

# Q4FY25E Cement Sector Earnings Preview



## Cement Sector

### Cement prices sees gradual price recovery

#### COVERAGE STOCKS

Coverage	Rating	CMP	Target (INR)	Upside
UltraTech Cement (UTCEM)	ACCUMULATE	10,933	12,699	16.2%
Ramco Cements (TRCL)	ACCUMULATE	856	969	13.2%
Shree Cement (SRCM)	ACCUMULATE	28,528	30,619	7.3%
ACC	ACCUMULATE	1,900	2,205	16.1%

#### MARKET DATA

	Close	1M (%)	YTD (%)
Nifty	22,908	-0.1	-3.5
Sensex	75,449	-0.7	-3.9
USD / INR	86.34	-0.6	0.7

\*Note: TP and recommendation have been retained from previous update reports; we will review post-detailed Q4FY25E results analysis and conference call of the said companies.

Source: Bloomberg, NSE; Data as of Mar 19<sup>th</sup>, 2025; TA stands for Target Achieved

#### ➤ Cement Sector: Gradual pricing recovery amid persistent headwinds

- Cement prices exhibited early signs of stabilization, following a subdued pricing environment through October and November 2024, driven by weak demand dynamics. However, a turnaround materialized in December, supported by rural housing expansion, and infrastructure-driven demand, leading to a moderate recovery in prices.

#### • Building Momentum: January-February 2025

- The positive trajectory extended into Jan 2025, with Central and Western regions witnessing price upticks, reinforcing a more constructive sentiment within the industry.
- February saw further improvement, with all-India average cement prices increasing by INR 5-15/bag. At the beginning of February 2025, most players announced price hikes of INR 10-30/bag, but partial rollbacks (INR 5-15/bag) followed within days, reflecting market resistance.
- The East region led the price surge (+INR 10-15/bag), followed by Central India (+INR 5/bag), while Western and Northern regions recorded moderate gains (+INR 4-7/bag). In contrast, Southern markets remained under pressure, showing no pricing resilience.
- The recent price adjustments are expected to benefit regional players in the East, Central, and North, while Southern cement manufacturers lag due to stagnant pricing power.
- All-India average cement price: INR 372/bag (Feb 2025), aligning closely with the five-year average of INR 370/bag.
- March 2025 could witness a typical year-end push for volumes, potentially exerting downward pricing pressure. Any price hike in March is unlikely to be sustainable, given limited market acceptance and the impact of the Holi festival on demand.
- Although pricing trends show early signs of recovery (Jan-Feb 2025), challenges such as weak demand and structural issues remain key risks, especially in regions with low pricing power. The ability to sustain recent price hikes will depend on demand growth and overall economic conditions in the coming months.

## Cement Sector

### ➤ Tamil Nadu Limestone Mining Tax

- Policy Update: The Tamil Nadu government has enacted the Tamil Nadu Mineral Bearing Land Tax Act, 2024, introducing a flat per-unit tax on various minerals, including limestone. The new mineral-bearing land tax levies a charge of INR 160/Ton on limestone, which will be collected in advance before dispatch. The tax has the potential to be revised up to a ceiling of INR 240/Ton, subject to government discretion.
- This move follows the July 2024 Supreme Court ruling, which upheld the authority of Indian states to impose taxes on mineral-bearing lands in addition to existing central government royalties. Other mineral-rich states, such as Karnataka and Jharkhand, have also introduced similar legislation, signaling a broader trend of increased state-level mineral taxation.
- **Financial and Industry Implications:** The tax will directly impact cement manufacturers by raising the cost of limestone, a key raw material in cement production. The cost burden translates to an estimated impact of INR 200/Ton of cement, implying that cement companies operating in Tamil Nadu will need to raise prices by ~INR 10 per bag to fully offset the tax. However, given competitive market conditions, full pass-through to consumers is unlikely.
- Among the listed cement players under our coverage: **Ramco Cements (TRCL) is the most impacted, as 50.0% of its clinker capacity is located in Tamil Nadu. This concentrated exposure places TRCL at a disadvantage compared to its peers. UltraTech Cement (UTCEM) and ACC Ltd. are minimally affected, with only 3.0% and 1.0% exposure to Tamil Nadu's clinker capacity.**

### ➤ Volumes to see moderate growth stable, mixed revenue response among our coverage

- Our coverage universe is expected to post volume growth of 10.0% YoY, with ACC/UTCEM/SRCM seeing volume growth of 10.0%/10.1%/15.3% respectively. TRCL is expected to witness a volume growth of 4.7%.
- SRCM is expected to see moderate revenue growth, supported by its strong presence in the Northern region (with 60.0% of its capacity in the North), where pricing remains relatively better. TRCL is likely to report flat revenue growth, as higher volumes will be counterbalanced by weaker pricing in the Southern region. ACC and UTCEM are expected to report a marginal YoY revenue decline, as weaker realization (YoY) weighs on topline growth, despite support from year-end volume push.

### ➤ Our Industry Outlook:

- We maintain a constructive stance on the cement sector, underpinned by expectations of demand recovery, driven by increased infrastructure spending, government policy support, and ongoing cost optimization measures. Structural tailwinds from urbanization and infrastructure investments are expected to enhance market dynamics over the medium to long term, creating a supportive pricing environment and improved utilization rates across key regions.
- We have identified UTCEM and SRCM as our top picks due to the company's ability to grow at a faster rate than the industry in terms of volume and revenue growth driven by new capacity addition and improved margin profile based on cost-cutting initiatives in place.

## Cement Sector

### Exhibit 1: Quarterly result expectation for companies under coverage

INR Mn

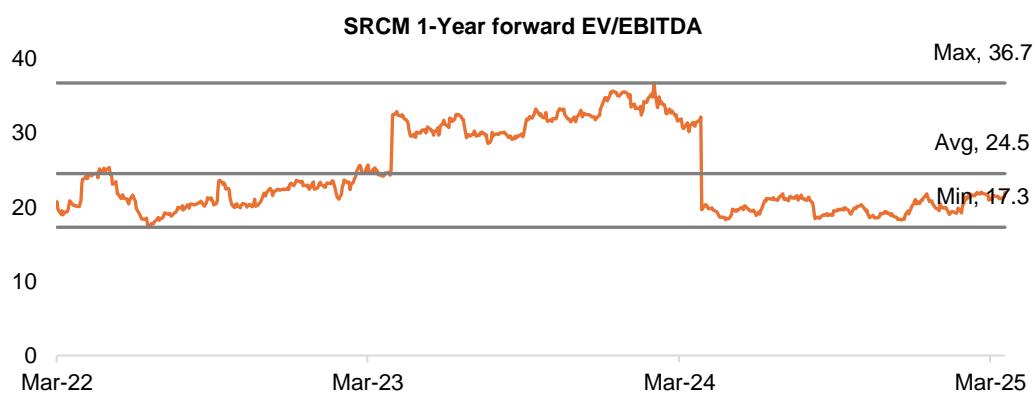
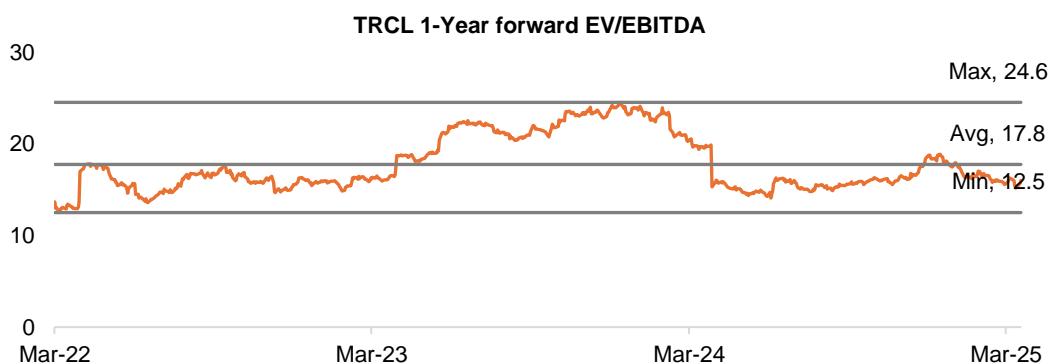
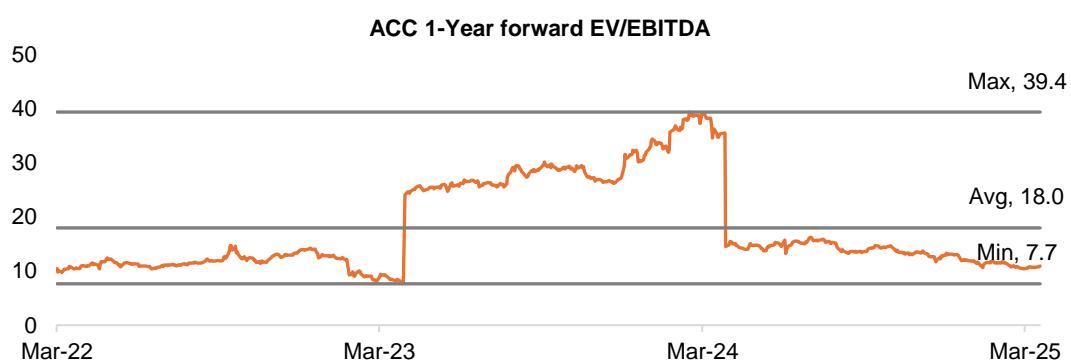
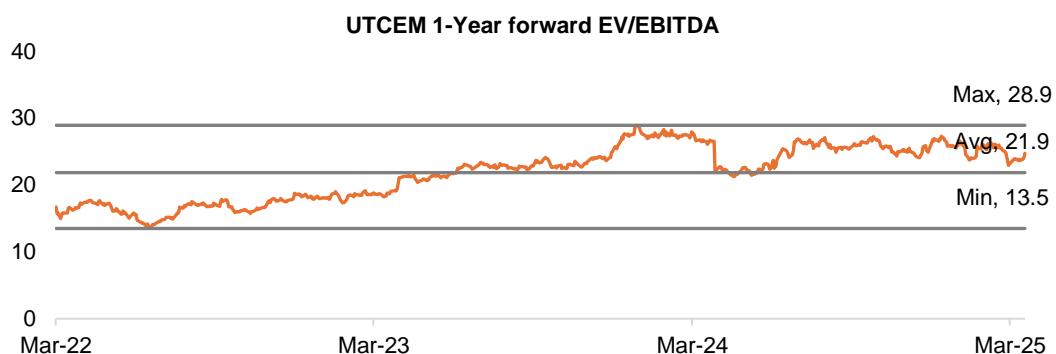
Q4FY25E	Outperform	Base	Underperform	<u>View</u>
<b>ACC</b>				
Sales	54,596	51,996	49,397	<ul style="list-style-type: none"> <li>We expect ACC's revenue to decline by 3.9% YoY. However, volume growth is expected to remain robust at 11.4 MT (+10.0% YoY), driven by the Master Support Agreement (MSA) with Ambuja Cement and Sanghi Industries.</li> </ul>
EBITDA	9,010	8,321	7,658	<ul style="list-style-type: none"> <li>EBITDA is projected to remain flat, as cost optimization efforts partially offset the pricing pressure.</li> </ul>
PAT	4,991	4,493	4,021	<ul style="list-style-type: none"> <li>Key areas to monitor include 1) potential merger announcements involving Adani Cement, 2) updates on capex timelines, and 3) the impact of additional levy on limestone.</li> </ul>
EBITDA (%)	16.5%	16.0%	15.5%	
NPM (%)	9.1%	8.6%	8.1%	
<b>TRCL</b>				
Sales	28,824	27,451	26,078	<ul style="list-style-type: none"> <li>We project TRCL's revenue and volume to increase by 2.5% YoY and 4.7% YoY, respectively.</li> <li>Volume for Q4FY25E is expected to be around 5.8 MT.</li> </ul>
EBITDA	4,998	4,622	4,261	<ul style="list-style-type: none"> <li>EBITDA is anticipated to improve by 10.3% YoY driven by cost-reduction initiatives taken by the company.</li> </ul>
PAT	1,023	837	665	<ul style="list-style-type: none"> <li>TRCL is the most impacted with the Tamil Nadu government imposing an INR 160/Ton mining tax on limestone mining.</li> </ul>
EBITDA (%)	17.3%	16.8%	16.3%	<ul style="list-style-type: none"> <li>Key areas to monitor include 1) commentary on the monetization of non-core assets and their utilization, 2) further strategies for profitability recovery, and 3) the impact of the change in mining tax on limestone mining on profitability.</li> </ul>
NPM (%)	3.5%	3.0%	2.5%	

## Cement Sector

### Exhibit 1: Quarterly result expectation for companies under coverage

	INR Mn	<u>Outperform</u>	<u>Base</u>	<u>Underperform</u>	<u>Views</u>
<b>ULTRACEMCO</b>					
Sales	2,10,291	2,00,277	1,90,263		<ul style="list-style-type: none"> <li>We expect UTCEM revenue to decline by 1.9% YoY, primarily driven by soft cement prices, though partially offset by growth in volumes which is expected to be at 38.6 MT, up 10.1% YoY.</li> </ul>
EBITDA	48,043	44,754	41,565		<ul style="list-style-type: none"> <li>EBITDA is projected to increase by 8.8% YoY, primarily driven by better fuel mix and positive operating leverage.</li> </ul>
PAT	24,814	22,631	20,549		<ul style="list-style-type: none"> <li>UTCEM board has approved an investment of INR 18.0 Bn in the Wires and Cables business over the next two years. A manufacturing plant will be set up near Bharuch, Gujarat, and is expected to be commissioned by Dec'26.</li> </ul>
EBITDA (%)	22.8%	22.3%	21.8%		<ul style="list-style-type: none"> <li>Key areas to monitor include 1) Updates on the cable &amp; wires business, 2) progress on ongoing capex, 3) pricing trajectory, and 4) lead distance trajectory.</li> </ul>
<b>SHREECEM</b>					
Sales	65,238	62,132	59,025		<ul style="list-style-type: none"> <li>We expect SRCM's revenue is expected to improve driven by increased capacity and volume growth.</li> </ul>
EBITDA	14,995	13,971	12,977		<ul style="list-style-type: none"> <li>SRCM is expected to register volume growth of 15.3%, reaching 11.0 MT.</li> </ul>
PAT	3,972	3,472	3,003		<ul style="list-style-type: none"> <li>EBITDA is projected to decline by 1.7% YoY with EBITDA margin falling to 22.5% influenced by weaker realization, increased material costs, and partially offset by lower power &amp; fuel costs.</li> </ul>
EBITDA (%)	23.0%	22.5%	22.0%		<ul style="list-style-type: none"> <li>Key areas to monitor include 1) progress on ongoing capex and 2) management's perspective on price recovery.</li> </ul>
NPM (%)	6.1%	5.6%	5.1%		

## Cement Sector



Source: Bloomberg

Phone: +91-22-6696 5555  
[www.devenchoksey.com](http://www.devenchoksey.com)

## Cement Sector

### Rating Legend (Expected over a 12-month period)

Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

#### ANALYST CERTIFICATION:

I, **Karan Kamdar** (CA), Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

#### Terms & Conditions and other disclosures:

DRChoksey FinServ Private Limited (hereinafter referred to as DCFPL) is a registered member of SEBI as a Research Entity vides Registration No. INH000011246 under SEBI (Research Analyst) Regulations, 2014, Portfolio Managers Entity vides Registration No. INP000007906 under SEBI (PORTFOLIO MANAGERS) Regulations, 2020 & Investment Adviser Entity vides Registration No. INA000017903 under SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013.

The information and opinions in this report have been prepared by DCFPL and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of DCFPL. While we would endeavor to update the information herein on a reasonable basis, DCFPL is not under any obligation to update the information. Also, there may be regulatory, compliance or other reasons that may prevent DCFPL from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or DCFPL policies, in circumstances where DCFPL might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. DCFPL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. DCFPL accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Our employees in sales and marketing team, dealers and other professionals may provide oral or written market commentary or trading strategies that reflect opinions that are contrary to the opinions expressed herein, in reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

We submit that no material disciplinary action has been taken on DCFPL and its associates (Group Companies) by any Regulatory Authority impacting Equity Research Analysis activities.

DCFPL prohibits its associate, analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analyst covers.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives do not hold any financial interest/beneficial ownership of more than 1% (at the end of the month immediately preceding the date of publication of the research report) in the company covered by Analyst, and has not been engaged in market making activity of the company covered by research analyst.

It is confirmed that, I, **Karan Kamdar** Research Analyst of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific brokerage service transactions.

DCFPL or its Associates (Group Companies) have not managed or co-managed public offering of securities for the subject company in the past twelve months.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of brokerage services or specific transaction or for products and services other than brokerage services.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report other than investment banking or merchant banking or brokerage services from the subject company.

DCFPL encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. DCFPL or its analysts 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 DCFPL nor Research Analysts his associate or his relative, have any material conflict of interest at the time of publication of this report.

It is confirmed that, **Karan Kamdar**, Research Analyst do not serve as an officer, director or employee of the companies mentioned in the report.

DCFPL or its associates (Group Companies) or its research analyst has may been engaged in market making activity for the subject company.

This report 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 DCFPL 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 certain category of investors. Persons in whose possession this document may come are required to inform them of and to observe such restriction.

The securities quoted are for illustration only and are not recommendatory

Please send your feedback to [researchdesk@devenchoksey.com](mailto:researchdesk@devenchoksey.com)

DRChoksey FinServ Private Limited

CIN Number -U67100MH2020PTC352816

**Registered Office and Corporate Office:**  
5th Floor Abhishek Building, Behind Monginis Cake Factory, Off New Link Road, Andheri West, Mumbai-400058