

Local cement prices gaining strength

- Local cement prices have started to gain strength, particularly in the Northern part of the country.
- After dropping to as low as Rs235-240 per bag off late in North, prices have recently reverted to Rs265-270 per bag
- Our discussions with the industry have given an impression of a possible price consensus being reached amongst cement manufacturers soon. However, one big player is yet to agree to the terms.
- For every Rs10 per bag rise in retail cement prices, Lucky and DG Khan Cement's FY11F EPS improves by 10% and 26%, respectively. Our base case cement price assumption for FY11F is Rs295 per bag for the North.
- We currently have 'Buy' calls on Lucky Cement and DG Khan Cement.

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