India Cements

India | Cement | Result Update

Global Markets Research

24 January 2026

Weak price in South India weighs on margin

India Cements (ICEM IN) reported positive consolidated EBITDA for the third consecutive quarter at ~INR 791mn in Q3FY26, led by improved volumes and reflecting a turnaround since the management change, compared with losses of ~INR 1.9bn in Q3FY25. However, pricing emerged as a key drag on sequential performance. After sharp price hike of ~INR 20-45/bag in April, cement prices in South India steadily softened in Q3, with non-trade price in Andhra Pradesh and Telangana reverting to March 2025 level, leading to weak exit pricing in CY25.

We expect profitability to improve on operational efficiencies, but ICEM's high exposure to the oversupplied South India market and ongoing capacity additions could keep earnings volatile. With recent stock gains partly factoring in sector optimism, return ratios are likely to remain structurally below peers given higher capital employed and capex require to improve cost efficiency. Hence, we reiterate **Sell.** However, as we roll over to December 2027E from September 2027E, we raise our TP to INR 366 from INR 333 on 11x (unchanged) December 2027E EV/EBITDA.

EBITDA/tonne remains in the lower quartile: Sales volume grew ~24% YoY and ~6% QoQ to 2.59mn tonnes, led by improved capacity utilization at 69% (65% in Q2FY26). Realization fell ~5% YoY and ~6% QoQ to INR 4,302/tonne, due to weak pricing in its core markets of South India. Operating costs continue to inch down, declining ~26% YoY and ~6% QoQ, led by lower freight cost. So, EBITDA/tonne improved to INR 305 from a loss of INR 912 in Q3FY25. ICEM has outlined plans to deploy ~INR 20bn in the next two years toward process optimization and efficiency initiatives, including scaling up WHRS capacity to 18MW and renewable power capacity to 212MW by FY27.

Expansion on track; cash flow improving: ICEM's previously announced capex plans continue to progress as scheduled, with the company set to add ~2.8mn tonnes of cement capacity at Dalavoi (Tamil Nadu), Chennai (Tamil Nadu) and Banswara (Rajasthan). The expansion includes ~0.4mn tonnes at Dalavoi, ~1.8mn tonnes grinding capacity at Chennai, and a ~0.6mn tonne brownfield expansion at Banswara. These projects will lift ICEM's total cement capacity to ~17.6mn tonnes by end-FY27. The capex is expected to be funded through a mix of internal accruals and debt, strengthening medium-term volume growth visibility. Meanwhile, cash flows have improved post the management change, with the free cash flow deficit narrowing materially, supported by better operating cash generation and working capital discipline

Reiterate Sell with a higher TP of INR 366: We expect near-term performance to improve gradually, supported by improved volumes, ongoing efficiency measures and recent price hikes. However, ICEM's heavy exposure to the oversupplied South India market and high capital intensity are likely to cap return ratios and limit upside versus peers. As a result, risk-reward remains unfavorable despite improving operational trends. Thus, we reiterate **Sell.**

We pare our EBITDA estimates by ~9% for FY26E due to subdued pricing in core markets, while retaining our estimates for FY27E-28E. However, as we roll over to December 2027E from September 2027E, our TP is raised to INR 366 from INR 333, based on 11x (unchanged) December 2027E EV/EBITDA. Strong demand, recovery in cement price, and further fuel cost correction are key upside risks to our call.

Key Financials

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	49,979	41,488	46,549	53,512	59,902
YoY (%)	(10.9)	(17.0)	12.2	15.0	11.9
EBITDA (INR mn)	921	(3,822)	4,234	8,647	12,412
EBITDA margin (%)	1.8	(9.2)	9.1	16.2	20.7
Adj PAT (INR mn)	(1,975)	(5,306)	3,160	3,975	6,814
YoY (%)	(57.2)	168.7	(159.6)	25.8	71.4
Fully DEPS (INR)	(6.4)	(17.1)	10.2	12.8	22.0
RoE (%)	(3.5)	(6.7)	3.1	3.8	6.1
RoCE (%)	(1.5)	(6.3)	1.1	4.3	6.8
P/E (x)	(67.7)	(25.2)	42.3	33.6	19.6
EV/EBITDA (x)	159.1	(38.3)	34.6	16.9	11.8

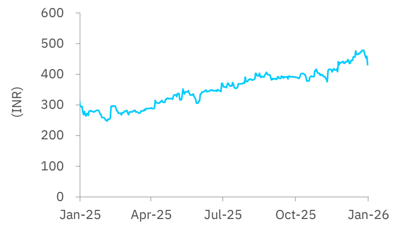
Note: Pricing as on 23 January 2026; Source: Company, Elara Securities Estimate

Rating: Sell
Target Price: INR 366
Downside: (15%)
CMP: INR 432
As on 23 January 2026

Key data	
Bloomberg	ICEM IN
Reuters Code	ICMN.NS
Shares outstanding (mn)	310
Market cap (INR bn/USD mn)	134/1,454
EV (INR bn/USD mn)	146/1,593
ADTV 3M (INR mn/USD mn)	349/4
52 week high/low	490/239
Free float (%)	22

Note: as on 23 January 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q3 FY25	Q4 FY25	Q1 FY26	Q2 FY26
Promoter	55.5	81.5	81.5	75.6
% Pledge	68.2	0.0	0.0	0.0
FII	14.5	4.9	3.0	3.1
DII	6.7	3.7	5.8	12.3
Others	23.3	9.9	9.8	9.0

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(3.3)	(0.7)	7.9
India Cements	10.2	16.6	38.4
NSE Mid-cap	(3.9)	(2.7)	6.2
NSE Small-cap	(11.2)	(14.2)	(6.3)

Source: Bloomberg

Ravi Sodah
Cement, Metals & Mining
+91 22 6164 8517
ravi.sodah@elaracapital.com

Associates
Bhavi Shah
bhavi.shah@elaracapital.com

Saurabh Singh
Saurabh.Singh@elaracapital.com

Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	49,979	41,488	46,549	53,512	59,902
EBITDA	921	(3,822)	4,234	8,647	12,412
EBIT	(1,277)	(6,217)	1,223	5,198	8,628
Interest expense	2,400	2,660	1,012	1,218	1,278
Other income	582	2,085	870	878	887
Exceptional/ Extra-ordinary items	421	5,078	1,383	-	-
PBT	(2,674)	(1,713)	2,463	4,859	8,238
Tax	(478)	(585)	178	769	1,308
Minority interest/Associates income	(116)	(115)	(115)	(115)	(115)
Reported PAT	(2,312)	(1,244)	2,170	3,975	6,814
Adjusted PAT	(1,975)	(5,306)	3,160	3,975	6,814

Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Equity	55,747	101,941	103,670	107,761	114,692
Minority Interest	246	21	21	21	21
Trade Payables	12,446	9,820	9,293	9,847	10,417
Provisions & Other Current Liabilities	3,555	1,758	38	38	38
Total Borrowings	26,264	11,591	12,491	16,491	16,666
Other long term liabilities	8,748	13,172	18,245	17,318	10,392
Total liabilities & equity	**107,006**	**138,302**	**143,758**	**151,476**	**152,226**
Net Fixed Assets	69,946	117,711	124,701	131,352	132,568
Goodwill	691	440	440	440	440
Business Investments / other NC assets	8,500	3,046	2,255	1,739	1,312
Cash, Bank Balances & treasury investments	852	1,052	31	1,333	128
Inventories	6,305	5,562	5,799	6,148	6,508
Sundry Debtors	6,994	6,592	7,375	8,487	9,056
Other Current Assets	13,717	3,899	3,157	1,977	2,214
Total Assets	**107,006**	**138,302**	**143,758**	**151,476**	**152,226**

Cash Flow Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Cashflow from Operations	**3,439**	**(2,562)**	**2,974**	**8,211**	**10,569**
Capital expenditure	(893)	2,873	(10,000)	(10,100)	(5,000)
Other Business cashflow	3,372	17,273	1,661	1,394	1,314
Free Cash Flow	**5,918**	**17,584**	**(5,365)**	**(495)**	**6,882**
Cashflow from Financing	(5,754)	(17,384)	4,345	1,797	(8,088)
Net Change in Cash / treasury investments	164	200	(1,021)	1,302	(1,206)

Key assumptions & Ratios	FY24	FY25	FY26E	FY27E	FY28E
Book value per share (INR)	179.9	329.0	334.5	347.7	370.1
RoCE (Pre-tax) (%)	(1.5)	(6.3)	1.1	4.3	6.8
ROIC (Pre-tax) (%)	(1.5)	(6.4)	1.1	4.3	6.8
ROE (%)	(3.5)	(6.7)	3.1	3.8	6.1
Asset Turnover (x)	0.7	0.4	0.4	0.4	0.5
Net Debt to Equity (x)	0.5	0.1	0.1	0.1	0.1
Net Debt to EBITDA (x)	27.6	(2.8)	2.9	1.8	1.3
Interest cover (x)	0.4	(1.4)	4.2	7.1	9.7
Total Working capital days	81.7	44.1	58.3	58.8	48.0

Valuation	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	(67.7)	(25.2)	42.3	33.6	19.6
P/Sales (x)	2.7	3.2	2.9	2.5	2.2
EV/ EBITDA (x)	159.1	(38.3)	34.6	16.9	11.8
EV/ OCF (x)	42.6	(57.2)	49.3	17.8	13.9
FCF Yield (%)	4.0	12.0	(3.7)	(0.3)	4.7
Price to BV (x)	2.4	1.3	1.3	1.2	1.2

Note: Pricing as on 23 January 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

YE March (INR mn)	Dec-25	Dec-24	YoY (%)	Sep-25	QoQ (%)	Dec-25E	Variance (%)
Net Sale	11,143	9,398	18.6	11,170	(0.2)	12,226	(8.9)
Operating Expenses	10,352	11,299	(8.4)	10,359	(0.1)	10,999	(5.9)
% of Sales	92.9	120.2	(22.7)	92.7		90.0	
EBITDA	791	(1,901)	-	811	(2.6)	1,227	(35.6)
EBITDA Margins (%)	7.1	(20.2)		7.3		10.0	
Other Income	237	123	93.2	290	(18.3)	293	(19.1)
Interest	241	734	(67.2)	253	(4.6)	255	(5.6)
Depreciation	747	553	35.3	745	0.3	916	(18.4)
PBT	(45)	938	-	44	-	348	-
Tax	(19)	(395)	-	(44)	-	3	-
Effective Tax Rate (%)	41.2	(42.1)		-		1.0	
Adjusted PAT	(111)	(1,979)	-	136	-	345	-
Reported PAT	(27)	1,391	-	88	-	345	-
NPM (%)	(1.0)	(21.1)		1.2		2.8	

Source: Company, Elara Securities Estimate

Exhibit 2: Realization down ~5% YoY and ~6% QoQ

Per tonne analysis	Dec-25	Dec-24	YoY (%)	Sep-25	QoQ (%)
Volume (mn tonnes)	2.59	2.08	24.3	2.44	6.1
Realization	**4,302**	**4,509**	**-4.6**	**4,578**	**(6.0)**
Raw material consumed	931	1,134	(17.9)	1,057	(11.9)
Employee cost	231	334	(30.8)	237	(2.4)
Power & Fuel	1,597	1,973	(19.1)	1,504	6.1
Freight	589	1,040	(43.4)	812	(27.4)
Other Expenses	649	940	(31.0)	636	2.1
Total cost	**3,997**	**5,421**	**(26.3)**	**4,245**	**(5.9)**
EBITDA	**305**	**(912)**		**333**	
% of Sale	**Dec-25**	**Dec-24**	**YoY(bp)**	**Sep-25**	**QoQ(bp)**
Raw material consumed	21.6	25.2	(351.9)	23.1	(145.1)
Employee cost	5.4	7.4	(203.4)	5.2	20.0
Power & Fuel	37.1	43.7	(663.3)	32.9	425.7
Freight	13.7	23.1	(937.0)	17.7	(404.2)
Other Expenses	15.1	20.9	(576.6)	13.9	120.5
Total cost	**92.9**	**120.2**	**(2,732.1)**	**92.7**	16.9
EBITDA	**7.1**	**-20.2**	**2,732.1**	**7.3**	**(16.9)**

Source: Company, Elara Securities Research

Exhibit 3: Valuation

(INR mn)	Dec-27E
EBITDA	11,471
Target multiple (x)	11.0
Target EV	**126,181**
Less: net debt	16,193
Add: CWIP	3,466
Target market cap	**113,453**
Shares (mn)	310
TP (INR)	**366**
CMP (INR)	432
Upside (%)	-15.2

Note: pricing as on 23 January 2026; Source: Elara Securities Estimate

Exhibit 4: Change in estimates

(INR mn)	Old			Revised			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Revenue	47,166	53,766	61,003	46,549	53,512	59,902	(1.3)	(0.5)	(1.8)
EBITDA	4,664	8,638	12,376	4,234	8,647	12,412	(9.2)	0.1	0.3
PAT	3,039	3,970	6,808	3,160	3,975	6,814	4.0	0.1	0.1
Target price (INR)			**333**			**366**			**10.0**

Source: Elara Securities Estimate

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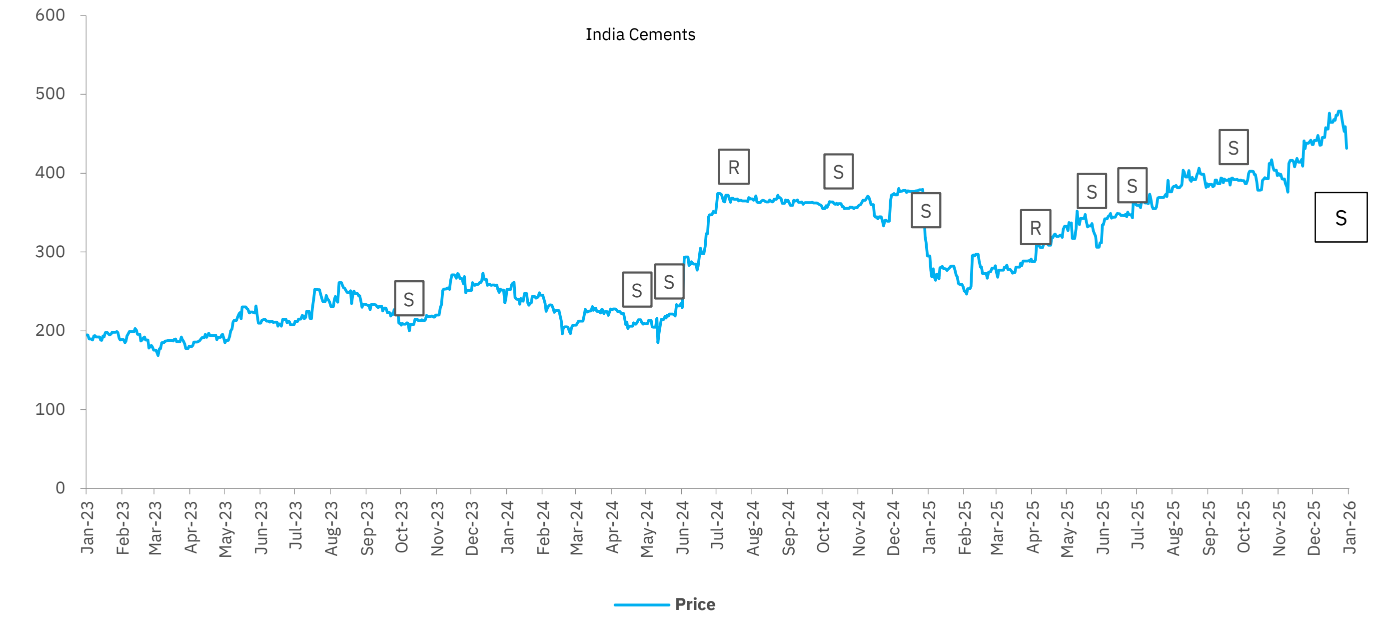

Date	Rating	Target Price (INR)	Closing Price (INR)
01-Nov-2023	Sell	166	200
17-May-2024	Sell	159	211
14-Jun-2024	Sell	175	221
09-Aug-2024	Reduce	351	367
08-Nov-2024	Sell	308	363
23-Jan-2025	Sell	276	312
28-Apr-2025	Reduce	301	290
16-Jun-2025	Sell	301	336
21-Jul-2025	Sell	310	343
17-Oct-2025	Sell	333	392
23-Jan-2026	Sell	366	432

Guide to Research Rating

BUY (B) Absolute Return >+20%

ACCUMULATE (A) Absolute Return +5% to +20%

REDUCE (R) Absolute Return -5% to +5%

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Elara Securities (India) Private Limited is a SEBI-registered Research Analyst (Regn. No.: INH000000933), Stock Broker (Regn. No.: INZ000238236) and Depository Participant (Regn. No.: IN-DP-370-2018). Its registered address is One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India

India
Elara Securities (India) Private Limited
One International Center, Tower 3,
21st Floor, Senapati Bapat Marg,
Elphinstone Road (West)
Mumbai – 400 013, India
Tel : +91 22 6164 8500

Europe
Elara Capital Plc.
6th Floor, The Grove,
248A Marylebone Road,
London, NW1 6JZ,
United Kingdom
Tel : +44 20 7486 9733

USA
Elara Securities Inc.
230 Park Avenue, Suite 2415,
New York, NY 10169, USA
Tel: +1 212 430 5870
Fax: +1 212 208 2501

Asia / Pacific
Elara Capital (Asia) Pte.Ltd.
One Marina Boulevard,
Level 20,
Singapore 018989
Tel : +65 6978 4047

Managing Director	**Harendra Kumar** | harendra.kumar@elaracapital.com | +91 22 6164 8571
Head of Research	**Dr Bino Pathiparampil** | bino.pathiparampil@elaracapital.com | +91 22 6164 8572

Sales Team

India	**Hitesh Danak** - hitesh.danak@elaracapital.com - +91 22 6164 8543 **Ashok Agarwal** - ashok.agarwal@elaracapital.com - +91 22 6164 8558 **Himani Sanghavi** - himani.sanghavi@elaracapital.com - +91 22 6164 8586
India, APAC & Australia	**Sudhanshu Rajpal** - sudhanshu.rajpal@elaracapital.com - +91 22 6164 8508 **Joshua Saldanha** - joshua.saldanha@elaracapital.com - +91 22 6164 8541 **Shraddha Shrikhande** - shraddha.shrikhande@elaracapital.com - +91 22 6164 8567 **Suyash Maheshwari** - suyash.maheshwari@elaracapital.com - +91 22 4204 8698
India & UK	**Prashin Lalvani -** prashin.lalvani@elaracapital.com - +91 22 6164 8544
India & US	**Karan Rathod** - karan.rathod@elaracapital.com - +91 22 6164 8570
Corporate Access, Conference & Events	**Anita Nazareth** - anita.nazareth@elaracapital.com - +91 22 6164 8520 **Tina D'souza** - tina.dsouza@elaracapital.com - +91 22 6164 8595