

Cement Sector

Volume outperformance key theme for 4Q; demand growth green shoots now visible again, albeit cement prices continue to falter

- Volume growth rebounded for the cement industry in 4Q24 as Top-16 listed cement players (~85% of industry sales volumes) reported ~11% yoy volume growth (vs ~7% yoy growth reported in 3Q), ending FY24 with ~13% volume growth – 4th consecutive year reporting a 10% or above growth.
- Volume push was the key industry focus in 4Q, which directly impacted realizations as pan-India cement prices tumbled ~5% sequentially (down 4% yoy) with higher impact seen in South & East regions.
- While the avg. fuel consumption cost for the industry came down ~1% qoq, avg. P&F cost/t came off ~8% qoq due to lower power cost. This along with operating leverage benefits led to 7% yoy/ 3% qoq softening in average total cost/t for the industry.
- In-line with our preview estimates, Industry average EBITDA/t in 4Q declined Rs 117/t qoq to ~Rs 800/t; however, from the lows of FY23, FY24 EBITDA/t grew Rs 182/t yoy to ~Rs 788/t.

What does the recent channel check indicate?

- Post an impacted Apr'24 (due to central elections led labour shortages and pre-load of demand in Mar'24), where pan-India demand dropped ~15-20% yoy, channels suggest that demand has again started to open up since mid-May'24. We hear for a further pick-up in volumes since Jun'24 start across regions.
- However, prices on the other hand, has only faltered further. While prices in South/ North regions currently are flat vs Mar'24 exit levels, East region witnessed a Rs 10-15/bag price drop since mid-May'24 and Central/ West region prices too currently trade Rs 5-7/bag lower vs Mar'24 exit. Pan-India cement prices currently trade ~1-1.5% lower vs Mar'24 exit and ~2-2.5% lower vs 4Q24 average prices.
- Subsequent to a failed price hike attempt (Rs 25-30/bag) in Apr'24, companies have again hinted for Rs 15-20/bag hike effective 10th Jun'24 (Rs 20-30/bag in East & South while ~Rs 10/bag in North, West & Central); albeit channel confidence on a successful price hike currently remains low.

Basis the management commentaries & our recent channel checks, we **expect 1Q25 to see flattish volumes yoy**. However, with demand growth again taking the centre stage, and in-line with most managements' expectation, we believe industry is well set to clock ~8% volume growth in FY25E.

1H profitability to remain under pressure: Recent management commentaries and a continued focus on volume gains points to a low likelihood of a sustainable price hike in near term. Further, managements don't expect any meaningful drop in fuel costs in 1QFY25 over 4QFY24 (albeit some players expect further correction in later part of FY25). In this backdrop, we expect 1Q profitability to come down meaningfully on qoq basis owing to impact of lower realisations and operating deleverage, even as 2Q profitability largely hinges on cement price movement.

Our view: We continue to remain upbeat on industry volumes with the India growth story resonating well, however cement price movement continues to remain a key monitorable. Amid the current volatile and evolving industry environment, in terms of our preferred picks, we stick with the players who either operate at a strong leverage position (and stands a better chance of exploring attractive inorganic opportunities) or the players who offer healthy valuation comfort. This leads us to prefer select stocks: **UTCEM, ACEM, JKCE, JKLC and BCORP**. Risks: (a) Moderation in demand growth hurting the industry's ability to absorb incremental capacity and maintain pricing discipline. (b) Meaningful elevation in fuel/diesel prices.

Recommendation Snapshot

Company	Reco.	CMP	Mkt Cap Rs. Mn.	Price Target	Target Date
UTCEM	LONG	10,078	28,58,301	12,354	Jun-25
ACC	LONG	2,493	4,28,540	3,039	Jun-25
ACEM	LONG	616	13,70,975	700	Dec-25
SRCM	ADD	25,661	8,97,790	28,761	Jun-25
DALBHARA	LONG	1,767	3,17,940	2,178	Jun-25
NUVOCO	ADD	329	1,10,093	368	Jun-25
TRLC	LONG	788	1,72,706	922	Jun-25
JKCE	LONG	3,935	2,98,286	4,556	Jun-25
BCORP	LONG	1,445	1,05,879	1,927	Jun-25
JKLC	LONG	781	89,612	1,046	Jun-25
PRSMJ	LONG	158	74,472	176	Jun-25

Analysts

Aman Agrawal

aman.agarwal@equirus.com
+91- 079 6901 5005

Pranav Mehta

pranav.mehta@equirus.com
+91- 079 6901 5013

Key Trends

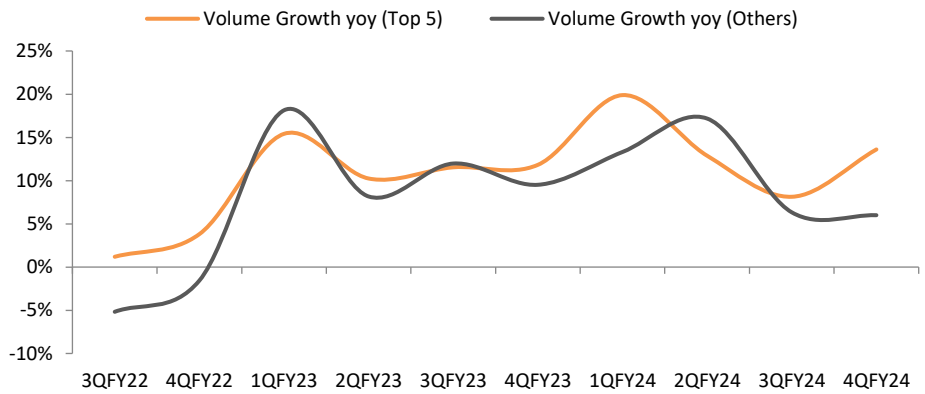
Large players deliver much better on volumes

Aggressive expansion plans to ensure continued outperformance by Big, Organized players

- During 4QFY24, top-5 players, viz. UTCEM, ACC, ACEM, SRCM and DALBHARA, saw a combined 14% yoy volume growth (22% qoq) vs. 6% yoy growth for rest of the industry (20% qoq).
- ACC/ Ambuja/ Dalmia/ Ramco/ JK Cement/ Sagar impressed the most with yoy volume growth of 22%/ 17%/ 19%/ 17%/ 13%/ 19% respectively. This also highlights towards a mixed regional volume growth trend in 4Q.

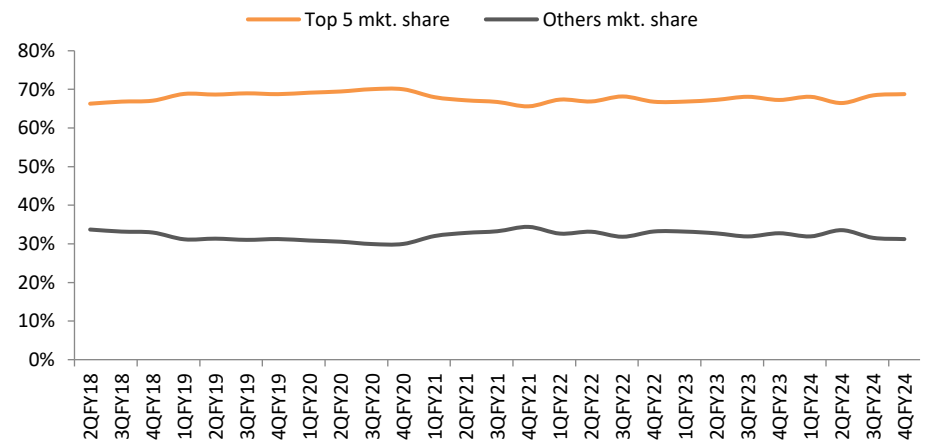
Since FY18, larger companies have been consolidating their market shares and the market share of top-5 players has risen from 67% in FY18 to 72% in 4QFY24 as well as FY24 (excluding NUVOCO). With aggressive strategies for maintaining/gaining market share via capacity addition and increasing distribution reach, we believe these top-5 players should continue to outperform the industry with govt.-led institutional demand going strong and overall industry demand also recovering.

Exhibit 1: Industry biggies deliver better volume growth in 4QFY24



Source: Company Data, Equirus

Exhibit 2: Market share trends



Source: Company Data, Equirus

Note: Excluding Nuvoco since past data is not available

Other observations:

- Trade sales share grow sequentially in 4Q; Non-trade sales expected to perform better in 1Q25 as project demand opens up.
- As per the Department of Industrial Policy and Promotion (DIPP), cement production for 4QFY24 rose 9% yoy/ 15% qoq to ~116.8MT.

UTCEM/ACC/ACEM/SRCM/DALBHA post 11%/22%/17%/8%/19% yoy volume growth

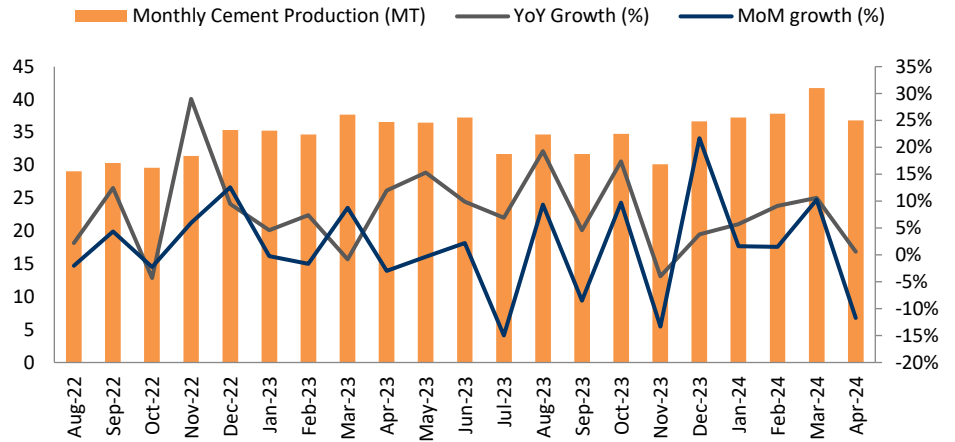
Top-5 players record 14% yoy growth in 4Q volumes vs 6% for remaining players

Top-5 players gaining market share since FY18; trend expected to continue

- Management commentaries points to a soft Apr'24 but expectations of sequential improvement in May & June; channel checks also suggest a similar scenario.

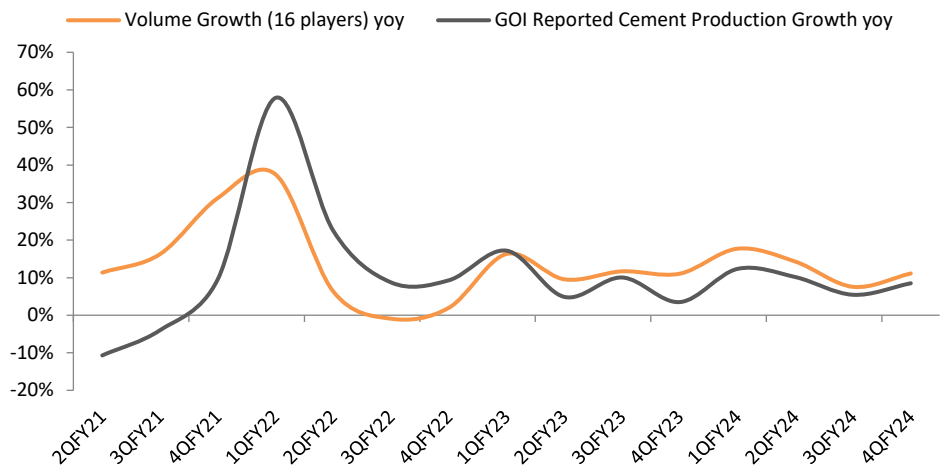
Exhibit 3: Cement production rises 9% yoy/ 15% qoq in 4QFY24, as per DIPP data

Expect players to see strong mid-to-long-term demand on a continued pick up in govt. infra/individual housing projects



Source: Company Data, Equirus

Exhibit 4: Volume growth – Historical trends



Source: Company Data, Equirus

Going forward, as highlighted in our earlier reports, we maintain our belief that industry demand CAGR would trend higher than industry supply CAGR over coming 3-4 years, but aggressive expansion plans by the bigger players would limit any meaningful improvement in industry utilization levels. Our view is further reinstated by continued industry consolidation; recent examples being the acquisition of Burnpur cement plant & India Cement plant by Ultratech, MyHome Industries' plant by Ambuja, Asian Concretes by ACC, Kesoram Cement Assets by Ultratech, Sanghi Industries by Ambuja, Andhra Cement by Sagar Cement, and Jaiprakash Associate cement assets by Dalmia Bharat. As we move forward, we believe aspirational capacity addition (not announced yet) will continue to come via a mix of organic and inorganic routes.

4Q realizations tumble 5% qoq as South & East players suffers most

Some further dips seen in 1Q25

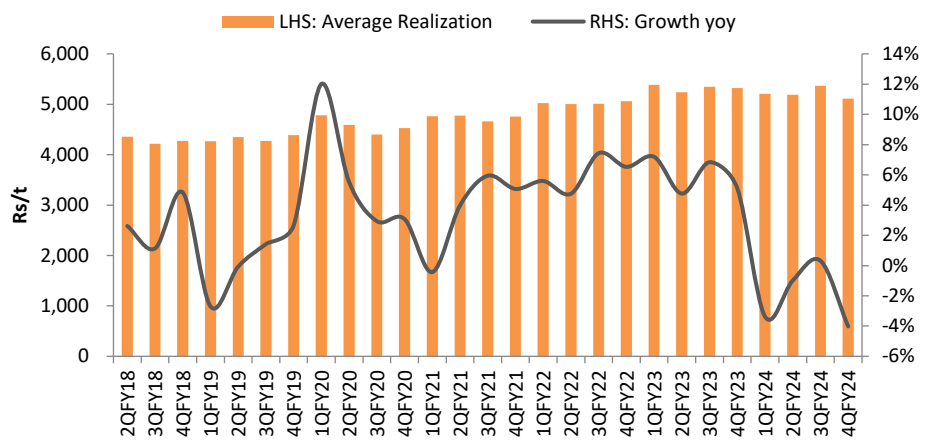
Pan-India cement prices currently trade ~1-1.5% lower vs Mar'24 exit and ~2-2.5% lower vs 4Q24 average prices

On a yoy basis, top-16 cement players reported 4% yoy/ 5% qoq decline in ASP in 4QFY24 owing to continuous price cuts through Nov'23-Mar'24. South and East regions realizations dropped ~7% qoq while for rest regions realizations dropped ~4% qoq.

As per the recent channel checks, cement prices have further faltered marginally in 1Q25-till date. While prices in South/ North regions currently are flat vs Mar'24 exit levels, East region witnessed a Rs 10-15/bag price drop since mid-May'24 and Central/ West region prices too currently trade Rs 5-7/bag lower vs Mar'24 exit. Pan-India cement prices currently trade ~1-1.5% lower vs Mar'24 exit and ~2-2.5% lower vs 4Q24 average prices.

Subsequent to a failed price hike attempt (Rs 25-30/bag) in Apr'24, companies have again hinted for Rs 15-20/bag hike in Jun'24 1st week (Rs 20-30/bag in East & South while ~Rs 10/bag in North, West & Central); albeit channel confidence on a successful price hike currently remains low.

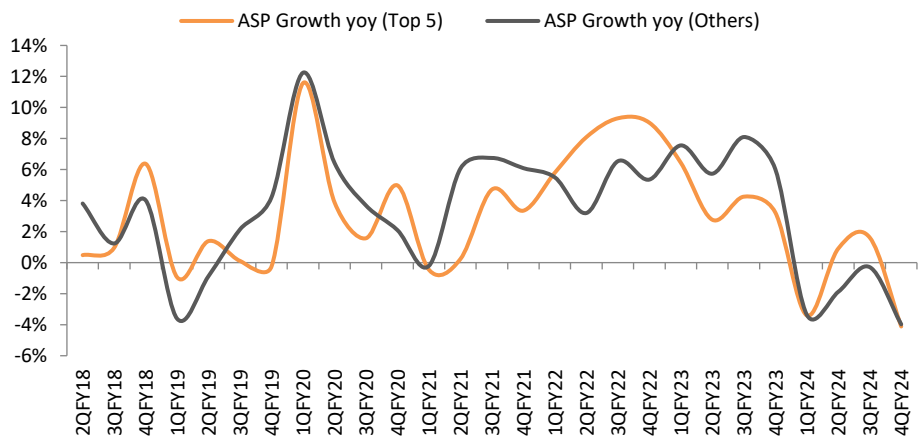
Exhibit 5: ASP trends



Source: Company Data, Equirus

Avg. ASP for 16 players -4% yoy/ -5% qoq in 4QFY24

Exhibit 6: ASP of top-5 players vs. other players



Source: Company Data, Equirus

Note: Chart includes Nuvoco from 1Q21

On yoy basis, ASP of top-5 players down 4%, similar for other listed players

P&F costs/t moderate for 6th straight quarter; fuel consumption cost to come flattish qoq in 1Q25

International pet-coke prices have again gradually corrected to US\$108/t currently vs US\$ 125-130/t levels in Dec'23 and significantly below its all-time highs of US\$ 250/t+ in Mar'22.

However, imported coal cost on the other hand remained flat vs Dec'23 levels while up 9% from Jun'23 levels. Within this, South African coal prices have rose the highest (+15% vs Mar'24 levels) while Indonesia/ Australia/ USA prices down 1%/ 3%/ 4% vs Mar'24 levels.

This, along with lower power cost has helped the industry post a 20% yoy/8% qoq decline in P&F costs/t (now in-line with FY22 average) even as fuel costs (Rs/'000kcal) corrected ~1% qoq for the industry leaders.

While most managements don't expect any meaningful drop in fuel costs in 1QFY25 over 4QFY24, some players expect a further correction in later part of FY25, which is also warranted by lower pet-coke prices currently. This should bode well for the industry profitability in 2H25.

International pet coke prices down to US\$ 108/t vs US\$ 125-130/t in Dec'23

International coal prices however remained flat vs Dec'23 levels

Exhibit 7: Imported pet-coke prices: Avg. prices down 1%/ 15%/ 5%/ flat in last 1-yr/ 6M/ 3M/ 1M

Comparative	Saudi Arabia	USA
Spot (USD/t)	108	108
1 Year	-2%	0%
6 Month	-15%	-15%
3 Month	-5%	-5%
1 Month	0%	0%

Source: Company Data, Equirus

Exhibit 8: Domestic pet-coke prices: Avg. prices down 7%/ 11%/ 4%/ 2% in last 1-yr/ 6M/ 3M/ 1M

Comparative	Reliance	BPCL	IOCL
Spot (Rs/t)	12,439	12,484	11,266
1 Year	-6%	-17%	2%
6 Month	-8%	-14%	-13%
3 Month	-6%	-4%	-2%
1 Month	-6%	-1%	0%

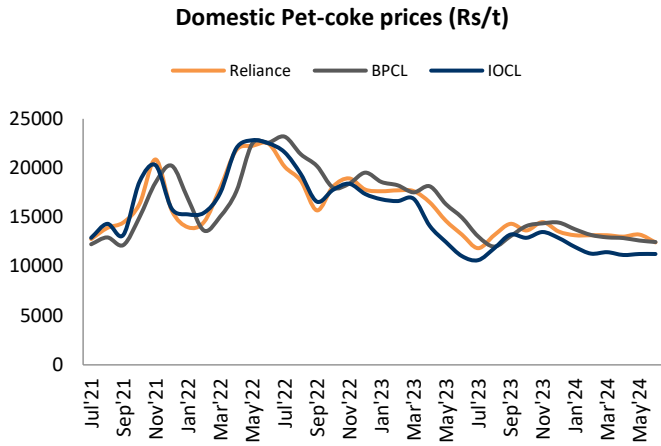
Source: Company Data, Equirus

Exhibit 9: Imported Non-coking Coal prices: Avg. prices up 9%/ 0%/ 1% in last 1-yr/ 6M/ 3M but down 1% m-o-m

Comparative	Indonesia	Australia	South Africa	USA
Spot (USD/t)	71	112	97	111
1-year	8%	1%	20%	7%
6-Month	1%	0%	5%	-5%
3-Month	-1%	-3%	15%	-4%
1-Month	1%	2%	-3%	-5%

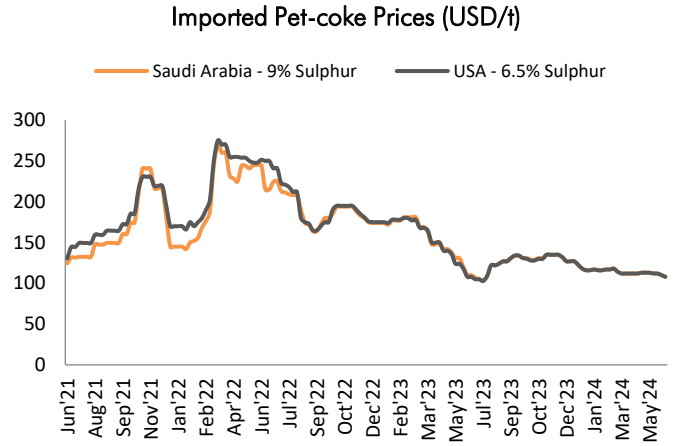
Source: Company Data, Equirus

Exhibit 10: Domestic pet coke prices correct ~11% from Dec'23 levels



Source: Industry, Equirus

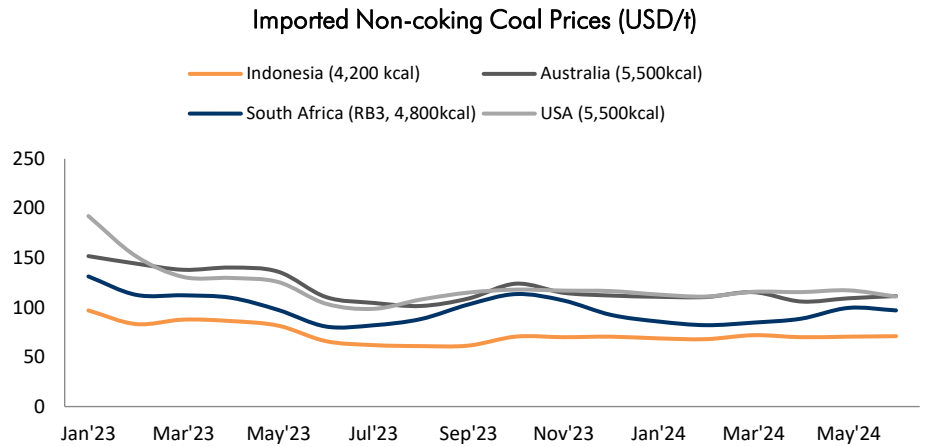
Exhibit 11: International pet coke prices down ~15% from Dec'23 levels



Source: Industry, Equirus

Exhibit 12: International coal prices

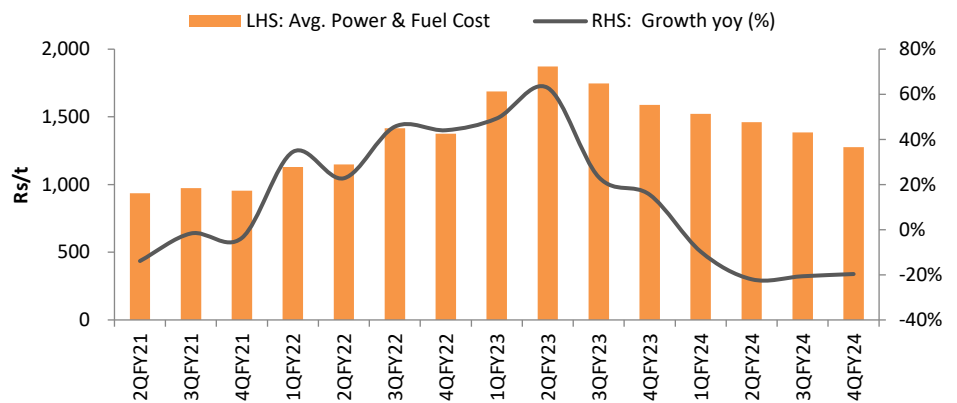
International coal prices correct meaningfully



Source: Industry, Equirus

Exhibit 13: Avg. power & fuel cost for industry corrects 8% qoq, expected to remain flat in 1Q25

Average P&F costs at Rs 1,276/t in 4QFY24 vs Rs 1,386/t in 3QFY24 and Rs 1,589/t in 4QFY23



Source: Company Data, Equirus

Freight costs came flat qoq; down 2% yoy

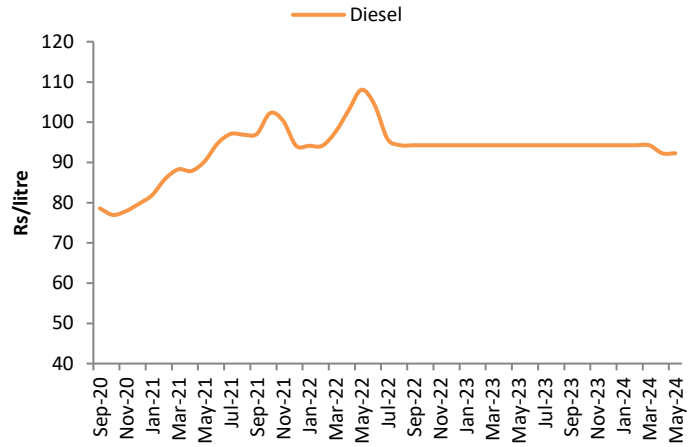
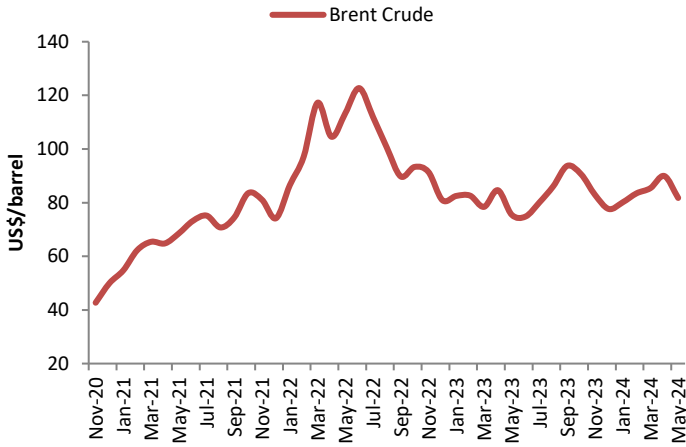
Freight costs flat qoq, down 2% yoy to Rs 1,166/t in 4Q

Diesel prices have remained range bound for last 1.5 years. This, along with industry focus on reducing lead distance and increasing direct dispatches, has pulled down industry-wide freight costs/t by 2% yoy to Rs 1,166/t, flat qoq.

Managements increasingly sees logistics to deliver meaningful cost savings going forward with dedicated corridors, rapid road development and technology upgradation playing a key role.

Exhibit 14: Avg. crude prices up 8% yoy in May'23, down 9% mom

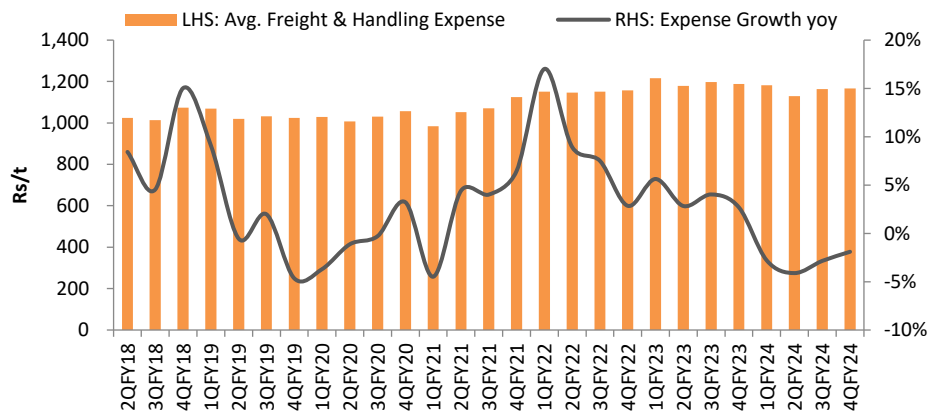
Exhibit 15: Avg. diesel prices correct slightly post Mar'24



Source: Company Data, Industry, Equirus

Source: Company Data, Industry, Equirus

Exhibit 16: Freight & selling expenses soften 2% yoy, flat qoq in 4QFY24



Source: Company Data, Equirus

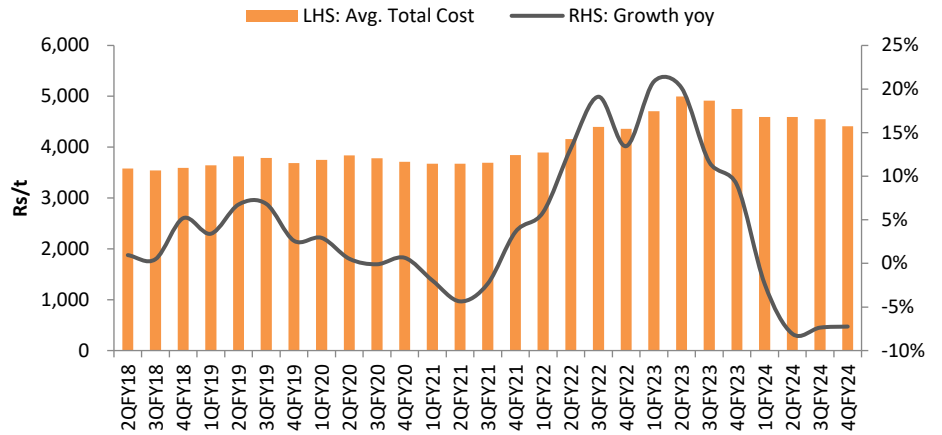
Total costs/t down 7% yoy /3% qoq

Energy cost correction, operating leverage continue to benefit

Total cost/t for analysed players fell 7% yoy/ 3% qoq during 4QFY24. On per/t basis, avg. RM costs down 3% yoy but rose 5% qoq on elevated slag and fly-ash costs. Avg. employee expenses came flat yoy but down 14% qoq while other expenses too came flat yoy and down 8% qoq.

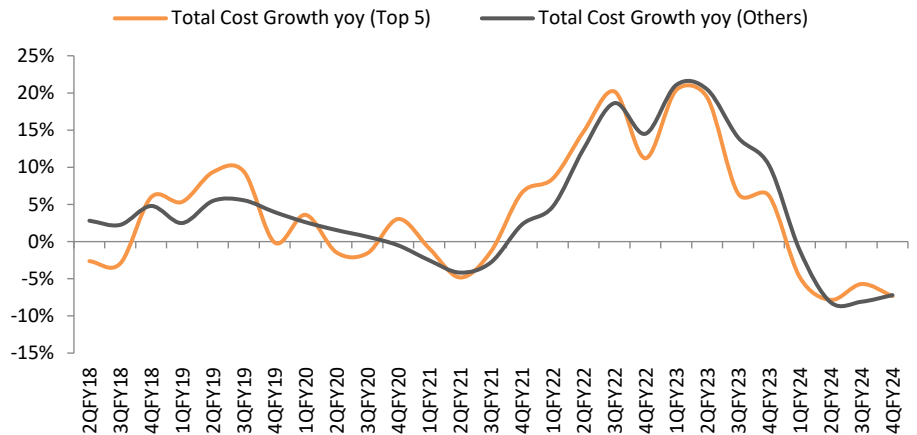
Total costs for industry correct 7% yoy/ 3% qoq

Exhibit 17: Avg. total costs/t dip 7% yoy/ 3% qoq



Source: Company Data, Equirus

Exhibit 18: Cost/t (yoy) trends for top-5 players vs. others



Source: Company Data, Equirus

On change in cost/t (yoy), relatively big players continue to lead the way towards cost correction

EBITDA/t up 19% yoy but slide 13% qoq; 1H25 expected to be tough

EBITDA/t for 16 analysed players recover 68% yoy/ 30% qoq to Rs 920

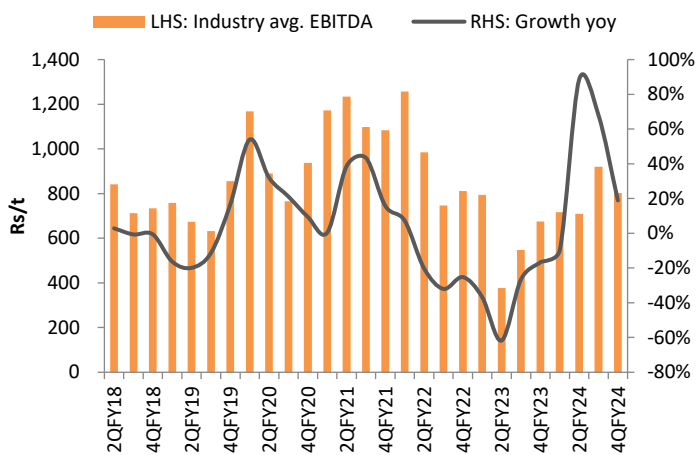
Mainly owing to the lower realizations, EBITDA/t for the 16 analysed players grew tumbled 13% qoq to Rs 803/t, despite 3% qoq slide in total cost/t.

While Top-5 players saw a 11% yoy rise in EBITDA/t to Rs 1,010/t (down 13% qoq), other listed players saw a 24% yoy increase to Rs 709/t (down 13% qoq).

While most players saw a sequential de-growth in EBITDA/t, SRCM/ JKLC/ BCORP/ HEIM saw a 1%/ 1%/ 8%/ 33% sequential growth in EBITDA/t in 4Q. UTCEM too saw just 2% qoq dip vs 13% qoq average dip registered in 4Q.

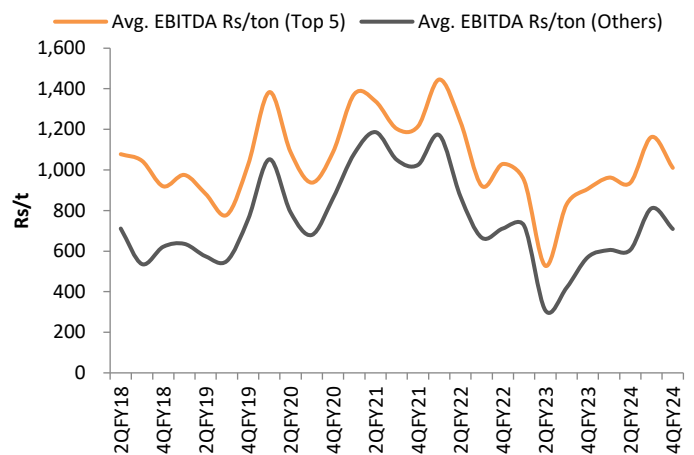
We expect 1Q profitability to come down meaningfully on qoq basis owing to impact of lower realisations and operating deleverage, even as 2Q profitability largely hinges on cement price movement.

Exhibit 19: Sector EBITDA/t dips sequentially; 1Q expected to see further dip in EBITDA/t



Source: Company Data, Equirus

Exhibit 20: Profitability of larger players more resilient in recent quarters



Source: Company Data, Equirus

4QFY24: Key Highlights, Management Updates

Parameters	Ultratech	Shree
Regional demand trends	<p>a. Believe industry has grown at ~7-8% yoy in 4Q24</p> <p>b. 4Q24 for UTCEM: West region grew in double digit yoy while rest markets grew at 6-9% yoy.</p> <p>c. FY24 for UTCEM: Central region grew below 10% yoy, all other markets grew in high double digits</p>	4Q24 for Shree: East grew 20% yoy, North grew 5% yoy while South de-grew 9-10% yoy
Company volume growth expectations	a. Expects FY25 Industry demand growth to be <9% (posted in FY24), but remain in high-single digit.	Management guides for 39-40MT sale volume in FY25E i.e. ~8% volume growth
Industry volume growth expectations	b. Expect UTCEM to continue to outperform Industry	
Cement Price Outlook	Apr'24 saw some price increases in East/ South/ Marashtra markets, while no improvement in North/ West/ Central markets.	Cement realization in 4Q24 came at Rs 4721/t, down 6% yoy/ down 3% qoq. Prices post 4Q have been stable to weak in company's core markets vs Mar'24 exit.
EBITDA Guidance	Expect Rs 200-300/t improvement in EBITDA/t over coming 2-3 years mainly via Improvement in C/K ratio, Green power share, lead distance, AFR & operating leverage benefits.	
P&F cost/t (4Q24, 3Q24, 2Q24 & 1Q24)	<p>4Q24: Rs 1,379/t</p> <p>3Q24: Rs 1,529/t</p> <p>2Q24: Rs 1,643/t</p> <p>1Q24: Rs 1,629/t</p>	<p>4Q24: Rs 1,710/t</p> <p>3Q24: Rs 1,626/t</p> <p>2Q24: Rs 1,874/t</p> <p>1Q24: Rs 1,904/t</p>
Fuel consumption cost (Rs/'000kcal)	<p>a. Rs 2.03/'000kcal (USD 150/t) in 4Q24, flat qoq</p> <p>b. Fuel cost expected to improve further marginally in 9M25, however will improve meaningfully 4Q25 onwards. Fuel cost to reach USD 130/t in coming 3-4 quarters.</p>	<p>a. Rs 1.82/'000kcal in 4Q24 vs Rs 1.79/'000kcal in 3Q24</p> <p>b. Expected to stay flat qoq in coming quarters</p>
Capex programme (Ongoing + New)	<p>a. Commissioned cement capacity of 7.8MTPA, taking its grey cement capacity to 140.8 MTPA in India. Company's Grey cement capacity in India to reach 157MTPA by FY25-end, and 199.6MTPA by FY27-end (incl. Kesoram).</p> <p>b. 2.7mtpa Hotgi, Maharashtra expansion put on hold, owing to Kesoram capacities coming in.</p>	Company commissioned its 3MTPA IU in Guntur (AP) in Apr'24; work on other 18MTPA announced expansion on track to take total capacity to 74.8MTPA. Company is targeting to reach 65.8MTPA capacity by Mar'25
Capex committed	Expect Capex of Rs 90-95bn p.a. for FY25-FY27.	FY25E capex at Rs 45bn.
Lead distance (kms)	400kms (397kms qoq)	435kms (448kms qoq)
Clinker Factor	1.44x in FY24 vs 1.41x in FY23	
Fuel Mix	Pet-coke share at 36% vs 52% in 4Q23 & 44% in 3Q24.	
Trade Sales	65% (64% qoq)	
Blended Cement Share	69.2% in FY24 vs 69.6% in FY23	
Premium Cement Share (% of trade volumes)	23.9% (23% qoq)	
Green Power Share	25.7% (24.1% qoq)	55.9% in FY24 vs 51.1% in FY23

Parameters	ACC	Ambuja
Regional demand trends	Consolidated Volume share: North 27%, East 27%, South 9%, Central 14% & West 24%. Yoy Volume growth: North 21%, East 15%, South 0%, Central 7% & West 22%.	
Company volume growth expectations	Target to reach 28% market share in Indian Cement Industry by FY28 vs 14% currently	
Cement Price Outlook	Management sees no further downside in terms of cement prices from current levels.	
EBITDA Guidance	Expect group EBITDA/t of Rs 1,500+ by FY28 vs Rs 1,050/t currently. Expecting Rs 530/t cost saving mainly on logistics and power cost.	
P&F cost/t (4Q24, 3Q24, 2Q24 & 1Q24)	4Q24: Rs 939/t 3Q24: Rs 1,141/t 2Q24: Rs 1,095/t 1Q24: Rs 1,197/t	4Q24: Rs 934/t 3Q24: Rs 1,047/t 2Q24: Rs 1,270/t 1Q24: Rs 1,287/t
Fuel consumption cost (Rs/'000kcal)	<p>a. Rs 1.84/'000kcal in 4Q24 vs Rs 1.85/'000kcal in 3Q24</p> <p>b. Basis the linkage coal tie up and imported shipment bookings, Group Kiln Fuel cost is expected to be Rs 1.7/'000kcal for FY25</p>	
Capex programme (Ongoing + New)	<p>a. Current Grinding capacity at 78.9MT incl. 1.5MT in Tuticorin. Installed Capacity to grow to 86MT by FY25, 100MT in FY26, 120MT in FY27, 140MT in FY28.</p> <p>b. To reach 82MTPA clinker capacity by FY28.</p>	
Capex committed	FY25E capex at Rs 75bn, to be funded via internal accruals	
Lead distance (kms)	276kms vs 277kms qoq; target to reduce to 100kms	
Clinker Factor	1.67x (1.65x qoq)	
Trade Sales	86% (similar yoy, 75% qoq)	
Blended Cement Share	86% (87% qoq)	
Premium Cement Share (% of trade volumes)	24% (22% qoq)	
Green Power Share	19.1% in FY24; expect 31% in FY25	

Parameters	Dalmia	Ramco
Regional demand trends		<p>a. In South, volumes from B2C & B2B have grown yoy. Share of premium products at 29% vs 28% yoy. Volume share for 4QFY24 at 76% vs 75% qoq and 76% yoy.</p> <p>b. In East, volumes from B2C & B2B have grown yoy. Share of premium products at 20% vs 20% qoq and 16% yoy. Volume share for 4QFY24 at 24% vs 25% qoq and 24% yoy.</p>
Company volume growth expectations	<p>a. Expect Dalmia to grow at 15-16% (including 4-4.5% growth fueled by JPA assets).</p> <p>b. Management highlighted, Thrust on market share gain will continue. Volume improvement to remain 1st priority.</p>	
Industry volume growth expectations	Expect 8.5-9% industry growth in coming years.	
Cement Price Outlook	No price increase seen in 1Q25. Expect price increase to happen only 3Q onwards.	
P&F cost/t (4Q24, 3Q24, 2Q24 & 1Q24)	<p>4Q24: Rs 898/t</p> <p>3Q24: Rs 1,068/t</p> <p>2Q24: Rs 1,126/t</p> <p>1Q24: Rs 1,289/t</p>	<p>4Q24: Rs 1,128/t</p> <p>3Q24: Rs 1,384/t</p> <p>2Q24: Rs 1,358/t</p> <p>1Q24: Rs 1,758/t</p>
Fuel consumption cost (Rs/'000kcal)	<p>a. Rs 1.45/'000kcal in 4Q24 vs Rs 1.50/'000kcal in 3Q24</p> <p>b. Expect 2% further qoq reduction in 1Q25</p>	<p>Rs 1.75/'000kcal (USD 149/t) in 4Q24 vs Rs 1.64/'000kcal (USD 138/t) in 3Q24</p>
Capex programme (Ongoing + New)	<p>a. During 4Q, company has added 0.2mtpa clinker capacity in TN. Company's installed cement capacity currently stands at 44.6MTPA and Clinker capacity at 22.6MTPA.</p> <p>b. JPA deal closure delays continues. 1st tranche of 5.2mtpa now expected by 2Q25.</p>	<p>Kolimigundla Line 2 (AP) with clinker capacity of 3.15mtpa, cement capacity of 1.5mtpa and WHRS of 15MW at Rs 12.5bn capex to come by FY26. Total installed cement/ clinker capacity to reach 26mtpa/ 19mtpa by FY26.</p>
Capex committed	FY25E capex at Rs 35-40bn (mainly for NE & Bihar expansion and maintenance capex); excl. Rs 35bn for JPA assets (incl. Sail Package).	FY24 capex spend at Rs 19.22bn, FY25E capex guidance at Rs 12bn now (incl. maintenance capex) vs Rs 17bn expected earlier.
Lead distance (kms)	289kms (287kms qoq)	294kms (282kms qoq)
Clinker Factor	1.67x (1.66x qoq)	
Fuel Mix	56% Petcoke (54% qoq)	Coal/AFR/Petcoke share at 47%/2%/51% for 4Q24 vs 31%/13%/56% for 4Q23
Trade Sales	65% (63% qoq)	65% (64% qoq)
Blended Cement Share	87% (84% qoq)	67% (68% qoq)
Premium Cement Share (% of trade volumes)	21% (21% qoq)	28% (28% qoq)
Green Power Share	28% (25% qoq)	36% (36% qoq)

Parameters	Birla Corp	JK Cement
Regional demand trends	<p>a. 4Q24 sales from Mukutban at 0.66MT i.e. ~68% utilization. ~65% of Mukutban sold in Maharashtra market itself.</p> <p>b. Ex-Mukutban, company continue to operate at 100% utilization. As a result, company command a better pricing control with a focus on premium products in Central Markets.</p>	
Company volume growth expectations	<p>a. Expect 8-10% yoy growth in volume in FY25.</p> <p>b. Mukutban expected to clock 2.7MT sale in FY25.</p>	Expect 10%+ volume growth in FY25E for JKCE. Central expected to grow better as will get additional information volumes from Prayagraj, while South & North to grow at par with Industry.
Industry volume growth expectations		<p>a. Currently demand is subdued due to on-going elections (Expect normalcy in demand only from 3Q25).</p> <p>b. Expect 7% industry volume growth in FY25E.</p>
Cement Price Outlook	<p>Management expects muted demand conditions in 1H25. Also, volume push by major players is unlikely to ease due to favourable cost factors. Hence expects no improvement in price in 1H25.</p>	Current prices marginally down vs 4Q24 average. Price hike expected only 3Q25 onwards.
EBITDA Guidance	Guides for EBITDA/t of Rs 880-900/t for FY25E.	Expect Rs 150-200/t cost reduction in coming 2 years. Key levers: Freight cost (Rs 50/t), Green Power, AFR usage, other fixed cost.
P&F cost/t (4Q24, 3Q24, 2Q24 & 1Q24)	<p>4Q24: Rs 1,000/t</p> <p>3Q24: Rs 1,094/t</p> <p>2Q24: Rs 1,183/t</p> <p>1Q24: Rs 1,153/t</p>	<p>4Q24: Rs 1,180/t</p> <p>3Q24: Rs 1,383/t</p> <p>2Q24: Rs 1,396/t</p> <p>1Q24: Rs 1,493/t</p>
Fuel consumption cost (Rs/'000kcal)	Rs 1.56/'000kcal in 4Q24 vs Rs 1.58/'000kcal in 3Q24	<p>a. Rs 1.79/'000kcal vs Rs 1.82/'000kcal in 3Q24 and Rs 2.41/'000kcal in 4Q23.</p> <p>b. Management expects some further reduction in fuel cost but not very steep.</p>
Capex programme (Ongoing + New)	<p>Company recently announced additional 1.4MTPA cement grinding expansion in Kundanganj (UP) at Rs 4.25bn capex to come in 2 years. This would be funded 33% via internal accruals while balance by borrowings. With this, total Cement grinding capacity to rise to 22.8MTPA by FY27. Company is rolling out its next phase of expansion, targeting to reach 25MTPA capacity by FY27.</p>	<p>a. 2MT Greenfield GU at Prayagraj expected by 2Q25, incurred capex of Rs 2.8bn till Mar'24.</p> <p>b. 3.3MTPA clinker line 2 & 1MTPA cement expansion at Panna expected by 2Q26. Incurred capex of Rs 590mn till Mar'24 out of expected total capex of Rs 23bn.</p> <p>c. Remaining 3MTPA grinding capacities too expected by 2Q26 end/ 3Q26 start.</p>
Capex committed	FY25E capex at Rs 8bn.	Capex Guidance: Rs 19bn for FY25, Rs 18bn for FY26.
Lead distance (kms)	349kms overall (350kms qoq), 420kms for Mukutban (300-310kms qoq)	419kms vs 427kms in 3Q24 & 438kms in 4Q23.
Clinker Factor		1.52x in FY24
Fuel Mix		60% Petcoke, 40% Imported coal & AFR
Trade Sales	72% (69% qoq, 77% yoy)	61% (62% qoq)
Blended Cement Share	84% (83% qoq, 89% yoy)	67% (66% qoq)
Premium Cement Share (% of trade volumes)	39% (52% qoq, 41% yoy)	13% (13% qoq)
Green Power Share	25.4% (23% qoq and 20% yoy)	51% in FY24 vs 44% in FY23, target to reach 75% by FY30.

Parameters	Nuvoco	JK Lakshmi
Regional demand trends	<p>a. In 4Q, Nuvoco grew better than Industry in North while sticks to Value over Volume strategy in East.</p> <p>b. Within East; Bihar, WB & Jharkhand are behaving differently vs Chhattisgarh & Odisha markets which saw robust growth. However, even Bihar, WB & Jharkhand markets saw some growth in Mar'24.</p>	
Company volume growth expectations		Volume Guidance for JKLC: FY25E volume growth of 10% (8% in 1H25E). 1H25 growth expectation low as 1Q25 not going good, expect good pick-up post elections. 2Q25 expected to be better you in volumes owing to deferment of demand from 1Q25.
Industry volume growth expectations	Management focus will remain towards growing in North and West regions.	
Cement Price Outlook	Prices in Apr'24: North prices remained flat while East region saw ~Rs 8-10/bag improvement.	Apr-May prices are largely unmoved, but down 1% vs 4Q24 average. Prices expected to improve by 1.5-2.5% as demand opens up (largely in 2H).
EBITDA Guidance	Expect FY25E total cost/t to be Rs 50/t lower vs FY24.	Company targets to maintain EBITDA/t at close to 4Q levels i.e. Rs 1,000/t+
P&F cost/t (4Q24, 3Q24, 2Q24 & 1Q24)	<p>4Q24: Rs 1,006/t</p> <p>3Q24: Rs 1,118/t</p> <p>2Q24: Rs 1,194/t</p> <p>1Q24: Rs 1,245/t</p>	<p>4Q24: Rs 1,273/t</p> <p>3Q24: Rs 1,492/t</p> <p>2Q24: Rs 1,494/t</p> <p>1Q24: Rs 1,428/t</p>
Fuel consumption cost (Rs/'000kcal)	<p>a. Rs 1.63/'000kcal in 4Q24 vs Rs 1.67/'000kcal in 3Q24</p> <p>b. Pet coke prices currently hovering ~USD 112-113/t currently, expected to remain same.</p>	<p>a. Rs 1.68/'000kcal in 4Q24 vs Rs 1.68/'000kcal in 3Q24</p> <p>b. Don't expect further decline in fuel consumption cost going forward.</p>
Capex programme (Ongoing + New)	<p>a. Management wants to first sustain the current debt levels for few more quarters, and then would announce the future expansion plans (in say 2-3 quarters time). Management stated they have adequate capacity available for coming 2-3 years to meet volumes.</p> <p>b. For the next North Expansion, capex to be Rs 14bn, line size maybe 6000tpd or 7000tpd. Capex cost at \$ 75-80/t.</p>	<p>a. Surat GU expected by 4Q25 at Rs 2.25bn, Durg railway siding partially to come by 2Q25 at Rs 2.2bn.</p> <p>b. Durg expansion timeline maintained, 1st phase by FY26 end, 2nd phase by FY27 end.</p> <p>c. For NE project, company is still in process of acquiring land. Have paid ~Rs 1.25bn till now towards acquisition, balance Rs 2bn to be paid in FY25. Expansion to take 2 years after approvals, expect approvals to come by Mar'25.</p>
Capex committed	Capex: Rs 3-4bn for FY25E, no big expansion planned in first 6-8 months.	Standalone Capex: FY25 @ Rs 12bn (incl Durg Rs 6bn & maintenance of Rs 500mn), FY26E @ Rs 10bn, FY27E @ Rs 12bn. UCWL capex at Rs 3bn in FY25, post which just Rs 150-200mn maintenance cost p.a. Agrani (NE) capex at Rs 3.5bn in FY26 & balance in FY27.
Lead distance (kms)	340kms (342kms qoq)	372kms (377kms qoq)
Clinker Factor	1.74x vs 1.72x in 3Q24 (to increase to 1.76-1.78x in FY25E)	1.46x in FY24
Fuel Mix	Imported coal at 1%, Pet-coke at 52%, AFR at 12%, Domestic Coal (Linkage + Non-linkage) at 35%	
Trade Sales	74% (73% qoq)	56% (58% qoq)
Blended Cement Share	80%	66% (65% qoq)
Premium Cement Share (% of trade volumes)	38% (36% qoq)	25%+ of total sales in North + West markets.
Green Power Share		47% in 4Q24 (44% qoq, 37% in FY24), expect it to reach 50% in FY25E.

Parameters	Heidelberg	Sagar Cement
Regional demand trends	Central market has seen ~10-15% yoy volume de-growth in Apr+May'24, expect some pick-up in Jun'24.	1Q25 industry demand in South expected to be 15-20% lower yoy, 2Q25 should start ramping up.
Company volume growth expectations	Expect FY25E volume growth to be in-line with industry growth at ~6-7% as company is already operating on 80% utilization.	<p>a. Expects to achieve volumes of 6.5MT in FY25 vs 5.51MT in FY24. Were guiding for 7MT earlier, but based on current demand scenario trimmed down volume guidance.</p> <p>b. Expect 10-15% volume growth for Sagar over coming 3 years.</p>
Industry volume growth expectations		Expect single digit growth in company's core markets in FY25E (5-7%, similar to FY24)
Cement Price Outlook	Current cement prices are down Rs 6/bag vs 4Q24 average.	Current prices lower by Rs 5-10/bag vs Mar-exit prices. Company remains hopeful that price trends will improve in coming quarters.
EBITDA Guidance		Management expects cost to come down by Rs 100/t from 4Q24 to 1Q25, majority contribution from P&F cost/t.
P&F cost/t (4Q24, 3Q24, 2Q24 & 1Q24)	<p>4Q24: Rs 1,363/t</p> <p>3Q24: Rs 1,310/t</p> <p>2Q24: Rs 1,441/t</p> <p>1Q24: Rs 1,462/t</p>	<p>4Q24: Rs 1,578/t</p> <p>3Q24: Rs 1,773/t</p> <p>2Q24: Rs 1,824/t</p> <p>1Q24: Rs 1,775/t</p>
Fuel consumption cost (Rs/'000kcal)	Rs 1.8/'000kcal vs Rs 2/'000kcal in 3Q24. Expect it to remain flat in 1Q25.	~Rs 1.80/'000kcal (Rs 2.14/'000kcal yoy)
Capex programme (Ongoing + New)	<p>a. Clinker de-bottlenecking to come by 4QFY25, expect 0.2mt additional cement output once commissioned.</p> <p>b. For Gujarat expansion (2mtpa cement and 3-3.5mt grinding), company continue to wait for EC approval.</p>	<p>a. Dachepalli plant expansion:</p> <p>i. Clinker capacity to rise from 1.85MTPA to 2.31MTPA, Cement capacity to grow from 2.25MTPA to 3MTPA.</p> <p>ii. Expansion to come at capex of Rs 4.7bn (Rs 2.55bn in FY25, rest in FY26) and expected to come by FY26-end.</p> <p>b. Company proposes to expand the cement capacities of Gudipadu and Jeerabad plants by 0.25MTPA and 0.5MTPA respectively by FY26.</p> <p>c. FY25E capex at Rs 3.5bn, expect similar capex going forward.</p>
Capex committed	FY25E Capex: Rs 500-550mn for clinker de bottlenecking + Rs 500-550mn maintenance capex i.e. Total Rs 1-1.2bn capex for FY25E.	
Lead distance (kms)	375kms	258kms (down 5% yoy)
Clinker Factor		1.32x (similar qoq)
Fuel Mix	60% Pet coke, 30% Coal & 10% AFR	Indian coal/ Imported coal/ Pet coke/ Alternate Fuel at 18%/ 1%/ 76%/ 5% in 4Q24 vs 48%/ 7%/ 42%/ 3% in 4Q23
Trade Sales	82%, +0.6% yoy	52% (55% yoy)
Blended Cement Share	100% (100% qoq)	53% (38% yoy)
Premium Cement Share (% of trade volumes)	34% , +2.6% yoy, target to reach 45% over coming 2 years	
Green Power Share	33%; target to reach 40% in FY25	12% (11% qoq, 16% yoy)

Risks

- Sub-optimal demand recovery is the main industry risk combined with aggressive capex. In the absence of reasonable demand growth, ability of the industry to absorb incremental capacity from new projects as well as maintaining pricing discipline will be severely hampered.
- Pressure on pricing due to heightened competitive intensity.
- Substantial uptick in pet coke and crude prices combined with low-capacity utilization may lead to an erosion in the industry's EBITDA/t and hurt valuations.

Exhibit 21: EV/ton of capacity (US\$)

EV/ton of capacity (US\$)	FY24A	FY25E	FY26E
Large-cap. Stocks			
UltraTech Cement	250	209	193
ACC	126	117	109
Ambuja Cements	221	177	159
Shree Cement	195	168	139
Mid-cap. stocks			
Dalmia Bharat	83	72	71
Nuvoco	72	70	67
Ramco	117	117	109
JK Cement	169	154	127
Birla Corp	82	76	72
Prism	140	126	123
JK Lakshmi	76	72	62

Source: Company, Equirus Securities

Comparable valuation

Reco.	CMP	Mkt Cap Rs. Mn.	Price Target	Target Date	P/E			EV/EBITDA			P/B			RoE			Div Yield	
					FY24A	FY25E	FY26E	FY24A	FY25E	FY26E	FY24A	FY25E	FY26E	FY24A	FY25E	FY26E	FY25E	
Large caps																		
UltraTech Cement	LONG	10,078	28,58,301	12,354	Jun-25	41.5	31.6	22.3	22.4	18.0	13.3	4.8	4.3	3.7	12%	15%	18%	1%
ACC	LONG	2,493	4,28,540	3,039	Jun-25	22.2	21.4	18.6	13.1	11.0	9.6	2.9	2.6	2.4	14%	13%	13%	1%
Ambuja Cements	LONG	616	13,70,975	700	Dec'25	52.4	45.5	32.8	38.1	24.7	17.6	4.2	2.8	2.7	7%	7%	8%	1%
Shree Cement	ADD	25,661	8,97,790	28,761	Jun-25	38.6	36.3	30.8	18.9	16.8	14.5	4.5	4.0	3.6	12%	12%	12%	0%
Mid-caps																		
Dalmia Bharat	LONG	1,767	3,17,940	2,178	Jun-25	40.0	32.0	25.1	12.1	11.8	9.6	2.0	1.9	1.8	5%	6%	7%	0%
Nuvoco Vistas	ADD	329	1,10,093	368	Jun-25	79.8	47.5	32.5	9.3	8.1	7.0	1.4	1.3	1.3	2%	3%	4%	0%
Ramco	LONG	788	1,72,706	922	Jun-25	47.1	36.4	27.5	14.2	12.8	11.0	2.6	2.5	2.3	6%	7%	9%	0%
JK Cement	LONG	3,935	2,98,286	4,556	Jun-25	38.2	29.4	23.3	16.6	14.9	12.7	5.7	5.0	4.2	16%	18%	19%	1%
Birla Corp	LONG	1,445	1,05,879	1,927	Jun-25	26.9	17.9	13.8	9.5	7.9	6.6	1.7	1.6	1.4	7%	9%	11%	1%
JK Lakshmi	LONG	781	89,612	1,046	Jun'25	19.5	17.2	13.7	9.8	9.3	8.2	2.9	2.5	2.2	16%	16%	17%	1%
Prism	LONG	158	74,472	176	Jun-25	49.0	45.6	24.1	16.6	9.7	7.6	9.0	7.7	6.1	12%	12%	20%	0%



<p>Rating & Coverage Definitions:</p> <p>Absolute Rating</p> <ul style="list-style-type: none"> • LONG : Over the investment horizon, ATR \geq Ke for companies with Free Float market cap $>$Rs 5 billion and ATR \geq 20% for rest of the companies • ADD: ATR \geq 5% but less than Ke over investment horizon • REDUCE: ATR \geq negative 10% but $<$5% over investment horizon • SHORT: ATR $<$ negative 10% over investment horizon <p>Relative Rating</p> <ul style="list-style-type: none"> • OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon • BENCHMARK: likely to perform in line with the benchmark • UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon <p>Investment Horizon</p> <p>Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter</p>	<p>Registered Office:</p> <p>Equirus Securities Private Limited Unit No. A2102B, 21st Floor, A Wing, Marathon Futurex, N M Joshi Marg, Lower Parel, Mumbai-400013. Tel. No: +91 - (0)22 - 4332 0600 Fax No: +91- (0)22 - 4332 0601</p> <p>Corporate Office:</p> <p>3rd floor, House No. 9, Magnet Corporate Park, Near Zydus Hospital, B/H Intas Sola Bridge, S.G. Highway Ahmedabad-380054 Gujarat Tel. No: +91 (0)79 - 6190 9550 Fax No: +91 (0)79 - 6190 9560</p>
---	--

2024 Equirus Securities Private Limited. All rights reserved. For Private Circulation only. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of Equirus Securities Private Limited

Analyst Certification

I, Aman Agarwal/ Pranav Mehta, author to this report, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Disclosures

Equirus Securities Private Limited (ESPL) having CIN: U65993MH2007PTC176044 is registered in India with Securities and Exchange Board of India (SEBI) as Research Analyst (Reg. No. INH000001154), Stock Broker:(Reg. No. INZ000251536), RA: INH000001154, DP: (Reg. No. IN-DP-324-2017) NSE Mem id: 13017|BSE Mem id: 3309|DP ID:84500| having its Registered office at A 2102 B, A wing, 21st Floor, Marathon Futurex, N. M. Joshi Marg, Lower Parel, Mumbai-400013.. There are no disciplinary actions taken by any regulatory authority against ESPL for Research Analyst activity. ESPL is a subsidiary of Equirus Capital Private Limited (ECP) which is registered with SEBI as Category I Merchant Banker and provides investment banking services including but not limited to merchant banking services, private equity, mergers & acquisitions and structured finance.

As ESPL and its associates are engaged in various financial services business, it might have: - (a) received compensation (except in connection with the preparation of this report) from the subject company for investment banking or merchant banking or brokerage services or any other product or services in the past twelve months;(b) managed or co-managed public offering of securities for the subject company in the past twelve months; or (c) received a mandate from the subject company; or (d) might have other financial, business or other interests in entities including the subject company (ies) mentioned in this Report. ESPL & its associates, their directors and employees may from time to time have positions or options in the company and buy or sell the securities of the company (ies) mentioned herein. ESPL and its associates collectively do not own (in their proprietary position) 1% or more of the equity securities of the subject company mentioned in the report as the last day of the month preceding the publication of the research report. ESPL or its Analyst or Associates did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ESPL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. ESPL has not been engaged in market making activity for the subject company.

The Research Analyst engaged in preparation of this Report:-

(a) has not received any compensation from the subject company in the past twelve months; (b) has not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) has neither received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months nor received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) has not received any compensation or other benefits from the subject company or third party in connection with the research report; (e) might have served as an officer, director or employee of the subject company; (f) is not engaged in market making activity for the subject company.

This document 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 ESPL and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession of this document are required to inform themselves of, and to observe, such applicable restrictions. Please delete this document if you are not authorized to view the same. By reading this document you represent and warrant that you have full authority and all rights necessary to view and read this document without subjecting ESPL and affiliates to any registration or licensing requirement within such jurisdiction.

This document has been prepared solely for information purpose and does not constitute a solicitation to any person to buy, sell or subscribe any security. ESPL or its affiliates are not soliciting any action based on this report. The information and opinions contained herein is from publicly available data or based on information obtained in good faith from sources believed to be reliable, but ESPL provides no guarantee as to its accuracy or completeness. The information contained herein is as on date of this report, and report and is subject to change or modification and any such changes could impact our interpretation of relevant information contained herein. While we would endeavour to update the information herein on reasonable basis, ESPL and its affiliates, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent ESPL and its group companies from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. 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. This document is intended for general circulation and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. ESPL and its group companies, employees, directors and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it. ESPL/its affiliates do and seek to do business with companies covered in its research report. Thus, investors should be aware that the firm may have conflict of interest.

A graph of daily closing prices of securities is available at <http://www.nseindia.com/ChartApp/install/charts/mainpage.jsp> and www.bseindia.com (Choose a company from the list on the browser and select the "three years" period in the price chart).

Disclosure of Interest statement for the subject Company	Yes/No	If Yes, nature of such interest
Research Analyst' or Relatives' financial interest	No	
Research Analyst' or Relatives' actual/beneficial ownership of 1% or more	No	
Research Analyst' or Relatives' material conflict of interest	No	

Standard Warning: Investment in securities market are subject to market risks. Read all the related documents carefully before investing. | Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Compliance & Grievance Officer: Ritesh Shah | Tel. No. 079-61909561 | email: ritesh.shah@equirus.com | www.equirus.com |