

Price hike attempts on

Stocks under coverage

<b>Ambuja</b>	
CMP	440
TP	555
Rating	Accumulate
<b>ACC</b>	
CMP	2083
TP	2297
Rating	Accumulate
<b>Orient</b>	
CMP	196
TP	175
Rating	Buy
<b>Nuvoco Vista</b>	
CMP	373
TP	444
Rating	Buy
<b>Digvijay</b>	
CMP	98
TP	93
Rating	Accumulate
<b>Ramco</b>	
CMP	921
TP	979
Rating	Accumulate
<b>Ultratech</b>	
CMP	8456
TP	9172
Rating	Accumulate
<b>Birla corp</b>	
CMP	1241
TP	1480
Rating	Buy

Source: Arihant Research

\*TP based on Q1FY24 results, CMP as on report date

Region wise Cement prices

Region	July	Aug	MoM
North	425	425	0
Central	400	410	+10
West	390	390	0
South	405	410	+5
East	350	380	+30

Source: Arihant Research

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

**Abhishek Jain**

[abhishek.jain@arihantcapital.com](mailto:abhishek.jain@arihantcapital.com)

022 6711 4851

**Anupama bhootra**

[Anupama.bhootra@arihantcapital.com](mailto:Anupama.bhootra@arihantcapital.com)

**North**

The prices in the north are hovering at ~INR 390 per bag for ppc and ~425/bag for opc variant, the prices remain unchanged MoM. The demand in North region is weak to flattish MoM.

**Central**

In mid of August 2023, the companies announced price hike of INR 10/bag but the companies had to roll back prices in many regions, the prices are ranging between INR 330-350 for ppc and ~INR 400 for opc variant. Demand is good in trade and non-trade segment, both led by healthy traction in government infrastructure projects. The demand was good till 15<sup>th</sup> august, now the demand is weak majorly due to festive season, the labours also go to their native place and the construction activity gets slowed down.

**West**

In west the demand is good but there is no price hike, as per couple of dealers, there is price hike of INR 10/bag expected by next week. Demand is good in both trade and non trade segment.

Currently, prices remains flattish in west, 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 for OPC and ~INR 300 for PPC.

**South**

In the South the prices are again flattish to negative 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.

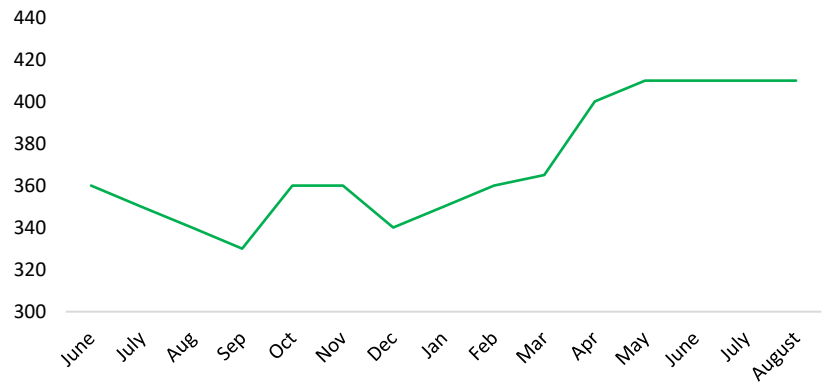
**East**

The eastern region surprisingly has taken price hike by INR 30/bag, demand is picking up, the cement prices are hovering at ~INR 350/bag for ppc and ~INR 380 for opc. The demand in eastern region is good and expected to pick in coming months to be driven by housing and infra activities.

**Outlook:** The companies are trying to take price hikes, in Central region the companies had announced and had implemented price hike in the mid of August but had to roll back the prices. In east region there is price hike by INR 30-35/bag, it looks sustainable as demand is picking up and the price hike in east were long due. Currently, demand is moderate to good, we expect the demand to pick up further in coming quarters. In Q1FY24 the revenues for cement industry has risen by 14% YoY, but realisation dipped by 1.5-2% YoY. Profitability increased by 4% YoY, EBITDA/t stood at INR 915/t. Best performers were ACC, Ambuja, Shree cement, Nuvoco also performed well, in line with our expectations. JK Lakshmi, Ramco Orient were a bit of laggards. From our universe our preferred stock are ACC, Ambuja, Jk Laxmi, Nuvoco and Orient. Going forward, we expect strong demand post monsoons and better realisations. The companies will be able to take full benefit of softening in fuel prices in Q2, Q3FY24 hence expecting margin expansion too

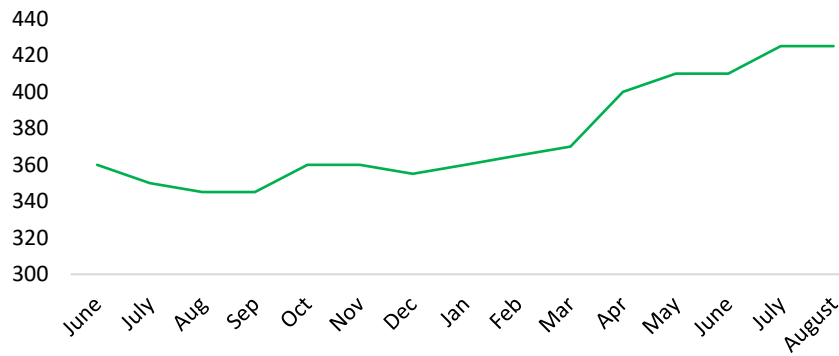
Price Trends

All India: Cement price trends during 2022-2023



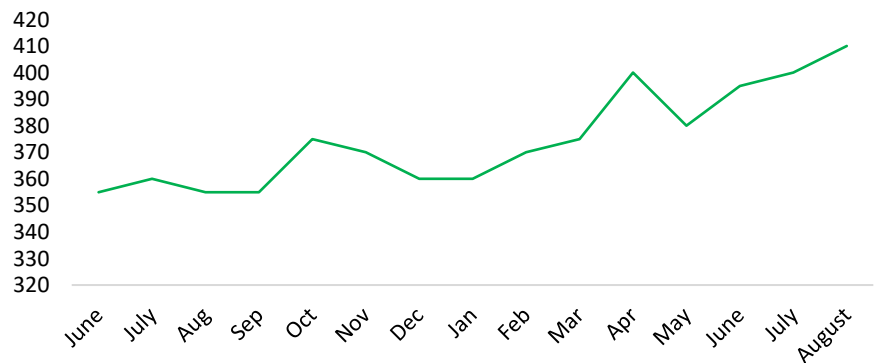
Source: Arihant Research

North Region: Cement price trends during 2022-2023



Source: Arihant Research

Central Region: Cement price trends during 2022-2023



Source: Arihant Research

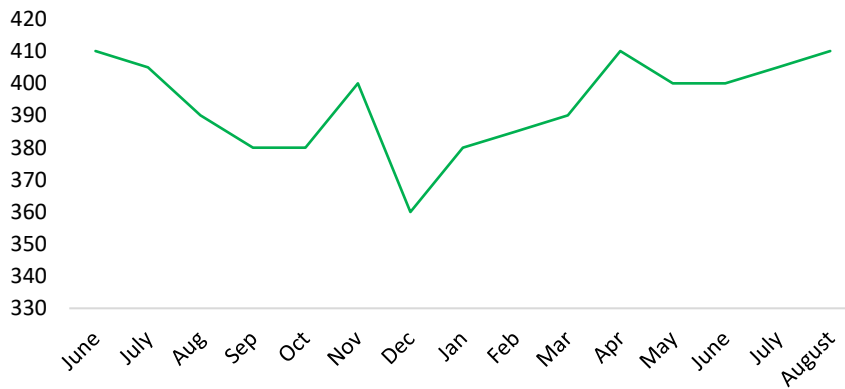
Price Trends

West Region: Cement price trends during 2022-2023



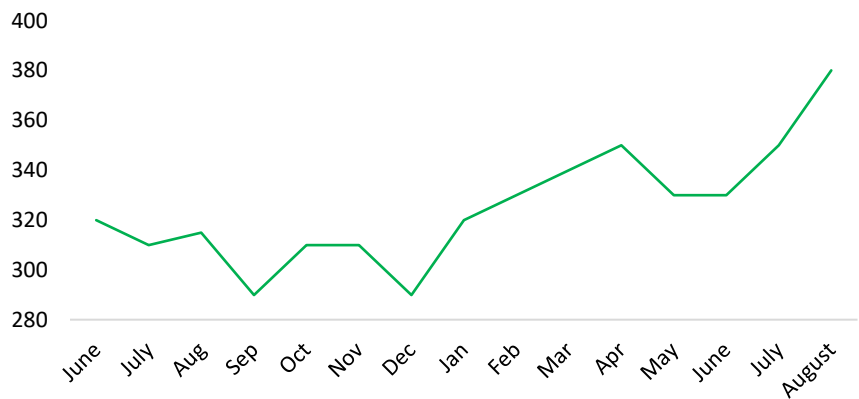
Source: Aриhant Research

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

**Arihant Research Desk**

Email: [instresearch@arihantcapital.com](mailto:instresearch@arihantcapital.com)

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 <sup>st</sup> Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800 Fax: (91-22) 42254880	Arihant House E-5 Ratlam Kothi Indore - 452003, (M.P.) Tel: (91-731) 3016100 Fax: (91-731) 3016199

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%

Research Analyst Registration No.	Contact	Website	Email Id
<b>INH000002764</b>	<b>SMS: 'Arihant' to 56677</b>	<a href="http://www.arihantcapital.com">www.arihantcapital.com</a>	<a href="mailto:instresearch@arihantcapital.com">instresearch@arihantcapital.com</a>

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Arihant Capital Markets Ltd.  
1011, Solitaire Corporate park, Building No. 10, 1st Floor,  
Andheri Ghatkopar Link Road, Chakala, Andheri (E)  
Tel. 022-42254800 Fax. 022-42254880