

May 2, 2025

### Exhibit 1: PL Universe

Companies	Rating	CMP (Rs)	TP (Rs)
ACC	BUY	1,865	2,383
Ambuja Cement	BUY	532	658
Dalmia Bharat	Acc	1,950	2,117
Nuvoco Vistas Corporation	Acc	335	357
Shree Cement	Reduce	29,335	28,336
Ultratech Cement	Buy	11,644	13,668

Source: PL      Acc=Accumulate

### Top Picks

#### UltraTech Cement

#### Ambuja Cement

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## Heatwaves & sharp price hikes impacting demand

### Quick Pointers:

- Cement prices improved in Northern and Eastern markets by Rs20-40/bag in Apr'25, but declined by Rs5/bag in Central region. All-India average price grew by Rs10/bag MoM to Rs361/bag on cost push.
- Dealers expect price hike of Rs10-15/bag across regions in May'25 before the onset of monsoon.

*We interacted with cement dealers across regions in India to assess the demand and pricing scenario in Apr'25. Our discussions indicate that demand remained steady across most of the regions during the month. However, prices declined in certain markets due to extreme heatwaves affecting labor availability, which in turn weighed on demand. The ongoing marriage and harvesting seasons further added pressure on demand across several regions. Among key markets, Chennai and Hyderabad witnessed steep price hikes of Rs30-40/bag, which dealers reported led to a decline in sales. In contrast, Delhi and Patna saw increases of Rs10/bag. Meanwhile, Western and Central regions recorded flat MoM pricing or marginal declines of up to Rs5/bag. As a result, all-India average cement price rose by Rs10/bag MoM, reaching Rs361/bag by Apr-end. Going forward, dealers are anticipating further price hikes of Rs10-15/bag across regions as demand remains steady.*

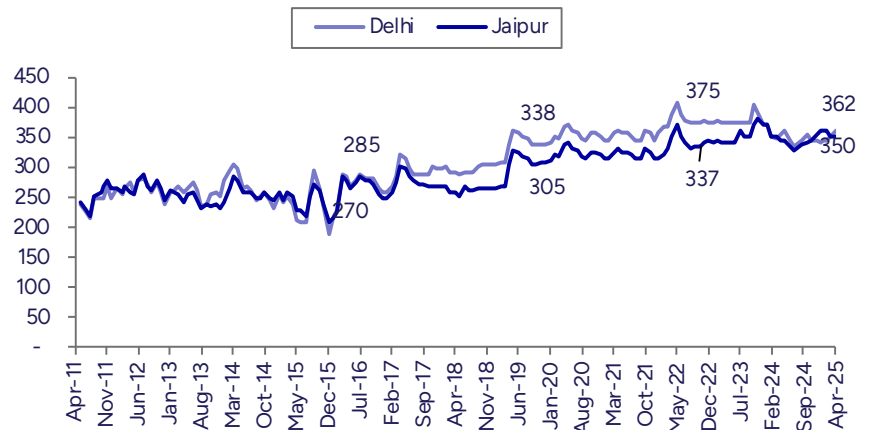
*We expect cement demand to remain stable in the near term with a strong urban property market and improving rural housing segment activities. Government-led construction activities are expected to pick up pace before the monsoon sets in. We believe recent price hikes were taken to offset the impact of rising pet coke costs and we may not see further price hikes in May unless demand grows in double digits. Pet coke prices have also seen some softening in recent weeks. We remain positive on the sector amid global economic uncertainties and continue to prefer industry leaders due to their superior execution and improving reach across regions.*

### Northern region

Cement prices in **Delhi** stand at ~Rs360/bag. An initial price hike of Rs20/bag was implemented in Apr; however, due to a heatwave impacting demand, Rs10/bag of the hike has been rolled back, resulting in a net MoM increase of Rs10/bag. Current pricing appears reasonable and is likely to sustain, supported by steady demand.

**Jaipur** cement prices remained flat MoM across brands, as demand in the region was subdued due to intense heat. Elevated competition among players is likely to cap any near-term price hikes. Additionally, bulk buying in Mar—driven by relatively lower prices—led to softer sales volumes in Apr. Going ahead, a price hike of Rs10/bag is expected in May before the onset of the monsoon.

**Exhibit 2: Average cement price in Northern region up by Rs5/bag in Apr'25**

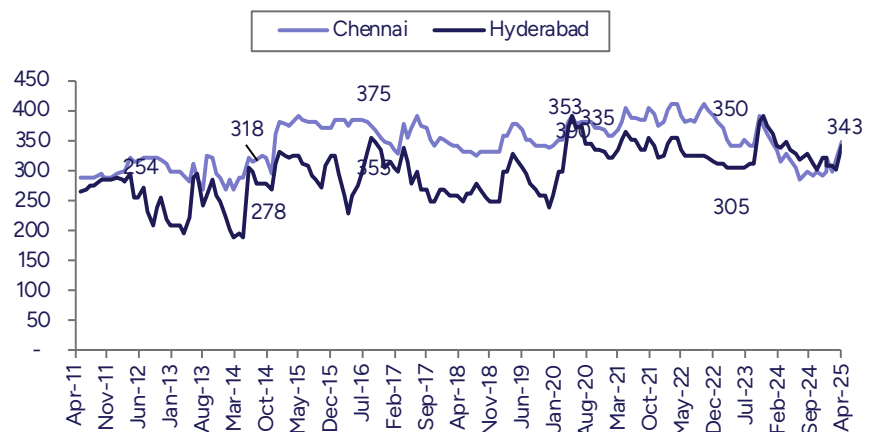


Source: PL

## Southern region

Prices in **Chennai** have risen by ~Rs30, reaching Rs348/bag. However, demand remains weak, with dealers reporting that the hike has negatively impacted sales. With the summer heat expected to intensify, demand may soften further, potentially leading to a price correction of ~Rs20/bag, as current rates appear unsustainable as per dealers.

**Exhibit 3: Southern region prices witness sharp 11% uptick MoM**



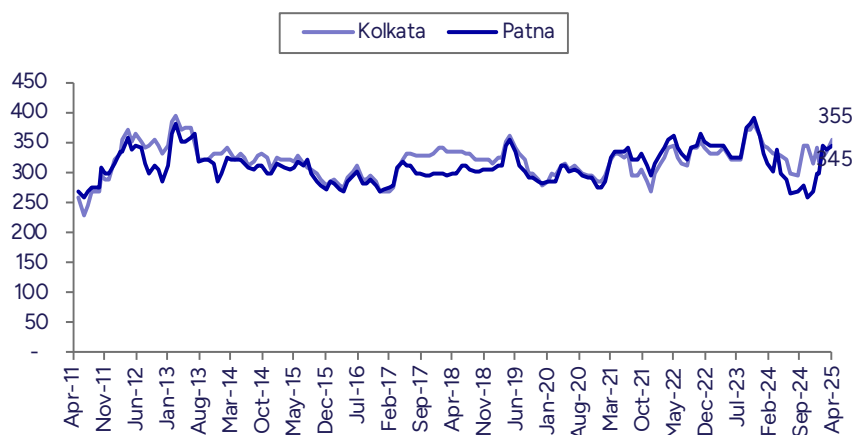
Source: PL

In **Hyderabad**, prices have increased by Rs40/bag, with UTCCEM now priced at ~Rs345/bag. Dealers anticipate a further hike of Rs15/bag in May, although there are concerns around the sustainability of these elevated price levels. Demand has been moderate and is recovering gradually, following the sharp price increase in Apr. Additionally, the government's stringent approach to granting approvals for infrastructure and real estate projects has led to low bulk demand.

## Eastern region

**Kolkata** witnessed a Rs20/bag MoM increase in cement prices, taking rates to ~Rs355/bag. Demand remains moderate, largely due to the lack of government approvals for new projects and the absence of fresh developments. Dealers believe price hikes are not the main factor behind subdued demand and that the market could absorb further increases if required.

### Exhibit 4: Prices in Eastern regions are on an upward trend – up 4% up MoM



Source: PL

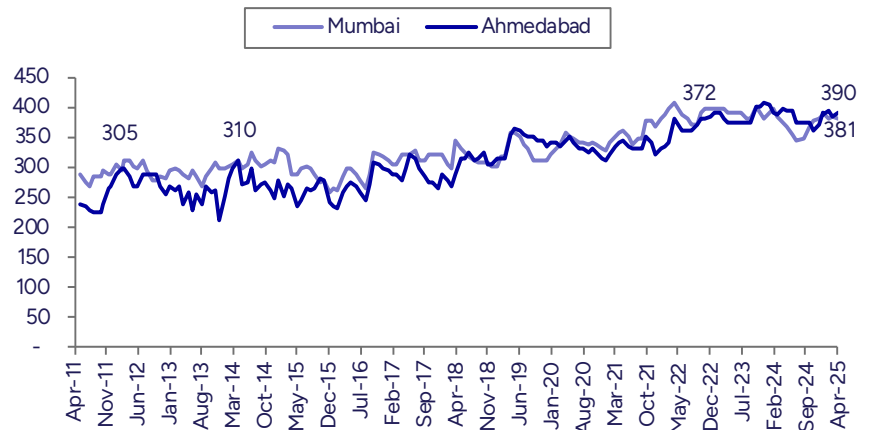
**Patna** cement dealers reported low demand, primarily due to labor shortages stemming from the ongoing wedding and harvesting seasons. Although prices were hiked by Rs10/bag in Apr, intense competition among dealers has led to discounting push-through. Average price in the region post the early-Apr hike stood at Rs345/bag. Most dealers expect demand to improve by mid-May as laborers return to work; however, no further price hikes are anticipated in the near term.

## Western region

**Mumbai** cement prices remained flat MoM at ~Rs380/bag. Mumbai continues to be one of the stronger demand regions, with healthy sales supported by a strong real estate market, steady retail demand, and active government projects. However, intense competition among brands has prevented any price increase so far. A price hike is expected in May, subject to demand sustaining at current levels.

**Ahmedabad** prices rose by Rs5/bag towards the end of April, with current rates at ~Rs390/bag. Demand had remained healthy during this period but is expected to slow in May due to the intensifying heat. Labor availability typically declines in May, as many workers take leaves, leading to softer demand. Dealers anticipated a recovery in demand by the end of May, with strong growth likely through Jun.

**Exhibit 5: Western region prices up by 1% MoM on steady demand**

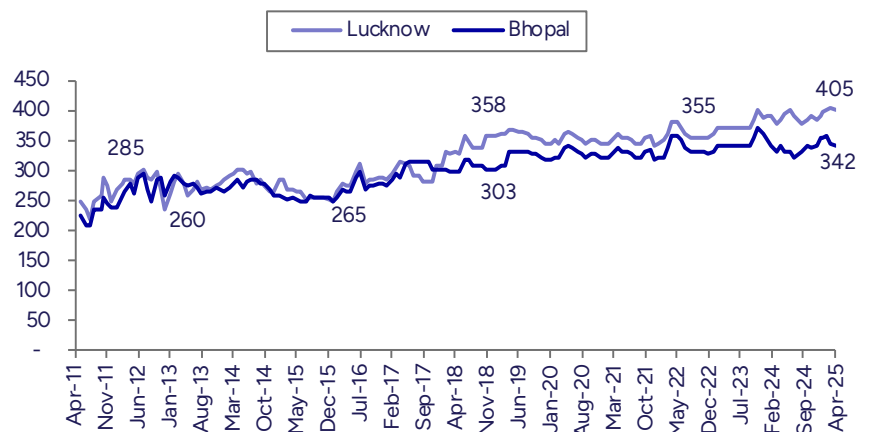


Source: PL

## Central region

Cement prices in **Lucknow** have dropped by Rs5/bag across brands, with current rates at Rs400/bag. Demand remains low due to the ongoing extreme heatwave, which has resulted in labor shortage. Prices are expected to remain unchanged, with no further hikes, as the heatwave and its related challenges are likely to persist throughout the quarter.

**Exhibit 6: Prices decline 1% MoM due to heatwave in Central region**

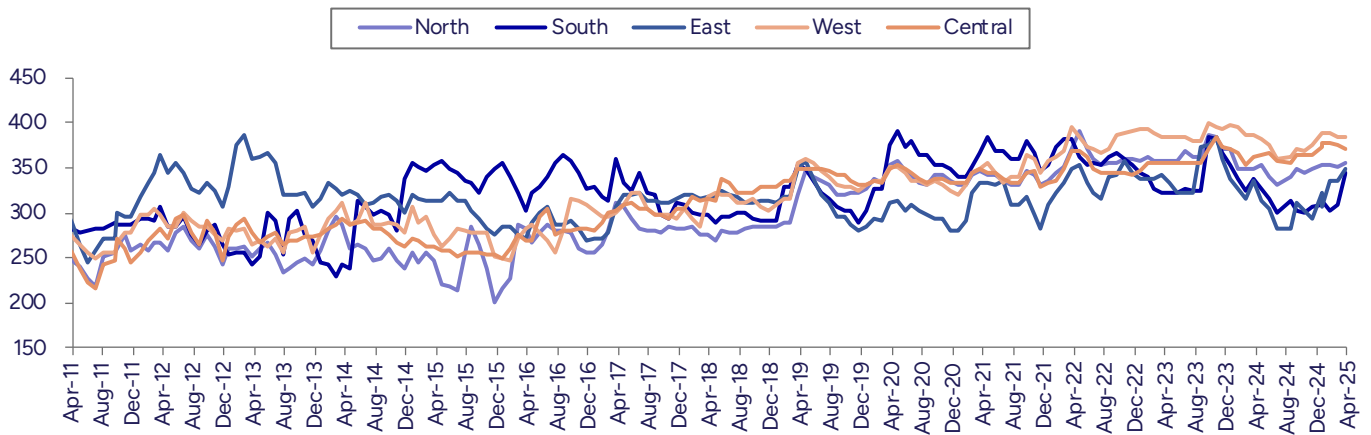


Source: PL

Prices declined by Rs5/bag in **Bhopal**. Extreme heat has emerged as the primary reason, causing significant labor unavailability. The ongoing marriage season has further dampened demand, leading to a subdued market environment. There is a possibility of a price hike in May before monsoon.

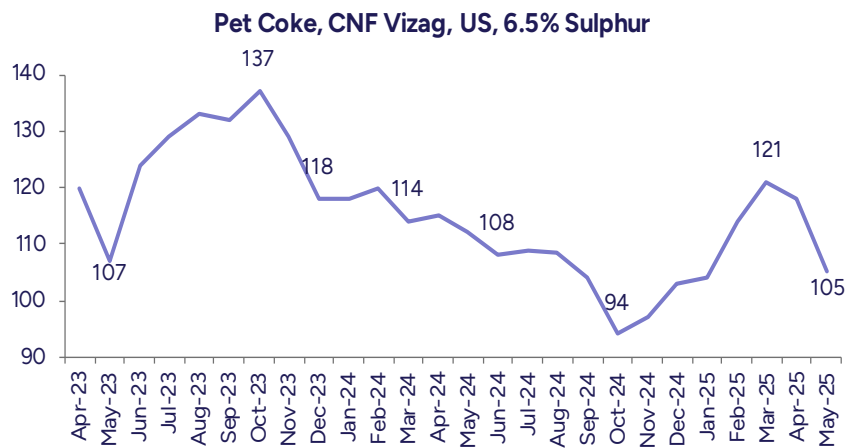
## All-India pricing

**Exhibit 7: All-India average price increases 3% MoM on stable demand amid seasonally strong period**



Source: PL

**Exhibit 8: Imported pet coke prices softening again (USD/t)**



Source: CoalMint, PL

**Exhibit 9: Region-wise pricing**

	North	South	East	West	Central	All India
Jun-23	358	323	323	384	356	349
Jul-23	368	328	323	384	356	352
Aug-23	363	325	323	379	356	349
Sep-23	363	325	373	379	356	359
Oct-23	388	385	375	400	370	384
Nov-23	385	383	385	395	385	387
Dec-23	372	368	360	394	374	373
Jan-24	370	353	338	398	370	366
Feb-24	350	339	328	395	366	355
Mar-24	349	325	316	386	354	346
Apr-24	350	337	335	386	362	354
May-24	353	327	313	382	363	348
Jun-24	339	316	304	376	366	340
Jul-24	331	301	283	360	357	326
Aug-24	341	313	282	362	355	330
Sep-24	349	302	312	371	364	339
Oct-24	345	301	303	369	364	336
Nov-24	350	306	293	376	364	338
Dec-24	353	310	321	389	374	349
Jan-25	354	314	308	388	377	348
Feb-25	354	303	335	388	378	352
Mar-25	351	310	336	384	376	351
Apr-25	356	345	350	385	371	361

Source: Company, PL

Exhibit 10: Valuation Summary

Company Names	S/C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
ACC	C	BUY	1,865	2,383	350.6	199.6	211.3	226.3	233.1	30.6	24.2	32.7	35.3	24.3	19.2	20.2	21.2	129.3	101.9	107.3	113.0	16.0	11.0	10.3	9.9	14.4	18.3	17.4	16.5
Ambuja Cement	C	BUY	532	658	1,309.7	331.6	342.2	441.3	472.7	64.0	51.4	86.4	103.7	32.9	36.4	38.5	42.9	15.0	14.8	15.7	17.4	9.0	7.7	7.0	7.3	35.5	36.0	34.0	30.5
Dalmia Bharat	C	Acc	1,950	2,117	365.7	146.9	139.8	164.4	184.5	26.4	24.1	32.9	38.2	7.7	7.2	13.5	14.8	41.1	38.6	71.8	79.1	4.8	4.3	7.5	7.7	47.4	50.5	27.1	24.7
Nuvoco Vistas Corporation	C	Acc	335	357	119.6	107.3	105.1	114.2	124.7	16.2	12.5	15.6	18.9	1.3	-0.6	1.9	4.6	3.6	-1.5	5.4	12.9	1.4	-0.6	2.1	4.9	93.4	NA	62.2	25.9
Shree Cement	C	Reduce	29,335	28,336	1,058.4	202.5	191.6	215.4	245.1	42.4	37.0	46.4	57.5	24.0	10.0	19.0	21.2	664.0	276.4	526.9	587.4	12.2	4.7	8.6	8.9	44.2	106.1	55.7	49.9
Ultratech Cement	C	Buy	11,644	13,668	3,431.3	709.1	759.6	916.0	1,040.7	129.7	125.6	190.6	227.4	70.1	60.4	103.0	130.8	242.6	204.9	349.6	444.0	12.2	9.2	13.8	15.6	48.0	56.8	33.3	26.2

Source: Company, PL

S=Standalone / C=Consolidated / Acc=Accumulate

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,383	1,938
2	Ambuja Cement	BUY	658	545
3	Dalmia Bharat	Accumulate	2,117	1,974
4	Hindalco Industries	BUY	736	620
5	Jindal Stainless	BUY	655	581
6	Jindal Steel & Power	Accumulate	978	893
7	JSW Steel	Accumulate	1,150	1,044
8	National Aluminium Co.	BUY	181	159
9	NMDC	Accumulate	69	68
10	Nuvoco Vistas Corporation	Accumulate	357	316
11	Shree Cement	Reduce	28,336	30,788
12	Steel Authority of India	Hold	118	116
13	Tata Steel	BUY	173	138
14	Ultratech Cement	BUY	13,668	12,114

**PL's Recommendation Nomenclature**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly



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