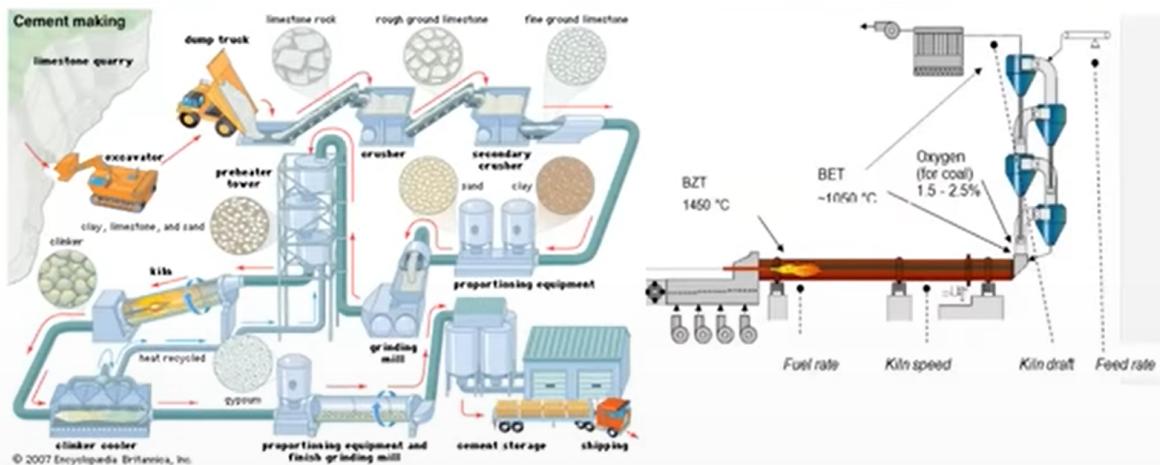


# Cement manufacturing process

*...proximity to limestone is key*



Source: GIA Research

## Types of cement

*...raw material mix matters*



**Ordinary Portland Cement (OPC):** Also referred to as grey cement or OPC, it is of much use in ordinary concrete construction. Clinker (95%) + Gypsum (5%)

**Portland Pozzolana Cement (PPC):** As known has fly-ash cement or PPC. Here typical composition in Clinker (65-70%) + Gypsum (5%) + Fly-ash (25-35%)

**Portland Blast Furnace Cement (PBFC):** Also known as blast furnace cement. Here typical composition is Clinker (45-50%) + Gypsum (5%) + Slag (45-50%)

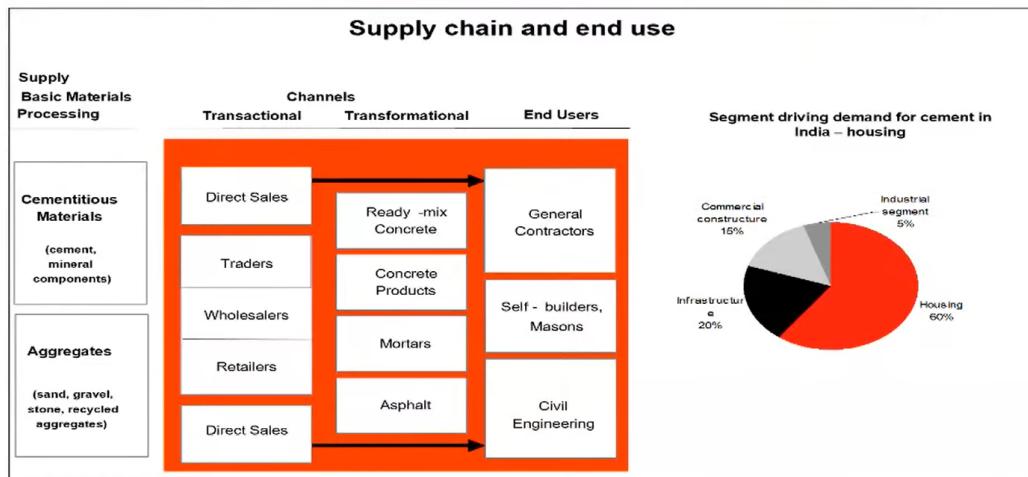
**White cement:** It is a kind of Ordinary Portland Cement. The ingredients of this cement are inclusive of clinker, fuel oil and iron oxide. The content of iron oxide is maintained below 0.4% to secure whiteness. White cement is largely used to increase the aesthetic value of a construction. It is preferred for tiles and flooring works. This cement costs more than grey cement.

**RMC:** Concrete that is specifically manufactured for delivery to the customer's construction site in a freshly mixed and plastic or unhardened state. Concrete itself is a mixture of Portland cement, water and aggregates comprising sand and gravel or crushed stone. Consumers of RMC are primarily large builders, which are a very competitive segment, hence margins are low.

Source: GIA Research;

# Supply Chain

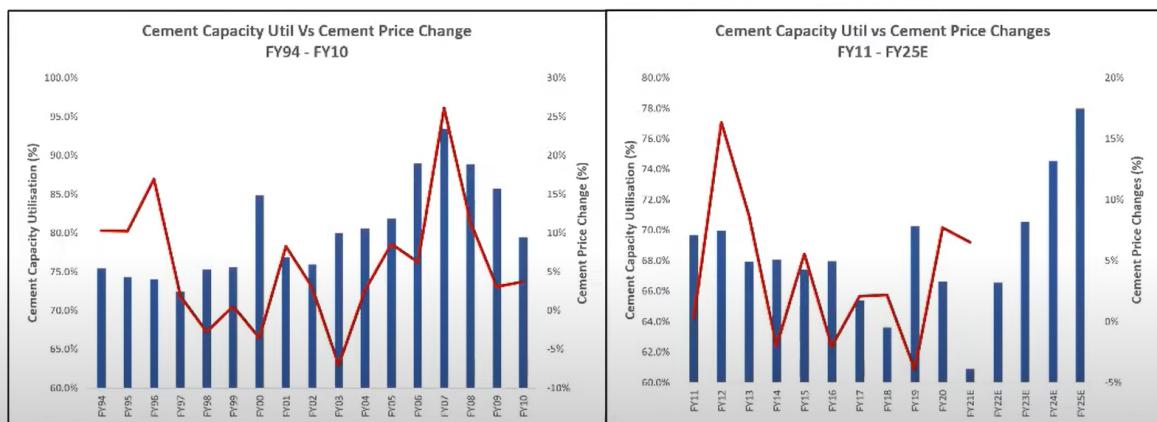
*...and demand drivers*



Source: GIA Research:

## Capacity Utilisation matters but little

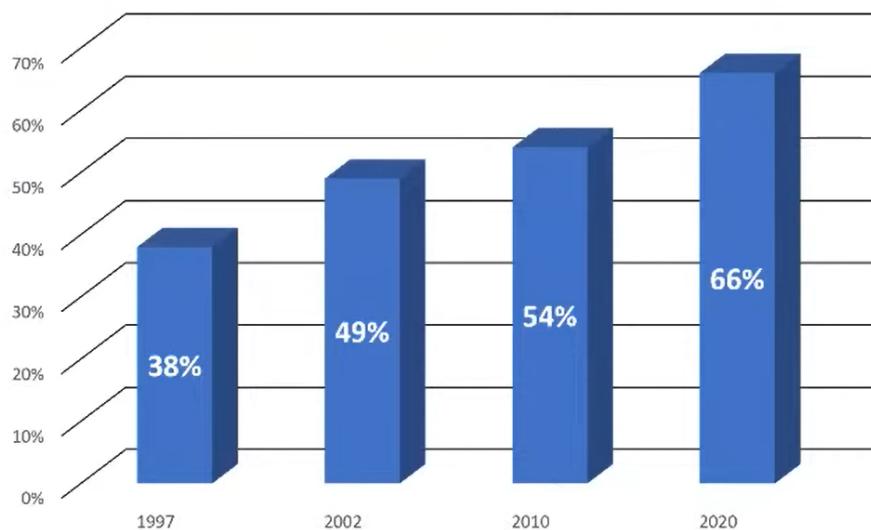
*Cement prices more resilient due to discipline*



Source: GIA Research

# Capacity share of top 5 players

*...consolidation has been happening*

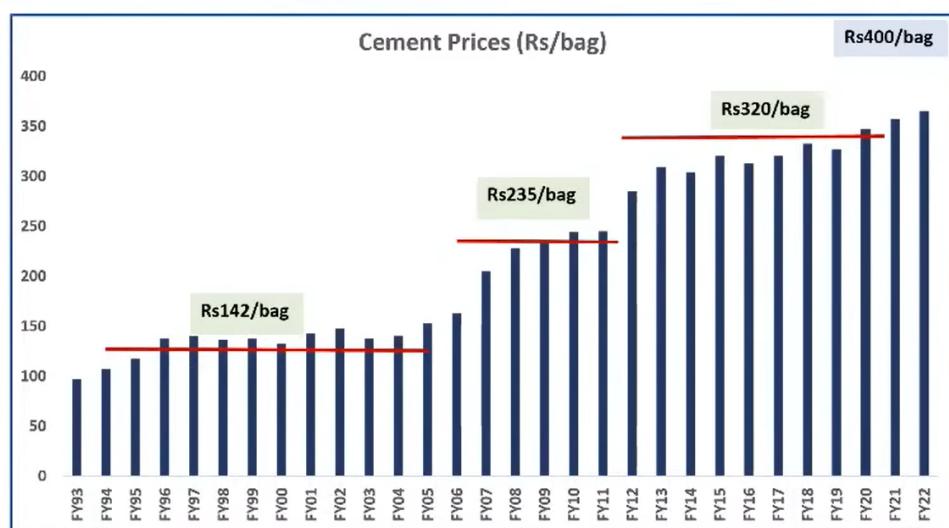


2022 – Time to move to Rs400/bag

*Step ups are driven by sharp cost increases*

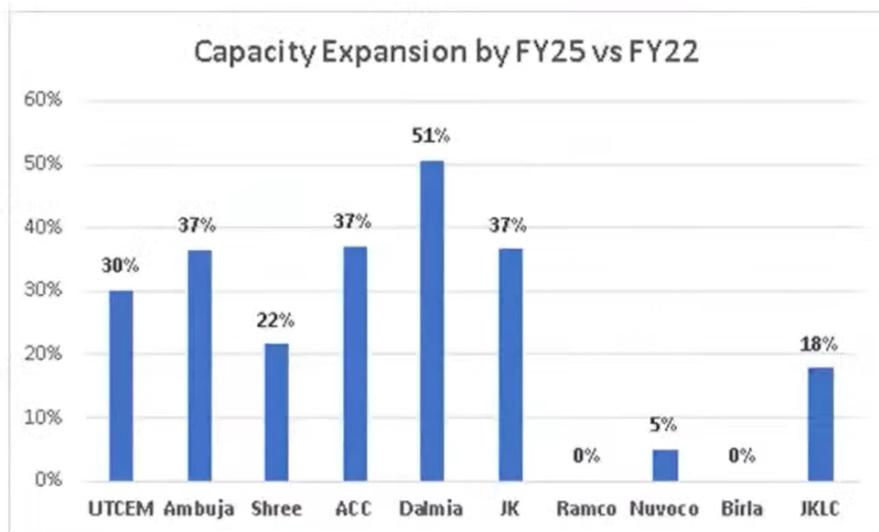


[www.goindiastocks.com](http://www.goindiastocks.com)  
Bringing Indian Corporates to you



# Larger players more aggressive

*...in capacity expansion*



## EBITDA margin and its drivers

Comparison of Ultratech with Ambuja



[www.goindiastocks.com](http://www.goindiastocks.com)  
Bringing Indian Corporates to you

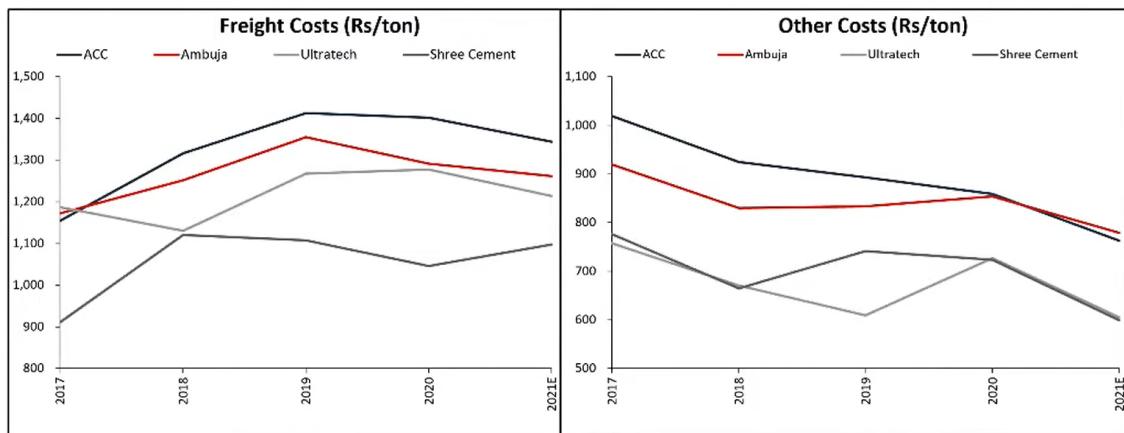
Rs/t	Ultratech	Ambuja	Ambuja's Shortfall	Remarks
Realisation	5337	5025	-312	Ultratech includes White Cement, Putty and RMC inflating the realisation
Raw Material	901	524	377	Same reason as above but opposite impact
Power & Fuel	971	995	-24	Ambuja lacks WHRS but is now adding
Freight	1214	1262	-48	Ambuja reducing costs due to MSA synergy benefits with ACC
Other Costs	605	779	-174	Includes royalty payment of 1% to Holcim
EBITDA	1358	1170	-188	Can narrow down still

Year	ACC	Ambuja	Ultratech	Shree Cement
2017	~750	~800	~1050	~1100
2018	~780	~820	~1080	~1120
2019	~780	~820	~1020	~1100
2020	~850	~900	~1450	~1450
2021E	~1000	~1100	~1350	~1400

Source: GIA Research

# Freight Cost drivers

*Lead distance, road rail sea mix, split grinding*



Source: GIA Research

# Limestone availability

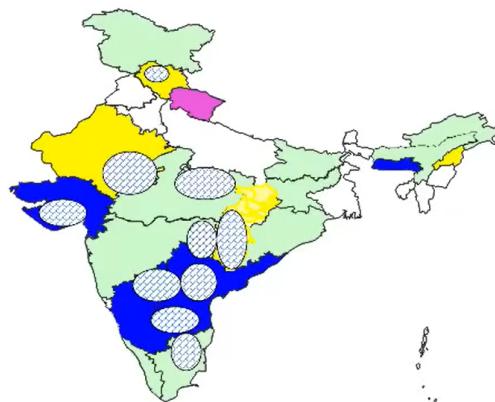
*...clusters of capacity near limestone pockets*



[www.goindiastocks.com](http://www.goindiastocks.com)  
Bringing Indian Corporates to you

Area Legend Color

Reserves	Tonnes/Km <sup>2</sup>
<	5,000
5,001 to	25,000
25,001 to	50,000
50,001 to	100,000
>	100,000



Lime Stone Reserves (mil.t.)	
State	Reserves %
Karnataka	51,886 30%
Andhra Pradesh	35,179 20%
Gujarat	20,012 11%
Rajasthan	19,486 11%
Meghalaya	16,054 9%
Chhattisgarh	9,038 5%
Madhya Pradesh	5,921 3%
Himachal Pradesh	4,762 3%
All India	175,345 100%

Source: GOI

# Cement – realization up by Rs600/t..

*...will go up further in Q4FY23 if coal prices sustain*



[www.goindiastocks.com](http://www.goindiastocks.com)

Bringing Indian Corporates to you

Realizations	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	YoY %	QoQ %
ACC	5,312	5,197	5,028	4,995	5,369	5,320	5,283	5,321	5,303	-1.2%	-0.3%
ACEM	5,195	5,031	5,014	5,002	5,251	5,221	5,217	5,241	5,404	2.9%	3.1%
UTCEM	5,211	5,162	5,132	5,186	5,495	5,553	5,614	5,694	6,056	10.2%	6.4%
ICEM	5,301	5,077	4,881	4,848	5,527	5,043	5,258	5,239	5,665	2.5%	8.1%
JKLC	4,320	4,371	4,418	4,552	4,633	4,828	4,853	4,763	5,567	20.2%	16.9%
JKCE	5,157	5,517	5,555	5,270	5,407	5,510	5,841	5,770	6,084	12.5%	5.4%
HEIM	4,757	4,637	4,691	4,673	4,695	4,683	4,827	4,858	5,305	13.0%	9.2%
MGC	4,763	4,566	4,601	4,505	4,690	4,639	4,392	4,675	5,243	11.8%	12.1%
SGC	4,756	4,512	4,226	4,084	4,463	4,324	4,489	4,448	4,702	5.3%	5.7%
SNGI	4,648	4,403	4,229	4,358	4,698	5,081	4,676	4,933	5,560	18.3%	12.7%
SRCM	4,730	4,628	4,622	4,818	5,043	5,077	5,422	5,105	5,602	11.1%	9.7%
TRCL	5,378	5,680	5,131	5,080	5,739	5,510	5,152	5,354	5,355	-6.7%	0.0%
ORCMNT	5,004	4,677	4,449	4,495	5,047	4,790	5,070	4,938	5,189	2.8%	5.1%
DALBHA	5,194	4,819	4,926	4,900	5,280	5,053	4,791	5,121	5,326	0.9%	4.0%
BCORP	4,956	4,880	4,770	4,856	4,943	4,878	4,934	5,071	5,344	8.1%	5.4%
STRCEM	6,503	6,164	6,128	6,651	6,716	6,589	6,422	6,498	6,796	1.2%	4.6%
Average	5,074	5,421	5,820	5,054	5,342	5,333	5,378	5,421	5,738	7.4%	5.8%



# Cement – EBITDA down by Rs350/t..

..next 5years should average Rs1500/t

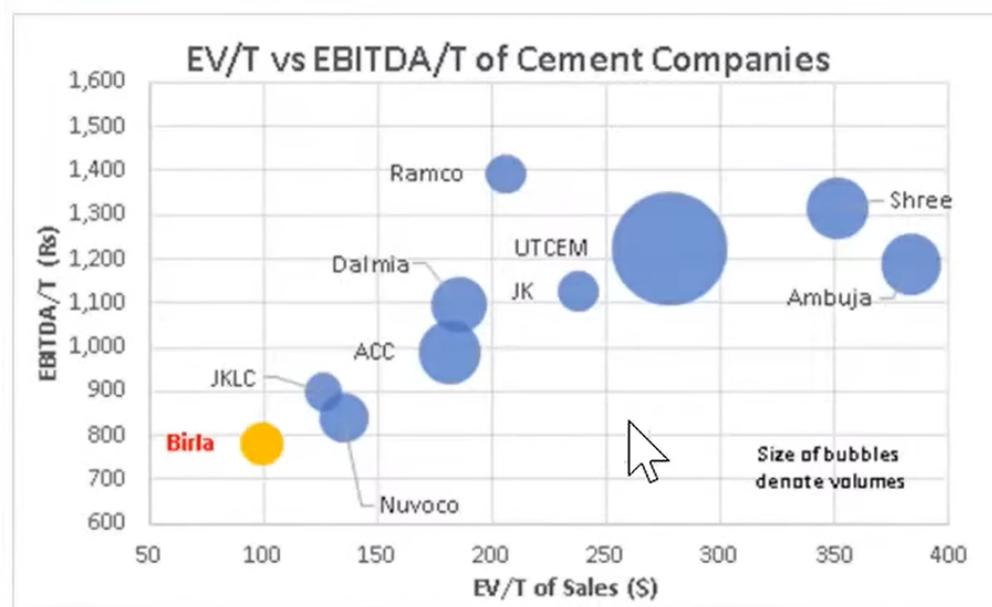


[www.goindiastocks.com](http://www.goindiastocks.com)  
Bringing Indian Corporates to you

EBITDA/mt	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	YoY %	QoQ %
ACC	1,093	1,033	908	1,078	1,279	1,083	741	822	563	-56.0%	-31.5%
ACEM	1,421	1,200	1,095	1,349	1,495	1,134	793	1,055	926	-38.0%	-12.2%
UTCEM	1,416	1,343	1,296	1,328	1,536	1,254	1,046	1,110	1,236	-19.6%	11.4%
ICEM	1,090	1,114	905	671	876	566	494	231	121	-86.2%	-47.9%
JKLC	750	781	710	922	813	702	595	879	779	-4.2%	-11.4%
JKCE	1,150	1,461	1,416	1,228	1,323	988	1,116	973	1,124	-15.0%	15.5%
HEIM	1,264	1,137	947	1,097	1,107	946	607	794	855	-22.8%	7.7%
MGC	978	708	1,060	860	1,035	466	536	572	758	-26.7%	32.6%
SGC	1,567	1,451	1,213	1,019	1,218	712	623	541	514	-57.8%	-4.9%
SNGI	1,163	928	1,058	1,253	1,101	960	701	606	309	-71.9%	49.0%
SRCM	1,421	1,513	1,521	1,439	1,482	1,422	1,260	1,134	1,091	-26.3%	-3.8%
TRCL	1,342	1,997	1,521	1,399	1,700	1,453	768	925	908	-46.6%	-1.8%
ORCMNT	1,198	1,109	1,006	1,095	1,360	1,047	965	942	743	-45.4%	-21.2%
DALBHA	1,680	1,454	1,191	1,188	1,455	1,218	721	1,033	950	-34.7%	-8.1%
BCORP	971	1,174	1,021	940	1,026	817	664	653	660	-35.7%	1.1%
STRCEM	1,455	1,211	1,215	1,152	1,218	1,162	781	983	1,267	4.0%	28.8%
Average	1,317	1,296	1,195	1,225	1,385	1,137	896	970	959	-30.7%	-1.1%

## Valuation drivers

...capacity and margins



# 2022 – Re-rating could be ahead

*Stock rallies have coincided with step up in cement prices*



[www.goindiastocks.co](http://www.goindiastocks.co)

*Bringing Indian Corporates to you*

