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## Sector update

## Top picks

- Shree Cement
- UltraTech Cement

## INDIA

## Cement



## Outlook CY21: Earnings upgrade to continue

We continue to maintain our positive stance for CY21 as we expect consensus earnings upgrade to continue. Industry average EBITDA/te grew 25% YoY in FY20, which further rose 20% YoY to >Rs1,250/te in H1FY21. With improving volumes / prices, investors are likely to get more convinced about the sustainability of these profitability. Consensus FY21E / FY22E EBITDA has been upgraded by 25% / 15% during H2CY20; our estimates are ~10% ahead of consensus (refer table 2). SRCM and UTCEM remain our top picks. We also like ACEM, JKCE and TRCL.

## Key trends for CY21

- **Demand recovery likely to be robust** with 13-14% YoY growth for FY22E on a low base (2-3% YoY decline in both FY20 and FY21E), **resulting in 6% CAGR over FY20-22E**. Rural and semi-urban housing coupled with government-led infrastructure will be the key demand drivers. East, Central and South are likely to lead demand growth, also aided by elections in West Bengal, Uttar Pradesh and Tamil Nadu.
- **Capacity additions to grow at 4% CAGR over FY20-23E**: 60% of 33mnte clinker and 70mnte cement capacities (including ~10mnte likely to be announced soon) are planned to be added in high-growth markets of East and Central regions over FY20-FY23E and 50% of these capacities are expected towards the end of FY23E. Huge divergence in regional growth during FY20-21E has resulted in North, Central and East operating at 85% utilisation in FY21E from 80% in FY19; while utilisation of South and West has likely declined from 70% in FY19 to current ~60%.
- **Industry consolidation to increase further** with share of top six companies in the respective regions ex-South likely to increase from 67-80% in FY19 to 77-85% by FY23E. A few more M&As (including that of JPA) may result in further consolidation.
- **Prices may further increase in North and Central in FY22E** led by increasing utilisation and higher consolidation. However, prices in East may remain under pressure owing to fight for market share. Prices in South rose sharply by >10% in FY21E till date, hence are expected to remain volatile. Cost escalations are likely to be passed on and companies may report >15% YoY EBITDA growth in FY22E over ~15% YoY growth in FY21E. Consensus earnings upgrade may continue in CY21.
- **Decade of stock price outperformance backed by strong earnings / growth visibility**: Sector has outperformed broad indices over the past decade and delivered robust returns, and we expect this trend to continue. UTCEM, SRCM, TRCL and JKCE delivered 17%, 29%, 24% and 30% CAGR returns respectively over past 10 years, and 13%, 18%, 19% and 26% over past five years; they have also outperformed broad indices over past one / two years.

## Valuation summary

Company	Rating	TP (Rs/sh)	P/E (x)			EV/EBITDA (x)			EV/t (USD/t)		
			FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
UTCEM	BUY	5,725	27.8	23.2	20.1	14.4	12.3	10.8	181	166	145
ACC*	BUY	1,830	23.8	18.6	16.3	10.3	8.4	7.5	100	97	94
ACEM*	BUY	300	21.6	18.2	15.6	11.2	9.2	7.8	120	114	108
SRCM	BUY	28,000	39.8	31.0	25.7	20.8	16.4	13.7	245	231	208
DALBHARA	ADD	1,020	90.9	22.7	22.7	8.3	7.7	6.8	107	88	84
TRCL	BUY	960	26.1	23.1	18.4	15.4	12.6	10.4	170	152	145
JKCE	BUY	2,370	24.6	18.9	15.9	12.2	9.9	8.5	121	101	92
ICEM	SELL	100	73.6	22.5	20.4	13.1	10.2	9.3	72	71	70
JKLC	BUY	475	11.5	10.0	8.8	5.8	5.5	5.3	57	60	62
ORCMNT	BUY	93	12.6	9.9	9.6	6.0	5.1	5.6	43	41	46
PRSMJ	ADD	85	42.3	17.3	14.4	9.7	6.8	5.8	109	90	79
HEIM	BUY	230	17.8	14.0	12.1	8.5	6.7	5.9	95	88	85
GRASIM	ADD	875	53.7	14.7	10.8	17.5	8.4	6.7	-	-	-

Source: I-Sec research \*Dec year-ending

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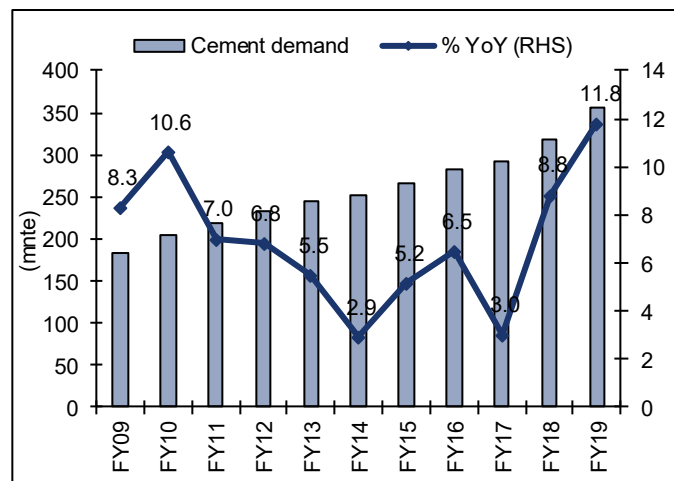
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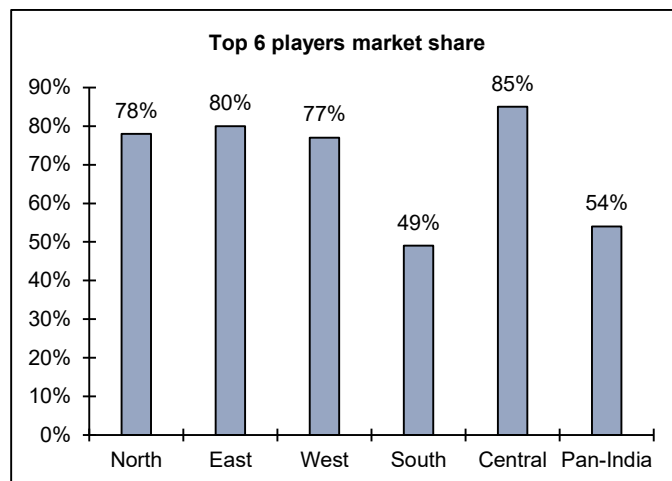
## Key tables and charts

**Demand has grown at ~7% CAGR over past 10 years; to rebound sharply in FY22E**



Source: I-Sec research

**Increasing industry consolidation to aid firm pricing**



Source: I-Sec research

**Average pan-India cement utilisation unlikely to decline over FY20-FY22E**

Utilisations (%)	FY19	FY20	FY21E	FY22E	FY23E
North	75	78	84	86	88
Central	80	82	82	84	84
East	85	83	84	84	83
West	74	70	65	63	64
South	66	60	53	56	59
<b>All-India</b>	<b>74</b>	<b>72</b>	<b>72</b>	<b>72</b>	<b>74</b>

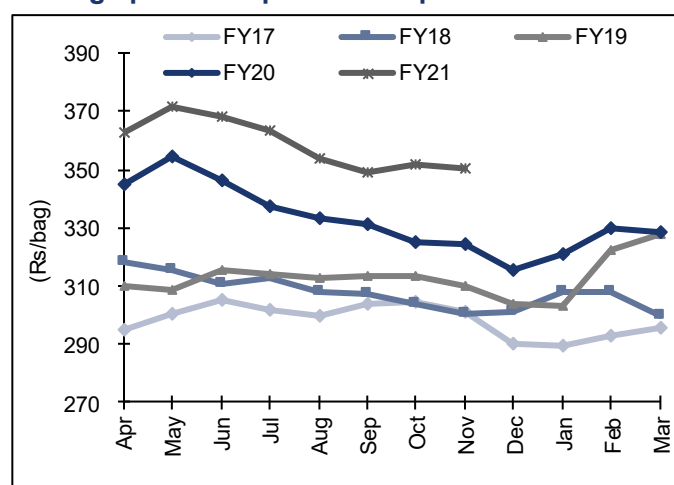
Source: I-Sec research, \*based on effective capacity operational

**Clinker utilisation to remain at 77-78% over FY20-FY22E**

	FY20	FY21E	FY22E	FY23E
<b>North, Central and East (combined)</b>				
Clinker capacity	159	165	169	177
Clinker utilisation*	83	86	89	91
<b>South and West (combined)</b>				
Clinker capacity	163	169	175	178
Clinker utilisation*	70	63	65	69
<b>All-India</b>				
Clinker capacity	322	334	345	355
<b>Clinker utilisation*</b>	<b>77</b>	<b>77</b>	<b>78</b>	<b>80</b>

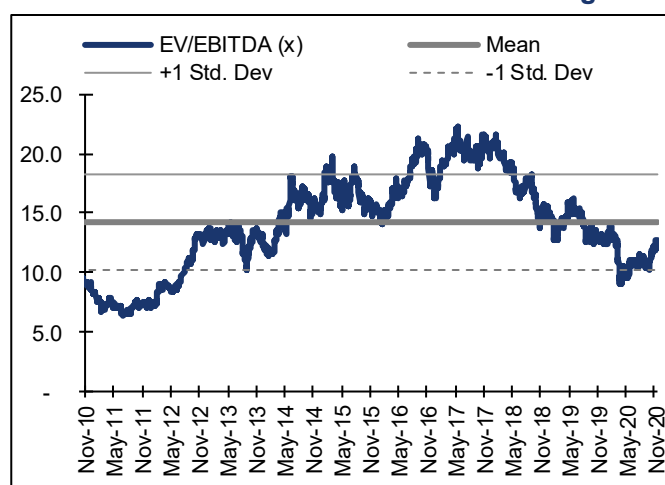
Source: I-Sec research, \*based on effective capacity operational

**Average pan-India prices are up 7% YoY in Nov'20**



Source: Industry data, I-Sec research

**UTCEM- EV/E – in line with historical average**



Source: Bloomberg, I-Sec research

## CY20 – Unprecedented demand / price recovery amidst Covid'19 restrictions; stocks outperformed

### Consensus anticipated sharp demand decline in FY21 initially; we remained positive:

During Mar-Apr'20 when demand was severely impacted by almost complete lock-down owing to Covid, most companies and consensus anticipated sharp demand decline of 15-20% for FY21. We had highlighted during Mar-Apr'20 through our series of notes *In uncertainly lies opportunity* – I ([link](#)) , II ([link](#)) and III ([link](#)), that 'Covid lockdown may likely result in deferment of demand growth in the interim, but is unlikely to result in any loss of demand (through past learnings including that during demonetisation). More importantly, sector had demonstrated strong pricing resilience even in muted demand'. We had factored-in only low single-digit volume decline for FY21 along with stable EBITDA/te in Apr'20.

### Demand surprised positively; prices remained resilient

Demand started to improve during May-Jun'20 owing to pent-up demand and strong rural / semi-urban housing demand especially in North, Central and East, which were relatively less impacted by Covid. Most regions saw price increases including sharp 30% price increase in South. Demand gained momentum post monsoon in Sep-Oct'20 when even non-trade demand including that of government infrastructure spends saw increased traction and pan-India utilisation reached 75-80% in Oct'20. Over past two months, industry is likely to have posted strong high-single digit YoY demand growth led by mid-teens YoY growth in North, Central and East. Even South and West, which were impacted more by the Covid lockdown, staged good recovery. While the West has likely turned broadly flat YoY, South is still witnessing YoY decline.

### Stock prices rebound; decade of sector outperformance

Stock prices corrected sharply during Mar'20 and early part of Apr'20 along with broad indices but witnessed sharp recovery thereafter along with demand / price recovery, and outperformed broad indices.

In fact, the sector has outperformed broad indices over past several years led by strong pricing power and robust earnings growth. UTCEM, SRCM, TRCL and JKCE delivered 17%, 29%, 24% and 30% CAGR returns respectively over past 10 years and 13%, 18%, 19% and 26% over past 5 years and have also outperformed broad indices over past one / two years. Given strong earnings visibility over next few years, we expect sector outperformance to continue.

**Table 1: Decade of sector outperformance; likely to continue**

Absolute returns (%)	ACEM	ACC	UTCEM	SRCM	JKCE	TRCL	Nifty
1Y	26.6	12.4	23.9	20.2	77.3	11.5	12.9
2Y	19.0	14.8	30.8	49.5	187.3	46.5	26.0
5Y	33.5	26.1	84.8	131.3	216.7	138.1	77.1
8Y	22.1	17.2	164.2	462.7	587.0	323.0	128.1
10Y	89.3	67.3	375.3	1,145.3	1,353.0	752.6	133.7
CAGR (%)							
2Y	9.1	7.1	14.4	22.3	69.5	21.0	12.3
5Y	5.9	4.7	13.1	18.3	25.9	18.9	12.1
8Y	2.5	2.0	12.9	24.1	27.2	19.8	10.9
10Y	6.6	5.3	16.9	28.7	30.7	23.9	8.9

Source: I-Sec research,

## CY21 – Maintain positive stance; consensus earnings upgrade to continue

We continue to maintain our positive stance for CY21 as we expect consensus earnings upgrade to continue. Industry average EBITDA/te grew by 25% YoY in FY20, which further rose 20% YoY to >Rs1,250/te in H1FY21. With improving volume / prices, investors are likely to get more convinced about the sustainability of these profitability. Consensus FY21E / FY22E EBITDA has been upgraded by 25% / 15% during H2CY20; our estimates are ~10% ahead of consensus. SRCEM and UTCEM remain our top picks. We also like ACEM, JKCE and TRCL.

**Table 2: Our estimates are ~10% ahead of consensus**

(Rs mn)

On Mean basis	SALES		EBITDA		PAT	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
<b>UTCEM - consolidated</b>						
I-Sec estimate	4,30,140	4,94,538	1,08,805	1,23,017	50,974	62,669
Consensus	4,05,185	4,62,861	96,624	1,10,039	42,804	53,915
Diff (%)	6.2	6.8	12.6	11.8	19.1	16.2
<b>ACC</b>						
I-Sec estimate	1,37,519	1,60,790	23,968	29,001	12,767	16,381
Consensus	1,37,210	1,58,544	23,416	27,008	13,333	15,790
Diff (%)	0.2	1.4	2.4	7.4	(4.2)	3.7
<b>SRCEM- Standalone</b>						
I-Sec estimate	1,28,339	1,55,878	40,365	49,332	23,479	29,413
Consensus	1,20,984	1,40,784	37,094	42,998	18,771	22,629
Diff (%)	6.1	10.7	8.8	14.7	25.1	30.0
<b>ICEM</b>						
I-Sec estimate	43,900	52,796	7,985	8,607	2,093	2,305
Consensus	42,482	49,916	7,436	8,234	1,448	1,926
Diff (%)	3.3	5.8	7.4	4.5	44.5	19.7
<b>TRCL</b>						
I-Sec estimate	55,354	67,331	14,519	17,052	7,604	8,552
Consensus	51,937	62,226	13,146	15,102	6,418	7,644
Diff (%)	6.6	8.2	10.4	12.9	18.5	11.9
<b>JKCE (consolidated)</b>						
I-Sec estimate	62,923	74,741	14,054	17,013	6,096	7,931
Consensus	60,405	70,977	13,265	15,759	5,379	7,091
Diff (%)	4.2	5.3	5.9	8.0	13.3	11.9
<b>JKLC - Consolidated</b>						
I-Sec estimate	47,361	53,867	8,856	9,722	3,475	4,024
Consensus	43,957	49,641	7,793	8,692	2,665	3,334
Diff (%)	7.7	8.5	13.6	11.8	30.4	20.7
<b>ORCMNT</b>						
I-Sec estimate	21,547	25,945	4,306	4,745	1,276	1,619
Consensus	22,406	25,512	4,220	4,327	1,206	1,327
Diff (%)	(3.8)	1.7	2.0	9.7	5.8	22.0
<b>PRSMJ</b>						
I-Sec estimate	52,467	62,002	6,152	8,513	1,070	2,612
Consensus	50,201	59,013	5,619	7,666	727	2,441
Diff (%)	4.5	5.1	9.5	11.0	47.1	7.0
<b>I-Sec estimate</b>	<b>9,79,550</b>	<b>11,47,888</b>	<b>2,29,010</b>	<b>2,67,002</b>	<b>1,08,834</b>	<b>1,35,506</b>
<b>Consensus</b>	<b>9,34,767</b>	<b>10,79,474</b>	<b>2,08,613</b>	<b>2,39,825</b>	<b>92,751</b>	<b>1,16,097</b>
<b>Diff (%)</b>	<b>4.8</b>	<b>6.3</b>	<b>9.8</b>	<b>11.3</b>	<b>17.3</b>	<b>16.7</b>

Source: I-Sec research

## Demand to grow at 6% CAGR over FY20-22E; rural housing and infrastructure spends key demand drivers

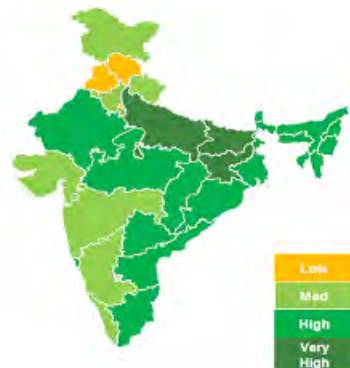
**Demand recovery likely to be robust with 13-14% YoY growth for FY22E** on a low base (2-3% YoY decline in both FY20 and FY21E owing to Covid lockdown), resulting in 6% CAGR over FY20-FY22E. Rural and semi-urban housing coupled with government-led infrastructure will be the key demand drivers. East, Central and South regions are likely to lead volume growth, also aided by elections in West Bengal, Uttar Pradesh and Tamil Nadu. Pent-up urban demand (mostly non-trade), especially in South and West, is also likely to improve as Covid concerns recede. After two consecutive years of demand decline, Andhra Pradesh / Telangana is likely to report strong growth with the likely revival of government spending.

**Chart 1: Demand recovery likely to be robust with 13-14% YoY growth for FY22E**

**Favorable Outlook:** Central & East have Highest Potential to outperform among all zones

Macro Economic- Potential	North	Central	East*	West	South	India
Rural Population (FY 20E)	67%	75%	77%	53%	54%	67%
PCC (Kg) – FY 20LE	231	173	203	273	263	227
Housing Shortage (FY20E) (Mn) ^	10	8	9	7	12	50
Road Density (kms/ per lac people) #	294	244	307	469	401	358
Power Density (kWh/Capita)	1233	700	820	1758	1461	1181

\* Excl. North-East



^ Source – Calculated based on data from NSSO reports on Education, Health and Water. Social In-hs deficit for each state is calculated based on scoring the states on each parameter and then weighting the score.  
# Includes Penetration Road. Housing shortage is estimate from Base number of FY12, additions in number of households, houses built between FY12-FY20 and impact of reverse migration during COVID

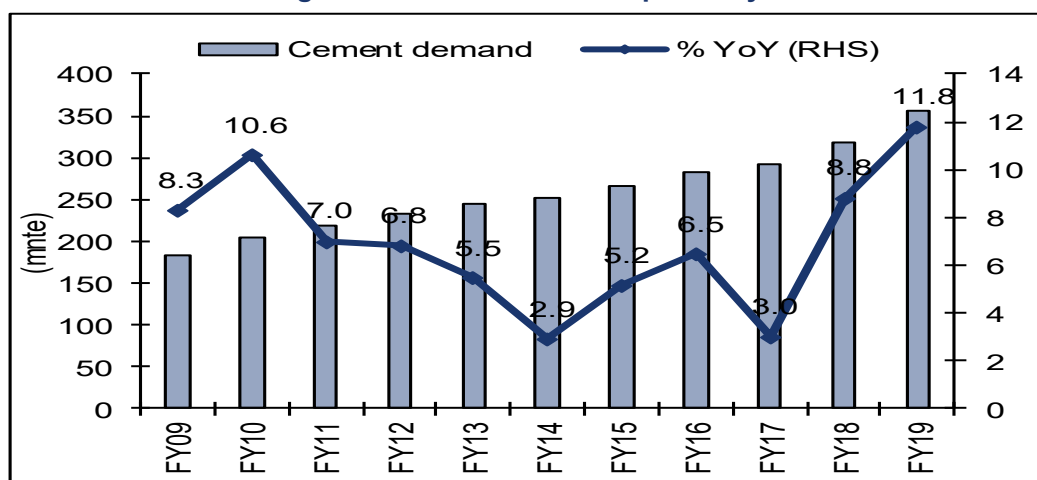
Source: UTCEM PPT, I-Sec research

**Chart 2: Rural housing and infrastructure to be key growth drivers**

State/Region	Vol. Gr.	I	R	H	C	Key drivers
North	↑	●	●	●	●	<input type="checkbox"/> Robust IHB demand <input type="checkbox"/> Infrastructure segment registered positive growth
Central	↑	●	●	●	●	<input type="checkbox"/> Robust IHB demand <input type="checkbox"/> Infrastructure segment registered positive growth
Maharashtra	↓	●	●	●	●	<input type="checkbox"/> Rural housing witnessed positive demand <input type="checkbox"/> Infrastructure segment recovery in Sep'20
Gujarat	↑	●	●	●	●	<input type="checkbox"/> IHB demand led by Rural housing <input type="checkbox"/> Infrastructure segment registered positive growth
East	↑	●	●	●	●	<input type="checkbox"/> Robust IHB demand <input type="checkbox"/> Strong Rural housing demand <input type="checkbox"/> Infrastructure segment registered positive growth
South	↓	●	●	●	●	<input type="checkbox"/> Sep'20 saw a sharp increase in demand. <input type="checkbox"/> Infrastructure segment registered positive growth

Source: UTCEM PPT, I-Sec research



**Chart 3: Demand has grown at ~7% CAGR over past 10 years**

Source: I-Sec research

**Huge divergence in regional growth during FY20 and H1FY21:**

While reported demand is expected to decline by 2-3% YoY during both FY20 and FY21, demand growth adjusted for lockdown period would be likely ~1% YoY growth for FY20 and 4-5% YoY growth for FY21. Region-wise, South likely declined in mid-single digit YoY, West remained broadly flat YoY and North, Central and East regions likely to have grown in low-single digit YoY during FY20.

Based on demand trend during YTD FY21, we expect North, Central and East regions to post strong low double-digit YoY growth during FY21; while South and West regions are likely to see high-single digit YoY decline. Accordingly, North, Central and East regions are likely operating at high ~85% utilisation during FY21 necessitating capacity additions over next few years.

**Table 3: Volume growth assumptions from FY21-FY23E**

	Total volumes (mnte)					Growth YoY (%)				
	FY19	FY20	FY21E	FY22E	FY23E	FY19	FY20	FY21E	FY22E	FY23E
UTCEM	76.4	82.3	83.8	94.5	101.0	18.2	7.8	1.8	12.7	6.9
ACC	28.4	28.9	26.2	29.8	31.3	6.8	1.9	(9.2)	13.5	5.0
ACEM	24.3	24.1	22.3	26.1	28.4	5.4	(0.8)	(7.4)	17.0	9.0
SRCM	28.7	28.7	30.9	36.2	40.2	27.6	(0.0)	7.6	17.2	10.9
DALBHARA	18.7	19.3	20.6	23.9	26.1	10.1	3.3	7.0	16.0	9.0
ICEM	12.4	11.0	8.8	10.8	11.6	11.3	(11.4)	(19.9)	22.0	8.0
JKCE	10.2	10.2	11.4	13.3	14.4	8.4	0.2	11.5	16.3	8.7
TRCL	11.1	11.2	10.1	12.5	13.9	19.5	0.7	(10.0)	24.0	11.0
JKLC	11.1	10.0	11.0	12.2	13.0	18.4	(9.8)	9.1	11.5	6.6
ORCMNT	6.4	5.8	4.8	5.8	6.4	11.6	(9.5)	(18.0)	22.0	10.0
PRSMJ	6.3	5.7	5.7	6.4	6.6	11.2	(8.7)	-	11.0	4.0
HEIM	4.9	4.7	4.5	5.0	5.3	5.3	(3.9)	(4.4)	11.2	5.0
<b>Total</b>	<b>238.9</b>	<b>242.1</b>	<b>240.2</b>	<b>276.4</b>	<b>298.2</b>	<b>14.3</b>	<b>1.3</b>	<b>(0.8)</b>	<b>15.1</b>	<b>7.9</b>

Source: I-Sec research

## Capacity to grow at 4% CAGR over FY20-FY23E; utilisation to improve

60% of new 33mnte clinker and 70mnte cement capacities (including 10mnte likely to be announced) are planned to be added in high-growth markets of East and Central regions over FY20-FY23E and 50% of these capacities are expected towards end of FY23E, which would see ramp-up only from FY24E. Huge divergence in regional growth during FY20-21E has resulted in North, Central and East operating at 85% utilisation in FY21E from 80% in FY19; while utilisation of South and West has likely declined from 70% in FY19 to current ~60%.

**Table 4: North – no major capacity additions**

Company	CoD	FY19	FY20	FY21E	FY22E	FY23E
ACEM	Sep-21				1.8	
JKCE	Dec-19		2.0			
SRCM*	Sep-22					3.0
UTCCEM	Mar-23					2.5
Wonder	Mar-21			2.0		
<b>Total</b>		-	<b>2.0</b>	<b>2.0</b>	<b>1.8</b>	<b>5.5</b>

Source: I-Sec research, \*yet to be announced-assumed

**Table 6: Central – few capacity additions**

Company	CoD	FY19	FY20	FY21E	FY22E	FY23E
ACC	Dec-22					4.8
BCORP	Sep-22					1.2
HEIM	Mar-20		0.9			
JKCE	Feb-20		1.5			
SGC	Dec-21				1.0	
UTCCEM	Mar-20		2.0			
UTCCEM	Sep-21				3.3	
UTCCEM	Apr-18	1.8				
UTCCEM	Jun-18	1.8				
UTCCEM	Mar-23					1.8
Wonder	Feb-20		2.5			
<b>Total</b>		<b>3.5</b>	<b>6.9</b>	-	<b>4.3</b>	<b>7.8</b>

Source: I-Sec research, \*yet to be announced-assumed

**Table 7: West – to see entry of new players**

Company	CoD	FY19	FY20	FY21E	FY22E	FY23E
BCORP	Sep-21				3.9	
CENT	Apr-19		1.2			
JKCE	Dec-20			0.7		
JSW	Sep-18	1.2				
JSW	Apr-21					2.3
Penna	Sep-18	1.0				
SNGI	Dec-20			2.0		
SRCM	Dec-20			2.0		
UTCCEM	Mar-23					1.8
Wonder	Dec-18	2.5				
<b>Total</b>		<b>4.7</b>	<b>1.2</b>	<b>4.7</b>	<b>3.9</b>	<b>4.1</b>

Source: I-Sec research

**Table 5: East – more capacities expected on expectations of high growth**

Company	CoD	FY19	FY20	FY21E	FY22E	FY23E
ACC	Apr-21					1.1
Emami	Sep-18	1.0				
Emami	Dec-18	2.0				
JKLC	Sep-19		0.8			
JSW	Sep-21					1.2
JSW	Jun-19		1.2			
JSW	Mar-22					1.0
DALBHARA	Dec-20			3.1		
DALBHARA	Apr-21				2.3	
DALBHARA	Sep-22					2.5
Nuvoco	Dec-21				1.2	
STAR	Dec-20			1.0		
TRCL	Sep-19		1.1			
TRCL	Sep-20			0.9		
SGC	Dec-21				1.5	
SRCM	Dec-20			1.8		
SRCM	Jun-19		1.5			
SRCM*	Sep-22					6.0
UTCCEM	Sep-21				1.2	
UTCCEM	Apr-22					2.2
UTCCEM	Mar-23					6.8
<b>Total</b>		<b>3.0</b>	<b>4.6</b>	<b>6.8</b>	<b>9.5</b>	<b>17.5</b>

Source: I-Sec research, \*yet to be announced-assumed

**Table 8: South – very few capacity additions expected owing to low utilisation**

Company	CoD	FY19	FY20	FY21E	FY22E	FY23E
Chettinad	Mar-20		2.5			
KCP	Feb-19	1.7				
My Home	Apr-22					2.0
Penna	Sep-18	2.0				
Penna	Mar-20		2.0			
TRCL	Jun-20			1.1		
TRCL	Sep-21				1.0	
TRCL	Mar-21					
SGC	Jun-18	1.3				
SGC	Sep-19		0.5			
SRCM	Dec-18	3.0				
TANCEM	Dec-19		1.0			
<b>Total</b>		<b>8.0</b>	<b>6.0</b>	<b>1.1</b>	<b>1.0</b>	<b>2.0</b>

Source: I-Sec research

**Table 9: Average pan-India cement utilisation unlikely to decline over FY20-FY22E**

Utilisations (%)	FY19	FY20	FY21E	FY22E	FY23E
North	75	78	84	86	88
Central	80	82	82	84	84
East	85	83	84	84	83
West	74	70	65	63	64
South	66	60	53	56	59
<b>All-India</b>	<b>74</b>	<b>72</b>	<b>72</b>	<b>72</b>	<b>74</b>

Source: I-Sec research, based on effective capacity operational

**Table 10: Clinker utilisation to remain at 77-78% over FY20-FY22E**

	FY20	FY21E	FY22E	FY23E
<b>North, Central and East (combined)</b>				
Clinker capacity	159	165	169	177
Clinker utilisation*	83	86	89	91
<b>South and West (combined)</b>				
Clinker capacity	163	169	175	178
Clinker utilisation*	70	63	65	69
<b>All-India</b>				
Clinker capacity	322	334	345	355
<b>Clinker utilisation*</b>	<b>77</b>	<b>77</b>	<b>78</b>	<b>80</b>

Source: I-Sec research, \*based on effective capacity operational

**Average pan-India cement / clinker utilisation unlikely to fall below current 72% / 77% over next few years**

**Table 11: North – Utilisation to reach 88% in FY23E**

	FY19	FY20	FY21E	FY22E	FY23E
Installed capacity	103	105	109	109	114
<b>Effective capacity</b>	<b>103</b>	<b>101</b>	<b>99</b>	<b>108</b>	<b>110</b>
YoY chg (%)	4.8	(2.3)	(1.8)	9.1	2.2
Volumes	77	78	83	93	97
<b>Utilisation (%)</b>	<b>75</b>	<b>78</b>	<b>84</b>	<b>86</b>	<b>88</b>
YoY change (%)	5.0	1.0	6.0	11.7	5.0

**Table 12: East – Utilisation to remain >80% despite higher capacity additions**

	FY19	FY20	FY21E	FY22E	FY23E
Installed capacity	88	92	99	108	126
<b>Effective capacity</b>	<b>86</b>	<b>88</b>	<b>90</b>	<b>104</b>	<b>115</b>
YoY chg (%)	6.1	2.9	2.4	15.5	10.2
Volumes	72	73	76	87	95
<b>Utilisation (%)</b>	<b>85</b>	<b>83</b>	<b>84</b>	<b>84</b>	<b>83</b>
YoY change (%)	14.0	1.0	5.0	15.0	9.0

**Table 13: Central – Utilisation to reach 84% in FY22E-FY23E**

	FY19	FY20	FY21E	FY22E	FY23E
Installed capacity	58	65	65	69	77
<b>Effective capacity</b>	<b>57</b>	<b>57</b>	<b>61</b>	<b>67</b>	<b>71</b>
YoY chg (%)	5.6	(0.9)	7.1	9.3	6.3
Volumes	46	46	50	56	59
<b>Utilisation (%)</b>	<b>80</b>	<b>82</b>	<b>82</b>	<b>84</b>	<b>84</b>
YoY change (%)	6.1	1.5	6.9	11.8	6.0

**Table 14: West – Utilisation to remain range-bound over FY21E-FY23E**

	FY19	FY20	FY21E	FY22E	FY23E
Installed capacity	66	67	72	76	80
<b>Effective capacity</b>	<b>63</b>	<b>65</b>	<b>63</b>	<b>74</b>	<b>77</b>
YoY chg (%)	2.8	3.7	(4.1)	17.8	4.2
Volumes	47	45	41	47	49
<b>Utilisation (%)</b>	<b>74</b>	<b>70</b>	<b>65</b>	<b>63</b>	<b>64</b>
YoY change (%)	10.0	(3.0)	(10.0)	14.0	6.0

**Table 15: South – Utilisation to remain <60% by FY23E**

	FY19	FY20	FY21E	FY22E	FY23E
Installed capacity	170	171	177	178	180
<b>Effective capacity</b>	<b>165</b>	<b>166</b>	<b>161</b>	<b>177</b>	<b>180</b>
YoY chg (%)	2.7	0.5	(2.8)	10.2	1.4
Volumes	109	99	85	99	107
<b>Utilisation (%)</b>	<b>66</b>	<b>60</b>	<b>53</b>	<b>56</b>	<b>59</b>
YoY change (%)	20.0	(9.0)	(14.0)	16.0	8.0

Source: Industry data, I-Sec research

**Table 16: Pan-India – Utilisation to reach ~74% by FY23E**

	FY19	FY20	FY21E	FY22E	FY23E
Installed capacity	484	500	521	540	577
<b>Effective capacity</b>	<b>474</b>	<b>476</b>	<b>474</b>	<b>530</b>	<b>553</b>
YoY chg (%)	4.1	0.6	(0.6)	11.9	4.3
Volumes	352	343	335	382	408
<b>Utilisation (%)</b>	<b>74</b>	<b>72</b>	<b>71</b>	<b>72</b>	<b>74</b>
YoY change (%)	12.0	(2.6)	(2.1)	13.8	7.0



## Industry consolidation to increase further; top-6 companies ex-South to have 77-85% capacity share by FY23E

**Industry consolidation to increase further** with the share of top six companies to increase from 49% to 54% by FY23E as 70% of new capacity additions are planned by these companies. Similarly, the share of top six companies in the respective regions ex-South would increase from the current 67-80% to 77-85% by FY23E as 70% of new capacity additions are planned by these companies. Few more M&As, including that of JPA assets, may further result in higher consolidation.

**Table 17: Capacity share of top-6 companies in FY19**

North		East		Central		West		South		India	
Comp.	Share	Comp.	Share	Comp.	Share	Comp.	Share	Comp.	Share	Comp.	Share
UTCEM	24	DALBHARA	16	UTCEM	30	UTCEM	33	UTCEM	12	UTCEM	20
SRCM	23	UTCEM	13	BCORP	15	ACEM	17	TRCL	9	SRCM	8
ACEM	9	Nuvoco	10	PRSMJ	12	ACC	8	ICEM	8	ACC	7
JKCE	7	ACC	10	ACC	9	CENT	7	DALBHARA	7	ACEM	6
JKLC	7	SRCM	10	HEIM	8	SNGI	6	Chettinad	6	DALBHARA	5
Wonder	6	ACEM	9	JPA	8	Murli	4	ACC	6	TRCL	3
<b>Total</b>	<b>76</b>	<b>Total</b>	<b>67</b>	<b>Total</b>	<b>81</b>	<b>Total</b>	<b>76</b>	<b>Total</b>	<b>48</b>	<b>Total</b>	<b>49</b>

Source: I-Sec research

**Table 18: High consolidation – capacity share of top-6 companies in FY23E**

North		East		Central		West		South		India	
Comp.	Share	Comp.	Share	Comp.	Share	Comp.	Share	Comp.	Share	Comp.	Share
UTCEM	24	UTCEM	21	UTCEM	37	UTCEM	37	UTCEM	11	UTCEM	23
SRCM	23	DALBHARA	17	BCORP	13	ACEM	14	TRCL	10	SRCM	9
ACEM	10	Nuvoco	14	ACC	12	SNGI	8	Chettinad	8	ACC	7
JKCE	8	SRCM	14	PRSMJ	9	ACC	6	ICEM	7	DALBHARA	6
JKLC	7	ACC	8	HEIM	7	JSW	6	DALBHARA	7	ACEM	5
Wonder	7	ACEM	6	JPA	7	BCORP	6	Penna	6	TRCL	4
<b>Total</b>	<b>78</b>	<b>Total</b>	<b>80</b>	<b>Total</b>	<b>85</b>	<b>Total</b>	<b>77</b>	<b>Total</b>	<b>49</b>	<b>Total</b>	<b>54</b>

Source: I-Sec research

**Table 19: M&A deals augmenting higher consolidation in the industry**

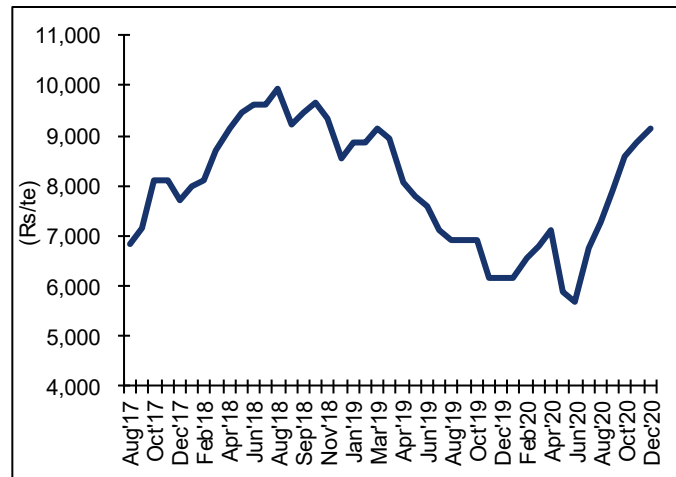
Month	Buyer	Seller	Capacity (mnte)	EV (US\$mn)	EV/te	Remarks
Jul-13	ACEM	HolcimIndia	30.7	2,500	110	Bought 50.04% stake in ACC
Sep-13	UTCEM	JPA	4.8	600	125	Gujarat assets of JPA, EV/EBITDA of 11x
Mar-14	DALBHARA	JPA	2.1	180	90	Grinding unit with a 30-year clinker / slag supply agreement
Aug-14	SRCM	JPA	1.5	60	40	Grinding unit only in Haryana
Sep-14	SGC	BMM	1	90	90	Int. plant in AP with 25MW capacity, 155mnte of limestone reserve
Feb-15	DALBHARA	OCL India	6.7	174	110	DALBHARA increases its stake from 48.23% to 74.93%, consolidating OCL India
Feb-16	BCORP	Reliance Cement	5.5	720	130	One integrated plant and two grinding units
Feb-16	UTCEM	JPA	21.2	2,400	113	Assets spread across Central, North and South regions
Jul-16	Nirma	Lafarge	11	1,284	117	Assets spread across East and North regions
Jul-18	DALBHARA	Kalyanpur	1.1	51	50	DALBHARA expected to commenced operations from Oct'18
May-18	UTCEM	Century Textiles	13.4	1,268	96	Includes 2mnte grinding unit. UTCEM received CCI approval in Aug'18
Nov-18	UTCEM	Binani Cement	8.3	1,130	140	4.6mnte clinker and 6.25mnte cement; potential expansion opportunity of 5mnte.
Jul-19	DALBHARA	Murli	3	110	38	Capex of US\$60mn required to make the plant operational
Feb-20	Nuvoco	Emami	8.3	735	112	It operates an integrated cement plant and three grinding units

Source: I-Sec research

## Prices to increase with increasing utilisation and higher industry consolidation; costs escalation to be passed-on

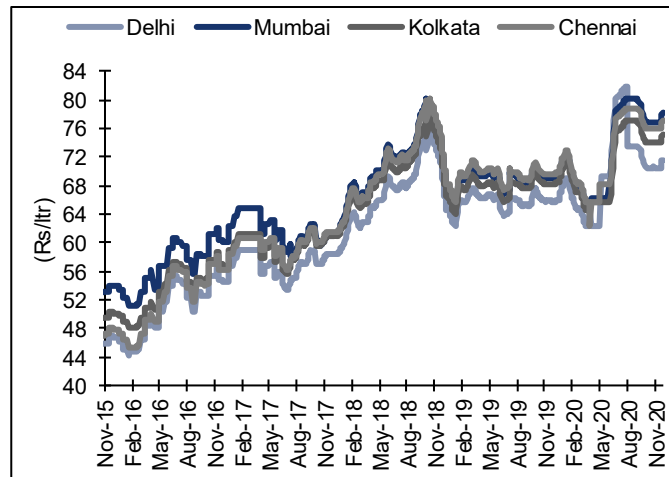
**Prices rose at 6% CAGR in North and Central regions over past four years** post UTCem's acquisition of JPA and Binani assets. Prices may increase further in these regions in FY22E led by increasing utilisation and higher consolidation. However, prices in East may continue to remain under pressure owing to fight for market share. Prices in South rose sharply by >10% in FY21E, hence are expected to remain volatile as utilisations in South are unlikely to exceed 65% over next three years. Cost escalations may be contained as companies may partially switch to low-cost coal instead of petcoke and various cost efficiencies. Higher volume growth would mitigate any increase in fixed costs. Accordingly, cost escalations are likely to be passed-on and companies may report >15% YoY EBITDA growth in FY22E over ~15% in FY21E. **Consensus earning upgrades are likely to continue in FY22E too.**

**Chart 4: Domestic petcoke prices increased 3% MoM / 48% YoY in Dec'20**



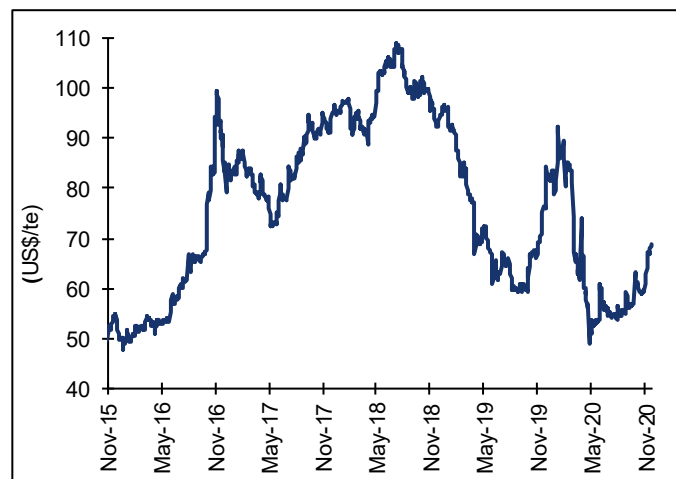
Source: Industry data, I-Sec research

**Chart 5: Diesel prices increased 9% YoY / flat MoM in Nov'20**



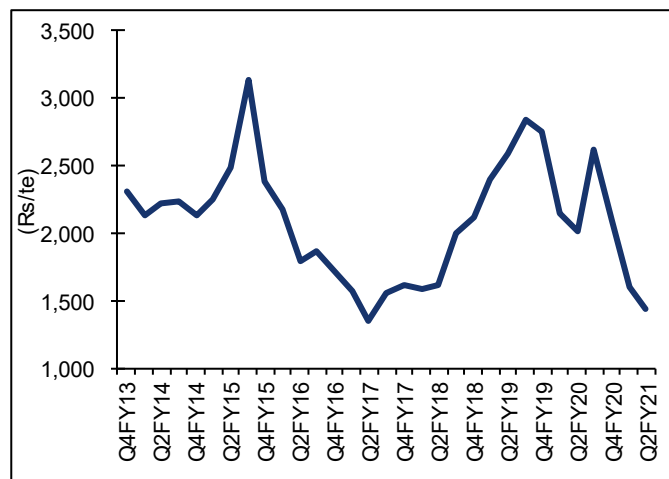
Source: Bloomberg, I-Sec research

**Chart 6: Coal prices increased 10% MoM / declined 9% YoY in Nov'20**

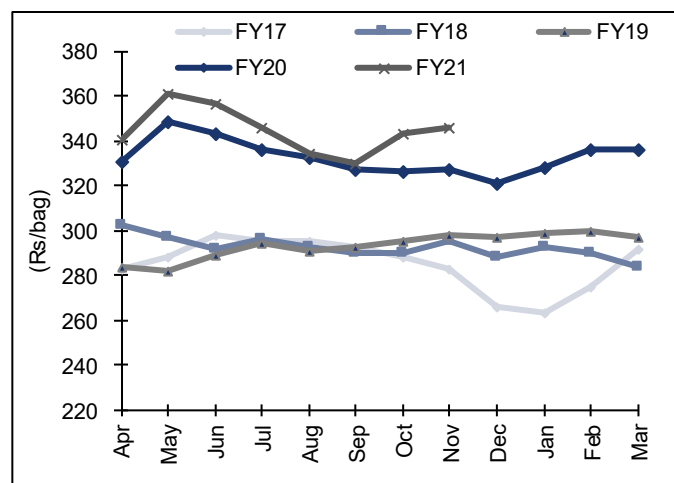


Source: Industry data, I-Sec research

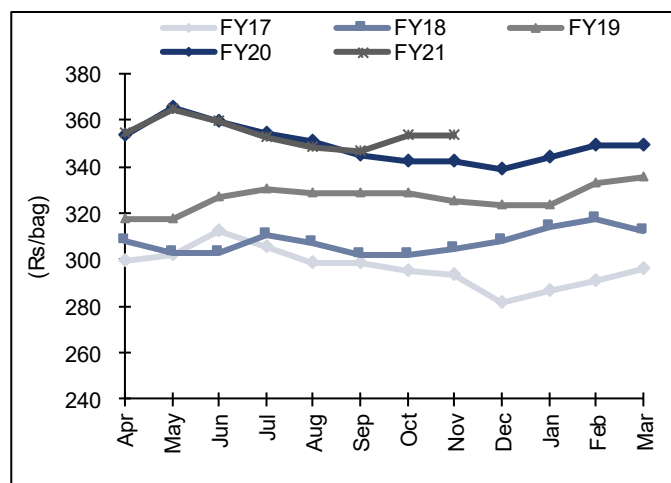
**Chart 7: Coal India e-auction prices declined 29% YoY / 10% QoQ in Q2FY21**



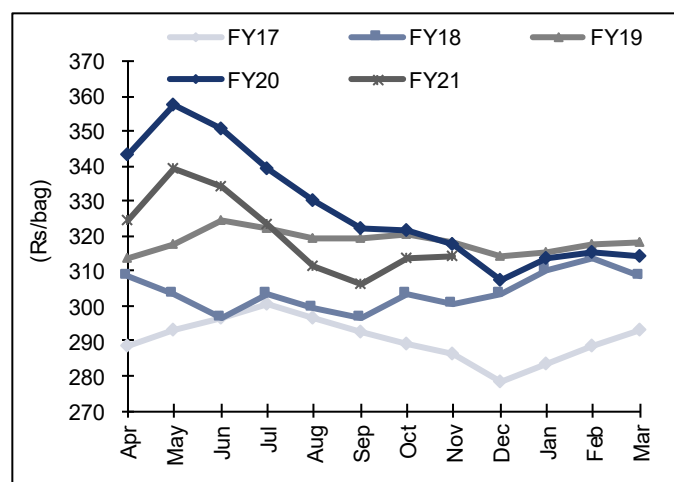
Source: Industry data, I-Sec research

**Chart 8: North region prices up 6% YoY in Nov'20**

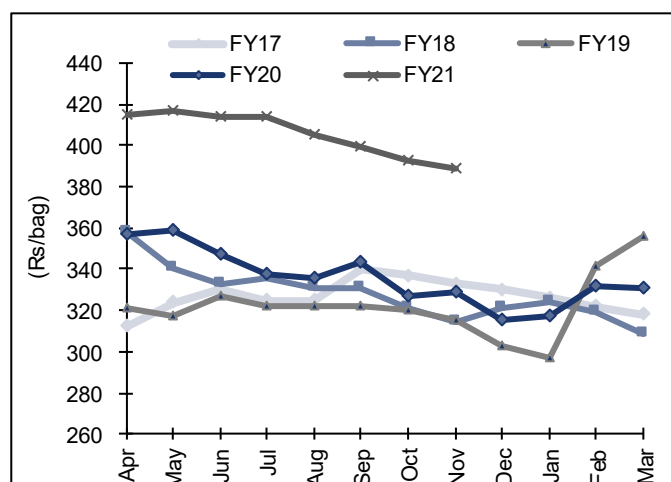
Source: Industry data, I-Sec research

**Chart 9: Central region prices up 4% YoY in Nov'20**

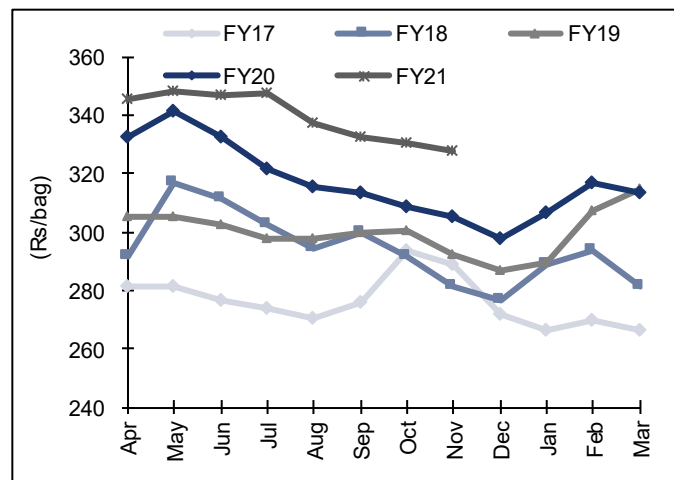
Source: Industry data, I-Sec research

**Chart 10: East region prices broadly flat YoY**

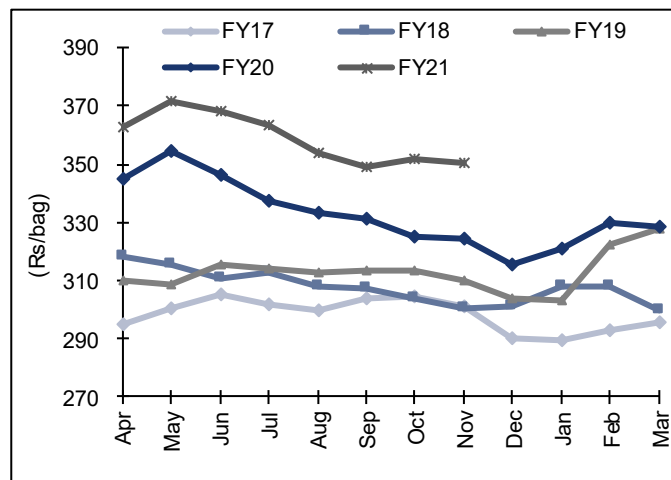
Source: Industry data, I-Sec research

**Chart 11: South region prices up 18% YoY in Nov'20**

Source: Industry data, I-Sec research

**Chart 12: West region prices up 8% YoY in Nov'20**

Source: Industry data, I-Sec research

**Chart 13: All-India prices up 7% YoY in Nov'20**

Source: Industry data, I-Sec research

**Table 20: Realisation assumptions from FY21-FY23E**

	Realisation/te					Growth YoY (%)				
	FY19	FY20	FY21E	FY22E	FY23E	FY19	FY20	FY21E	FY22E	FY23E
UTCEM- grey cement	4,824	4,670	4,803	4,869	4,932	11.6	(3.2)	2.8	1.4	1.3
ACC - grey cement	4,641	4,723	4,816	4,898	4,996	1.4	1.8	2.0	1.7	2.0
ACEM	4,525	4,717	4,927	5,041	5,177	1.6	4.2	4.5	2.3	2.7
SRCM	4,088	4,299	4,360	4,485	4,596	0.9	5.2	1.4	2.9	2.5
DALBHARA - cement	4,744	4,691	4,761	4,666	4,712	(1.2)	(1.1)	1.5	(2.0)	1.0
ICEM	4,603	4,672	4,905	4,846	4,919	(1.4)	1.5	5.0	(1.2)	1.5
JKCE- blended	5,072	5,603	5,446	5,577	5,698	3.2	10.5	(2.8)	2.4	2.2
TRCL	4,563	4,736	5,257	5,163	5,295	(1.6)	3.8	11.0	(1.8)	2.6
JKLC	3,873	4,342	4,321	4,409	4,473	(2.7)	12.1	(0.5)	2.0	1.4
ORCMNT	3,925	4,171	4,526	4,467	4,445	1.8	6.3	8.5	(1.3)	(0.5)
PRSMJ	4,423	4,516	4,516	4,570	4,616	5.2	2.1	-	1.2	1.0
HEIM	4,308	4,586	4,664	4,780	4,886	7.6	6.5	1.7	2.5	2.2
<b>Weighted average</b>	<b>4,617</b>	<b>4,827</b>	<b>4,901</b>	<b>4,979</b>	<b>5,065</b>	<b>0.6</b>	<b>4.6</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>

Source: Industry data, I-Sec research

**Table 21: EBITDA/te assumptions from FY21-FY23E**

	EBITDA/te (Rs)					Growth YoY (%)				
	FY19	FY20	FY21E	FY22E	FY23E	FY19	FY20	FY21E	FY22E	FY23E
UTCEM- consol	889	1,144	1,298	1,309	1,345	(6.6)	28.7	13.5	0.9	2.8
ACC	747	835	914	974	1,023	5.6	11.8	9.4	6.6	5.0
ACEM	780	893	1,168	1,173	1,263	(5.3)	14.5	30.8	0.5	7.6
SRCM	944	1,288	1,305	1,377	1,441	(11.6)	36.4	1.3	5.5	4.7
DALBHARA	1,040	1,092	1,318	1,182	1,176	(13.4)	5.0	20.7	(10.3)	(0.5)
ICEM	512	568	890	788	804	(16.9)	10.8	56.7	(11.4)	2.0
JKCE	817	1,186	1,231	1,282	1,335	1.2	45.2	3.8	4.1	4.2
TRCL	921	991	1,413	1,345	1,412	(18.4)	7.6	42.6	(4.8)	5.0
JKLC	407	794	808	796	801	(11.2)	95.1	1.7	(1.5)	0.7
ORCMNT	487	659	904	817	752	(8.4)	35.5	37.1	(9.7)	(7.9)
PRSMJ	834	889	980	1,049	1,079	34.7	6.6	10.2	7.0	2.9
HEIM	987	1,122	1,154	1,212	1,263	28.3	13.7	2.9	5.0	4.2
<b>Weighted average</b>	<b>826</b>	<b>1,031</b>	<b>1,193</b>	<b>1,197</b>	<b>1,240</b>	<b>(5.7)</b>	<b>24.9</b>	<b>15.7</b>	<b>0.4</b>	<b>3.5</b>

Source: Industry data, I-Sec research

**Table 22: Companies may report 15% EBITDA CAGR over FY20-FY22E**

	EBITDA (Rs mn)					Growth YoY (%)				
	FY19	FY20	FY21E	FY22E	FY23E	FY19	FY20	FY21E	FY22E	FY23E
UTCEM	67,881	94,166	1,08,805	1,23,681	1,35,932	10.5	38.7	15.5	13.7	9.9
ACC	21,185	24,128	23,968	29,001	31,989	12.8	13.9	(0.7)	21.0	10.3
ACEM	18,915	21,489	26,030	30,604	35,903	(0.2)	13.6	21.1	17.6	17.3
SRCM	28,973	37,591	40,482	50,114	58,152	19.7	29.7	7.7	23.8	16.0
DALBHARA	19,420	21,060	27,206	28,294	30,695	(4.6)	8.4	29.2	4.0	8.5
ICEM	6,649	6,365	7,985	8,607	9,489	(4.5)	(4.3)	25.5	7.8	10.2
JKCE	8,345	12,134	14,054	17,013	19,276	6.0	45.4	15.8	21.1	13.3
TRCL	10,664	11,474	14,459	17,055	19,856	(3.0)	7.6	26.0	18.0	16.4
JKLC	4,536	7,981	8,856	9,722	10,435	5.1	75.9	11.0	9.8	7.3
ORCMNT	3,120	3,829	4,306	4,745	4,806	2.2	22.7	12.5	10.2	1.3
PRSMJ	6,010	5,392	6,152	8,513	9,410	35.9	(10.3)	14.1	38.4	10.5
HEIM	4,833	5,278	5,191	6,063	6,635	35.1	9.2	(1.7)	16.8	9.4
<b>Total</b>	<b>2,00,531</b>	<b>2,50,885</b>	<b>2,87,493</b>	<b>3,33,412</b>	<b>3,72,576</b>	<b>8.4</b>	<b>25.1</b>	<b>14.6</b>	<b>16.0</b>	<b>11.7</b>

Source: Industry data, I-Sec research

**Table 23: Improving return ratios justify valuation**

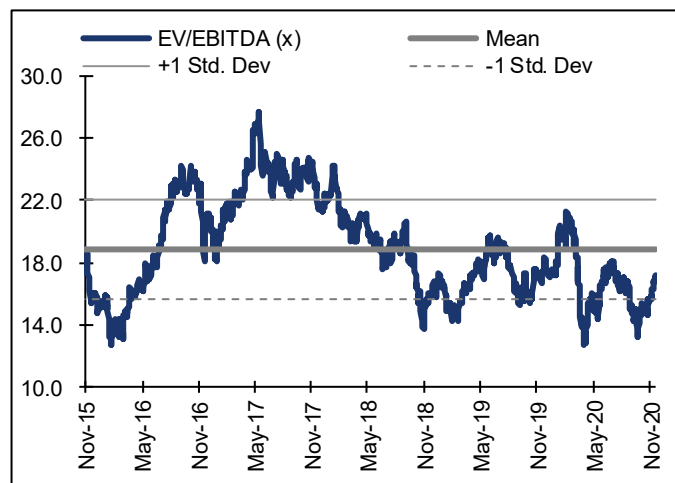
ROE (%)	FY19	FY20	FY21E	FY22E	FY23E	ROCE (%)	FY19	FY20	FY21E	FY22E	FY23E
UTCEM	8.9	11.4	12.7	13.5	13.7	UTCEM	6.8	8.6	10.7	12.3	13.4
ACC	11.0	11.6	10.6	12.4	12.7	ACC	11.2	11.7	10.4	12.1	12.5
ACEM	6.4	7.9	9.6	11.1	11.8	ACEM	6.6	8.0	9.6	11.1	11.7
SRCM	12.4	13.4	16.0	18.0	18.7	SRCM	12.8	12.8	15.3	17.6	18.7
DALBHARA	2.9	2.1	8.0	7.5	7.9	DALBHARA	4.7	2.9	6.1	6.2	6.6
TRCL	12.3	12.7	14.1	14.1	15.4	TRCL	8.7	8.2	9.1	10.2	11.9
JKCE	12.7	17.3	18.5	20.3	20.2	JKCE	8.5	11.0	11.4	12.7	13.2
ICEM	3.0	1.0	0.4	1.2	3.7	ICEM	4.4	3.6	2.1	10.0	4.8
JKLC	3.3	17.5	18.9	18.5	17.7	JKLC	8.2	14.1	14.7	14.8	14.5
ORCMNT	4.6	7.9	10.9	12.5	11.6	ORCMNT	5.1	6.7	8.0	9.2	8.5
PRSMJ	11.8	1.1	9.4	19.5	20.0	PRSMJ	7.4	(3.4)	7.8	12.0	13.0
HEIM	19.9	21.6	19.2	21.6	22.0	HEIM	15.1	17.0	15.8	18.5	19.5

## Top picks

### Shree Cement (Mcap:US\$11.4bn; TP: Rs28,000)

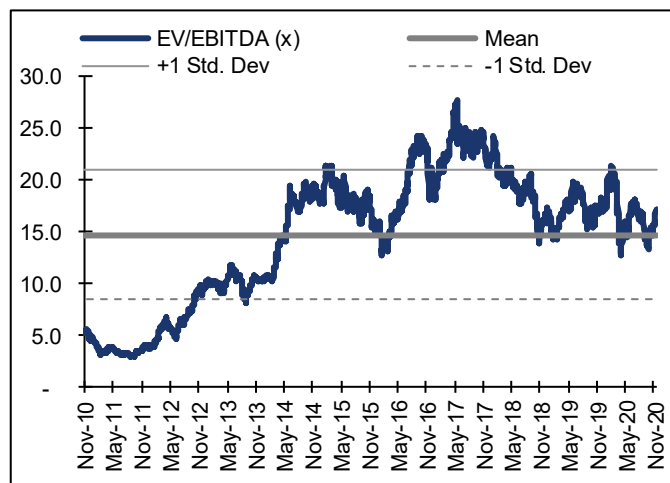
- Targeting to double the capacities over next 6-7 years:** Management targeting to increase the capacities from 40mnte to 56mnte over three years in phase 1 and upto 80mnte in next 6-7 years. Phase 1 would see capacity additions in North and East; while phase 2 would also include South and West regions as well. In Sep'20, SRCM announced setting up of clinker line-3 at Chhattisgarh having capacity upto 12,000tpd at a capex of Rs10bn to be commissioned by Q2FY23. Few more capacity additions are likely to be announced over next 6-9months. 3mnte (assuming 100% PSC) grinding units (GU) in Odisha & 2mnte GU in Pune are likely to commission by Dec'20.
- Market share gains to continue:** SRCM has grown volumes at 1.5-2x industry growth over past decade, and similar trend is likely to continue over next few years. SRCM may continue to gain market share backed by non-trade volume push in North, strong demand in East and higher YoY utilisation in South, in our view.
- SRCM to sustain industry-leading profitability** given it enjoys the lowest cost structure in the industry. Its total renewable energy capacity currently stands at 241MW (WHRS-210MW, Wind-29MW & Solar-2MW), which meets 46% of power requirements & the management aims to increase it to >50% in the next 12 months.

Chart 14: Rolling EV/EBITDA- 5years



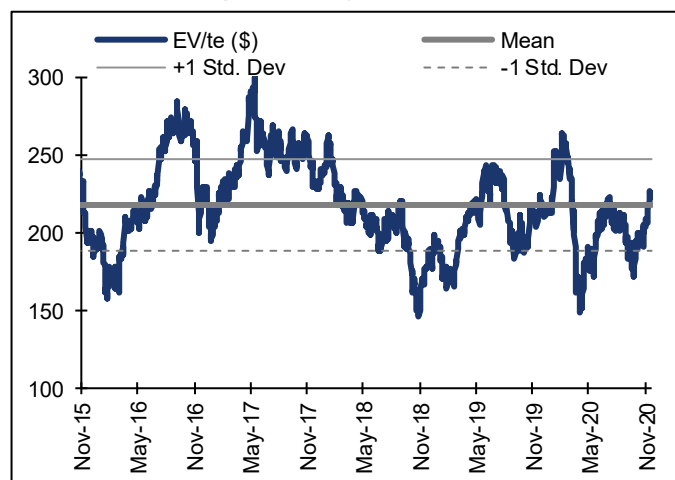
Source: I-Sec research

Chart 15: Rolling EV/EBITDA- 10years



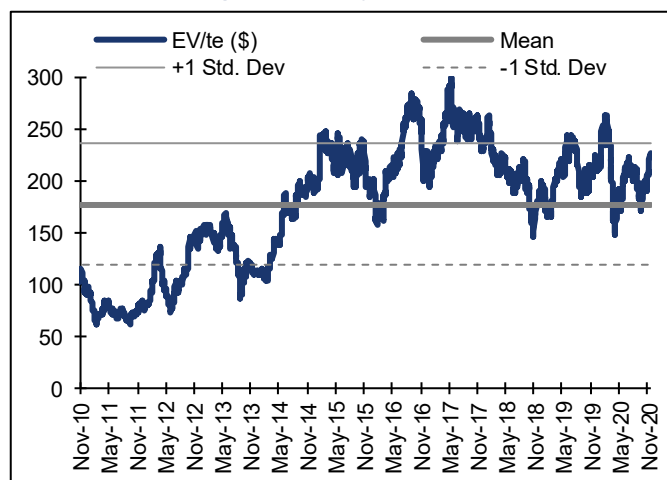
Source: I-Sec research

Chart 16: Rolling EV/te- 5years



Source: I-Sec research

Chart 17: Rolling EV/te- 10years

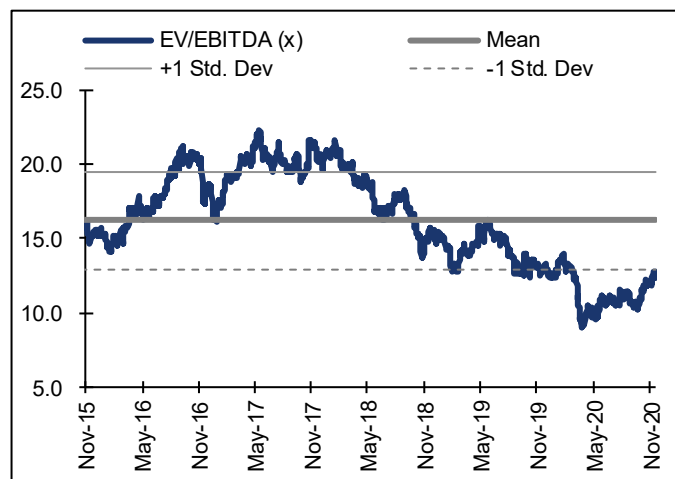


Source: I-Sec research

## UltraTech Cement (Mcap:US\$19.3bn; TP: Rs5,725)

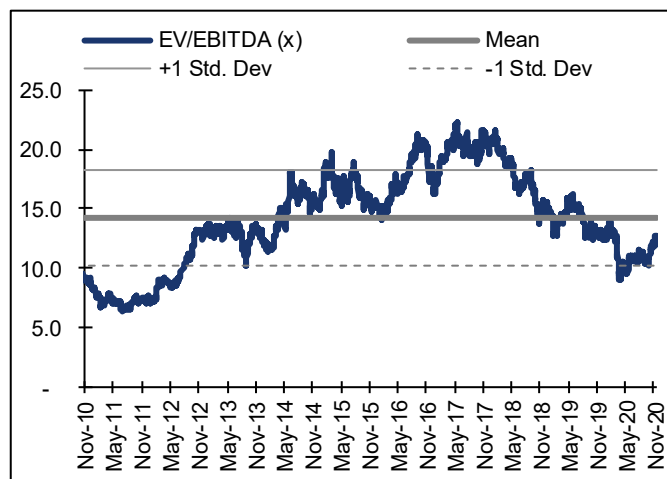
- **Market share gains to continue** given its pan-India diversified market mix and underutilised acquired assets. Gradual ramp-up of utilisation of acquired assets, and recently announced ~19mnte capacity expansion in East, Central and North regions are likely to increase its market share in coming years.
- **Sharp focus on cost reductions & efficiencies:** UTCCEM is targeting 10% fixed-cost savings (Rs5.5bn p.a. or Rs60/te) in FY21E. Besides, UTCCEM is setting up an additional 57MW WHRS power plant to meet ~40% of power requirement for new capacities. This is in addition to existing plans to set up a 60MW WHRS by Mar'22 and another 60MW by mid-FY24. UTCCEM is also looking to increase solar and wind power capacity from 99MW to >350MW. Accordingly, its share of green power will increase to 34% in next few years.
- **UTCCEM could become debt-free by FY23E** owing to strong FCF generation of Rs113bn post factoring capex of Rs76bn over FY21E-FY23E. Post-tax RoCEs are likely to improve by 500bps to 13.4% by FY23E.

Chart 18: Rolling EV/EBITDA- 5years



Source: I-Sec research

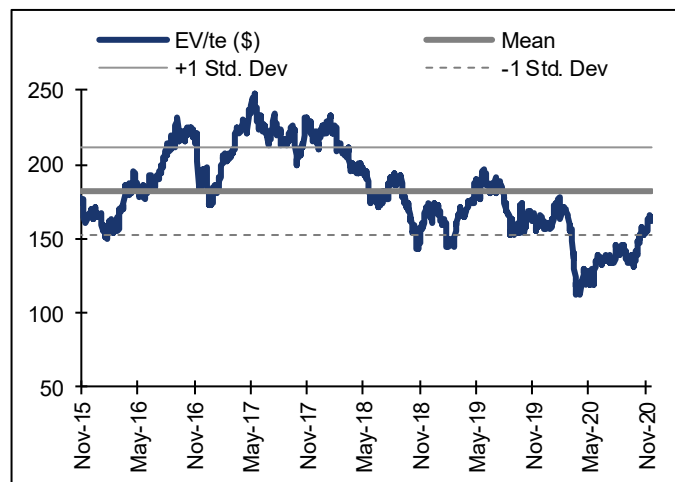
Chart 19: Rolling EV/EBITDA- 10years



Source: I-Sec research

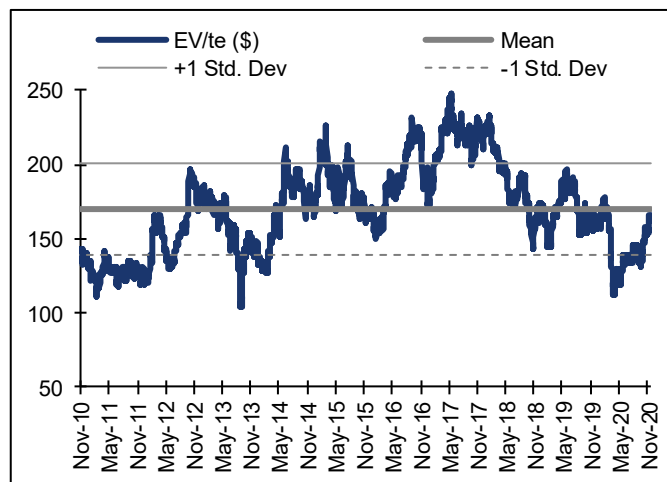


Chart 20: Rolling EV/te- 5years



Source: I-Sec research

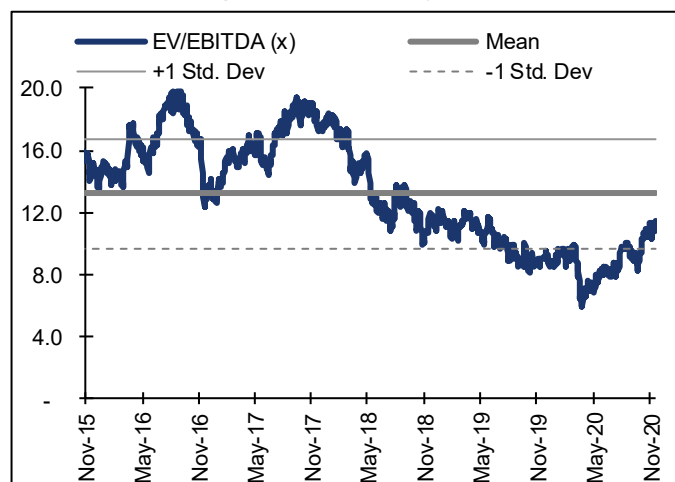
Chart 21: Rolling EV/te- 10years



### Ambuja Cement (Mcap:US\$6.5bn; TP: Rs300)

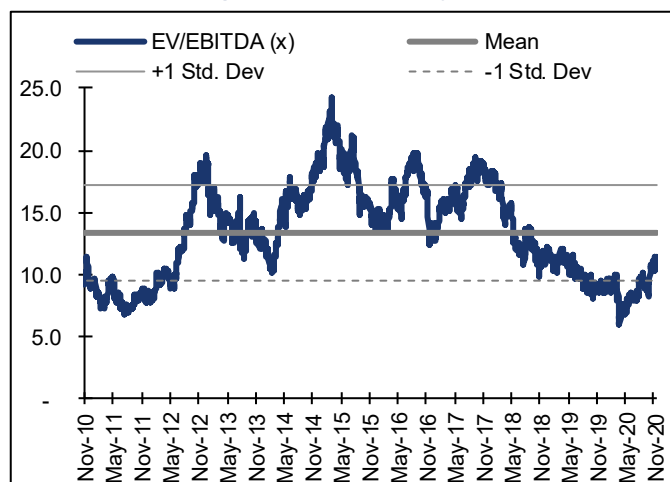
- **Higher utilisation and increasing share of premium products** to aid margins: ACEM's higher utilisation (~85%) provides sufficient flexibility to manage costs well and allows to optimise market mix and product mix to ensure better realisation. ACEM has launched various premium products (enjoys premium pricing). Management is targeting to increase VAP volumes to 15% (vs 10% now) in coming years.
- **North expansion and various cost efficiencies to further aid profitable growth.** 3.1mnte clinker line at Marwar Mundwa alongwith 1.8mnte GU is likely to be operational by Q2CY21E. This will strengthen ACEM's position in the core markets of North and Gujarat and aid volume growth / profitability from CY21E. Besides, ACEM plans to improve cost structure further by investing in 55MW WHRS / solar plants at various locations, railway sidings at Rabriyawas, Rajasthan and operationalising domestic Gare-Palma coal block over next two years.
- **ACEM's valuation discount vs peers to narrow:** ACEM's overall execution in terms of growth and profitability has improved meaningfully under the new leadership team (MD & CEO Mr Neeraj Akhoury). Accordingly, ACEM's valuation gap with larger peers may narrow, in our view.

Chart 22: Rolling EV/EBITDA- 5years



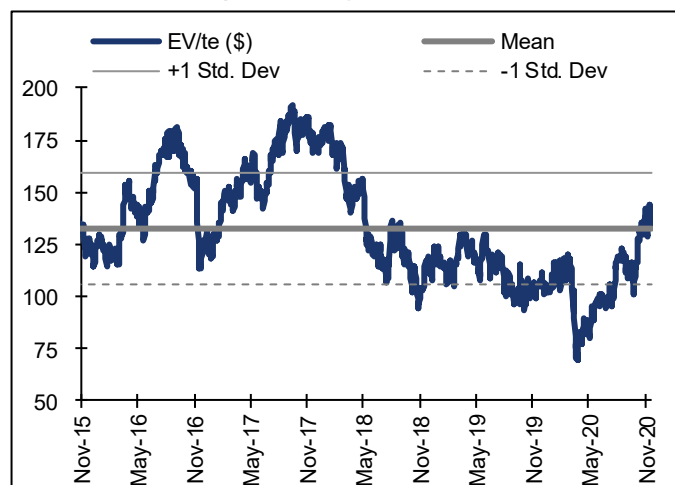
Source: I-Sec research

Chart 23: Rolling EV/EBITDA- 10years



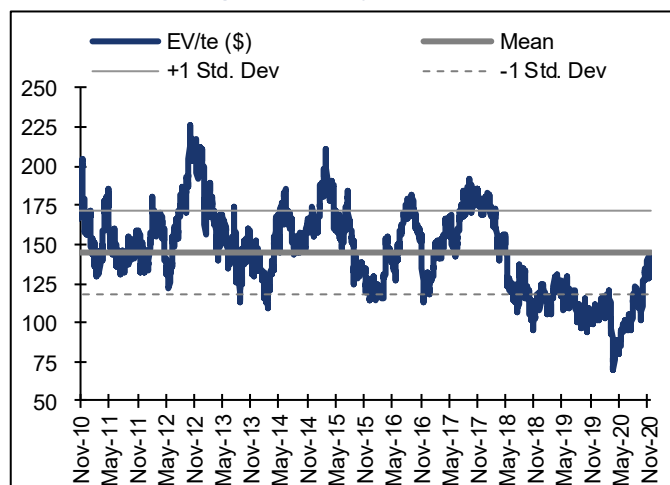
Source: I-Sec research

Chart 24: Rolling EV/te- 5years



Source: I-Sec research

Chart 25: Rolling EV/te- 10years

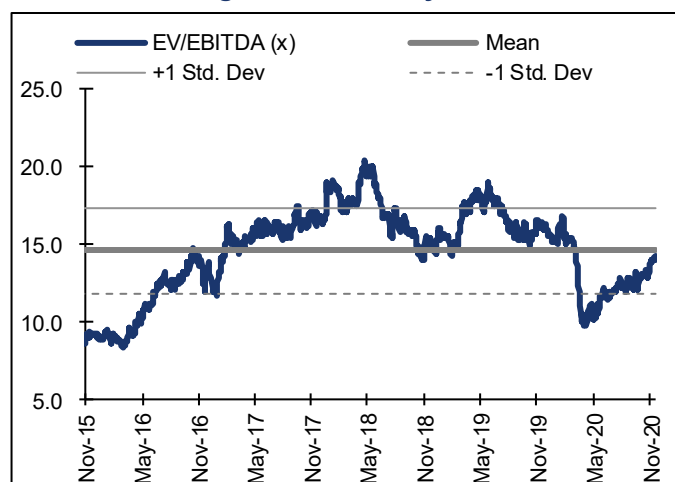


Source: I-Sec research

## The Ramco Cement (Mcap:US\$2.7bn; TP: Rs960)

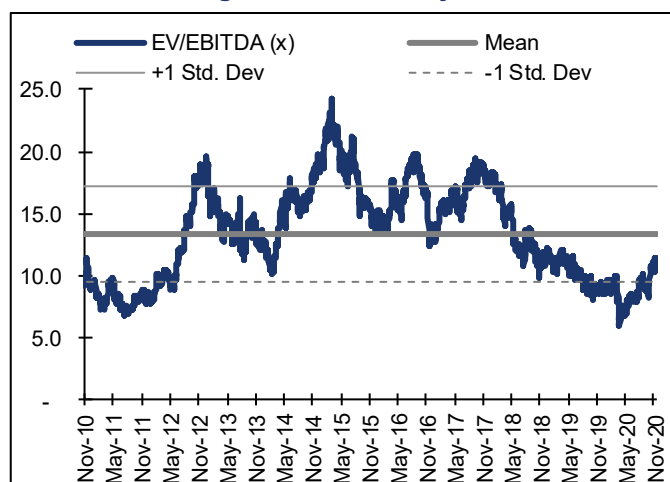
- **Management remains optimistic on demand recovery:** Volume decline has been decelerating with likely low single-digit fall in Q3FY21-TD aided by strong growth in East. Demand is likely to gradually improve with lockdown relaxation and return of migrant workers.
- **Targeting to become net debt free in next three years:** TRCL incurred capex of ~Rs24bn (out of planned Rs33bn) till Sep'20-end and may spend another Rs5bn-6bn in H2FY21. It generated FCF of Rs750mn post capex spend of Rs6.9bn and working capital release of Rs1.2bn in H1FY21. Over the next 3-4 years, it has scope for brownfield expansion at Kurnool, Andhra Pradesh, and may add GUs in the same state as well as Odisha, Karnataka and Maharashtra diversifying its market mix further. Net debt has already peaked out and the company is targeting to become net debt free over next three years.
- **Enough levers to sustain industry-leading profitability:** Low-cost coal inventory till Feb'21, logistics cost advantage (with railway sidings) of Rs300-400/te (~Rs100/te at company level) via the new GUs with local sourcing of fly-ash / slag and commissioning of 27MW WHRS in H2FY21 would help reduce overall costs. Besides, commissioning of clinker capacities will aid increase in utilisation of the new GUs and improve the blending ratio by increasing the share of slag cement.

Chart 26: Rolling EV/EBITDA- 5years



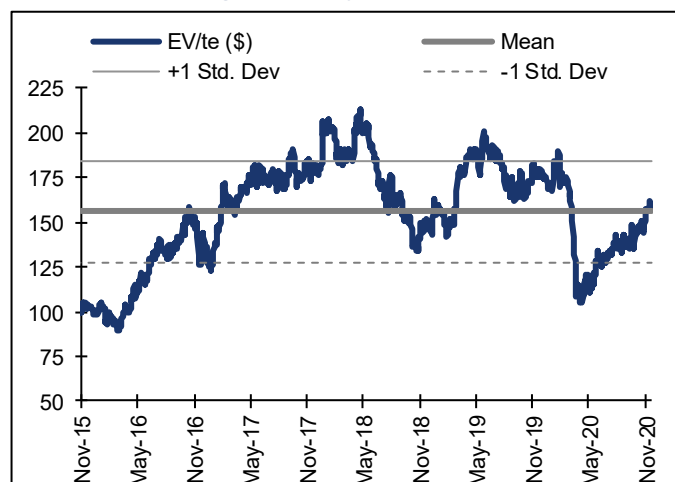
Source: I-Sec research

Chart 27: Rolling EV/EBITDA- 10years



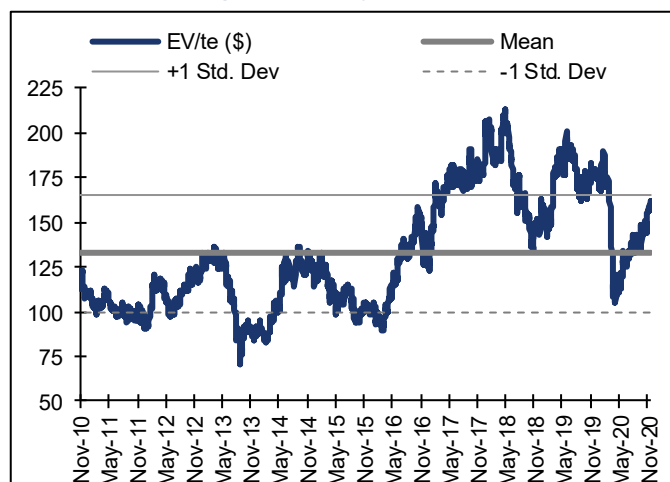
Source: I-Sec research

Chart 28: Rolling EV/te- 5years



Source: I-Sec research

Chart 29: Rolling EV/te- 10years

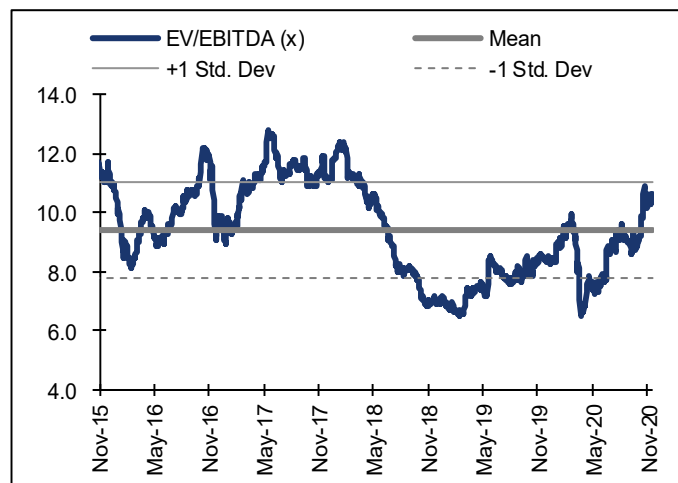


Source: I-Sec research

### JK Cement (Mcap:US\$2bn; TP: Rs2,370)

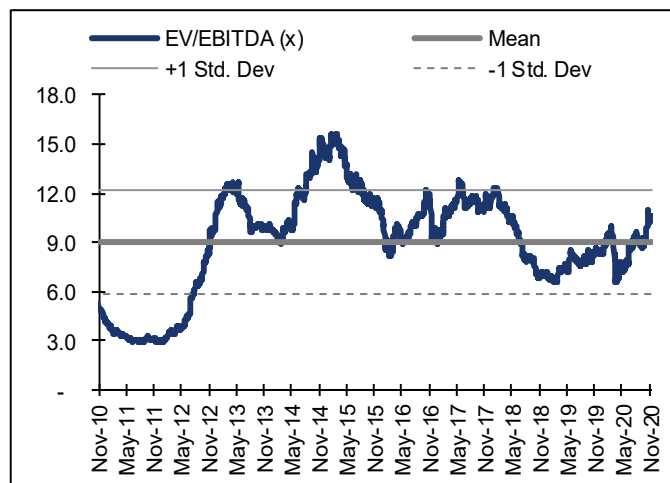
- Market share gains to continue:** JKCE commissioned 0.7mnte grinding unit at Balasinor in Oct'20, taking its total capacity to 14.7mnte. Modernisation of 0.3mnte at Nimbahera is likely to complete by Q2FY22 (spent Rs2.6bn on the same till Sep'20). Besides, management likely to announce 3.5-4mnte grey cement greenfield expansion at Panna, Madhya Pradesh at a capex of US\$90-100/te soon. Accordingly, we expect grey cement volumes to grow at 13% CAGR over FY20-FY23E.
- Cost savings of Rs100/te (largely variable costs) will kick in from Q4FY21** on the back of better cost efficiencies from new capacity at Mangrol. Given new capacity additions are in high growth/utilisation markets of North and Central regions, they may see a quick ramp up and will also provide operating leverage, in our view.
- White Cement cushions volatility in earnings:** JKCE is second largest player (40% market share) in India in high margin in white cement and wall putty business. Management is confident of sustaining low double digit volume growth in white cement portfolio with EBITDA margin in range of 25-27%. It has contributed ~35% of consolidated in FY20 and cushions any volatility in grey cement business.
- Strong cash flow generation to restrict increase in net debt:** JKCE may generate OCF of Rs>10bn p.a. from FY22E which will be sufficient for its future capex requirements. Accordingly, net debt is unlikely to go above Rs25bn even after completion of Panna expansion over next three years.

Chart 30: Rolling EV/EBITDA- 5years



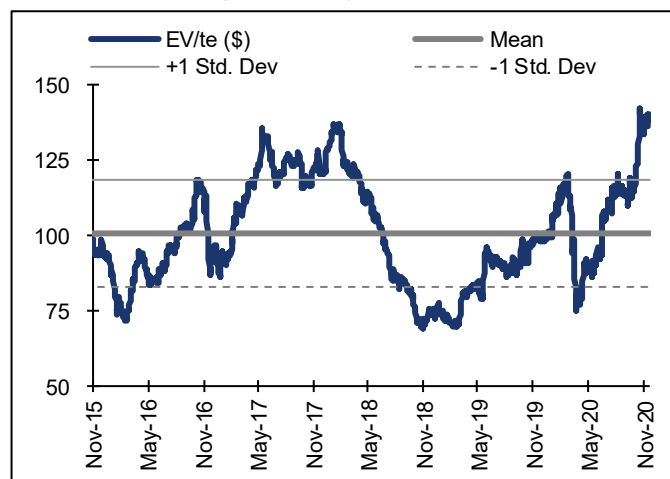
Source: I-Sec research

Chart 31: Rolling EV/EBITDA- 10years



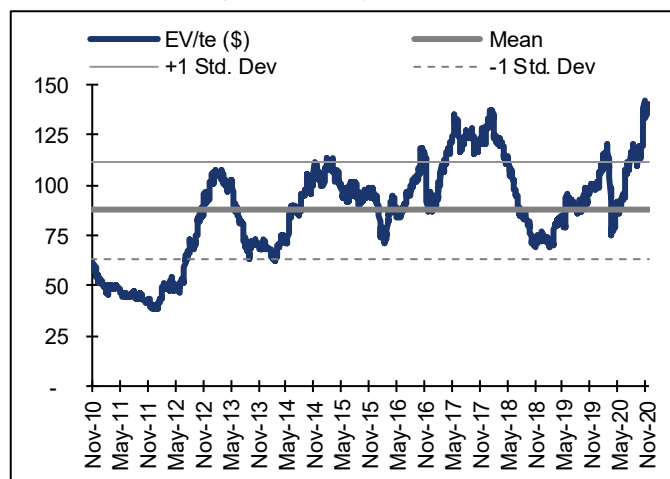
Source: I-Sec research

Chart 32: Rolling EV/te- 5years



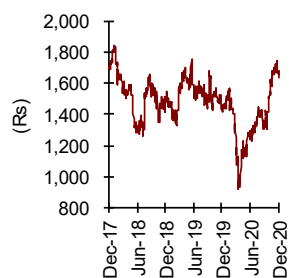
Source: I-Sec research

Chart 33: Rolling EV/te- 10years

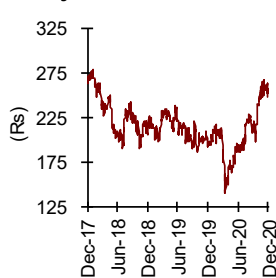


## Price charts

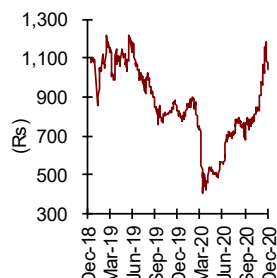
ACC



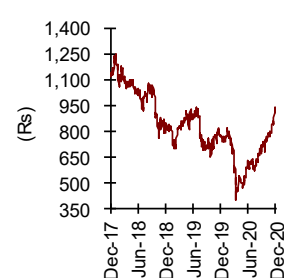
Ambuja Cement



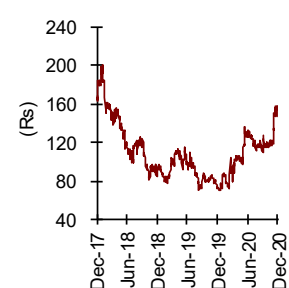
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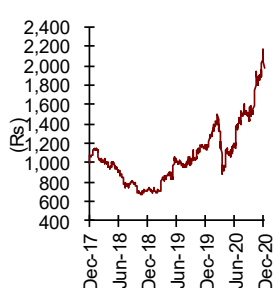
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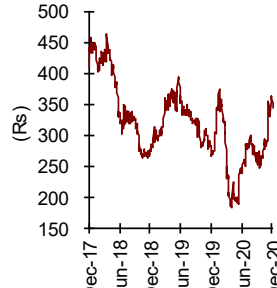
India Cement



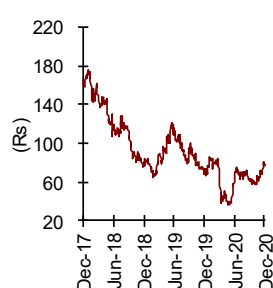
JK Cement



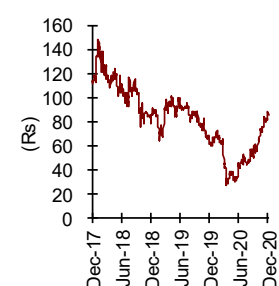
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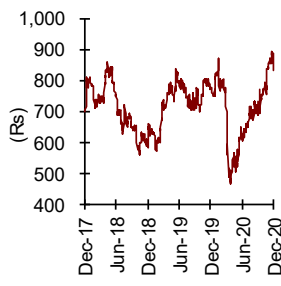
Orient Cement



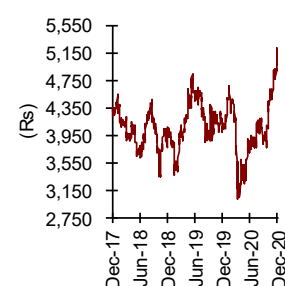
Prism Johnson



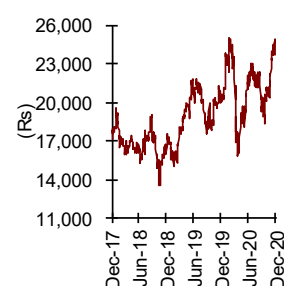
Ramco Cements



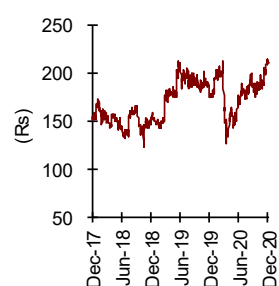
UltraTech Cement



Shree Cement



HeidelbergCement



Source: Bloomberg



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