CEMENT | Q4FY25 Review | 05 June 2025

Listless YoY show; weak realisations offset by cost savings

- **Volume growth at 9% YoY, driven by companies with healthy operating efficiencies. Southern companies under stress as prices stay weak**
- **Cost saving offers respite – EBITDA margins improve only to 20.3% vs 19.0% YoY; operating cost fell by ~2% YoY/QoQ**
- **Post results, we maintain our BUY ratings on UTCEM and STRCEM, and SELL on DALBHARA, JKLC and TRCL, Downgrade SRCM to SELL**

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Healthy volume growth, realisations weaken by ~2% YoY: Our coverage universe volumes grew at a healthy average ~9% YoY in Q4FY25, driven by well-managed companies. Weaker companies checked the volume to chase realisations impacting capacity utilisation. Demand recovery was healthy but a higher supply to meet the year-end targets, kept prices weak. UTCEM's volume grew ~10% YoY, despite its high base, while DALBHARA/TRCL's volumes fell by an average ~3.0%. Pricing pressure in high supply region (South) led to a ~2%/ YoY fall in realisations.

Cost-savings levers limited in future: Our cement universe EBITDA margins were listless YoY at 20.3% [on average], up 130bps YoY. STRCEM margins at 25%, JKCE and UTCEM at ~22.0%/21.8% beat the industry. ACC, JKLC and TRCL saw below-average margins of ~15%/14%/13% respectively. Aggregate EBITDA/t improved by ~2% YoY to Rs 926 vs Rs910 (Rs 651 Q3FY25).

Operating cost savings led by energy and logistic costs: Average fuel costs for our coverage universe fell by ~7%/4% YoY/QoQ, led by softer pet coke/coal prices. Logistics costs inched up by ~2% YoY as lead distance was higher to meet the year-end volume targets. Operating costs fell ~2% YoY/QoQ on an average to Rs 4,011/t.

Demand slowed in Q4FY25: Cement demand recovery was healthy YoY on a lower base, meeting year-end targets and relatively better infrastructure demand. However, heavy supply pressure in the eastern and southern India regions put pressure on prices. We stay optimistic about demand pickup in FY26, aided by the government's budget announcements, improving rural sentiment and affordability as well as steady real-estate demand. However, supply pressure will continue.

UTCEM is our top pick: We maintain UTCEM's BUY rating (TP Rs 13,919) as we believe it is best-placed to cater to the estimated demand growth with its higher capacity, better efficiencies and pan-India presence. We maintain SELL on TRCL (Rs 699), JKLC (Rs 728) and DALBHARA (Rs 1,742) due to their weak show. We retain HOLD on JKCE (Rs 5,208) and BUY on STRCEM (Rs 260), given its niche market presence. We downgrade SRCM (Rs 26,974) to SELL on steep valuations.

Fig 1 – Revenue growth

(Rs mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
ACC	60,085	53,981	11.3	52,592	14.2
ACEM	56,814	47,803	18.8	48,537	17.1
DALBHARA	40,910	43,073	(5.0)	31,810	28.6
JKCE	33,430	29,389	13.7	27,155	23.1
JKLC	17,388	16,478	5.5	13,733	26.6
SRCM	52,402	51,010	2.7	42,355	23.7
STRCEM	10,521	9,135	15.2	7,188	46.4
TRCL	23,920	26,733	(10.5)	19,766	21.0
UTCEM	2,11,347	1,98,059	6.7	1,63,284	29.4
Aggregate	**5,06,815**	**4,75,662**	**6.5**	**4,06,419**	**24.7**

Comment

- Aggregate revenue for our cement coverage recovered to ~7% despite southern companies falling in the 5-10% range.
- Volume gains were driven by efficient companies that could hit realisations (due to supply pressure) but could offset with cost savings. Weak operating companies hit market share to arrest realisation fall. Realisations weakened by ~2% YoY as prices remained weak in the southern and eastern regions of India in Q4.

Source: Company, BOBCAPS Research

Fig 2 – EBITDA growth

(Rs mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
ACC	8,806	8,371	5.2	4,725	86.3
ACEM	10,382	7,978	30.1	4,111	152.5
DALBHARA	7,930	6,543	21.2	5,110	55.2
JKCE	7,364	5,475	34.5	4,896	50.4
JKLC	2,424	2,755	(12.0)	1,425	70.1
SRCM	13,867	13,272	4.5	9,466	46.5
STRCEM	2,627	1,797	46.2	1,042	152.0
TRCL	3,209	4,171	(23.1)	2,794	14.8
UTCEM	46,097	40,202	14.7	27,783	65.9
Aggregate	**1,02,706**	**90,564**	**13.4**	**61,354**	**67.4**

Comment

- Aggregate EBITDA for our coverage universe rose ~13% YoY. The improvement would have been better, but for weakness by southern companies.
- UTCEM posted relatively healthy operating performance with 14% increase in EBITDA on a higher base.
- JKLC performance was weak (down 12%) on higher cost structure, while TRCL fell 23% on weak pricing and volume growth due to supply pressure in its key operating regions.
- SRCM gains were limited, despite lower capacity utilisation hovering ~ 65%.

Source: Company, BOBCAPS Research

~~Fig 3 –~~ Adj. PAT growth

(Rs mn)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
ACC	6,808	4,913	38.6	(781)	
ACEM	9,289	5,481	69.5	2,266	310.0
DALBHARA	4,350	3,153	38.0	610	613.1
JKCE	3,629	2,265	60.3	2,048	77.2
JKLC	1,380	1,424	(3.1)	595	131.9
SRCM	5,614	6,618	(15.2)	2,294	144.7
STRCEM	1,231	877	40.4	91	1259.8
TRCL	202	1,214	(83.4)	-37	
UTCEM	26,821	23,240	15.4	14,344	87.0
Aggregate	**59,324**	**49,183**	**20.6**	**21,429**	**176.8**

Comment

- Aggregate PAT for our coverage universe gained by ~20% YoY higher than EBITDA on account of weak base, improving balance sheets leading to lower interest outgo and tax benefits.
- TRCL posted weakest profits due to higher depreciation provisioning and interest cost due to its heavy capex.
- SRCM fall in profits was a negative surprise.

Source: Company, BOBCAPS Research

Fig 4 – Volume growth

(mn tonnes)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
ACC	11.9	10.4	14.4	10.7	11.2
ACEM	11.6	9.5	22.1	10.1	14.9
DALBHARA	8.6	8.8	(2.3)	6.7	28.4
JKCE	5.7	5.1	12.0	4.7	21.0
JKLC	2.6	2.6	0.7	2.2	14.3
SRCM	9.8	9.5	3.2	8.8	12.2
STRCEM	1.5	1.4	8.6	1.1	43.6
TRCL	5.2	5.4	(3.8)	4.4	19.0
UTCEM	36.6	33.4	9.7	28.3	29.4
Aggregate	**93.6**	**86.1**	**8.7**	**77.0**	**21.6**

Comment

- UTCEM remains a steady volume driver even if the base stayed high.
- SRCM's volume gains were muted and came as a negative surprise as it switched its focus between branding/premium category sales and volume push (as in H1FY25) in FY25.
- Volume gains by JKCE were 12%, aided by capacity additions YoY in Central India region, while STRCEM remains a performer with ~9% volume growth in very challenging conditions.

Source: Company, BOBCAPS Research

Fig 5 – Realisation per tonne

(Rs/t)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
ACC	4,780	4,908	(2.6)	4,652	2.8
ACEM	4,898	5,032	(2.7)	4,806	1.9
DALBHARA	4,757	4,895	(2.8)	4,748	0.2
JKCE	5,865	5,773	1.6	5,765	1.7
JKLC	6,766	6,459	4.7	6,109	10.8
SRCM	5,325	5,350	(0.5)	4,830	10.3
STRCEM	6,378	6,439	(0.9)	6,333	0.7
TRCL	4,598	4,945	(7.0)	4,523	1.7
UTCEM	4,719	5,193	(9.1)	4,984	(5.3)
Aggregate	**4,809**	**4,899**	**(1.9)**	**4,675**	**2.9**

Comment

- Aggregate realisation for our coverage fell by ~2% YoY despite healthy demand, on equally strong supply pressure in eastern and southern India, owing to year-end volume targets to compensate for the weak H1FY25 due to general elections and above-normal monsoons.
- Further, prices were also impacted by festive season (wanning demand) in the last month of the quarter.

Source: Company, BOBCAPS Research

Fig 6 – Operating cost per tonne

(Rs/t)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
ACC	4,309	4,386	(1.7)	4,474	(3.7)
ACEM	4,003	4,192	(4.5)	4,399	(9.0)
DALBHARA	3,835	4,151	(7.6)	3,985	(3.8)
JKCE	4,573	4,697	(2.6)	4,726	(3.2)
JKLC	5,823	5,380	8.2	5,475	6.4
SRCM	3,916	3,958	(1.1)	3,750	4.4
STRCEM	5,153	5,201	(0.9)	5,759	(10.5)
TRCL	3,981	4,174	(4.6)	3,884	2.5
UTCEM	4,514	4,729	(4.6)	4,788	(5.7)
Aggregate	**4,011**	**4,087**	**(1.9)**	**4,124**	**(2.7)**

Comment

- Operating cost savings helped guard against a sharper fall in EBITDA margin. Operating cost per tonne for our coverage companies fell by 2%, driven by energy and logistics cost savings.
- However, cost savings have inched up QoQ for those companies using higher imported coal or pet-coke prices, indicating that the cost-saving avenues are waning steadily.
- Companies shifting aggressively to green energy sources will continue having additional levers of cost savings.

Source: Company, BOBCAPS Research

Fig 7 – EBITDA per tonne

(Rs/t)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)
ACC	740	805	(8.1)	442	67.6
ACEM	895	840	6.6	407	119.9
DALBHARA	895	717	24.9	736	21.7
JKCE	1,292	1,075	20.1	1,040	24.3
JKLC	943	1,080	(12.7)	634	48.7
SRCM	1,409	1,392	1.2	1,079	30.6
STRCEM	1,225	1,238	(1.1)	574	113.5
TRCL	598	753	(20.6)	617	(3.1)
UTCEM	1,259	1,204	4.5	982	28.3
Aggregate	**926**	**910**	**1.7**	**651**	**42.2**

Comment

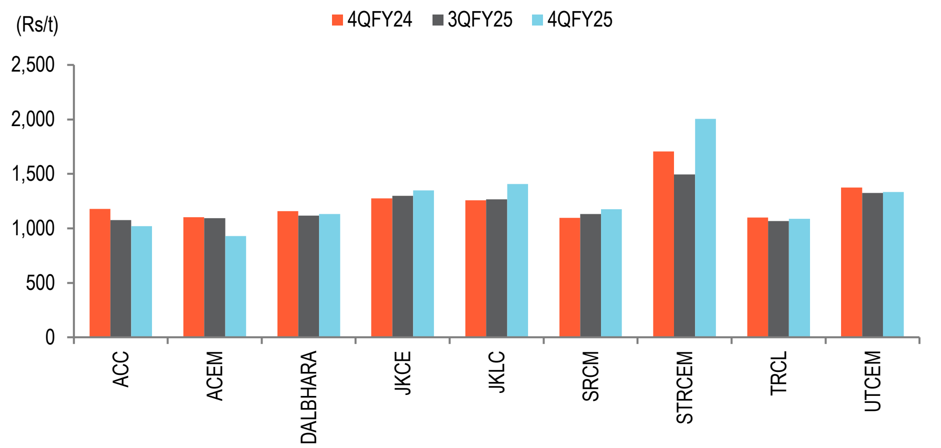
- Aggregate EBITDA/tonne improved by a slow 2% pace, dragged down by companies with higher exposure to southern and eastern regions.
- JKCE's outperformance was striking, since its presence in Central India is getting further consolidated.
- The improvement could have been higher, but for the heavy dent by companies like ACC and TRCL.

Source: Company, BOBCAPS Research

Logistics costs for our coverage inched by ~2% YoY as the lead distance increased by 10-20kms to chase higher volume.

SRCM, JKLC, JKCE and STRCEM's costs rose sharply by an average of 11%, while ACC/ACEM were the biggest beneficiaries in Q4 (average fall of 12% YoY).

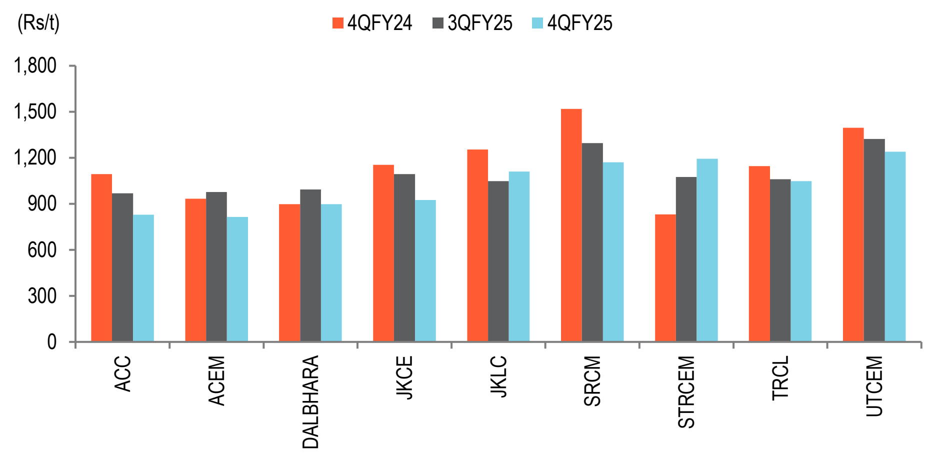
Fig 8 – Logistics cost per tonne



Source: Company, BOBCAPS Research

Fuel costs for our coverage companies dropped 7%/3% YoY/QoQ, as energy prices continue to soften. However, the benefits will wane steadily on a lower base in the next few quarters, in our view.

Fig 9 – Power & fuel cost per tonne



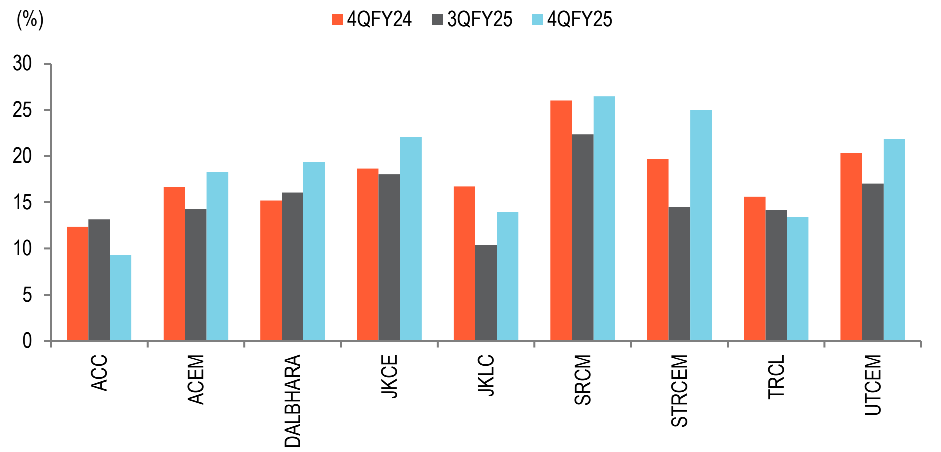
Source: Company, BOBCAPS Research

Average margin gained 130bps YoY to 20.3% in Q4FY25. The improvement was driven by solely by cost savings that offset pricing weakness.

UTCEM, STRCEM, JKCE and ACEM continued to have above-average gains.

JKLC, TRCL and ACC's margins stayed below par.

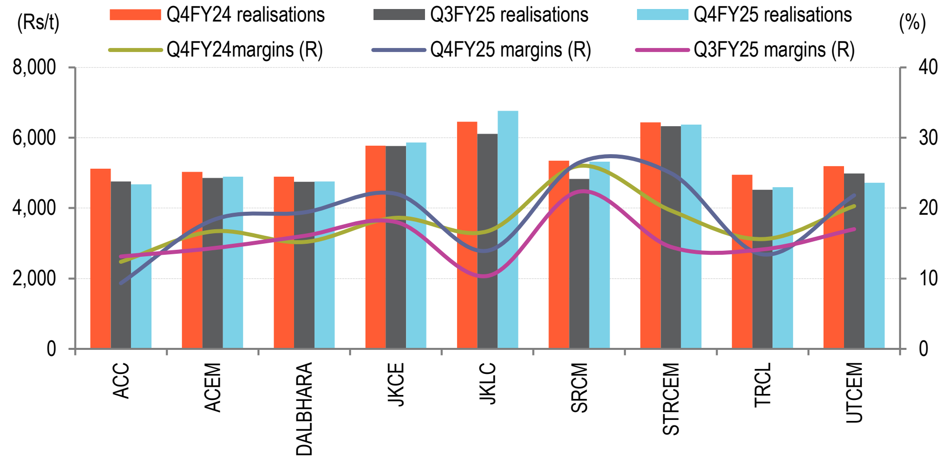
Fig 10 – EBITDA margin



Source: Company, BOBCAPS Research

Margins improved as cost savings offered healthy respite in offsetting the dent in realisations in Q4FY25.

Fig 11 – Realisations vs margins



Source: Company, BOBCAPS Research

Fig 12 – Ongoing expansion projects

Company	Projects
ACC	
ACEM	**Cement** Jodhpur Penna IU - 2 mnt by Q3FY26 Sankrail - 2.4 mnt by Q1FY26 Sindri - 1.6 mnt by Q1FY26 Salai Banwa - 2.4 mnt by Q2FY26 Bathinda - 1.2 mnt by Q3FY26 Marwar - 2.4 mnt by Q3FY26 Warishaliganj - 2.4 mnt by Q4FY26 Dahej Line 2 - 1.2 mnt by Q3FY26 Kalamboli - 1.0 mnt by Q3FY26 Krishnapatnam Penna - 2.0 mnt by Q2FY26 **Clinker** Bhatapara Line 3 - 4 mnt by Q1FY26 Maratha Line 2 - 4 mnt by Q3FY26 Jodhpur Penna IU - 3 mnt by Q3FY26 ACEM has planned growth capex of Rs 60bn and efficiency capex of Rs 25-30bn totalling to Rs 90bn for FY26
DALBHARA	**Cement** Belgaum - 3mnt by FY27 **Clinker** Umranghsu - 3.6 mnt by FY26 Belgaum - 3.6mnt by FY27 Pune - 3mnt by FY27 **Captive Energy** Lanka, Assam - 2.2mw solar power plant Group Captive - 13mw RE capacity Total capex for FY25 was ~Rs 24bn and for FY26 management has guided Rs 35bn.
Heidelberg Cement	-
JKCE	**Cement** 3 mnt Cement Capacity at Panna, Hamirpur & Prayagraj (1 MTPA at each location) 3 mnt Split Grinding Unit at Bihar **Clinker** 3.3 mnt Grey Clinker Capacity at Panna Schedule Commissioning - Dec'25/Jan'26 Capex guidance for FY26 is Rs 18-20bn. Exapnsion plans post FY26 are under evaluation for Jaisalmer, Karnataka, Orissa and additional Pnna line.
JKLC	**Cement** Surat Grinding Unit (Phase 1) - 0.7 mnt by Jun' 25 Surat Grinding Unit (Phase 2) - 0.65mnt by Sept'25 Durg, Chattisgarh -4.6 mnt (Q3FY27) Prayagraj (FY27), Madhubani (FY27), Patratu (FY28) - 3.4 mnt. **Clinker** Durg, Chattisgarh -2.3 mnt (Q3FY27) Capex guidance for FY26 is Rs 13bn (JKLC - Rs 11bn including Durg, Northeast - Rs 1.5bn, UCWL - Rs 0.5bn) Conveyor belt project capex is planned at Rs 0.7-0.8bn and scheduled to commission by Mar'26

Company	Projects
SRCM	**Cement** Jaitaran, Rajasthan - 3mnt by Q1FY26 Kodla, Karnataka - 3mnt by Q2FY26 **Clinker** 7.3mn tonnes of clinker capacity will be added, bringing the total clinker capacity to 44mn tonnes by the end of FY26 Management has guided Rs 30bn capex for FY26.
STRCEM	**Cement** Silchar GU, Assam - 2mnt (Q4FY26) Jorhat GU, Assam - 2mnt (Q4FY27) Capex spent for FY25 was at Rs 5.62bn; management has earmarked a capex of Rs 8.23bn for FY26 and Rs 6bn for FY27.
TRCL	Management has reiterated their target to achieve cement capacity of 30MTPA by Mar'26 with the commissioning of 2nd line in Kolimigundla along with de-bottlenecking of existing facilities / adding grinding capacities in existing locations with minimal capex. Construction of railway siding in Kolimigundla is completed and commissioning is expected by Q1FY26. By Jul'25, 10mw of WHRS at Ramasamy Raja Nagar and another 15mw of WHRS in Kolimigundla are anticipated to be put into service, together with Kiln Line-2. The capex guidance for FY26 is Rs 12bn.
UTCEM	**Cement** Patratu, Jharkhand - 2.5 mnt by FY26 Maihar, Madhya Pradesh (Phase 2) - 1.8mnt by F26 Shahjahanpur, Uttar Pradesh - 1.8 mnt by FY26 Nathdwara, Rajasthan - 1.2 mnt by FY26 Dhule, Maharashtra (Phase 2) - 0.6 mnt by FY26 Visakhapatnam, Andhra Pradesh - 3.3 mnt by FY26 Parli, Maharashtra- 1.2 mnt by FY26 Panvel, Maharashtra - 1.0 mnt by FY26 Aligarh, Uttar Pradesh - 2.7 mnt by FY27 Bihar - 3.3 mnt by FY27 West Bengal - 3.3 mnt by FY27 APCW, Andhra Pradesh - 2.7 mnt by FY27 Andhra Pradesh - 2.7 mnt by FY2 Gujarat - 1.2 mnt by FY27 Karnataka - 1.2 mnt by FY27 Assam - 1.2 mnt by FY27 Tamil Nadu - 1.8 mnt by FY27
Sanghi Industries	-

Source: Company, BOBCAPS Research \| GU: Grinding Unit; IU: Integrated Unit; WHRS: Waste heat recovery systems, mnt: million tonnes

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