

Cement Industry Report

Following the union budget of 2024 favoring the cement industry, below is a financial analysis of PAN India and domestic cement players

Ultratech	C15									10,00,000.00
	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	
Revenue (l	251,530	2,53,750	3,09,790	414,620	4,24,300	4,47,260	525,990	6,32,400	7,09,080	#VALUE!
EBITDA(cr	53,647.7	55,641.88	66,748.73	71,823.93	98,662.34	1,22,286.63	1,19,714.19	1,10,726.92	1,42,725.00	
Sales(MnT	47.96	52.4	63.28	85.05	81.81	85.1	92.53	104.09	140.8	13%
		9%	21%	34%		4%	9%	12%	35%	
EBITDA pe	1118.59258	1061.86794	1054.8156	844.490653	1205.99364	1436.97568	1293.78785	1063.76136	1,013.67	-1%
Revenue per tonne		4,842.56	4,895.54	4,875.01	5,186.41	5,255.70	5,684.53	6,075.51	5,036.08	
			1%	0%	6%	1%	8%	7%	-17%	
Sagar - South										
Revenue (l	8,624	9,416	10,777	12,176	11,752	13,713	15,969	22,295		15%
EBITDA(cr	1231.2	1103.7	1512.8	1494.1	1855	4004.4	2757.7	1531.8		3%
Sales(MnT	1.52	1.537	2.64	3.25	3.04	3.06	3.60	4.81		18%
EBITDA pe	812	718	573	460	610	1,309	766	318		-13%
Revenue p	5,685	6,126	4,082	3,746	3,866	4,481	4,435	4,635		-5%
		8%	-33%	-8%	3%	16%	-1%	5%		
Shree Cement - North										
Revenue (l	61,900	94,965	1,01,595	1,25,547	1,28,684	1,34,763	1,50,096	1,78,523		16%
EBITDA(cr	1,407	2,367	2,473	2,794	3,770	4,051	3,708	2,960		11%
Sales(MnT	14	20.58	22.50	25.86	24.92	26.84	28	32		12%
EBITDA pe	991	1,150	1,099	1,080	1,513	1,509	1,337	931		-1%
Revenue p	4,359	4,614	4,515	4,855	5,164	5,021	5,411	5,614		3%
		6%	-2%	8%	6%	-3%	8%	4%		

Comparison between North and South

As seen by the figures above, Shree Cement, based in the North, exhibits a higher revenue and EBITDA growth rate compared to Sagar Cement, which shows a higher sales growth rate. The regional dynamics significantly influence these outcomes.

Sagar Cement, located in the South, is facing an oversupply issue wherein it has a drastically larger production capacity exceeding the local demand to meet it. Although, this gives cement companies the benefit of keeping lower prices giving them a competitive edge, it also decreases the EBITDA per ton growth which was -13% from financial year 2017-2023

On the other hand, the high competitiveness in the Northern region allows Shree Cement to strategically inflate prices which was seen by the increase in revenue per ton from 4359 to 5614 from 2016 to 2023. This allows them to maintain price competitiveness in the market allowing them to earn a higher EBITDA per ton of Rs. 93 in 2023.

	FY16	17	18	19	20	21	22	23	
Nuvoco Vistas(East and North)									
Revenue (in mn)		51,570	60,940	70,520	67,930	74888.3	93,180.30	1,05,861.70	11%
EBITDA(Mn)				9565.7	13,338.40	14,943.30	15,015.60	8045.8	-2%
Sales(MnT)		9.7	10.6	11	12.2	17.8	17.8	18.8	10%
EBITDA per ton				869.609091	1093.31148	839.511236	843.573034	427.968085	-10%
Revenue per ton		5316.49485	5,749.06	6,410.90	5568.03279	4207.20787	5234.84831	5630.94149	1%
JK Lakshmi Cement (West)									
Revenue (in mn)	29,548.80	32,886.00	38,597.40	43,163.10	43,640.70	47,274.40	54,198.90	64,515.00	12%
EBITDA(Mn)	2730.4	3737.3	4790	4720	7220	8640	9236.8	8386.9	17%
Sales(MnT)	7.32	7.94	8.52	9.65	9.2	7	11.2	11	6%
EBITDA per ton	373.00546	470.692695	562.20657	489.119171	784.782609	1234.28571	824.714286	762.445455	11%
Revenue per ton	4036.7213	4141.8136	4530.2113	4472.8601	4743.55435	6753.48571	4839.1875	5865	5%

Comparison between other geographic regions

Companies in the Southern region, including Sagar Cements, exhibit higher EBITDA growth compared to Eastern companies like Nuvoco Vistas. However, Shree Cement in the North surpasses Sagar Cement in both revenue and EBITDA growth. This disparity highlights the influence of regional market dynamics on financial performance, with Shree Cement capitalizing on competitive advantages and demand conditions in the North to achieve superior growth. Meanwhile, JK Lakshmi Cements in the West has achieved the highest EBITDA and revenue per ton growth of 11% and 5% respectively in 2023.

However, the Southern region is transitioning to become a better avenue for cement companies due to the high production capacity and other external factors such as coastal trade advantages and high industrial growth in Tamil Nadu and other areas due to the Housing for All government policy. Due to the highest number of regional players and the highest installed cement capacity, south India represents the most fragmented and competitive market within the country's cement industry.

Comparison between small and large cap cement companies

Larger cement companies, such as Ultratech, have experienced a significant and consistent rise in revenue and EBITDA over the years, demonstrating low volatility. However, their EBITDA per ton has remained relatively stagnant, averaging around Rs. 810 million per ton.

In contrast, smaller cap companies like Sagar Cement exhibit higher volatility, as evidenced by their fluctuating EBITDA. These companies are more sensitive to market changes leading to continuous changes in their financial performance. **Notably, Sagar Cement has also achieved a higher percentage increase in sales compared to Ultratech.**

Automobile Industry Report

Below is a financial analysis report comparing PAN India and domestic automobile players

	FY 16	17	18	19	20	21	22	23
Maruti								
Sales Revenue(Mn)	5,90,835	6,51,055	7,73,164	8,60,685	7,56,600	7,03,720	9,00,891	11,96,842
Volume	14,29,248	15,68,603	17,79,574	18,62,449	15,63,297	14,57,861	16,52,653	19,66,164
EBIDTA(Mn)	90,076	1,05,309	1,22,267	1,11,589	74,310	55,206	58,681	1,11,951
EBIT(Mn)	60,642	77,496	93,036	79,804	37,769	23,138	29,147	81,844
EBIDTA per vehicle	63023	67136	68706	59915	47534	37868	35507	56939
EBIT per vehicle	42429	49404	52280	42849	24160	15871	17636	41626
ASP	413389	415054	434466	462125	483977	482707	545118	608719
Hero								
Sales Revenue(Mn)	2,81,760.80	3,09,836.60	3,31,009.40	3,39,722.30	2,92,553.20	3,09,591.90	2,95,512.80	3,41,583.80
Volume(Mn)	6.63	6.66	7.58	7.8	6.4	5.8	4.9	5.3
EBIDTA(Mn)	43,822.50	48,929.80	53,748.80	49,300	39,580	40,190	33,690	39,860
EBIT(crores)	39,351.90	43,906.50	47,999.00	43,055.60	31,122.40	33,038.80	26,794.80	32,886.10
EBIDTA per vehicle	6609.72851	7346.81682	7090.87071	6320.51282	6184.375	6929.31034	6875.5102	7520.75472
EBIT per vehicle	5935.42986	6592.56757	6332.3219	5519.94872	4862.875	5696.34483	5468.32653	6204.92453
ASP	42497.8582	46522.012	43668.7863	43554.141	45711.4375	53377.9138	60308.7347	64449.7736
	16	17	18	19	20	21	22	23
TVS Motors								
Sales Revenue(Mn)	1,22,321.20	1,31,900.00	154728.8	1,82,099.20	1,64,233.40	1,67,505.40	2,07,905.10	2,63,780.90
Volume(Mn)	2.679	2.927	3.466	3.913	3.263	3.053	3.1	3.682
EBIDTA(Mn)	7507.4	8569.7	11,292.10	14,332.50	13,458.60	14,285.50	19,617.40	26,746.90
EBIT(Mn)	5609	5691.6	7,904.80	10,339.80	8,568.30	9,348.70	13,503.00	20,434.60
EBIDTA per vehicle	2802.3143	2927.81004	3257.96307	3662.7907	4124.60926	4679.16803	6328.19355	7264.2314
EBIT per vehicle	2093.69168	1944.51657	2280.66936	2642.42269	2625.89641	3062.1356	4355.80645	5549.8642
ASP	45659.2758	45063.2046	44641.8927	46536.9793	50332.0257	54865.8369	67066.1613	71640.6573

As shown in the figures above, Maruti's earnings per car sold, including EBIDTA and EBIT per vehicle are greater than the earnings per bike sold by both Hero and TVS Motors. This indicates a higher profitability per unit for Maruti vehicles compared to its two-wheeler counterparts

Additionally, there has been a drastic increase in the volume of Maruti cars sold, rising from 1.4 million units in 2016 to 1.9 million units in 2023. This increase in sales volume has been accompanied by a rise in the average selling price, leading to higher sales revenue.

Ceteris paribus, Maruti Suzuki is performing relatively better and more consistently as compared to Hero and TVS motors

Comparison between 2-wheeler automobile companies

Hero had higher earnings of EBIDTA and EBIT per vehicle than TVS motors. However, despite the lower absolute EBIDTA and EBIT, TVS motors is exhibiting a higher EBIDTA and EBIT per vehicle growth rate as compared to Hero.

Furthermore, TVS motors also has a higher trajectory growth in sales as compared to Hero wherein TVS motors is sacrificing its profitability to increase its volume. This might reflect superior quality and demand for TVS motor vehicles.

Hence, ceteris paribus we can conclude that of the two companies, while Hero currently has a better financial performance with higher profitability, TVS motor is likely to become more profitable in the future due to increasing sales