INDIAN CEMENT INDUSTRY

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Research Report prepared by Rithwik Raaj Anand

SEBI Registered Corporate Research Analyst

Registration: Cupressus Enterprises Pvt Ltd (owner of Intelsense.in) - INH000013828.

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What is Cement?

Cement is a finely ground, inorganic material that, when mixed with water, forms a paste that sets and hardens over time. This hardening process allows it to bind other materials together, which is why it's known as a binder or adhesive agent in construction.

It is a manmade material **comprising of limestone, clays, shells, silica sand, etc** processed together in a controlled environment (around 1500 °C).

Applications of Cement:

Concrete: Most widely used construction material.

Mortar: Binding bricks/blocks.

Plastering: Finishing walls and ceilings.

Grouts: Filling gaps and cracks.

Types of Cement

Type of Cement	Composition	Key Features	Uses
Ordinary Portland Cement (OPC)	Limestone, clay, gypsum	High strength, fast setting	General construction, roads, bridges, buildings
Portland Pozzolana Cement (PPC)	OPC + Fly ash/pozzolanic materials	Higher durability, less heat of hydration	Dams, marine structures, sewage treatment plants
Portland Slag Cement (PSC)	OPC + Granulated blast furnace slag	Resistant to chemical attacks, low permeability	Marine structures, sewage pipes, water tanks
Low Heat Portland Cement (LHPC)	Low C3S, high C2S, more fly ash	Reduces heat generation, prevents cracking	Large concrete structures like dams, bridges
Rapid Hardening Portland Cement	Higher C3S content, fine grinding	Gains strength quickly, faster setting	Road repairs, precast concrete elements
White Cement	Pure limestone, low iron and manganese	White colour, smooth finish	Decorative works, tiles, flooring, architectural designs
Super Sulphated Cement	Slag, gypsum, OPC, activators	Highly resistant to aggressive chemicals	Chemical plants, wastewater treatment
Sulphate Resisting Cement	Low C3A content	High resistance to sulphate attacks	Marine works, sewage structures, foundations in sulphate-rich soil
Oil Well Cement	Special additives to withstand high temperatures & pressure	Resistant to extreme conditions, slow setting	Oil well drilling, offshore construction
High Alumina Cement	Bauxite + Limestone, high alumina content	Quick setting, high resistance to heat & chemicals	Foundries, refractory linings, high-temperature structures
Hydrophobic Cement	OPC + Water-repellent chemicals	Moisture-resistant, prevents water absorption	Underground structures, water tanks, dams
Masonry Cement	OPC + Lime + Air entrainers	Improved workability, low strength	Bricklaying, plastering, masonry work

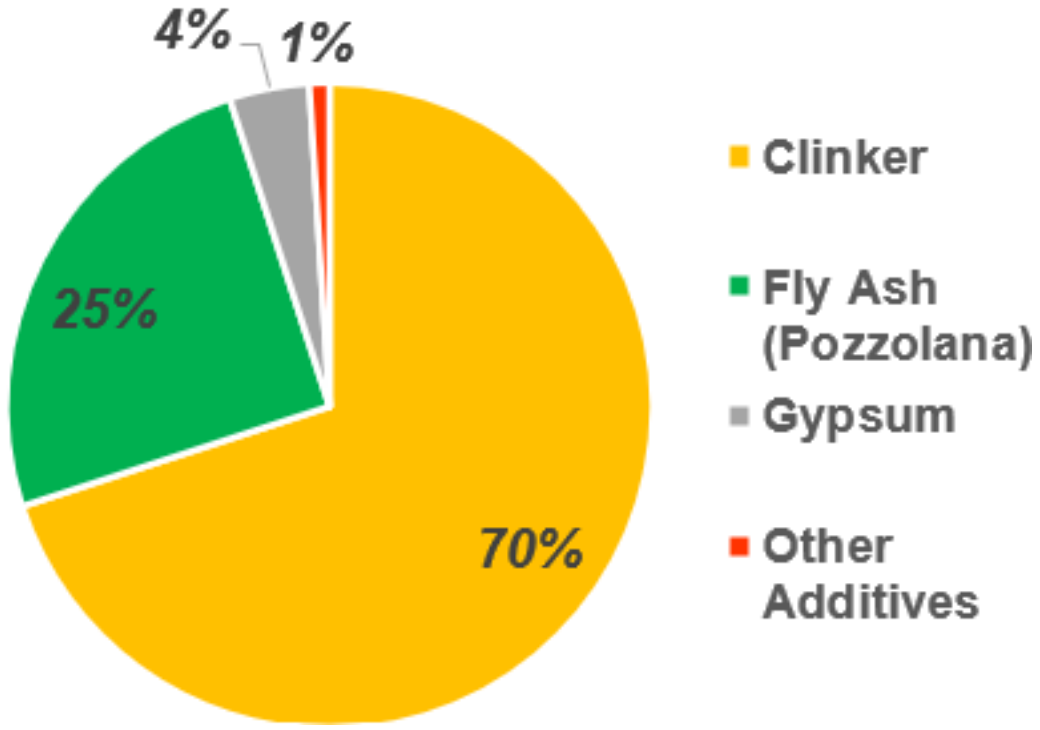
Portland Pozzolana Cement (PPC) is the Most Widely Produced Cement

Breakdown of Cement Production in India by Type

Cement Type	Share of Production (%)
Portland Pozzolana Cement (PPC)	65–70%
Ordinary Portland Cement (OPC)	20–25%
Portland Slag Cement (PSC)	5–10%
Others (white cement, specialty)	<2%

Portland Pozzolana Cement comprises 70% of Clinker

Composition of Portland Pozzolana Cement



What is clinker? Limestone is mixed with clay at a very high temperature which makes a product called clinker which is an **intermediary product**. Then, clinker is grinded along with gypsum and fly ash to make a fine powder. This powder is cement.

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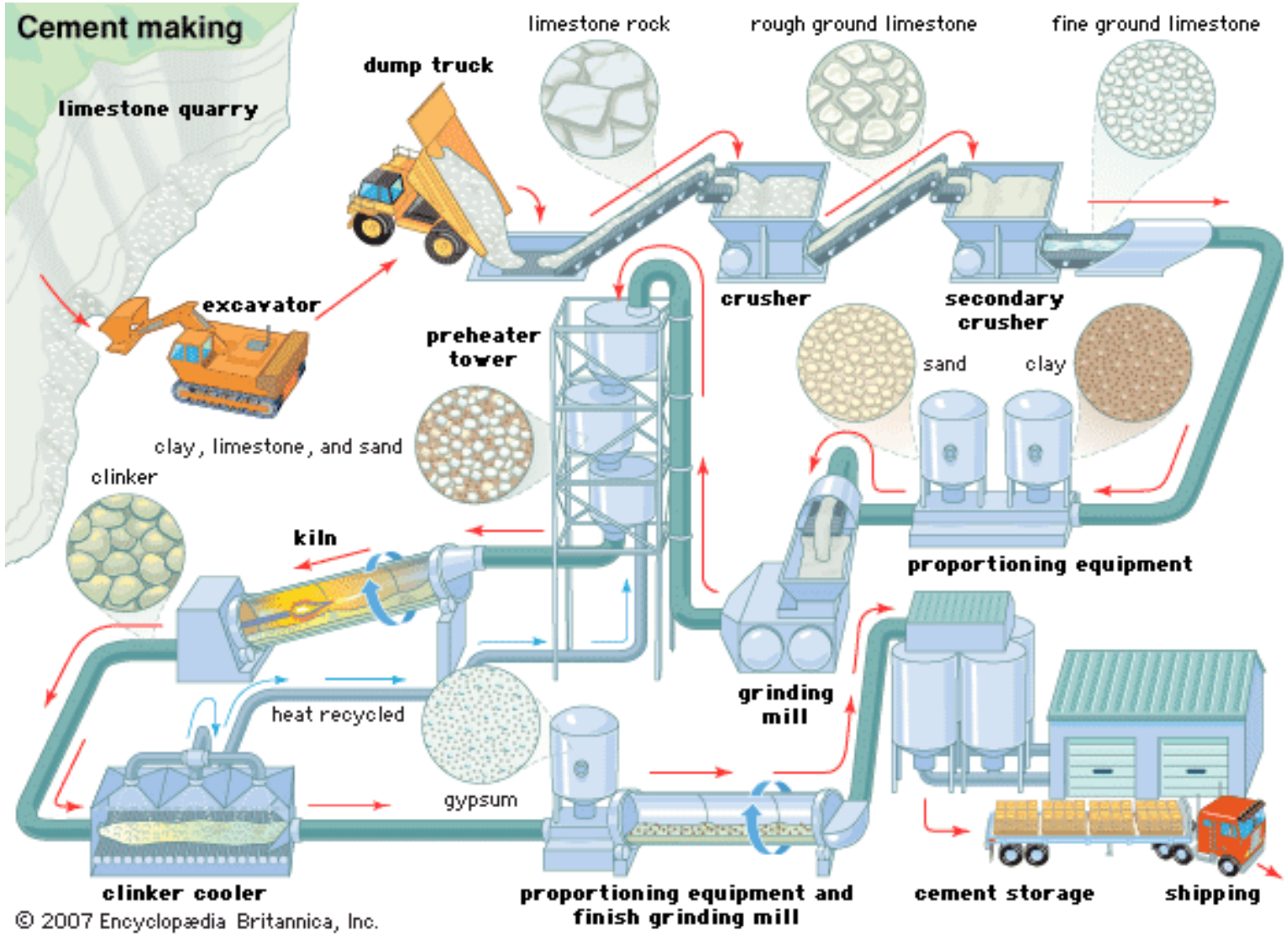
Process Flow for Cement Manufacturing



1. Extraction

Limestone Quarry: Limestone is extracted from the quarry using an excavator. The raw material is transported by dump trucks.

2. Crushing & Mixing

Crusher: Limestone rocks are crushed into rough ground limestone.

Secondary Crusher: Further crushes to produce fine ground limestone.

Proportioning Equipment: Sand and clay are added and proportioned appropriately.

3. Preheating

Preheater Tower: The mixture of clay, limestone, and sand is preheated to begin the chemical transformation process.

4. Heating

Kiln: The mixture is heated in a rotating kiln, forming clinker—the core component of cement.

Clinker Cooler: The clinker is cooled while recycling the heat for efficiency.

5. Grinding & Finishing

Gypsum is added to control cement setting time.

The clinker and gypsum are ground in a finish grinding mill.

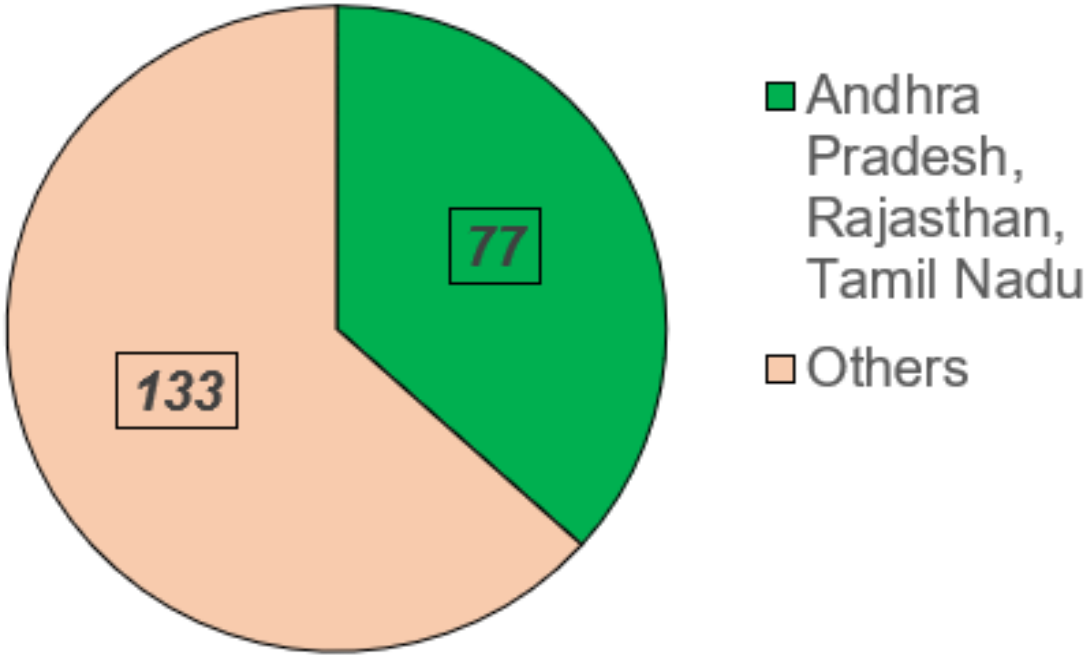
The finished product is stored in cement silos.

6. Shipping

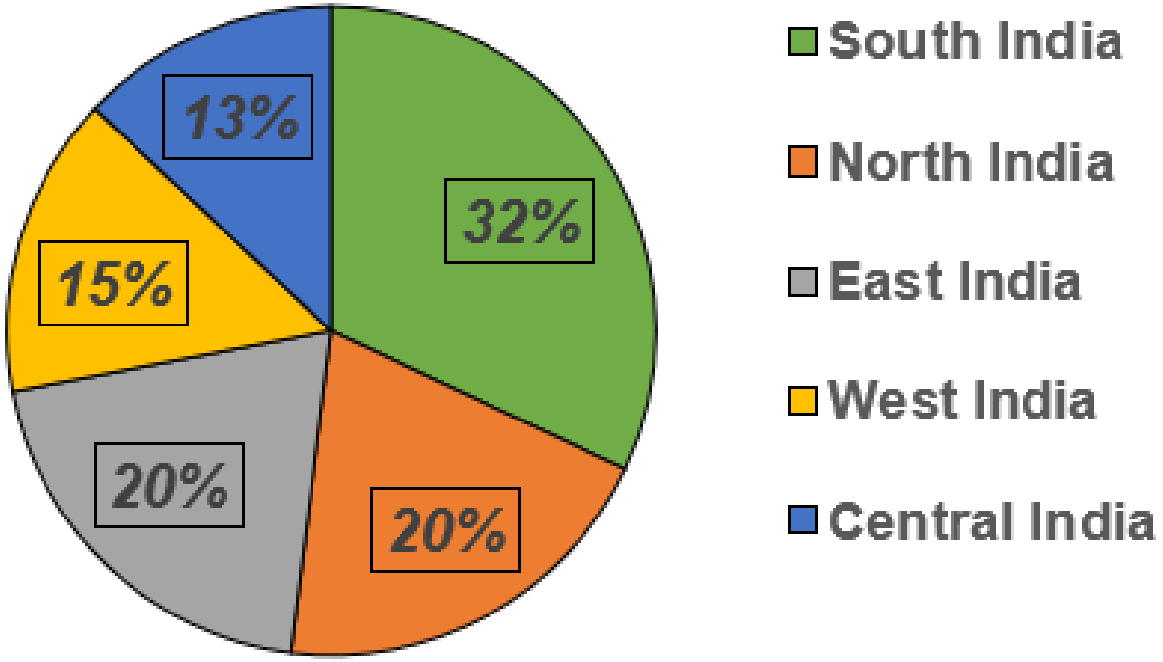
Cement is packed and shipped out to customers.

Distribution of Cement Plants is Majorly in 3 States

Large Cement Plants in India



Geography wise Revenue Distribution



On 20th February, 2025 Tamil Nadu government announced a Rs 160 additional tax on limestone mining. To offset the rise in production costs, cement prices in Tamil Nadu are anticipated to increase by ₹8-10 per bag.

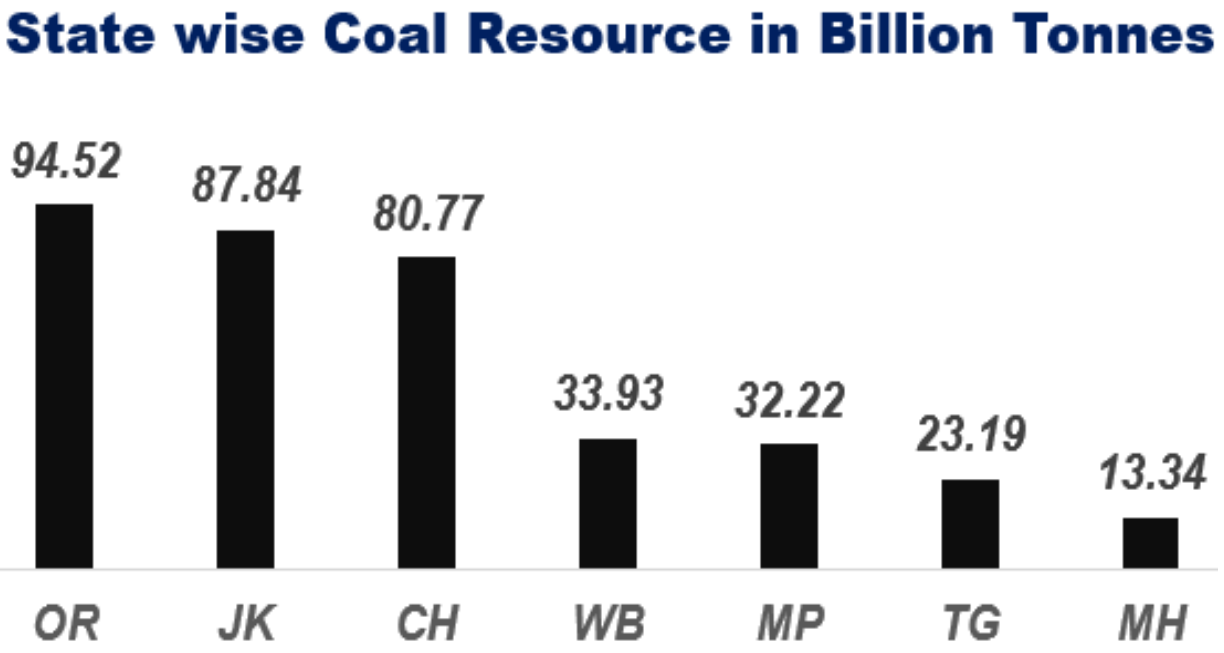
Cost Breakup of Cement Companies

1. Power and Fuel Cost:

30-35% of the total cost that's why most cement companies maintain their own power plants.

Coal is the major source of power and fuel in cement industry in India. After Iron steel and thermal plants, cement industry uses the most amount of coal.

Ambuja and Ultratech have their own coal mines too as it helps in getting time to time supply and also reducing power and fuel cost. Problem with owning a coal mine: **Most coal mines** in India are situated in **Eastern India** like in Odisha while states like **Rajasthan** account for **major part of limestone production**.



Data Src: coal.gov.in

State	Percentage of Total Limestone Production
Rajasthan	21%
Madhya Pradesh	13%
Andhra Pradesh	12%
Gujarat	9%
Chhattisgarh	8%
Tamil Nadu	8%
Karnataka	8%
Telangana	8%
Other States/UTs	13%

Data Src: Indian Bureau of Mines' "Indian Minerals Yearbook 2022"

2. <u>Raw material Cost:</u>

15-20% of total cost.

Till 2015, mines were allotted based on **first come first serve**.

An **amendment** was made to *Mines and Minerals (Development and Regulation) Act* **in 2015**. Amendment was for now **auctioning limestone mines** and once auctioned the mines will be given for **lease of 50 years.**

Mines allotted in the past will also need to be brought back to auction from 2030 onwards so now companies which have made their production units near these allotted mines will need to make sure they acquire the mines back in auction which may lead to them paying extra for acquisition of mines which will thus increase their raw material cost.

3. <u>Freight and Logistics Cost</u>

25-30% of total cost.

Since cement is a perishable product with a **shelf life of 90 days**, it is important for cement companies to be near limestone mines, near coal mines/renewable energy sources, near customers.

To tackle the problem of perishability and high logistics cost many companies are moving towards split grinding units moving away from integrated plants. **In split grinding units' limestone is converted to clinker at a different plant and clinker is converted into cement at a different plant.**

Pricing in the Cement Industry

Who Decides the Market Price of Cement?

Cement is **rarely handled by the buyers themselves**, most even avoid touching it as it is a dusty product. Cement is used for structural strength, not beautification, and thus it is **always generally handled by contractors or masons** themselves; they are the only ones who actually use the cement, and only those who use cement can assess its quality through its feel, texture, and their past experiences of using any particular brand of cement.

In fact, **contractors and masons** in many cases, **are so knowledgeable that**, **for a cement brand that has several source of despatches nearby** (as in, multiple factories), **they would even insist their suppliers at times that need cement that has been produced by the factory of their choice [as they are well aware of quality of limestone (used) available at these factory sites and the nature of quality checks performed at the said factories].** Thus, the contractor or mason's opinion is final for any cement buyer on almost all occasions and it is almost impossible for a cement buyer to ignore their say.

Contractors often tell buyers that they **won't guarantee the quality of their work if they don't get their preferred cement.** In simple words, regardless of a company's brand-positioning, buyers rarely ignore the contractor's or mason's word.

Aspect	Mason	Contractor
Focus	Brickwork and masonry tasks	Project management and coordination
Employment	Works under a contractor	Hires and supervises masons
Scope	Limited to specific work	Entire construction project
Skill Set	Technical masonry skills	Management and organizational skills

Trade Segment Sells Cement at a Higher Price Compared to Non-Trade Segment

Aspect	Trade Sales	Non-Trade Sales
Customer Type	Retail consumers, small contractors, wholesalers	Large projects, government contracts, infrastructure developers
Sales Channel	Through dealers, distributors, and retailers	Direct sales by the company to large buyers
Price	**Higher** due to distribution and retail margins	**Lower** due to bulk sales and negotiated discounts
Quantity	Small to medium-sized quantities	Large bulk transactions

Shree Cement in Q2 FY25, **shifted its focus towards price over volume**. This led to a deliberate strategy of **reducing non-trade sales** and increasing trade sales in certain regions like the North. **In the North**, trade sales increased from 59% in Q1 FY25 to over 65% in Q2 FY25, while **non-trade sales decreased from 41% to 35%. It has 80% of its sales from North and East parts of India.**

Adani Cement (ACC + Ambuja Cement): Since **71%** of revenue is from **trade segment** it is prioritising pricing over volume. Its geographical revenue division in India is 25% from Northern Zone, 25% from Western Zone, 23% from Southern Zone, 19% from Eastern Zone and 8% from Central Zone. ACC has more presence in north and east India. Ambuja has more presence in western India. **Cement demand growth** was 1.2% Q1 FY'25 and 0.7% Q2 FY'25, **7-8% Q3 FY'25** and expected to grow by 4% - 5% during FY'25.

Cement Pricing Changes between October'24 to January'25

Region	Oct-24			Jan-25			Change (%)	
Rs/bag	Trade	Non-trade	Gap	Trade	Non-trade	Gap	Trade	Non-trade
North	350	230	93	375	290	85	7.1	16
East	323	230	93	353	260	93	9.3	13
South	347	260	87	360	273	87	3.8	5
West	369	280	89	395	310	85	7.1	10.7
Central	343	260	83	363	280	83	5.8	7.7

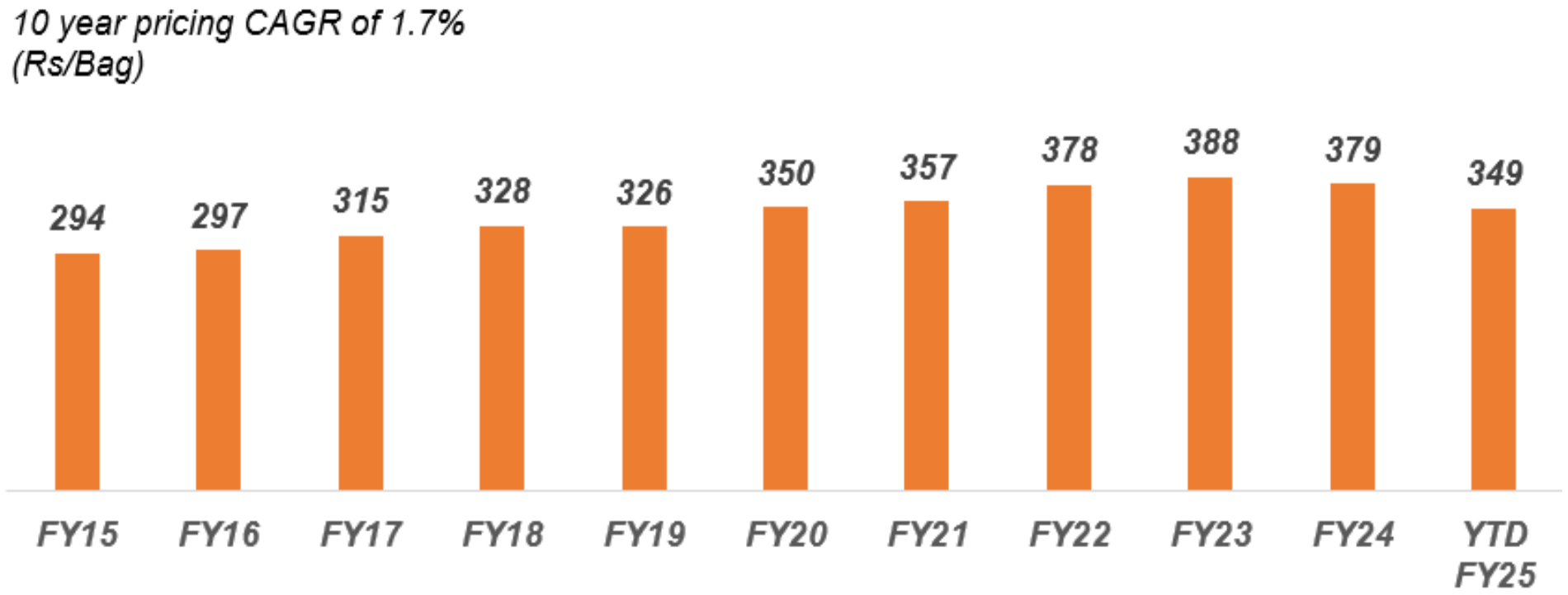
Data Src: Centrum Broking

The **price difference between trade and non-trade cement typically ranges from ₹30 to ₹40** per 50 kg bag. However, in **August 2024**, this gap widened to over **₹50 per bag**. This increase was attributed to weak demand in the infrastructure segment, **leading manufacturers to offer more competitive pricing in the non-trade sector** to boost volumes.

Non-trade prices increased by approximately 10-15% in January 2025, with the **East and North regions leading the hikes**, while the **South has not** yet seen significant changes.

The average cement prices in **India's Trade segment rose by 6% in January 2025** compared to the lows in October 2024.

Even with the recent increase in prices, average cement prices have been weak for the past 2 years



Data Src: Centrum Broking

Industry Phases & Operating Matrix

Industry Phases: Best Period for the Industry, 2003-2011

Period	Volume CAGR	Capacity CAGR	Capacity Utilisations	Cement Price CAGR
Phase 1 (FY90-03)	7.6%	7.1%	83%	4%
Phase 2 (FY03-11)	8.8%	7.9%	93%	8.4%
Phase 3 (FY11-FY25E)	5.4%	7.3%	68%	2.7%
FY90-FY25E	6.9%	7.4%	73%	4.3%

Data Src: PhilipCapital

Phase 1 (FY90-03): This was when the industry first saw deregulation benefits.

Phase 2 (FY03-11): This was the industry's best period, with 93% capacity utilisation, and the industry's (cement) price CAGR was at its best at 8.4%.

Phase 3 (FY11-25E) and ongoing: This has been industry's worst-ever phase, and it continues.

Reason for low growth in Phase 3 of Cement Industry: High supply because of increase in capex by all companies to quickly gain market share. **Volume-push strategies damaged profitability**; focus shifted from sustainable earnings. Towards the later part of phase 3, the industry lost its ability to protect its sustainable earnings due to its volume-push strategies **driven by industry's exponentially higher capacity growth**.

Industry's Operating Matrix

	CAGR (FY11-24)	CAGR (FY11-22)	CAGR (FY22-24)
EBITDA (Rs. Mn)	10.7%	11.4%	7.1%
EBITDA/Tonne (Rs)	2.5%	3.9%	-5.1%
Average Realisations	3.2%	3.4%	1.8%
Total Costs	3.3%	3.3%	3.6%

Data Src: PhilipCapital

Comparison Between Cement Companies

1. Raw Material Cost (Rs/tonne)

	Last 15 years	Last 10 years	Last 10/15 years	Last 7 years	Last 7/15 years	Last 5 years	Last 5/15 years	Last 4 years	Last 4/15 years	Last 3 years	Last 3/15 years	Last 2 years	Last 2/15 years	9M FY25	9M FY25/15
Ultratech Cement	848	884	4%	925	9%	930	10%	954	13%	986	16%	1020	20%	1047	23%
Ambuja Cement	581	695	20%	841	45%	936	61%	1018	75%	1172	102%	1381	138%	1601	176%
ACC Ltd	1018	1116	10%	1307	28%	1430	41%	1515	49%	1650	62%	1724	69%	1899	87%
Shree Cement	389	387	0%	422	8%	437	12%	461	19%	476	22%	518	33%	522	34%
Dalmia Bharat	811	848	4%	863	6%	803	-1%	791	-3%	829	2%	859	6%	750	-8%

Data Src: PhilipCapital

- **Shree Cement** has the **lowest cost of raw material** at Rs. 522 per kg.
- In 9MFY25, cost of raw material for **Dalmia Bharat** has gone **down by 8%** compared to the cost 15 years ago whereas other companies have had their raw material cost increased.

2. Total Production Cost (Rs/tonne)

	Last 15 years	Last 10 years	Last 10/15 years	Last 7 years	Last 7/15 years	Last 5 years	Last 5/15 years	Last 4 years	Last 4/15 years	Last 3 years	Last 3/15 years	Last 2 years	Last 2/15 years	9M FY25	9M FY25/15
Ultratech Cement	2,295	2,385	4%	2,562	12%	2,600	13%	2,716	18%	2,808	22%	2,747	20%	2,690	17%
Ambuja Cement	1,892	2,047	8%	2,292	21%	2,360	25%	2,470	31%	2,579	36%	2,569	36%	2,666	41%
ACC Ltd	2,328	2,487	7%	2.745	18%	2,820	21%	2,929	26%	3,024	30%	2,899	25%	2952	27%
Shree Cement	1,643	1,730	5%	1,975	20%	2,042	24%	2,191	33%	2,295	40%	2,235	36%	2,079	27%
Dalmia Bharat	2,159	2,176	1%	2,296	6%	2,234	4%	2,281	6%	2,320	7%	2,227	3%	2,094	-3%

Data Src: PhilipCapital

- In 9MFY25, total production cost for **Dalmia Bharat** has gone **down by 3%** compared to the cost 15 years ago whereas the other companies have had their costs increase.
- Both **Shree Cement and Dalmia Bharat have lower total production cost** per tonne compared to their peers.

3. Total Cost (Rs/tonne)

	Last 15 years	Last 10 years	Last 10/15 years	Last 7 years	Last 7/15 years	Last 5 years	Last 5/15 years	Last 4 years	Last 4/15 years	Last 3 years	Last 3/15 years	Last 2 years	Last 2/15 years	9M FY25	9M FY25/15
Ultratech Cement	4,186	4,322	3%	4,579	9%	4,598	10%	4,760	14%	4,876	16%	4,823	15%	4,764	14%
Ambuja Cement	3,808	4,004	5%	4,273	12%	4,193	10%	4,274	12%	4,318	13%	4,223	11%	4,215	11%
ACC Ltd	4,296	4,534	6%	4,813	12%	4,711	10%	4,783	11%	4,800	12%	4,532	5%	4,458	4%
Shree Cement	3,377	3,558	5%	3,910	16%	3,971	18%	4,138	23%	4,226	25%	4,153	23%	3,976	18%
Dalmia Bharat	3,941	3988	1%	4,172	6%	4,070	3%	4,139	5%	4,187	6%	4,096	4%	3,973	1%

Data Src: PhilipCapital

- In 9MFY25, total production cost for **Dalmia Bharat** has gone **up only 1%** compared to the cost 15 years ago.
- **Shree Cement** has the highest increase in total cost in 9M FY25 compared to the last 15 years but still has the lowest total cost alongwith Dalmia Bharat.

4. Blended Realisations (Rs/tonne)

	Last 15 years	Last 10 years	Last 10/15 years	Last 7 years	Last 7/15 years	Last 5 years	Last 5/15 years	Last 4 years	Last 4/15 years	Last 3 years	Last 3/15 years	Last 2 years	Last 2/15 years	9M FY25	9M FY25/15
Ultratech Cement	5,196	5,362	3%	5,683	9%	5,700	10%	5,813	12%	5,877	13%	5,822	12%	5,645	9%
Ambuja Cement	4,678	4,871	4%	5,219	12%	5,124	10%	5,140	10%	5,113	9%	5,018	7%	4,785	2%
ACC Ltd	5,008	5,229	4%	5,554	11%	5,409	8%	5,443	8%	5,394	8%	5,227	4%	4,986	0%
Shree Cement	4,472	4,695	5%	5,141	15%	5,145	15%	5,245	17%	5,272	18%	5,261	18%	4,920	10%
Dalmia Bharat	4,969	5,044	2%	5,213	5%	5,063	2%	5,058	2%	5,058	2%	4,951	0%	4,748	-4%

Data Src: PhilipCapital

- **Ultratech** clearly has the **highest realisations**.
- **Shree Cement** has its **realisations grow at a higher rate consistently** from a 15 year, 10 year, 7 year, 5 year, 4 year, 3 year, 2 year and 9MFY25 perspective.

5. EBITDA/Tonne (Rs/tonne)

	Last 15 years	Last 10 years	Last 10/15 years	Last 7 years	Last 7/15 years	Last 5 years	Last 5/15 years	Last 4 years	Last 4/15 years	Last 3 years	Last 3/15 years	Last 2 years	Last 2/15 years	9M FY25	9M FY25/15
Ultratech Cement	1,010	1,040	3%	1,104	9%	1,103	9%	1,053	4%	1,001	-1%	1,000	-1%	881	-13%
Ambuja Cement	871	867	0%	946	9%	931	7%	866	0%	795	-9%	795	-9%	569	-35%
ACC Ltd	713	695	-2%	742	4%	698	-2%	650	-9%	594	-17%	695	-2%	528	-26%
Shree Cement	1,096	1,136	4%	1,231	12%	1,174	7%	1,107	1%	1,045	-5%	1,108	1%	944	-14%
Dalmia Bharat	1,027	1,056	3%	1,041	1%	993	-3%	919	-11%	870	-15%	855	-17%	775	-25%

Data Src: PhilipCapital

EBITDA/Tonne has fallen for all 5 companies but the least for Ultratech and Shree Cement.

6. Power and Fuel Cost (Rs/tonne)

	Last 15 years	Last 10 years	Last 10/15 years	Last 7 years	Last 7/15 years	Last 5 years	Last 5/15 years	Last 4 years	Last 4/15 years	Last 3 years	Last 3/15 years	Last 2 years	Last 2/15 years	9M FY25	9M FY25/15
Ultratech Cement	1,183	1,229	4%	1,358	15%	1,404	19%	1,497	27%	1,559	32%	1,462	24%	1,366	15%
Ambuja Cement	1,077	1,114	3%	1,220	13%	1,220	13%	1,263	17%	1,234	15%	1,034	-4%	918	-15%
ACC Ltd	1,035	1,094	6%	1,168	13%	1,146	11%	1,184	14%	1,162	12%	991	-4%	873	-16%
Shree Cement	986	1,070	9%	1,266	28%	1,327	35%	1,454	47%	1,547	57%	1,446	47%	1.276	29%
Dalmia Bharat	1,009	988	-2%	1,097	9%	1,112	10%	1,177	17%	1,184	17%	1,057	5%	1,023	1%

Data Src: PhilipCapital

Adani Group has **India's largest private coal mining company**. **Ambuja Cement** has had a **15% reduction in fuel cost in 9M FY25** and **ACC has had a 16% reduction** in fuel cost whereas **Shree Cement and Ultratech increased fuel cost.**

7. Total Freight Cost (Rs/tonne)

	Last 15 years	Last 10 years	Last 10/15 years	Last 7 years	Last 7/15 years	Last 5 years	Last 5/15 years	Last 4 years	Last 4/15 years	Last 3 years	Last 3/15 years	Last 2 years	Last 2/15 years	9M FY25	9M FY25/15
Ultratech Cement	1,170	1,225	5%	1,290	10%	1,276	9%	1,301	11%	1,317	13%	1,312	12%	1,284	10%
Ambuja Cement	1,140	1,191	4%	1,229	8%	1,146	1%	1,127	-1%	1,103	-3%	1074	-6%	1,015	-11%
ACC Ltd	1,138	1,258	11%	1,314	15%	1,218	7%	1,196	5%	1,158	2%	1,077	-5%	1,008	-11%
Shree Cement	1,033	1,092	6%	1,174	14%	1,152	11%	1,156	12%	1,153	12%	1,142	11%	1,153	12%
Dalmia Bharat	983	1,022	4%	1,086	10%	1,079	10%	1,093	11%	1,104	12%	1,112	13%	1,111	13%

Data Src: PhilipCapital

In **9M FY25 ACC and Ambuja have reduced freight costs by 11% each** whereas other major 3 companies have increased freight cost.

ACC and Ambuja are able to reduce their freight costs by leveraging Adani's railways and waterways infrastructure

Mode Share in Cement Transportation*:*

- **Roadways:** Predominantly used for distances up to 300 km, accounting for about 71-72% of cement transport.
- **Railways:** Preferred for longer distances, comprising roughly 25% of transport.
- **Waterways:** Utilized minimally, representing around 3-4% of transport.

Ports: Adani Ports is **India's largest port operator**. It handles 24% of all cargo of India. It has a presence on average at every 500 km on India's coastline.

Railway lines: Adani owns the **longest private railway lines in India** at **300 kms** and has a **target** of reaching **2000 kms in 2025**.

Freight cost in cement industry depending on the mode of transport:

Road Transport: Approximately ₹2.5 per tonne-kilometre
Rail Transport: Around ₹1.36 per tonne-kilometre
Water Transport: About ₹1.06 per tonne-kilometer

8. Total Supply-Chain Cost (Rs/tonne)

	Last 15 years	Last 10 years	Last 10/15 years	Last 7 years	Last 7/15 years	Last 5 years	Last 5/15 years	Last 4 years	Last 4/15 years	Last 3 years	Last 3/15 years	Last 2 years	Last 2/15 years	9M FY25	9M FY25/15
Ultratech Cement	1,891	1,937	2%	2,017	7%	1,997	6%	2,043	8%	2,067	9%	2,075	10%	2,074	10%
Ambuja Cement	1,916	1,957	2%	1,981	3%	1,834	-4%	1,804	-6%	1,739	-9%	1,654	-14%	1,549	-19%
ACC Ltd	1,968	2,047	4%	2,068	5%	1,891	-4%	1,854	-6%	1,776	-10%	1,633	-17%	1,507	-23%
Shree Cement	1,734	1,828	5%	1,935	12%	1,929	11%	1,947	12%	1,931	11%	1,918	11%	1,897	9%
Dalmia Bharat	1,783	1,811	2%	1,876	5%	1,835	3%	1,858	4%	1,867	5%	1,869	5%	1,879	5%

Data Src: PhilipCapital

Supply Chain cost of Ambuja and ACC is down 19% and 23% in 9M FY25 and in the **last 2 years its down 14% and 17%** as compared to the levels 15 years ago.

9. EBITDA/Tonne (Rs/tonne)

	Last 15 years	Last 10 years	Last 10/15 years	Last 7 years	Last 7/15 years	Last 5 years	Last 5/15 years	Last 4 years	Last 4/15 years	Last 3 years	Last 3/15 years	Last 2 years	Last 2/15 years	9M FY25	9M FY25/15
Ultratech Cement	1,010	1,040	3%	1,104	9%	1,103	9%	1,053	4%	1,001	-1%	1,000	-1%	881	-13%
Ambuja Cement	871	867	0%	946	9%	931	7%	866	0%	795	-9%	795	-9%	569	-35%
ACC Ltd	713	695	-2%	742	4%	698	-2%	650	-9%	594	-17%	695	-2%	528	-26%
Shree Cement	1,096	1,136	4%	1,231	12%	1,174	7%	1,107	1%	1,045	-5%	1,108	1%	944	-14%
Dalmia Bharat	1,027	1,056	3%	1,041	1%	993	-3%	919	-11%	870	-15%	855	-17%	775	-25%

Data Src: PhilipCapital

- **Ambuja and ACC have the lowest EBITDA/Tonne.**
- EBITDA/Tonne has fallen for all companies but the least for Ultratech and Shree Cement.

Renewable Energy: Reducing cost of Power

INTELSENSE

Operating margins of companies can improve by 160-180 basis points when companies shift from coal to renewable sources.

Cost challenges in coal are making companies shift towards renewable energy. **Rajasthan has the highest amount of renewable energy capacity and also highest % of limestone production**.

State/Union Territory	Installed Renewable Energy Capacity (MW)	Percentage of Total National Capacity (%)
Rajasthan	33,467.98	7.11
Gujarat	32,924.03	7.00
Tamil Nadu	24,585.29	5.23
Karnataka	23,074.89	4.91
Maharashtra	21,584.30	4.59
Andhra Pradesh	11,623.58	2.47
Madhya Pradesh	8,131.76	1.73
Telangana	5,741.64	1.22
Punjab	4,417.26	0.94
Uttar Pradesh	4,292.20	0.91

State	Percentage of Total Limestone Production
Rajasthan	21%
Madhya Pradesh	13%
Andhra Pradesh	12%
Gujarat	9%
Chhattisgarh	8%
Tamil Nadu	8%
Karnataka	8%
Telangana	8%
Other States/UTs	13%

Renewable Energy: Reducing cost of Power

Company	Current Renewable Energy Capacity	Recent Investments and Initiatives
UltraTech Cement	752 MW	• Renewable energy capacity increased to 752 megawatts in Q3 FY25, with a target of 2.1 gigawatts by FY27. • Waste Heat Recovery System (WHRS) capacity increased to 324 megawatts in Q3FY25, with plans to reach 511 megawatts by FY27, contributing to 24% of power requirements. • Plans to increase green energy share from 22% in FY24 to 60% by FY26 and to 85% by 2030. Committed to meeting 100% of electricity requirements through renewable sources by 2050.
Dalmia Bharat	113 MW solar capacity; 72 MW Waste Heat Recovery Systems	• Tamil Nadu: Acquiring a 34.52% equity stake in Kilavikulam Rajalakshmi Solar Power Developer's 10 MW captive solar plant for ₹3 crore. • Odisha: Acquiring a 26% stake in Solsolis Solar Energy Solutions to procure 11.2 MW of captive solar power. Installed a 17.1 MW ground-mounted solar power plant at Kapilas Cement Manufacturing Works in Cuttack.
Shree Cement	499 MW	• Investing ₹1,000 crore in FY25 to install an additional 202 MW renewable energy capacity, including 132 MW solar in Jharkhand, Haryana, Rajasthan, Uttar Pradesh, and Uttarakhand; 36 MW wind in Rajasthan; and 34 MW waste heat recovery in Karnataka and Rajasthan. So, additional 400 MW in total.
Ambuja Cements	84 MW (existing solar and wind)	• Investing ₹6,000 crore to add 1,000 MW renewable capacity by FY26, including 600 MW solar and 150 MW wind in Gujarat, and 250 MW solar in Rajasthan.

Value Added Products from Cement

Value Added Products Have a Higher Margin

It is very important for companies to innovate and find products which have a higher margin because you cannot just rely on reducing costs after a certain threshold.

1. Ready Mix Concrete

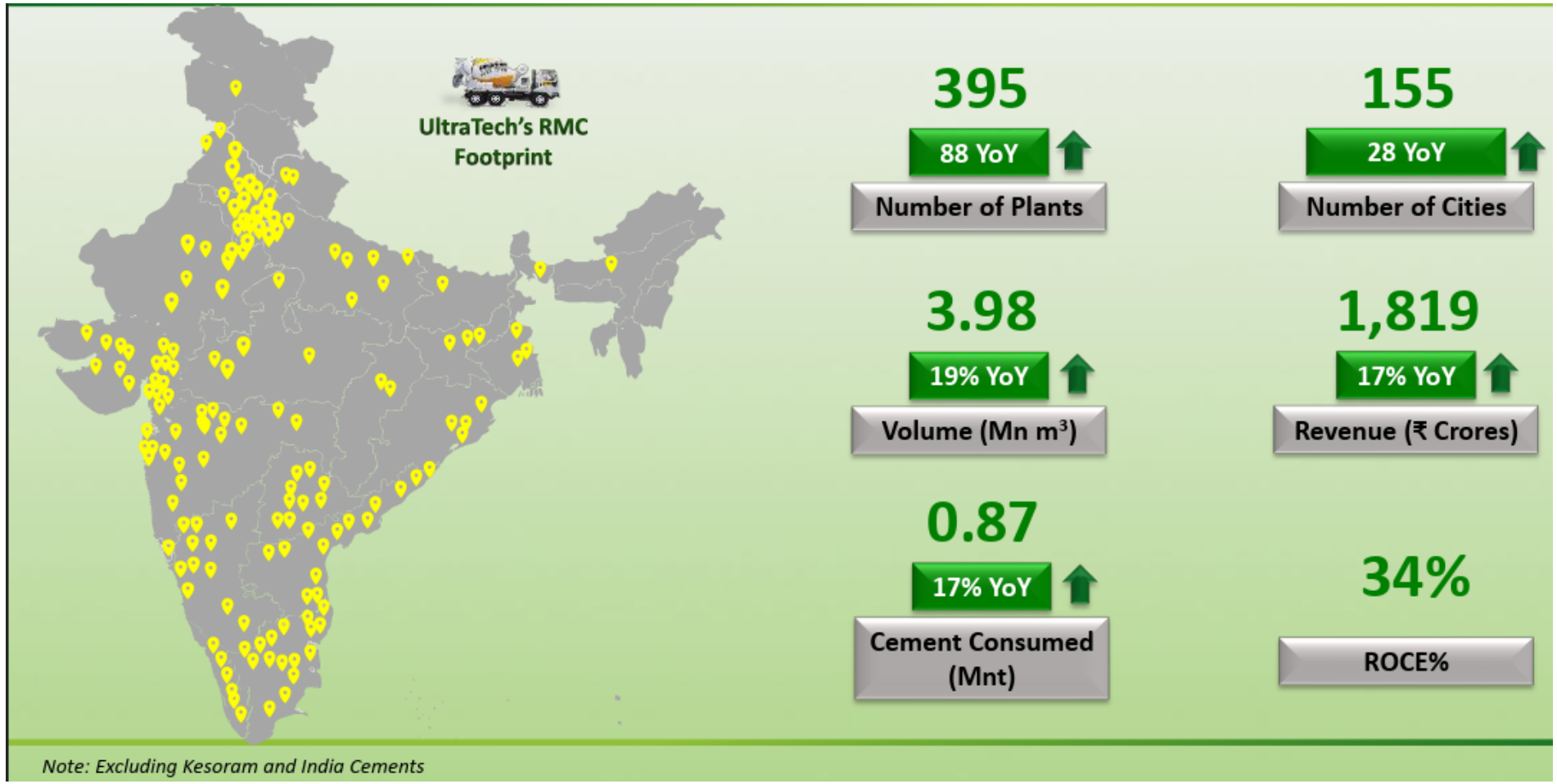
- Since, **cement is not a ready to use end product**, it is **mixed with sand, gravel and water to be used on construction sights.** This end-product is called **Ready Mix Concrete*.***
- This has a **higher margin** than just cement.
- **Disadvantage: Shelf life is only 1.5-2 hrs.**
- **Ultratech** is the largest RMC player with **100 RMC plants** across 35 cities.
- **ACC** operates approximately **90** ready-mix concrete plants across India.
- In Q4 FY24, **Shree Cement** entered into the Ready Mix Concrete (RMC) business, by entering into an Asset Purchase Agreement with StarCrete LLP to purchase 5 RMC plants in Maharashtra for Rs 33.5 Cr. It also commissioned its first greenfield RMC facility, which has 90 cubic meters per hour capacity in Hyderabad under the brand Bangur Concrete. It plans to set up **100** Bangur Concrete plants in the **next 3 years**, operating in 50 cities.

2. White Topping

- This is made out of Portland Cement.
- If roads are covered with white topping concrete then the shelf life of the road can go up by 20 years.
- In Pradhan Mantri Gram Sadak Yojana White topping is being used.

RMC is a Major Area of Entry for Cement Players and UltraTech is the Leader of the Pack

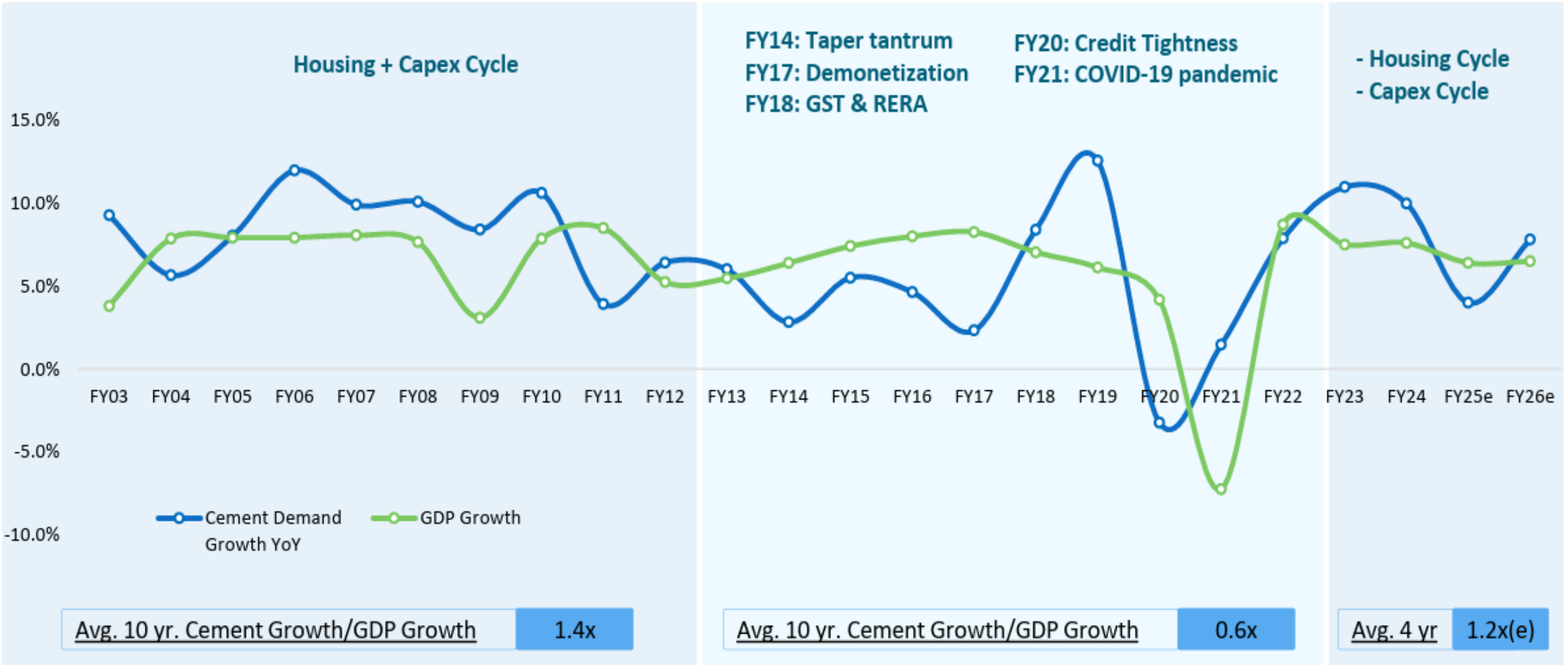
RMC Update of Ultratech from Q4 FY25



Source: Ultratech Cement's Q4 FY25 PPT

Revival of Demand in Cement Industry

After a slowdown in last decade, Cement Demand is reviving driven by a fresh Housing and Capex Cycle



Data Src: Dalmia Bharat Ltd

Projected Demand Growth Based on Demand Trend of Past 36 years

Year	Volumes (Mn Tonnes)	Annual Capacity (Mn Tonnes)	Capacity Utilisations	Annual Demand Growth	Absolute Demand Growth (Mn Tonnes)
2025-26	474	721	66%	4%	16
2026-27	506	769	66%	7%	32
2027-28	540	794	68%	7%	34
2028-29	576	819	70%	7%	36
2029-30	614	844	73%	7%	39
2030-31	656	869	75%	7%	41
2031-32	700	894	78%	7%	44

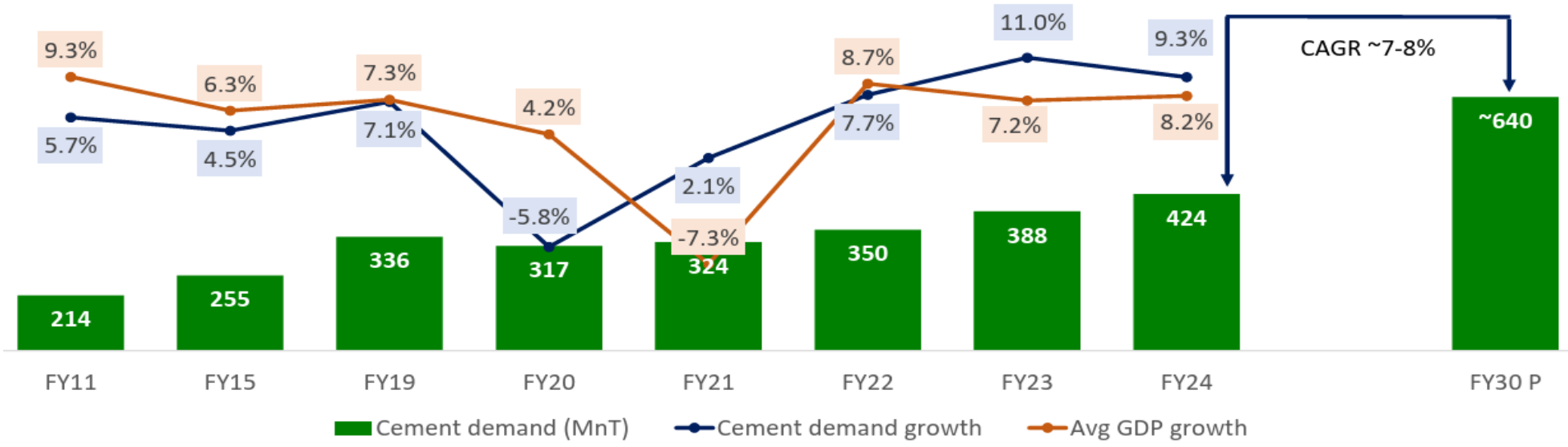
Data Src: PhilipCapital

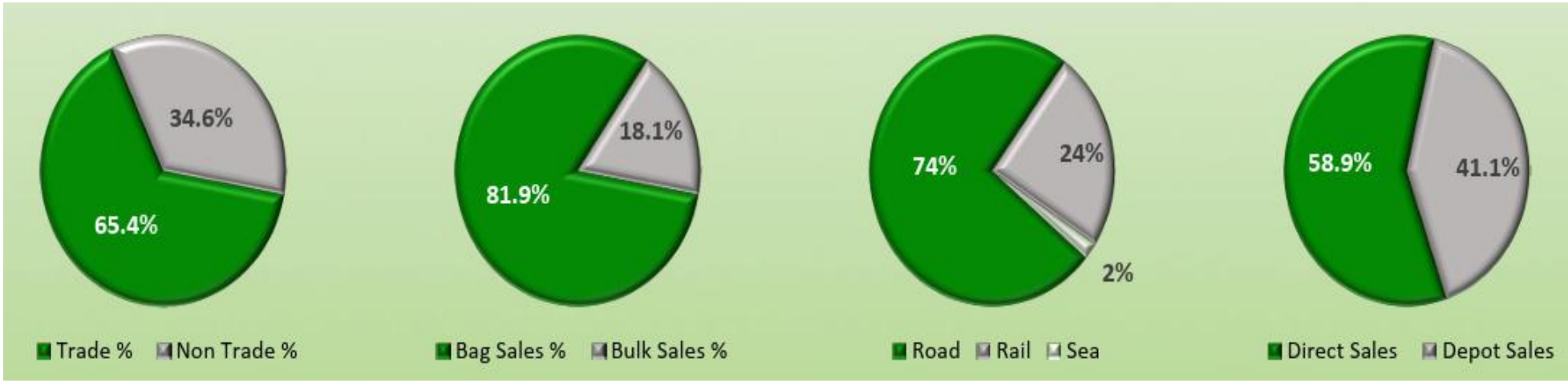
The industry's standard belief is that **55-60% of demand comes from housing**, **with 55-60% of that from Individual House Builders (IHBS).** Thus **30-36% of industry demand comes from IHB and this is industry's only segment which is brand conscious too and where branding plays a significant role.**

Capacity utilisations to fall further to 66% in FY26 and FY27 from 68% which was seen in FY11-FY25.

For price to rise demand has to pick up or efficiency of operations need to pick up.

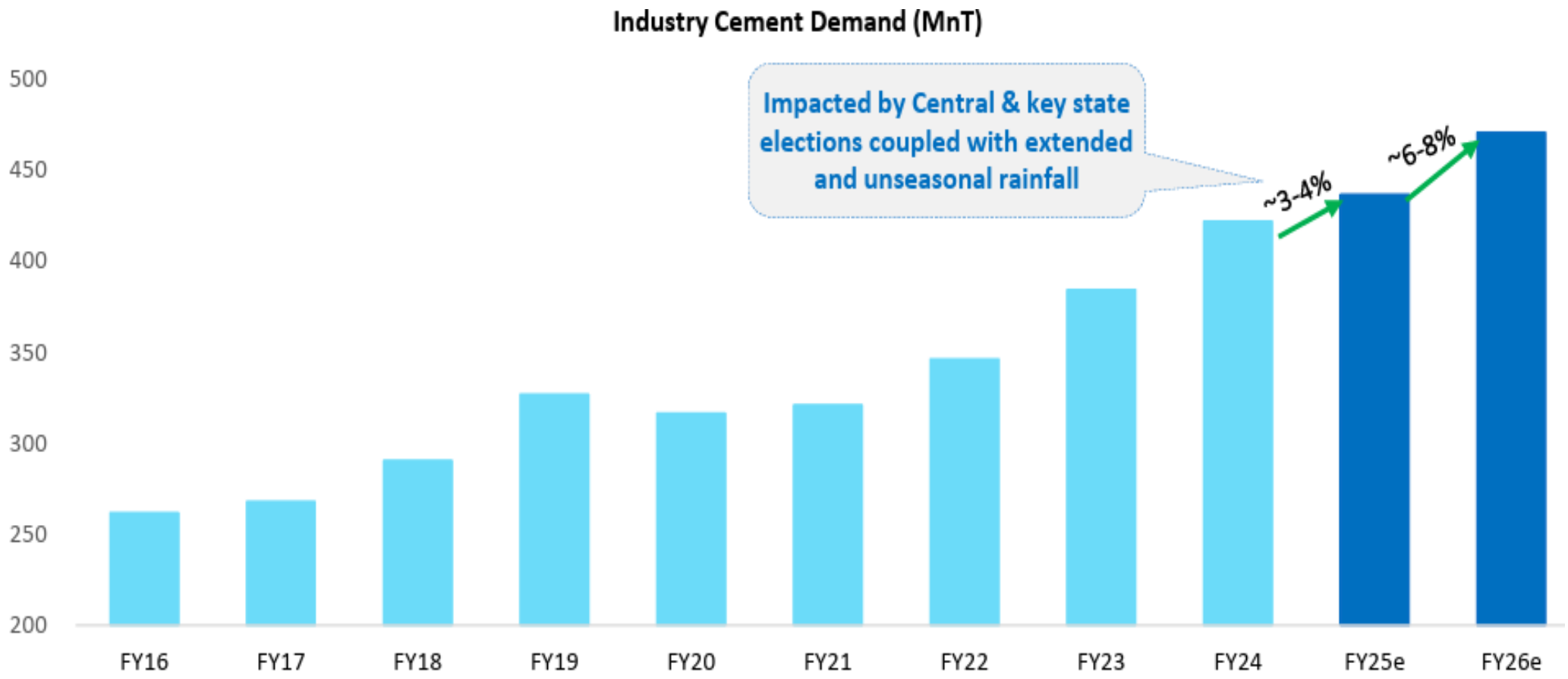
Projected Demand Growth by Ultratech Cement





Source: Ultratech cement

Dalmia Bharat Expects Industry's Cement Demand to grow by 6-8% in FY26

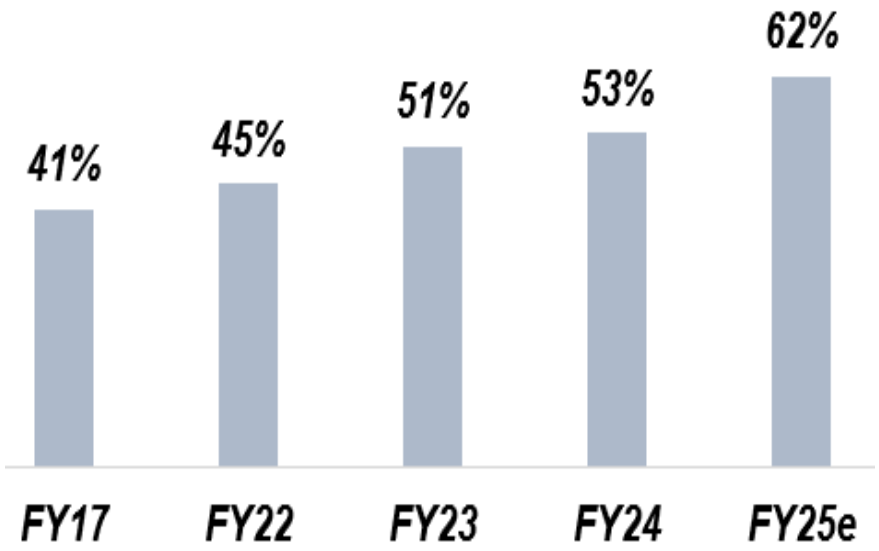


Source: Dalmia Bharat Ltd

Cement Industry Consolidation and Capex Plans

Acquisitions Leading to Rising Share of Top 5 Players (%)

Cement Sector Consolidation



Data Src: CNBC TV18

Eastern India is Expected to Witness the Highest Capacity Additions in the Cement Industry During FY24 to FY27E

Capacity Additions in mn mt

	FY24	FY25E	FY26E	FY27E	Additions over FY24-FY27E
Central	89	97	111	116	27
East	140	152	165	179	39
North	121	130	137	142	21
South	184	202	208	213	29
West	80	81	88	97	17
Total	613	662	708	747	133

Data Src: Centrum Broking

Over the last year, 57% of India's new cement capacity was added by Ultratech alone.

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