

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	ICEM IN
Equity Shares (m)	310
M.Cap.(INRb)/(USDb)	90 / 1.1
52-Week Range (INR)	386 / 173
1, 6, 12 Rel. Per (%)	1/-19/19
12M Avg Val (INR M)	1321

Financial Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Sales	40.9	46.6	51.0
EBITDA	-3.8	2.9	5.4
Adj. PAT	-7.4	-1.2	0.9
EBITDA Margin (%)	-9.4	6.3	10.6
Adj. EPS (INR)	-24.0	-3.9	3.0
EPS Gr. (%)	n/m	n/m	n/m
BV/Sh. (INR)	310.5	306.7	309.6
Ratios			
Net D:E	0.1	0.1	0.1
RoE (%)	-9.9	-1.3	1.0
RoCE (%)	-5.1	0.1	2.0
Payout (%)	0.0	0.0	0.0
Valuations			
P/E (x)	n/m	-75.0	98.2
P/BV (x)	0.9	0.9	0.9
EV/EBITDA(x)	n/m	35.1	19.1
EV/ton (USD)	80	82	82
Div. Yield (%)	0.0	0.0	0.0

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	81.5	55.5	28.4
DII	3.7	6.7	8.5
FII	4.9	14.5	13.3
Others	9.9	23.3	49.8

FII Includes depository receipts

CMP: INR290

TP: INR240 (-17%)

Sell

Strong volume growth; profitability targets set for FY26-28

- India Cements (ICEM), following the recent change in management (the first quarter after UTCEM took control), has reported an improved performance in 4QFY25. It has reported an EBITDA of INR5m (vs. an estimate of an operating loss of INR1.2b) in 4QFY25. Sales volume grew ~8% YoY to 2.6mt (~12 above our est.). Net loss stood at INR736m (estimated loss of INR1.1b) vs. a loss of INR435m in 4QFY25.
- The company's capacity utilization stood at ~73% in 4QFY25 vs. ~61%/59% in 4QFY24/3QFY25. ICEM achieved an EBITDA break-even in the first quarter after the takeover. UTCEM's management has indicated that with the price improvement in the south region in Apr'25, ICEM's performance will further improve. It aims to achieve an EBITDA/t of INR500/INR700/INR1,000+ by FY26E/FY27E/FY28E.
- We broadly retain our EBITDA estimates for FY26/FY27. We value ICEM at an EV/t of USD70 to arrive at our TP of INR240. **Maintain Sell.**

Volume up ~8% YoY, realization down 11% YoY (up 5% QoQ)

- ICEM's revenue declined ~4% YoY to INR12.0b in 4QFY25 (~18% beat). Sales volume increased ~8% YoY (up ~27% QoQ; +12% vs. est.) to 2.6mt. Blended realization/t declined ~11% YoY to INR4,535 (up 5% QoQ; +6% vs. estimate).
- Variable cost/other expenses/freight cost per ton declined 6%/8%/11% YoY. Employee cost declined 16% YoY. Opex/t declined ~8% YoY to INR4,533 (~6% below our estimate). Finance costs declined ~25% YoY. It reported a net loss of INR736m vs. a net loss of INR435m in 4QFY24.
- In FY25, ICEM's revenue declined ~17% YoY to INR40.9b. Operating loss stood at INR3.8b vs. EBITDA of INR1.1b in FY24. Net loss stood at INR7.4b vs. a net loss of INR2.3b in FY24. Volume/realization declined 5%/13% YoY. OCF stood at INR602m vs. INR3.1b in FY24. The sale of assets stood at INR4.5b vs. capex of INR893m in FY24. FCF stood at INR5.1b vs. INR2.2b in FY24.

Highlights from UTCEM's management commentary

- Sales volume stood at 2.64mt and ICEM achieved 1mt+ in volume in Mar'25. After achieving an operating profit in 4QFY25, the target is to achieve an EBITDA/t of INR500/INR700/INR1,000+ by FY26W/FY27E/FY28E. Improvement in capacity utilization, logistics costs, overhead optimization, and cement prices would lead to profitability improvement for the company.
- Capex planned for ICEM is INR15b, out of which INR10b will be for WHRS (21.8MW) and efficiency improvement in FY26E/27E. The payback period for this capex will be three years, and benefits would start accruing from 4QFY27. Brownfield opportunities for expansion have been identified for ICEM, and the timing will be decided based on market demand.
- UTCEM will enter into tolling arrangements with the company first and then rebrand its products to UTCEM by FY27-end. However, UTCEM's holding in the company needs to be brought down to 75% to meet the regulatory requirements.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Valuation and view

- ICEM's operating performance has improved sequentially, led by strong volume growth, improvement in realization, and cost structure. It has shown improvement in working capital led by a reduction in loans and advances given to related parties and others. The company's net debt declined to INR10.8b in FY25 (net debt stood at INR8.9b as of Dec'24) from INR25.9b in FY24. The company utilized proceeds from the sale of fixed assets, divestment in a few associate companies, and recoveries from loans and advances to repay debt.
- We estimate the company's revenue CAGR at ~12% over FY25-27, fueled by a volume/realization CAGR of ~7%/5%. We estimate ICEM to achieve an EBITDA/t of INR310/520 in FY26/27. We value ICEM at an EV/t of USD70 to arrive at our TP of INR240. **Maintain Sell.**

Standalone quarterly performance											(INR b)	
Y/E March	FY24				FY25				FY24	FY25	FY25 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Sales Volumes (mt)	2.7	2.4	2.0	2.4	2.0	2.3	2.1	2.6	9.5	9.0	2.4	12
Change (YoY %)	(0.2)	5.1	(9.0)	(12.5)	(26.4)	(2.9)	5.0	8.4	(4.4)	(5.0)	(3.4)	
Realization (INR/ton)	5,225	5,157	5,450	5,112	4,954	4,416	4,333	4,535	5,226	4,549	4,295	6
Change (YoY %)	(3.5)	(7.4)	(2.5)	(2.5)	(5.2)	(14.4)	(20.5)	(11.3)	(3.9)	(13.0)	(16.0)	
Change (QoQ %)	(0.4)	(1.3)	5.7	(6.2)	(3.1)	(10.9)	(1.9)	4.6			(0.9)	
Net Sales	13.9	12.2	10.8	12.5	9.7	10.2	9.0	12.0	49.4	40.9	10.1	18
Change (YoY %)	(3.7)	(2.6)	(11.3)	(14.7)	(30.3)	(16.8)	(16.5)	(3.9)	(8.1)	(17.3)	(18.8)	
EBITDA	0.1	0.1	0.5	0.5	(0.3)	(1.6)	(1.9)	0.0	1.1	(3.8)	(1.2)	(100)
Change (YoY %)	(83.7)	NM										
Margin (%)	0.4	0.7	4.5	3.8	(3.2)	(16.1)	(20.9)	0.0	2.2	(9.4)	(12.1)	
Depreciation	0.5	0.5	0.6	0.6	0.6	0.5	0.6	0.7	2.2	2.4	0.5	37
Interest	0.6	0.6	0.6	0.6	0.8	0.7	0.7	0.5	2.4	2.8	0.2	92
Other Income	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.2	0.5	0.5	0.1	92
PBT before EO expense	(1.0)	(1.0)	(0.5)	(0.5)	(1.6)	(2.8)	(3.1)	(1.0)	(3.0)	(8.5)	(1.9)	(48)
Extra-Ord. expense	-	-	(0.3)	(0.2)	(2.4)	(0.1)	1.9	0.0	(0.4)	(0.5)	-	
PBT	(1.0)	(1.0)	(0.2)	(0.3)	0.8	(2.7)	(5.0)	(1.0)	(2.5)	(7.9)	(1.9)	(46)
Tax	(0.2)	(0.2)	(0.1)	(0.0)	0.0	(0.3)	(0.7)	(0.3)	(0.5)	(1.3)	(0.8)	
Rate (%)	23.9	17.6	31.3	10.9	1.7	12.6	13.7	25.2	20.5	16.0	40.7	
Reported PAT	(0.8)	(0.8)	(0.2)	(0.3)	0.8	(2.4)	(4.3)	(0.8)	(2.0)	(6.7)	(1.1)	(32)
Tax	-	-	-	-	-	-	-	-	-	-	-	
Adj. PAT	(0.8)	(0.8)	(0.3)	(0.4)	(1.6)	(2.5)	(2.6)	(0.7)	(2.3)	(7.4)	(1.1)	(34)
Change (YoY %)	NM											
Margin (%)	(5.4)	(6.7)	(3.2)	(3.5)	(16.4)	(24.2)	(29.3)	(6.2)	(4.7)	(18.2)	(11.1)	
Per tonne analysis											(INR/t)	
RM Cost	1,068	918	989	930	951	982	1,052	860	978	955	969	(11)
Employee Expenses	345	416	434	402	534	410	418	339	396	418	408	(17)
Power, Oil, and Fuel	2,046	1,942	1,863	1,891	1,826	1,843	1,916	1,801	1,942	1,844	1,798	0
Freight cost	1,104	1,054	1,085	1,034	1,067	1,060	1,041	922	1,070	1,017	1,047	(12)
Other Expenses	643	793	832	663	735	834	810	612	725	741	591	4
Total Expense	5,206	5,122	5,203	4,920	5,112	5,128	5,237	4,533	5,111	4,975	4,813	(6)
EBITDA	19	34	247	192	(158)	(712)	(904)	2	115	-426	(518)	(100)
YoY (%)	(83.6)	NM	NM	NM	NM	NM	NM	(99.0)	NM	(469.5)	(369.2)	

Story in charts

Exhibit 1: Sales volume up 8% YoY

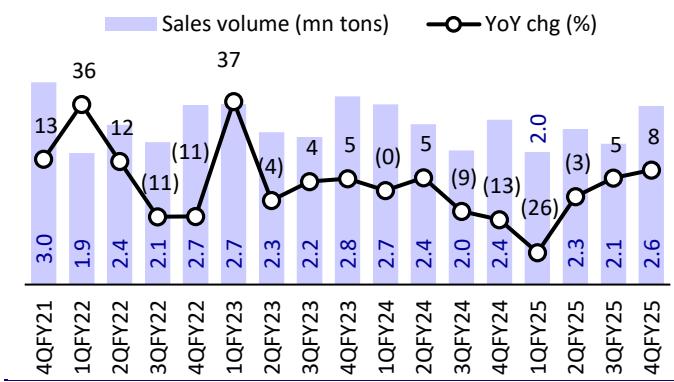


Exhibit 2: Blended realization down 11% YoY/up 5% QoQ

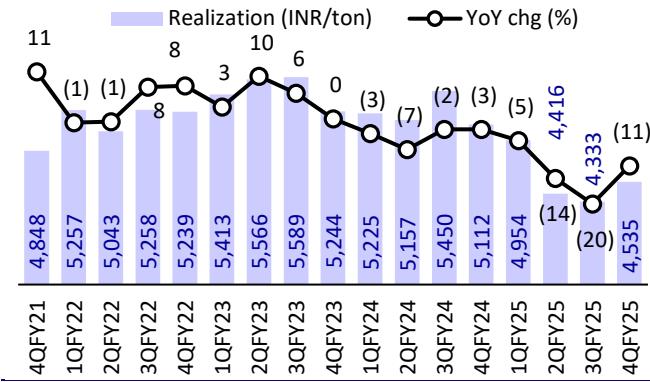
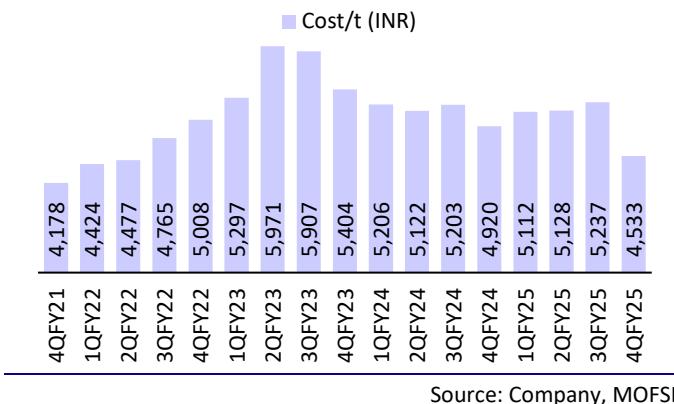
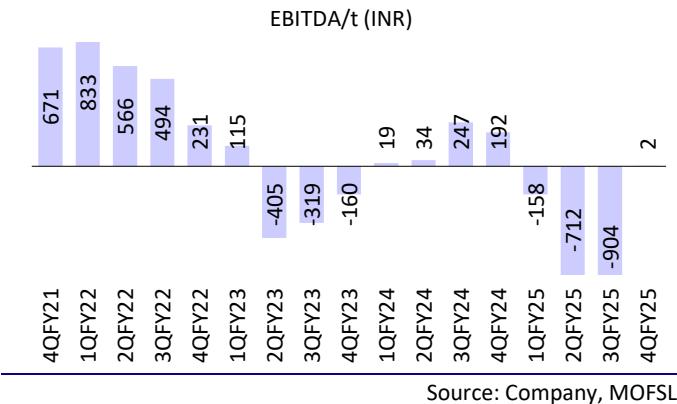


Exhibit 3: Opex/t down 8% YoY/13% QoQ



Source: Company, MOFSL

Exhibit 4: Reported operating profit in 4QFY25



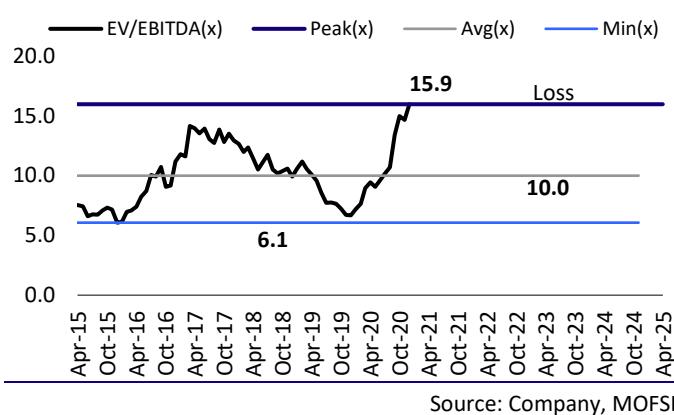
Source: Company, MOFSL

Exhibit 5: Key operating metrics (blended)

INR/t	4QFY25	4QFY24	YoY (%)	3QFY25	QoQ (%)
Blended realization	4,535	5,112	(11)	4,333	5
Raw Material Cost	860	930	(8)	1,052	(18)
Staff Cost	339	402	(16)	418	(19)
Power and fuel	1,801	1,891	(5)	1,916	(6)
Freight and selling Exp.	922	1,034	(11)	1,041	(11)
Other Exp.	612	663	(8)	810	(24)
Total Exp.	4,533	4,920	(8)	5,237	(13)
EBITDA	2	192	NM	(904)	NM

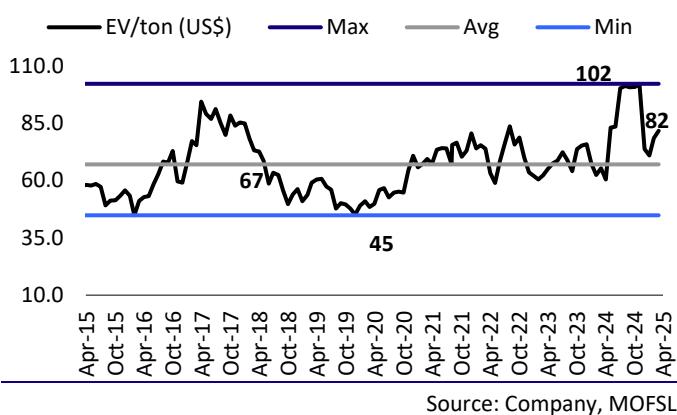
Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA chart



Source: Company, MOFSL

Exhibit 7: One-year forward EV/t chart



Source: Company, MOFSL

Financials and valuations

Standalone Income Statement								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Sales	50,575	44,367	47,131	53,808	49,424	40,885	46,650	50,976
Change (%)	-10.1	-12.3	6.2	14.2	-8.1	-17.3	14.1	9.3
EBITDA	5,852	8,061	4,611	-1,745	1,090	-3,827	2,941	5,418
Margin (%)	11.6	18.2	9.8	-3.2	2.2	-9.4	6.3	10.6
Depreciation	2,469	2,419	2,198	2,130	2,196	2,394	3,219	3,244
EBIT	3,384	5,642	2,413	-3,875	-1,106	-6,221	-278	2,174
Int. and Finance Charges	3,345	2,650	2,040	2,342	2,404	2,767	1,649	1,539
Other Income – Rec.	277	235	167	343	543	503	465	482
PBT bef. EO Exp.	316	3,227	540	-5,874	-2,968	-8,485	-1,462	1,117
EO Expense/(Income)	1,000	0	0	-1,805	-421	-541	0	0
PBT after EO Exp.	-684	3,227	540	-4,069	-2,547	-7,944	-1,462	1,117
Current Tax	69	1,380	393	0	0	0	-263	201
Deferred Tax	-398	-373	-243	-2,184	-522	-1,268	0	0
Tax Rate (%)	48.1	31.2	27.9	53.7	20.5	16.0	18.0	18.0
Reported PAT	-355	2,220	390	-1,886	-2,025	-6,676	-1,199	916
PAT Adj. for EO items	212	2,220	390	-4,682	-2,347	-7,436	-1,199	916
Change (%)	-69.5	947.7	-82.4	n/m	n/m	n/m	n/m	n/m
Margin (%)	0.4	5.0	0.8	-8.7	-4.7	-18.2	-2.6	1.8

Balance Sheet								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	3,099	3,099	3,099	3,099	3,099	3,099	3,099	3,099
Total Reserves	51,050	53,081	55,082	52,890	50,891	93,134	91,935	92,850
Net Worth	54,149	56,180	58,181	55,989	53,990	96,233	95,034	95,949
Deferred Liabilities	5,910	5,538	5,295	2,836	2,324	5,932	5,932	5,932
Secured Loan	23,750	19,798	19,287	17,992	14,153	10,664	12,664	13,464
Unsecured Loan	11,581	10,196	11,345	11,193	11,860	928	928	928
Total Loans	35,331	29,995	30,632	29,186	26,012	11,591	13,591	14,391
Capital Employed	95,391	91,712	94,107	88,011	82,326	1,13,756	1,14,557	1,16,273
Gross Block	81,024	81,871	84,244	84,964	87,925	1,38,450	1,41,450	1,53,450
Less: Accum. Deprn.	12,766	15,171	17,369	19,498	21,695	24,089	27,308	30,552
Net Fixed Assets	68,258	66,700	66,876	65,466	66,231	1,14,361	1,14,143	1,22,899
Capital WIP	1,958	1,871	2,715	3,134	1,901	1,766	6,766	1,766
Total Investments	7,369	7,462	7,795	4,938	4,920	1,304	1,304	1,104
Curr. Assets, Loans, and Adv.	36,939	32,708	40,462	38,319	31,400	18,965	18,222	18,471
Inventory	8,263	5,838	8,344	7,748	6,218	5,556	5,751	6,285
Account Receivables	7,163	5,413	9,213	8,141	6,930	6,592	6,390	6,285
Cash and Bank Balance	66	68	18	157	136	749	311	633
Loans and Advances	21,447	21,390	22,887	22,273	18,116	6,069	5,769	5,269
Real Estate Projects WIP	0	0	0	0	0	0	0	0
Curr. Liability and Prov.	19,134	17,028	23,740	23,846	22,125	22,640	25,876	27,966
Account Payables	13,342	10,763	12,875	13,300	12,201	9,708	11,516	12,584
Other Current Liabilities	4,566	5,301	8,580	8,240	7,601	11,546	13,174	14,396
Provisions	1,225	964	2,285	2,306	2,323	1,386	1,186	986
Net Current Assets	17,805	15,680	16,722	14,474	9,275	-3,675	-7,655	-9,495
Appl. of Funds	95,391	91,712	94,107	88,011	82,326	1,13,756	1,14,557	1,16,273

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)								
Standalone EPS	0.7	7.2	1.3	-15.1	(7.6)	(24.0)	(3.9)	3.0
Cash EPS	8.6	15.0	8.4	-8.2	(0.5)	(16.3)	6.5	13.4
BV/Share	175	181	188	181	174	311	307	310
DPS	0.6	1.0	1.0	0.0	-	-	-	-
Payout (%)	(52.4)	14.0	79.5	-	-	-	-	-
Valuation (x)								
P/E ratio	424.4	40.5	230.7	n/m	n/m	n/m	(75.0)	98.2
Cash P/E ratio	33.6	19.4	34.8	n/m	n/m	n/m	44.5	21.6
P/BV ratio	1.7	1.6	1.5	1.6	1.7	0.9	0.9	0.9
EV/Sales ratio	2.5	2.7	2.6	2.2	2.3	2.5	2.2	2.0
EV/EBITDA ratio	21.4	14.9	26.1	n/m	n/m	n/m	35.1	19.1
EV/t (USD)	91	87	87	87	85	80	82	82
Dividend Yield (%)	0.2	0.3	0.3	0.0	-	-	-	-
Return Ratios (%)								
RoIC	1.9	4.2	1.9	-2.0	(1.1)	(5.5)	(0.2)	1.6
RoE	0.4	4.0	0.7	-8.2	(4.3)	(9.9)	(1.3)	1.0
RoCE	2.2	4.6	2.1	-1.9	(0.5)	(5.1)	0.1	2.0
Working Capital Ratios								
Asset Turnover ratio (x)	0.5	0.5	0.5	0.6	0.6	0.4	0.4	0.4
Inventory (Days)	59.6	48.0	64.6	52.6	45.9	49.6	45.0	45.0
Debtor (Days)	52	45	71	55	51	59	50	45
Leverage Ratio (x)								
Current Ratio	1.9	1.9	1.7	1.6	1.4	0.8	0.7	0.7
Debt/Equity ratio	0.7	0.5	0.5	0.5	0.5	0.1	0.1	0.1

Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
(INR m)								
OP/(Loss) before Tax	282	3,221	540	(5,874)	(2,968)	(7,944)	(1,462)	1,117
Depreciation	2,469	2,419	2,198	2,130	2,196	2,394	3,219	3,244
Interest and Finance Charges	3,050	2,591	1,899	2,082	2,264	2,602	1,649	1,539
Direct Taxes Paid	(312)	(507)	(401)	(42)	(63)	(329)	263	(201)
(Inc.)/Dec. in WC	(1,269)	2,592	(542)	1,319	1,285	5,438	3,543	2,162
CF from Operations	4,220	10,317	3,694	(385)	2,715	2,162	7,212	7,861
Others	(81)	39	4	279	383	(1,560)	-	-
CF from Operations incl. EO	4,139	10,356	3,699	(106)	3,099	602	7,212	7,861
(Inc.)/Dec. in FA	(1,365)	(1,256)	(1,296)	(1,112)	(893)	4,542	(8,000)	(7,000)
Free Cash Flow	2,774	9,100	2,402	(1,218)	2,206	5,144	(788)	861
(Pur.)/Sale of Investments	(278)	6	(309)	4,666	31	3,738	-	200
Others	(1,759)	(708)	(460)	741	3,322	9,021	-	-
CF from Investments	(3,403)	(1,958)	(2,065)	4,294	2,460	17,301	(8,000)	(6,800)
Issue of Shares	-	-	-	-	-	-	-	-
Inc./(Dec.) in Debt	2,562	(5,401)	637	(1,476)	(3,213)	(14,566)	2,000	800
Interest Paid	(3,000)	(2,809)	(2,011)	(2,264)	(2,366)	(2,725)	(1,649)	(1,539)
Dividend Paid	(300)	(187)	(309)	(309)	(1)	-	-	-
Others	-	-	-	-	-	-	-	-
CF from Fin. Activity	(738)	(8,396)	(1,683)	(4,049)	(5,580)	(17,291)	351	(739)
Inc./Dec. in Cash	(1)	1	(49)	139	(22)	612	(437)	322
Opening Balance	68	67	68	19	158	136	748	311
Closing Balance	67	68	19	158	136	748	311	633

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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