

# Tokyo Cement navigates competitive headwinds to post Strong FY24/25 Earnings

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Tokyo Cement Group (Tokyo Cement) reported a turnover of 12,960 million rupees and a Profit After Tax (PAT) of 664 million rupees for the fourth quarter ending March 31, 2025. This is a decrease from the turnover of 13,145 million rupees and a PAT of 722 million

rupees reported in the same period last year. The decline in earnings is attributed to price reductions, despite a 13 percent increase in sales volumes during the quarter.

For the financial year ending March 31, 2025, the Group reported a turnover of 50,096 million rupees, an increase from 49,824 million rupees in the previous year. The profit after tax (PAT) rose to 3,459 million rupees, up from 2,422 million rupees. Although there was a 15 percent year-on-year increase in sales volume, turnover grew by only one percent due to widespread price reductions across the industry, which aimed to defend market share in a highly competitive environment. The 43 percent increase in PAT is largely attributed to a lower margin base from the prior year and strategic cost savings achieved through optimized sourcing, currency appreciation, reduced freight rates, and decreasing finance costs.

The economy continued its positive trajectory this quarter, with key indicators pointing towards a more resilient recovery. Residential and commercial sectors drove increased demand for construction-related credit facilities, encouraged by declining interest rates and material costs due to stable forex and freight rates. These are promising indicators of a favorable predevelopment environment conducive to long-term growth in the construction sector. Consequently, the Purchasing Managers' Index for the Construction Industry reflected this positive momentum during the quarter, boosted by an increase in new orders and quantity of purchases. However, large-scale development projects are yet to be initiated as the government seeks financing and bilateral infrastructure investment partnerships.

The cement industry recorded a year-on-year demand increase from 3.96 million MT to 4.71 million MT, partly owing to latent demand and the low base effect of the previous year. Market dynamics shifted with the entry of a new local grinding operator and multiple cement importers capitalising on relaxed import restrictions, intensifying competition in an already saturated market. On a positive note, more of the demand was met through locally manufactured cement, reinforcing the industry's self-sufficiency and promoting local value creation.

The industry remains optimistic about a demand resurgence, driven by the restart of new and previously stalled construction projects led by private sector investors and developers. This is expected to be further supplemented by state-led infrastructure initiatives, supported by active fund disbursements from international development agencies and bilateral partnerships with countries such as India, Japan, and China.

Heightened global trade volatility and ongoing regional conflicts pose significant risks that could undermine hard-won economic gains. While immediate effects may primarily impact

sectors directly facing trade barriers, rising global prices might trigger demand contractions in key markets.

Furthermore, escalating geopolitical tensions in the Middle East, Europe, and South Asia could disrupt energy prices, trade flows, and overall investor sentiment, potentially constraining capital inflows and hindering economic recovery.

Tokyo Cement maintains a conservative outlook for the short to medium term but remains optimistic about the country's economic fundamentals. The Group will continue stringent cost control measures to protect stakeholder interests and is poised to adapt to changes in the business environment, aiming to actively participate in efforts to revive the economy.