

11 December 2025

India | Equity Research | Re-initiating coverage

India Cements

Cement

Back to fundamentals

India Cements (ICEM) has seen it all – from M&A-led buoyancy (over past few years) to a more recent overhang of stake-sale by new promoter UltraTech Cement (UTCEM; to comply with minimum public shareholding norms). Hereon, its back to fundamentals. UTCEM is taking commendable strides towards enhancing ICEM's efficiency; it plans to – boost green power share (from 5% to 80%), upgrade kilns and facilitate brand-transition benefits. These measures offer visibility of >INR 1,000 EBITDA/t by FY28 (vs. INR 334 in Q2FY26) – in-line with guidance. Yet, an imminent margin jump may merely emplace ICEM back in the main league – ergo, at par with industry majors in South India. With competition stiffening and possibly pinching FY28E RoE, we value ICEM at 12x FY28E EV/EBITDA. We reinitiate coverage with a **HOLD** rating and TP of INR 422. While a merger with UTCEM appears an eventuality, its timeline as well as merger ratio (usually advised by an independent valuer) remains imponderable.

Imminent margin surge; but merely back in the main league

UTCEM gained management control of ICEM, effective 24 Dec'24. Ever since, management remains steadfast on its guidance of INR 1,000 EBITDA/t by FY28. It has committed a capex of INR 20.14bn towards: 1) increasing WHRS power capacity from 9MW to 27MW; 2) ramping up renewable power from 35MW to 212MW (both measures to drive up green power's share from 5% to 80% by FY28); 3) conversion of 4/5-stage preheaters to 6-stage preheaters, cooler upgradation and process optimisation (to curtail heat consumption); and 4) augment capacity by 2.8mtpa (from 14.75mtpa to 17.55mtpa by FY28). Further, the new promoter has also entered into an arrangement towards transition of brands to UTCEM (which fetches higher realisation) by charging ~INR 10/bag towards advertising and marketing expenses. Baking-in said benefits, we project an EBITDA/t of INR 1,033 for FY28E vs. INR 360 for FY26E.

Little upside on fundamentals; merger uncertainty looms

The coveted EBITDA/t of >INR 1,000 would only bring ICEM back into the main league; yet, merely yielding a mid-single-digit RoE. Envisaging fresh concerns of rising industry-wide competitive intensity (tracking significant capacity additions over FY26–28), we value ICEM at 12x FY28E EV/EBITDA – just shy of our 13x multiple for The Ramco Cements (TRCL). As per UTCEM, while a merger is likely on the cards in FY27 or FY28; in our view, this remains imponderable given vagaries around its timeline and the merger ratio (usually advised by an independent valuer).

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	40,885	45,618	52,720	58,801
EBITDA	(3,827)	3,560	7,252	12,258
EBITDA (%)	(9.4)	7.8	13.8	20.8
Net Profit	(7,217)	(198)	2,233	5,712
EPS (INR)	(23.3)	(0.6)	7.2	18.4
EPS % Chg YoY	NA	NA	NA	155.9
P/E (x)	NA	NA	57.5	22.5
EV/EBITDA (x)	(36.4)	40.1	20.0	11.6
RoCE (%)	(5.6)	0.4	2.7	5.5
RoE (%)	(9.6)	(0.2)	2.3	5.6

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Market Data

Market Cap (INR)	128bn
Market Cap (USD)	1,427mn
Bloomberg Code	ICEM IN
Reuters Code	ICMN.BO
52-week Range (INR)	430 /239
Free Float (%)	22.0
ADTV-3M (mn) (USD)	2.8

Price Performance (%)	3m	6m	12m
Absolute	6.4	19.3	20.4
Relative to Sensex	2.7	16.8	16.9

ESG Score	2024	2025	Change
ESG score	NA	61.7	NA
Environment	NA	47.2	NA
Social	NA	60.3	NA
Governance	NA	75.7	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

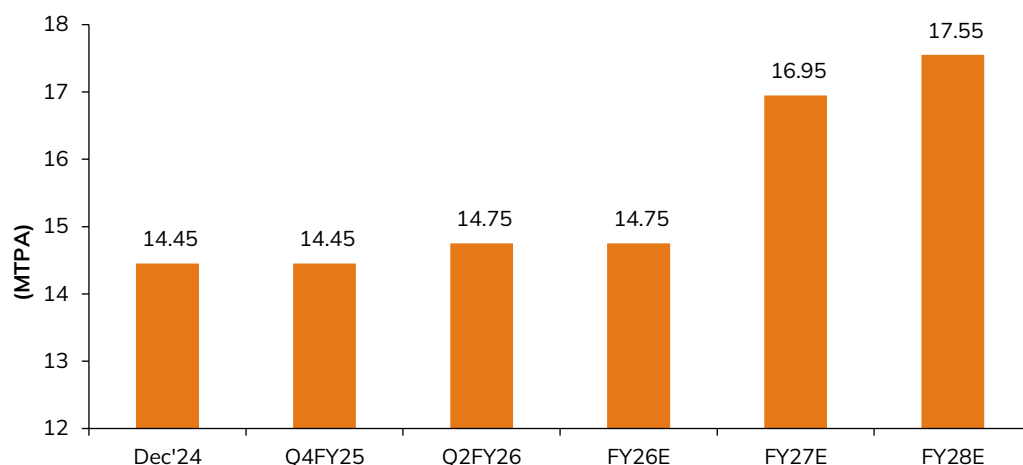
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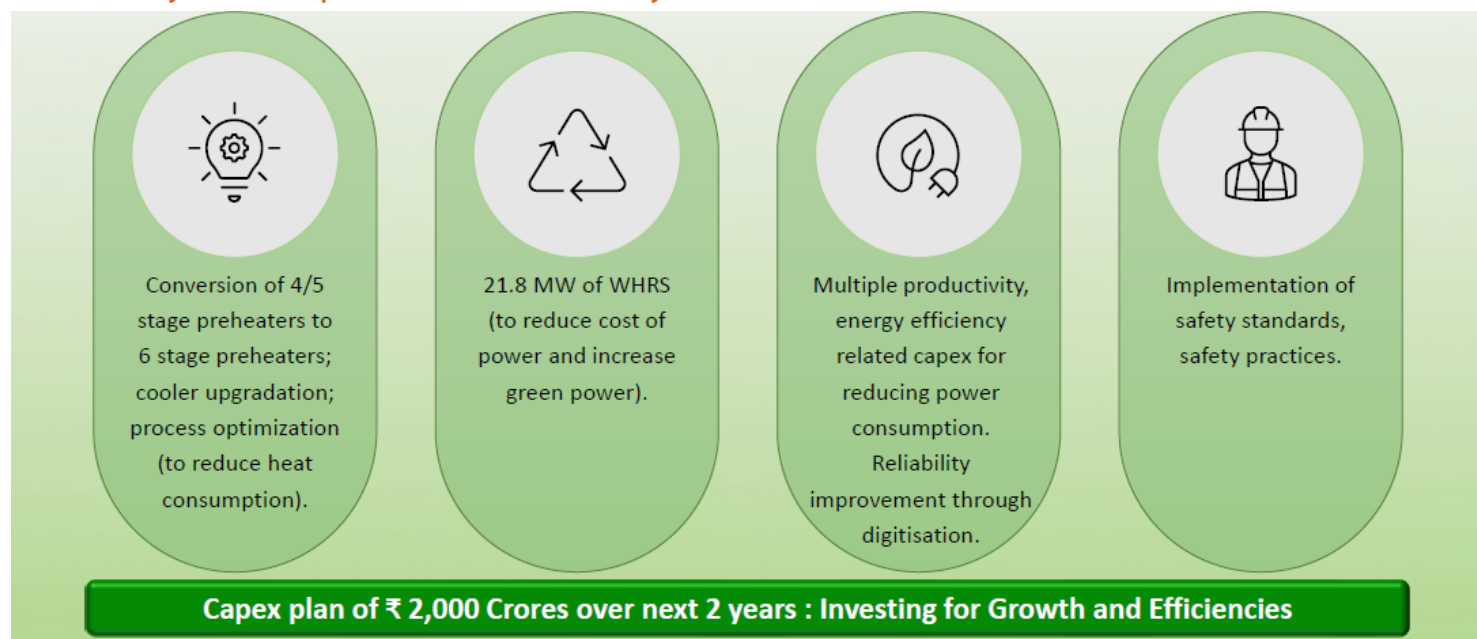
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Exhibit 1: UTCEM acquired controlling stake in ICEM at an EV of ~USD 98/t on 24th December, 2024

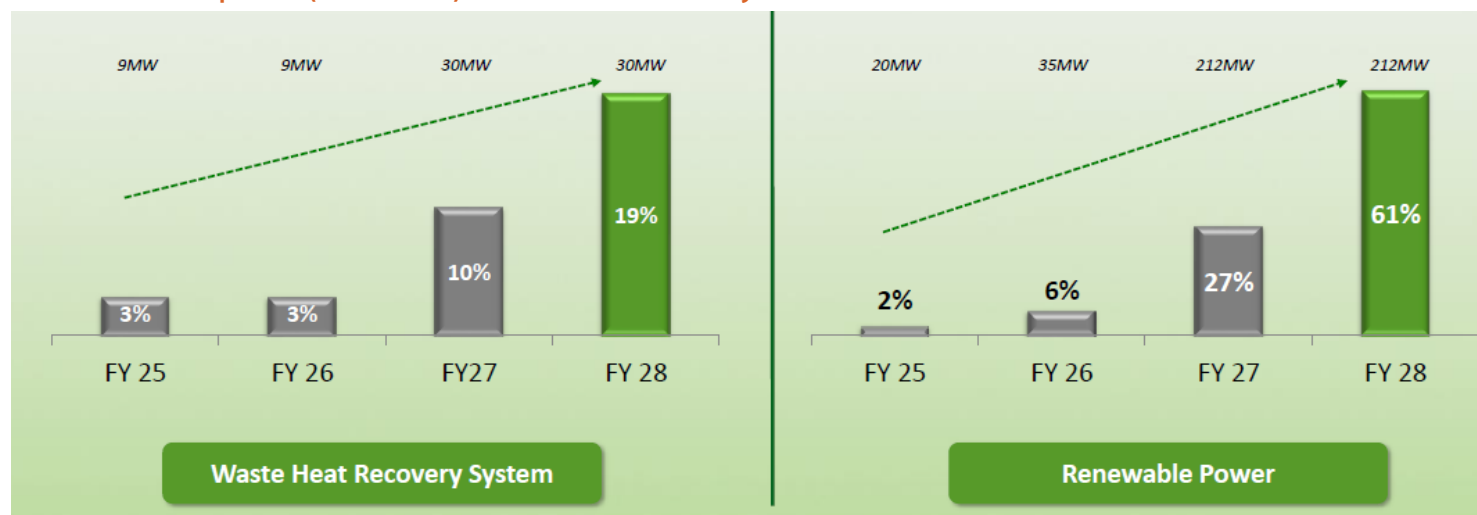

Source: I-Sec research, Company data, UTCEM Q3FY25 PPT

Exhibit 2: Cement capacity set to reach 17.55mtpa by FY28E


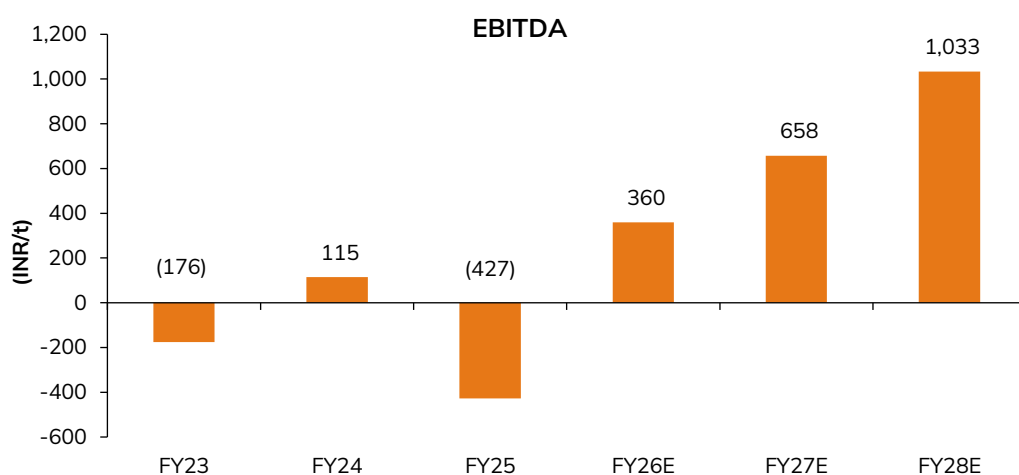
Source: I-Sec research, Company data

Exhibit 3: Key initiatives planned towards efficiency enhancement


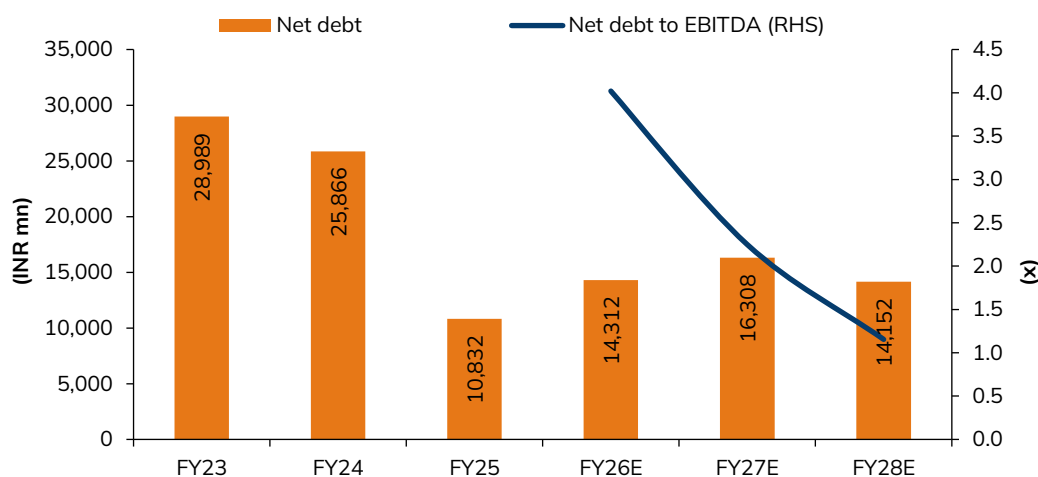
Source: I-Sec research, Company data, ICEM Q2FY26 PPT

Exhibit 4: Green power (WHRS+RE) share to reach 80% by FY28E


Source: I-Sec research, Company data, ICEM Q2FY26 PPT

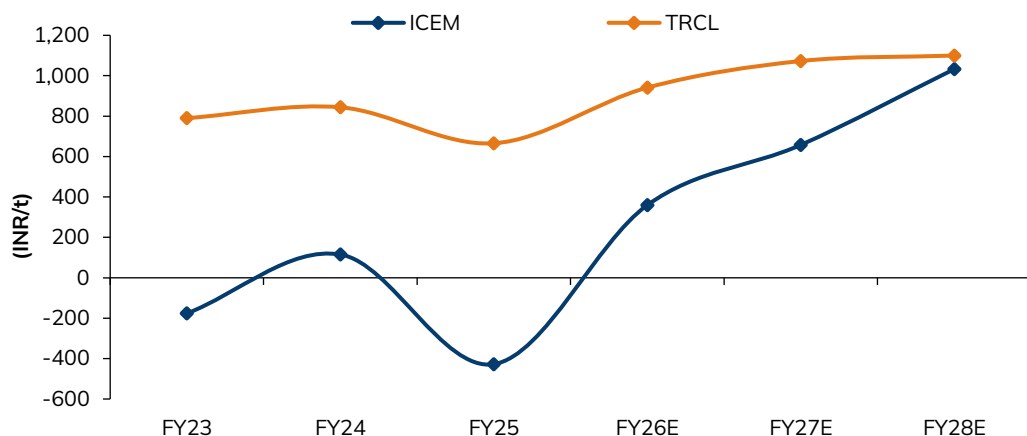
Exhibit 5: EBITDA/t set to scale-up to > INR 1,000 by FY28E


Source: I-Sec research, Company data

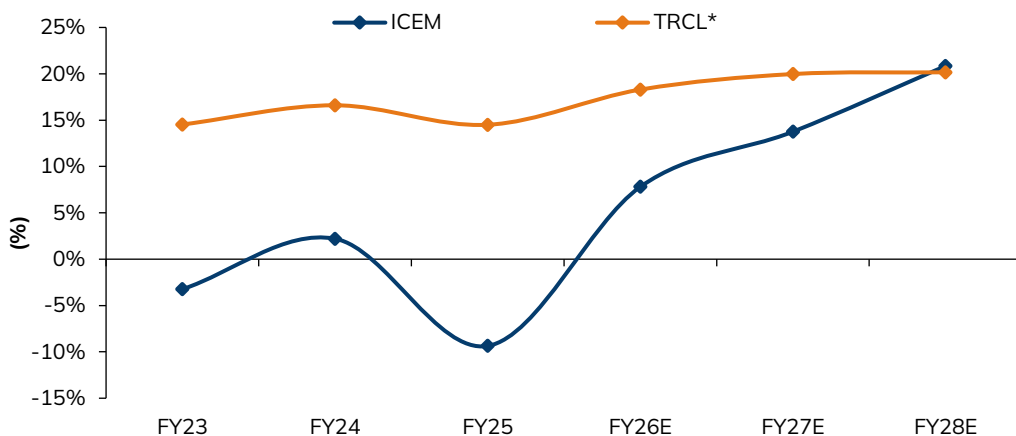
Exhibit 6: Net debt/ EBITDA to remain in comfort zone


Source: I-Sec research, Company data

Note: ICEM reported EBITDA loss of INR 1.7bn in FY23 and INR 3.8bn in FY25. Further, it reported a positive EBITDA of a mere INR 1.1bn in FY24. Net debt/EBITDA ratio on such low numbers is not comparable.

Exhibit 7: EDITDA/t set to match industry peer TRCL by FY28

Source: I-Sec research, Company data

Exhibit 8: EDITDA margin set to be at par with TRCL by FY28

Source: I-Sec research, Company data, * Bloomberg consensus

Exhibit 9: Valuations based on 12x Mar'28E EV/E

Particulars (INR mn)	FY28E
Assumed EV/EBITDA multiple (x)	12.0
EBITDA (INR mn)	12,258
EV (INR mn)	1,47,100
Less: Net debt (INR mn)	16,308
Mcap (INR mn)	1,30,793
Shares o/s (mn)	310
Value per share (INR)	422
Potential Upside (%)	1.8

Source: I-Sec research, Company data

Key risks

- Sharp increase in cement prices and/or sharp fuel cost decline are key upside risks.
- Sharp fall in cement prices and/or major surge in fuel prices are key downside risks.

Exhibit 10: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	81.5	81.5	75.6
Institutional investors	8.6	8.7	15.4
MFs and other	0.9	2.8	8.8
FIs/ Banks	0.0	0.3	0.4
Insurance Cos.	2.8	2.8	3.1
FII's	4.9	3.0	3.1
Others	9.9	9.8	9.0

Source: Bloomberg, I-Sec research

Exhibit 11: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 12: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	40,885	45,618	52,720	58,801
Operating Expenses	44,712	42,058	45,468	46,542
EBITDA	(3,827)	3,560	7,252	12,258
EBITDA Margin (%)	(9.4)	7.8	13.8	20.8
Depreciation & Amortization	2,394	2,981	3,192	3,565
EBIT	(6,221)	579	4,060	8,694
Interest expenditure	2,767	1,267	1,581	1,652
Other Non-operating Income	503	423	518	626
Recurring PBT	(7,944)	(265)	2,997	7,667
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	(1,268)	(68)	764	1,955
PAT	(6,676)	(198)	2,233	5,712
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	455	-	-	-
Net Income (Reported)	(6,676)	(198)	2,233	5,712
Net Income (Adjusted)	(7,217)	(198)	2,233	5,712

Source Company data, I-Sec research

Exhibit 13: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	17,208	18,680	21,989	24,091
of which cash & cash eqv.	760	779	1,883	2,439
Total Current Liabilities & Provisions	22,640	23,829	25,614	27,038
Net Current Assets	(5,432)	(5,149)	(3,624)	(2,947)
Investments	3,061	3,061	3,061	3,061
Net Fixed Assets	1,14,186	1,12,705	1,20,013	1,24,588
ROU Assets	-	-	-	-
Capital Work-in-Progress	1,766	6,266	2,766	1,626
Total Intangible Assets	176	176	176	176
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	1,13,756	1,17,058	1,22,391	1,26,503
Liabilities				
Borrowings	11,591	15,091	18,191	16,591
Deferred Tax Liability	5,932	5,932	5,932	5,932
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	3,099	3,099	3,099	3,099
Reserves & Surplus	93,134	92,936	95,168	1,00,881
Total Net Worth	96,233	96,035	98,267	1,03,980
Minority Interest	-	-	-	-
Total Liabilities	1,13,756	1,17,058	1,22,391	1,26,503

Source Company data, I-Sec research

Exhibit 14: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	(4,836)	2,783	5,424	9,277
Working Capital Changes	2,446	(264)	(420)	(122)
Capital Commitments	4,542	(6,000)	(7,000)	(7,000)
Free Cashflow	2,152	(3,481)	(1,996)	2,155
Other investing cashflow	12,759	-	-	-
Cashflow from Investing Activities	17,301	(6,000)	(7,000)	(7,000)
Issue of Share Capital	-	-	-	-
Interest Cost	(2,724)	-	-	-
Inc (Dec) in Borrowings	(14,566)	3,500	3,100	(1,600)
Dividend paid	-	-	-	-
Others	-	-	-	-
Cash flow from Financing Activities	(17,290)	3,500	3,100	(1,600)
Chg. in Cash & Bank balance	(2,379)	19	1,104	555
Closing cash & balance	(2,243)	768	1,872	2,428

Source Company data, I-Sec research

Exhibit 15: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	(23.3)	(0.6)	7.2	18.4
Adjusted EPS (Diluted)	(23.3)	(0.6)	7.2	18.4
Cash EPS	(15.6)	9.0	17.5	29.9
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	310.5	309.9	317.1	335.5
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	(17.3)	11.6	15.6	11.5
EBITDA	NA	NA	103.7	69.0
EPS (INR)	NA	NA	NA	155.9
Valuation Ratios (x)				
P/E	NA	NA	57.5	22.5
P/CEPS	NA	46.1	23.7	13.8
P/BV	1.3	1.3	1.3	1.2
EV / EBITDA	NA	40.1	20.0	11.6
EV / te (USD)	115.4	107.5	94.9	90.3
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	79.0	79.9	80.9	82.8
EBITDA Margins (%)	(9.4)	7.8	13.8	20.8
Effective Tax Rate (%)	16.0	25.5	25.5	25.5
Net Profit Margins (%)	(17.7)	(0.4)	4.2	9.7
NWC / Total Assets (%)	(4.8)	(4.4)	(3.0)	(2.3)
Net Debt / Equity (x)	0.1	0.1	0.2	0.1
Net Debt / EBITDA (x)	(2.8)	4.0	2.2	1.2
Profitability Ratios				
RoCE (%) (Post Tax)	(5.6)	0.4	2.7	5.5
RoE (%)	(9.6)	(0.2)	2.3	5.6
RoIC (%)	(5.2)	0.7	3.2	6.1
Fixed Asset Turnover (x)	0.5	0.4	0.5	0.5
Inventory Turnover Days	63	64	68	75
Receivables Days	60	56	55	56
Payables Days	117	112	118	132

Source Company data, I-Sec research

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