

Stocks under coverage	
<b>Ambuja</b>	
CMP	434
TP	499
Rating	Accumulate
<b>ACC</b>	
CMP	1852
TP	2111
Rating	Accumulate
<b>Orient</b>	
CMP	127
TP	190
Rating	Buy
<b>Nuvoco Vista</b>	
CMP	360
Price Objective	444
Rating	Buy
<b>Digvijay</b>	
CMP	83
TP	93
Rating	Accumulate
<b>Ramco</b>	
CMP	933
TP	1072
Rating	Accumulate
<b>Ultratech</b>	
CMP	8125
Price objective	9592
Rating	Positive

#### Region wise Cement prices

Region	May	June	MoM
North	425	425	0
Central	390	400	10
West	380	382	2
South	405	410	5
East	380	375	(5)

Source: Arihant Research

\*Prices in some areas of South region were reversed to maintain sales

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#### North

The prices in the north are hovering at ~INR 425 per bag, the prices remain unchanged MoM. The demand in North region is good.

#### Central

There is a price hike in Central India which was taken 15 days back by INR 10 per bag, the price per bag is currently INR 380-400 per bag. Demand is good in trade and non-trade segment both led by healthy traction in government infrastructure projects.

#### West

The western region has good demand in the non-trade segment but prices of PPC and OPC are more or less similar in few pockets of west, as in trade segment the companies are giving discounts to dealers, so the net price is as good as prices in Non trade segment. Demand in trade segment is sluggish as many infra projects are going on where bulk cement requirements is more than the retail.

The prices remains flattish in west too, the prices are hovering between INR 350-480 per bag, Mumbai the prices are ~INR 480 for OPC and ~INR 410 for PPC, in Pune the prices are INR 350-380 for OPC and ~INR 360 for PPC. The dealers don't have any information of price hikes for coming days as of now.

#### South

In the South the prices are again flattish and hovering at ~INR 410 per bag, there were few attempts made by the companies to take price hikes, but could not sustain and had to roll back the prices, the demand is healthy in most pockets of the region led by construction activities in the government infrastructure projects and real estate projects.

#### East

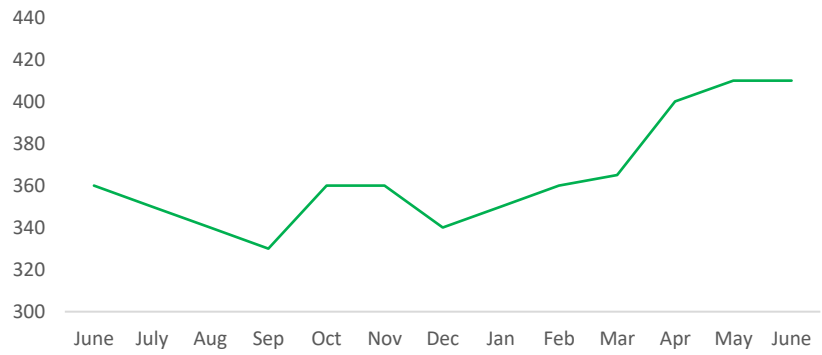
In east, on the contrary, the price has declined by INR 2-5 per bag and the cement prices are trending between INR 350-380 per bag, OPC prices around INR 380/bag and PPC INR 350-360/bag. The demand is also sluggish as there has been a delay in the execution of some projects. As the companies are trying for volume push, the price hike is seeming difficult, also the monsoons will add to the demand sluggishness in the near future.

**Outlook** There are companies like Adani Cement, Ultratech, Shree Cement, Ramco, JK cement and Dalmia Bharat who are coming up with additional capacities. On the other hand, the prices remain flattish. With additional capacities and demand being moderate to good, price hikes in near future looks difficult. The dealers also mentioned about discounts in trade segment due to which the price gap between trade and non trade segment has narrowed in few pockets of west.

We expect demand to be moderate as in monsoons generally, the construction activities get slowed down. Many companies will start with low-cost inventory which will help increase in profitability in Q1FY24 vs Q4FY23. We are estimating 8-10% industry volume growth and our coverage stocks EBITDA/t to touch INR 1000/t levels in Q1FY23, with realizations to remain flattish.

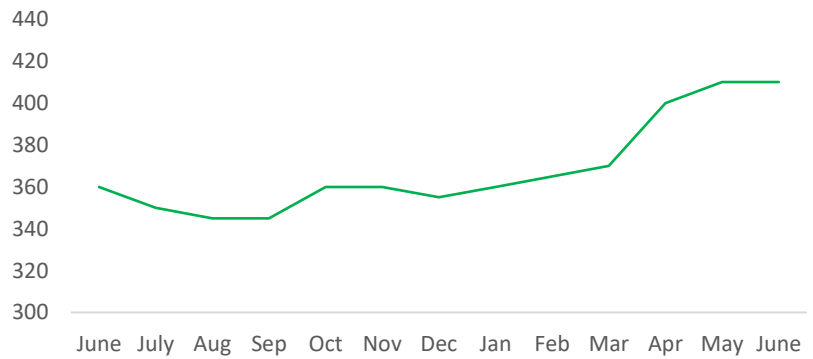
Price Trends

All India: Cement price trends during 2022-2023



Source: Arihant Research

North Region: Cement price trends during 2022-2023



Source: Arihant Research

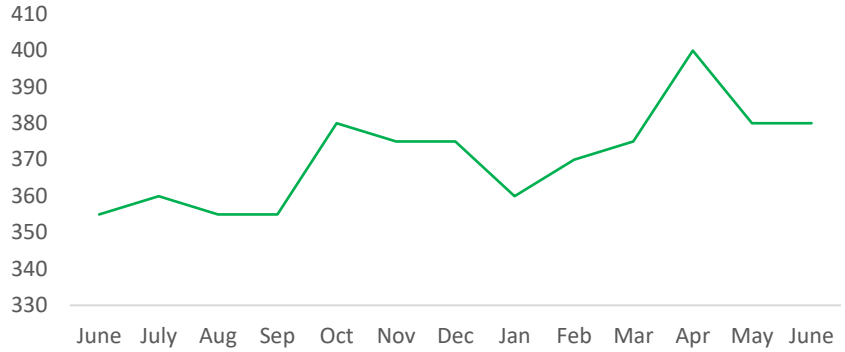
Central Region: Cement price trends during 2022-2023



Source: Arihant Research

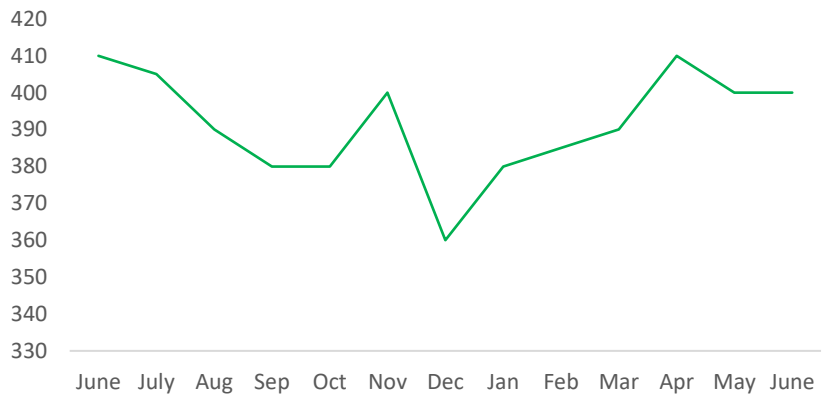
Price Trends

West Region: Cement price trends during 2022-2023



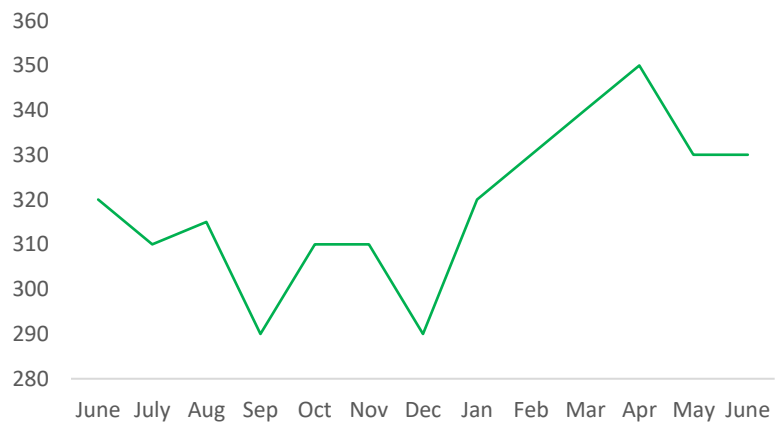
Source: Aриhant Research

South Region: Cement price trends during 2022-2023



Source: Aриhant Research

East Region: Cement price trends during 2022-2023



Source: Aриhant Research

## Cement Sector Channel Check

### Financial & other matrix for cement companies

In cr	Sales			EBIDTA			PAT			EPS			ROCE%			EV/EBIT DA x
Companies	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	FY21	FY22	FY23	TTM
Ultratech	44726	52599	62340	11568	11514	10419	5462	7334	5073	189	254	175	15	14	13	22.3
Orient	2324	2725	2938	551	591	365	214	263	123	10.45	12.85	6	19	23	12	8.4
Nuvoco	7489	9318	10586	1460	1499	1210	-26	32	16	-0.82	0.9	0.44	6	4	2	14.2
Digvijay	503	629	725	106	117	101	54	55	58	3.79	3.84	3.97	29	29	23	10.3
Ramco	5268	5980	8135	1548	1285	1182	761	893	344	32.26	37.78	14.54	15	10	7	21.4
Birla corp	6785	7431	8682	1352	1110	772	630	399	40	81.83	51.76	5.26	12	8	8	15.3

In cr	Sales			EBIDTA			PAT			EPS			ROCE%			EV/EBIT DA x
Companies	CY20	CY21	FY23	CY20	CY21	FY23	CY20	CY21	FY23	CY20	CY21	FY23	CY20	CY21	FY23	TTM
ACC	13786	16152	22210	2355	2998	2267	1430	1863	885	76.16	99.21	26.04	16	19	7	17.5
Ambuja	11372	13965	19985	2647	3207	4173	1790	2081	2553	9.02	10.48	12.86	9	12	14	26.6

Cement Demand and Supply matrix				FY20	FY21	FY22	FY23	FY24E	FY25E
Cement Capacity MT				515	529	550	575	615	650
Yearly Capacity addition MT					14	21	25	40	35
Cement Demand MT				330	323	342	380	415	443
All India Cement Utilization				66%	61%	62%	75%	78%	68%

### Market Share of major cement players

Ultratech Cement	20%
Ambuja Cement and ACC	12%
Ramco	4%
Shree Cement	8%
Dalmia Bharat	6%
Nuvoco	4%
India Cement	3%
Birla Corp	3%
Others	40%

Source: Industry data, Company, Aриhant Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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