shah | Associate | Cement, Metals & Mining | bhavi.shah@elaracapital.com |
| Heet Van | Associate | Healthcare, Pharmaceuticals | heet.van@elaracapital.com |
| Himanshu Dhyawala | Associate | Diversified Financials, Non-Lending Financials | himanshu.dhyawala@elaracapital.com |
| Jinesh Kothari | Associate | Infrastructure, Ports & Logistics | jinesh.kothari@elaracapital.com |
| Kartik Solanki | Associate | Banking & Financials | kartik.solanki@elaracapital.com |
| Ketul Dalal | Associate | Auto & Auto Ancillaries | ketul.dalal@elaracapital.com |
| Keval Shah | Associate | Strategy | keval.shah@elaracapital.com |
| Mudit Kabra | Associate | Capital Goods, Consumer Electronics | udit.kabra@elaracapital.com |
| Nemish Sundar | Associate | Capital Goods, Consumer Electronics | nemish.sundar@elaracapital.com |
| Nishant Chowhan, CFA | Associate | Auto & Auto Ancillaries | nishant.chowhan@elaracapital.com |
| Palak Shah | Associate | Banking & Financials | palak.shah@elaracapital.com |
| Ragini Pande | Associate | Utilities, Renewables | ragini.pande@elaracapital.com |
| Rohit Harlikar | Associate | Building Materials, Dairy, FMCG, Paints | rohit.harlikar@elaracapital.com |
| Rounak Ray | Associate | Media & Entertainment, Alcobev, QSR, Internet | rounak.ray@elaracapital.com |
| Seema Nayak | Associate | IT Services, Internet | seema.nayak@elaracapital.com |
| Shweta Roy | Associate | Economics | shweta.roy@elaracapital.com |
| Subhankar Sanyal | Associate | Economics | subhankar.sanyal@elaracapital.com |
| Tanvi Tambat | Associate | Real Estate | tanvi.tambat@elaracapital.com |
| Ujwal Wadighare | Associate | Agrochemicals, Fertilisers, Hotels, Sugar | ujwal.wadighare@elaracapital.com |
| Vidhi Puj | Associate | Building Materials, FMCG, Paints | vidhi.puj@elaracapital.com |
| Vinayak Patil | Database | | vinayak.patil@elaracapital.com |
| Priyanka Sheth | Editor | | priyanka.sheth@elaracapital.com |
| Prakriti Singh | Editor | | prakriti.singh@elaracapital.com |
| Gurunath Parab | Production | | gurunath.parab@elaracapital.com |
| Jinesh Bhansali | Production | | jinesh.bhansali@elaracapital.com |

Access our reports on Bloomberg: Type **RESP ESEC <GO>**

Also available on **Thomson & Reuters**

Elara Securities (India) Private Limited

Registered Office Address: One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 6164 8500

CIN: U74992MH2007PTC172297 | SEBI Research Analyst Registration No.: INH000000933

Member of BSE Limited and National Stock Exchange of India Limited | SEBI REGN. NO.: INZ 000 238236

Member of Central Depository Services (India) Limited | SEBI REGN. NO.: IN-DP-370-2018

Investor Grievance Email ID: investor.grievances@elaracapital.com - Tel. +91 22 6164 8509

Compliance Officer: Mr. Anand Rao - Email ID: anand.rao@elaracapital.com - Tel. +91 22 6164 8509