

April 25, 2025

SECTOR UPDATE

Cement Channel Check

Cement Prices Surge in Apr'25 Amid Strong Regional Gains

After weak pricing over a couple of quarters, the industry has witnessed a strong price hike in Apr'25. The major contributions came from the southern region price hike, followed by the east, north, central, and west regions. All-India avg cement prices have increased by ~Rs15/bag MoM, led by Rs47 in the south, Rs18 in the east, Rs5 in the north, Rs3 in the central region, and Rs2 in the west.

South & East Drive Strong Price Gains: The major price hike of ~Rs70 was seen in AP/Telangana, followed by Rs45 in Tamil Nadu and Rs25 in Karnataka due to 1) an increase in limestone royalty charges to Rs160/ton in Tamil Nadu, and 2) no price hike in the past four months (Dec'24 to Mar'25). According to our channel check, the price hike has sustained so far, and a further price hike of Rs20-25/bag is expected in May'25. Additionally, the eastern region has seen a continuous price hike over the past four months, including Apr'25 (~Rs15-20/bag), with a further price hike of Rs10-15/bag expected from the 1st week of May'25.

North, Central & West See Modest Price Gains: In the north, major cities took a price hike of ~Rs5/bag. In the central region (barring Lucknow), other cities saw a price hike of ~Rs3/bag. In the west, prices remained weak, with only a minor price hike of ~Rs2/bag.

Apr'25 Sees Sluggish Demand Post-Festivals: Post the Holi festival, followed by the marriage season, summer heat, and Rabi crop harvesting leads to demand slow down. According to our channel check, demand was weak in Apr'25, and a 10-20% MoM volume drop is expected. However, it is expected that better volume could be seen in H2FY26E.

Rising Energy Costs May Partially Offset Q1FY26E Profitability: Imported coal prices (AUS - Newcastle, 6000 kcal/kg) have been rising since Dec'24, reaching USD 139/tn in Apr'25 (+3% YoY, flat MoM), along with imported pet-coke prices increasing to USD 130/tn in Apr'25 (+7% YoY, flat MoM). Additionally, domestic pet-coke prices increased by 15% YoY in Apr'25. Domestic e-auction coal prices (Coal India Ltd) rose by ~8% QoQ in Q3FY25, with further increases expected. Given this backdrop, players heavily reliant on imported coal/pet-coke or lacking captive coal sources may accumulate high-cost energy inventory, potentially impacting Q1FY26E profitability.

Our View: We believe cement prices will remain elevated in Q1FY26 driven by strong price hike in Apr'25 and a demand uptick in May-Jun'25. As we approach the monsoon quarter, the industry is likely to absorb the pent-up demand from FY25. We expect regional players to benefit significantly from the recent price hikes, especially in the south and east, while pan-India players will have an added advantage. The gradual increase in pet-coke prices remains a near-term concern, and cement companies will need to keep prices elevated to protect margins.

Recommendation table

| Company | Rating | TP |
|----------|--------|--------|
| ACC | BUY | 2,403 |
| ACEM | SELL | 432 |
| BCORP | BUY | 1,425 |
| DALBHARA | BUY | 2,491 |
| SRCM | BUY | 31,603 |
| UTCEM | SELL | 9,039 |

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Exhibit 1: All-India avg cement price per bag was up by 4% MoM

| Region/Citywise cement avg. price (Rs/bag) | Apr-25 | Mar-25 | Apr-24 | MoM (%) | YoY (%) |
|--|--------|--------|--------|---------|---------|
| North | 412 | 407 | 380 | 1.2 | 8.4 |
| Delhi | 414 | 409 | 394 | 1.2 | 5.1 |
| Jaipur | 398 | 393 | 352 | 1.3 | 13.1 |
| Ludhiana | 423 | 418 | 393 | 1.2 | 7.6 |
| East | 421 | 403 | 373 | 4.5 | 12.9 |
| Kolkata | 432 | 412 | 381 | 4.9 | 13.4 |
| Bhubaneswar | 421 | 406 | 376 | 3.7 | 12.0 |
| Patna | 411 | 391 | 363 | 5.1 | 13.2 |
| West | 374 | 372 | 369 | 0.4 | 1.2 |
| Mumbai | 397 | 394 | 396 | 0.8 | 0.3 |
| Pune | 319 | 317 | 327 | 0.6 | -2.4 |
| Ahmedabad | 405 | 405 | 385 | - | 5.2 |
| South | 384 | 337 | 365 | 13.8 | 5.2 |
| Hyderabad | 368 | 298 | 323 | 23.5 | 13.9 |
| Bengaluru | 425 | 400 | 420 | 6.3 | 1.2 |
| Chennai | 359 | 314 | 352 | 14.4 | 1.8 |
| Central | 376 | 373 | 352 | 0.9 | 7.0 |
| Bhopal | 337 | 332 | 315 | 1.5 | 7.0 |
| Indore | 331 | 326 | 309 | 1.5 | 7.1 |
| Lucknow | 461 | 461 | 431 | - | 7.0 |
| All India Avg. | 393 | 378 | 368 | 4.0 | 7.0 |

Source: Company, YES Sec

Exhibit 2: Apr'25 avg prices were up by 5.4% from the Q4FY25 exit price

| Region | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 | Apr'25 | From Q4 Exit price |
|--------------------------|------------|------------|------------|------------|------------|------------|--------------------|
| North | 391 | 376 | 369 | 385 | 401 | 412 | 2.6% |
| South | 355 | 343 | 332 | 333 | 337 | 384 | 13.8% |
| East | 361 | 363 | 362 | 366 | 385 | 421 | 9.4% |
| West | 369 | 364 | 359 | 363 | 371 | 374 | 0.8% |
| Central | 352 | 352 | 350 | 358 | 372 | 376 | 1.0% |
| All India Average | 373 | 363 | 354 | 361 | 373 | 393 | 5.4% |

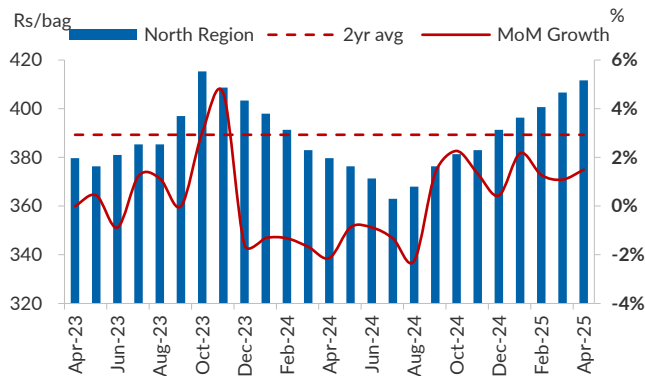
Source: Company, YES Sec

Exhibit 3: Trade Segment Cement Price trend in Apr'25

| Region | MoM Change (Rs/Bag) | Trend | YoY Change (Rs/Bag) | Trend |
|--------------------------|---------------------|----------|---------------------|----------|
| North | 5 | ↑ | 32 | ↑ |
| South | 47 | ↑ | 19 | ↑ |
| East | 18 | ↑ | 48 | ↑ |
| West | 2 | ↑ | 4 | ↑ |
| Central | 3 | ↑ | 25 | ↑ |
| All India Average | 15 | ↑ | 26 | ↑ |

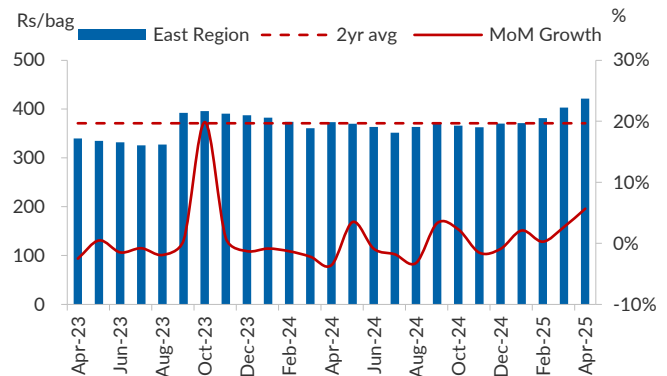
CEMENT PRICING CHART ANALYSIS

Exhibit 4: Prices in the North region increased by Rs5/bag MoM



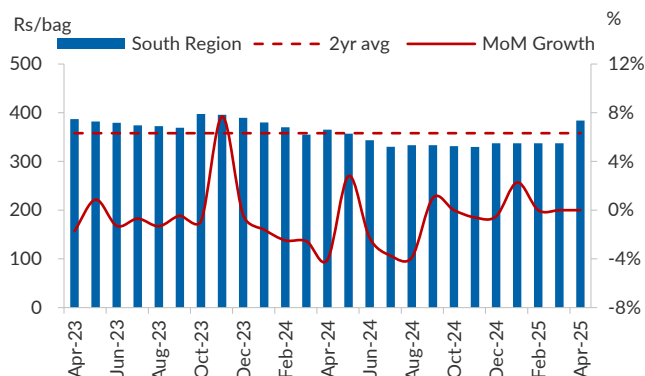
Source: Company, YES Sec

Exhibit 5: Prices in the East region increased by Rs18/bag MoM



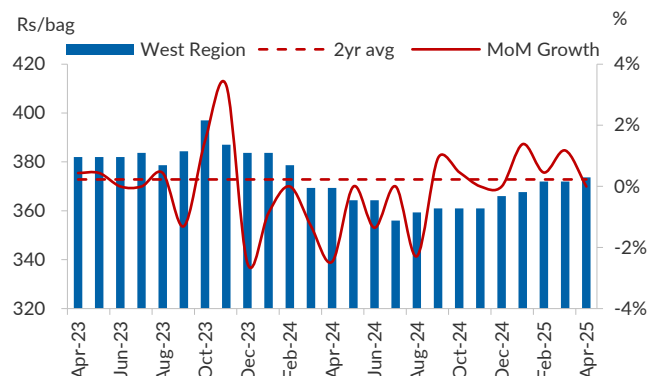
Source: Company, YES Sec

Exhibit 6: Prices in the South region increased by Rs47/bag MoM



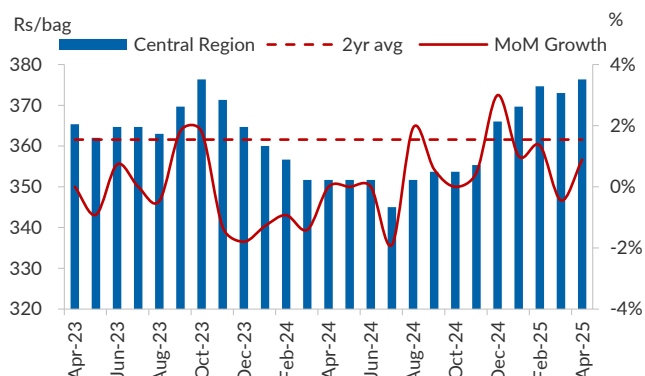
Source: Company, YES Sec

Exhibit 7: Prices in the West region increased by Rs2/bag MoM



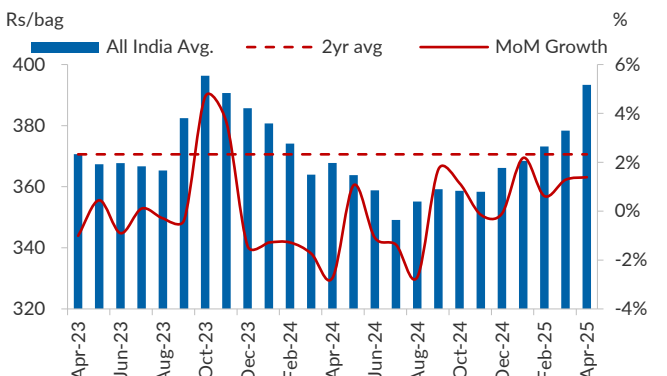
Source: Company, YES Sec

Exhibit 8: Prices in the Central region increased by Rs3/bag MoM



Source: Company, YES Sec

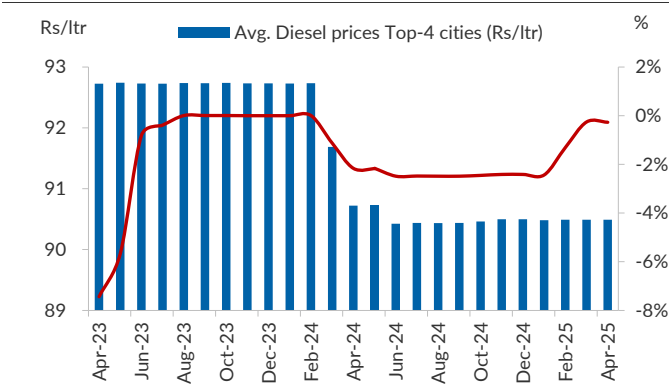
Exhibit 9: All-India avg prices increased by Rs15/bag MoM



Source: Company, YES Sec

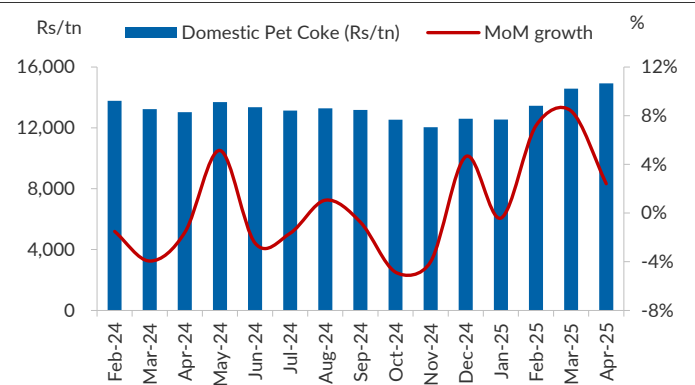
COST CHART ANALYSIS

Exhibit 10: Diesel price remained stable



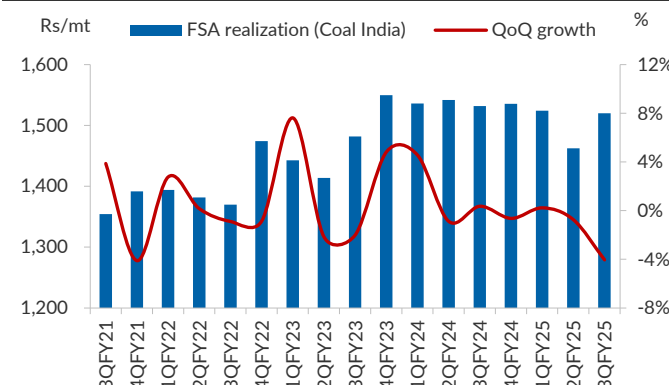
Source: Company, YES Sec

Exhibit 11: Domestic pet-coke prices increased by 15% YoY in Apr'25



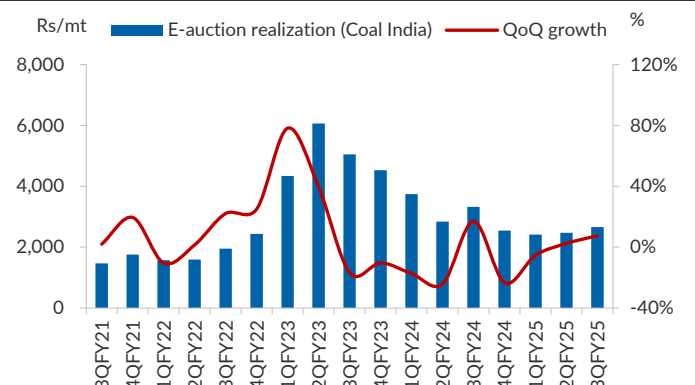
Source: Company, YES Sec

Exhibit 12: CIL's coal prices increased by 4% QoQ in Q3FY25...



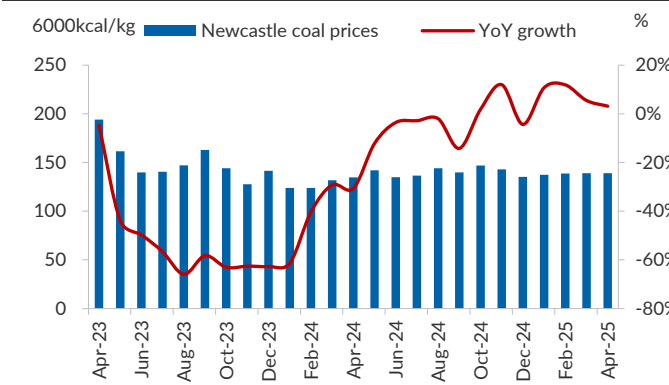
Source: Company, YES Sec

Exhibit 13: ...while its e-auction prices were up by 7.6% in Q3FY25



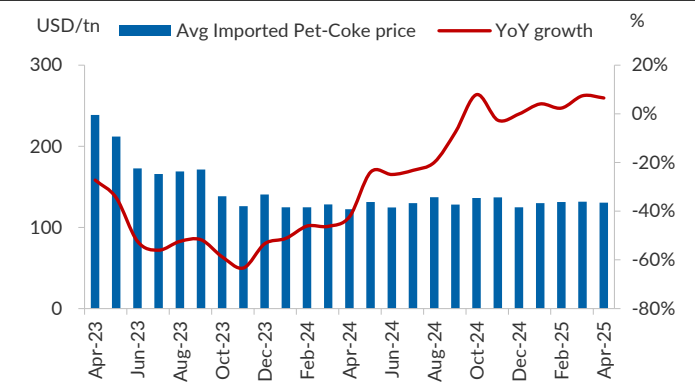
Source: Company, YES Sec

Exhibit 14: Avg imported coal prices increased by 3% YoY in Apr'25



Source: Company, YES Sec

Exhibit 15: Avg Imported Petcoke prices increased by 7% YoY Apr'25



Source: Company, YES Sec

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