

January 25, 2019

## Q3FY19 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

|                | Current  |          | Previous |          |
|----------------|----------|----------|----------|----------|
|                | FY20E    | FY21E    | FY20E    | FY21E    |
| Rating         | HOLD     |          | HOLD     |          |
| Target Price   | 3,725    |          | 4,040    |          |
| Sales (Rs. m)  | 4,69,108 | 5,01,311 | 4,69,821 | 5,02,078 |
| % Chng.        |          |          | (0.2)    | (0.2)    |
| EBITDA (Rs. m) | 78,262   | 85,473   | 81,242   | 88,236   |
| % Chng.        |          |          | (3.7)    | (3.1)    |
| EPS (Rs.)      | 100.9    | 124.3    | 114.4    | 137.8    |
| % Chng.        |          |          | (11.8)   | (9.7)    |

### Key Financials

|                 | FY18  | FY19E  | FY20E | FY21E |
|-----------------|-------|--------|-------|-------|
| Sales (Rs. bn)  | 310   | 373    | 469   | 501   |
| EBITDA (Rs. bn) | 57    | 61     | 78    | 85    |
| Margin (%)      | 18.4  | 16.3   | 16.7  | 17.0  |
| PAT (Rs. bn)    | 26    | 23     | 29    | 36    |
| EPS (Rs.)       | 95.5  | 82.1   | 100.9 | 124.3 |
| Gr. (%)         | (3.4) | (14.1) | 22.9  | 23.2  |
| DPS (Rs.)       | 10.5  | 11.0   | 11.5  | 11.5  |
| Yield (%)       | 0.3   | 0.3    | 0.3   | 0.3   |
| RoE (%)         | 10.3  | 8.2    | 9.0   | 9.4   |
| RoCE (%)        | 9.8   | 7.8    | 9.1   | 9.6   |
| EV/Sales (x)    | 3.9   | 3.4    | 2.8   | 2.5   |
| EV/EBITDA (x)   | 20.9  | 20.7   | 16.7  | 14.9  |
| PE (x)          | 39.7  | 46.2   | 37.6  | 30.5  |
| P/BV (x)        | 3.9   | 3.7    | 3.0   | 2.8   |

### Key Data

ULTC.BO | UTCEM IN

|                     |                        |
|---------------------|------------------------|
| 52-W High / Low     | Rs.4,494 / Rs.3,260    |
| Sensex / Nifty      | 36,195 / 10,850        |
| Market Cap          | Rs.1,041bn/ \$ 14,617m |
| Shares Outstanding  | 275m                   |
| 3M Avg. Daily Value | Rs.2260.93m            |

### Shareholding Pattern (%)

|                         |       |
|-------------------------|-------|
| Promoter's              | 61.69 |
| Foreign                 | 20.38 |
| Domestic Institution    | 7.58  |
| Public & Others         | 10.35 |
| Promoter Pledge (Rs bn) | -     |

### Stock Performance (%)

|          | 1M    | 6M    | 12M    |
|----------|-------|-------|--------|
| Absolute | (3.2) | (8.4) | (11.5) |
| Relative | (5.2) | (6.8) | (11.6) |

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## Finally catches the reality of poor pricing power

*Ultratech Cement (UTCEM) reported disappointing earnings for Q3FY19 with miss of 6%/13% on EBITDA/PAT level. Fall in realisations and higher than expected energy and maintenance cost drove the miss. Management sounded cautious on prices due to demand predominantly coming from non-trade segment and intense competition. We have been highlighting this structural change in the sector for past one year affecting pricing power of sector despite strong demand.*

*We cut our EPS estimates for FY20e/FY21e by 12%/10% to factor in lower margins and higher depreciation on acquired assets. UTCEM earning's would remain under pressure in the medium term due to sectoral issues compounded by complex integration of acquired assets of Century and Binani cement. Given the stretched valuations and overoptimistic street expectations, we maintain HOLD rating with TP of Rs3,725 (earlier Rs4,040).*

- Higher costs led the miss:** Volumes rose 13% YoY at 17.9mn tonnes (t), above our estimate of 17.6mn t. This included 100kt of volumes bought out from Ultratech Nathdwara Cement Limited (UNCL-erstwhile Binani cement). Realisations rose 4.6%/Rs215 YoY (↓1%/Rs40 QoQ) to Rs4,852/t in line with our estimates. Owing to 19%/4% increase in energy/freight cost, Cost/t rose 6% YoY/Rs234 to Rs4,147 (PLe:Rs4,085). Hence, EBITDA/t fell 3%/Rs20 YoY at 705 (PLe:Rs760). EBITDA rose 10% YoY to Rs12.6bn, short of our estimate of Rs13.4bn. Led by 48% increase in other income and lower tax rate (29.1% v/s PLe:31%), PAT rose 28% YoY to Rs4.5bn (PLe:Rs5.1bn).
- Key con-call highlights:**
  - Expect Q1FY20 to be subdued quarter despite peak quarter of activity due to general elections
  - Expect capacity addition of 18mn/18mn/16mn tonnes in FY19e/FY20e/FY21e
  - Average price fell 1-2% QoQ in Q3FY19; 2-3%/1-2% fall in South/East, North witnessed an increase of 1%
  - Trade: Non-Trade mix at 64%:36%
  - UNCL operated for 40 days at 50% utilisation level and generated Rs100/t EBITDA
  - Entire of UNCL's volumes would be bought by UTCEM at arm's length pricing
  - Infused Rs34bn/Rs45bn of Equity/Debt in UNCL
  - Century cement currently operating at 75% utilisation; Expect to receive approvals and transfer of mines by Q1FY20
  - Softening of Pet-coke/diesel prices would translate to savings of 2%/1.5% in total cost
  - Rs250mn additional maintenance cost spent on Bela clinker unit in Central India; Reinstated production on 17th Jan and expects to normalize in Q4FY19e
  - Expects full benefit of change in Truck Axle load norms in Q4FY19

**Exhibit 1: Q3FY19 Result Overview (Rs mn)**

| Y/e March (Rs mn)              | Q3FY19        | Q3FY18        | YoY gr. (%) | Q2FY19        | 9MFY19          | 9MFY18          | YoY gr. (%)   |
|--------------------------------|---------------|---------------|-------------|---------------|-----------------|-----------------|---------------|
| <b>Net Sales</b>               | <b>86,850</b> | <b>73,520</b> | <b>18.1</b> | <b>77,320</b> | <b>2,47,718</b> | <b>2,01,802</b> | <b>22.8</b>   |
| Raw Material                   | 15,100        | 13,310        | 13.4        | 11,690        | 40,432          | 32,010          | 26.3          |
| <i>% of Net Sales</i>          | <i>17.4</i>   | <i>18.1</i>   |             | <i>15.1</i>   | <i>16.3</i>     | <i>15.9</i>     |               |
| Staff Costs                    | 4,931         | 4,628         | 6.5         | 5,035         | 14,650          | 12,871          | 13.8          |
| <i>% of Net Sales</i>          | <i>5.7</i>    | <i>6.3</i>    |             | <i>6.5</i>    | <i>5.9</i>      | <i>6.4</i>      |               |
| Power & Fuel                   | 20,288        | 15,093        | 34.4        | 18,860        | 57,823          | 40,615          | 42.4          |
| <i>% of Net Sales</i>          | <i>23.4</i>   | <i>20.5</i>   |             | <i>24.4</i>   | <i>23.3</i>     | <i>20.1</i>     |               |
| Freight                        | 21,801        | 18,634        | 17.0        | 19,469        | 63,565          | 50,066          | 27.0          |
| <i>% of Net Sales</i>          | <i>25.1</i>   | <i>25.3</i>   |             | <i>25.2</i>   | <i>25.7</i>     | <i>24.8</i>     |               |
| Other Expenses                 | 12,107        | 10,353        | 16.9        | 10,583        | 32,493          | 27,492          | 18.2          |
| <i>% of Net Sales</i>          | <i>13.9</i>   | <i>14.1</i>   |             | <i>13.7</i>   | <i>13.1</i>     | <i>13.6</i>     |               |
| Total Expenditure              | 74,226        | 62,019        | 19.7        | 65,637        | 2,08,963        | 1,63,054        | 28.2          |
| <b>EBITDA</b>                  | <b>12,624</b> | <b>11,501</b> | <b>9.8</b>  | <b>11,683</b> | <b>38,755</b>   | <b>38,747</b>   | <b>0.0</b>    |
| <i>Margin (%)</i>              | <i>14.5</i>   | <i>15.6</i>   |             | <i>15.1</i>   | <i>15.6</i>     | <i>19.2</i>     |               |
| Depreciation                   | 5,113         | 4,744         | 7.8         | 5,137         | 15,110          | 12,830          | 17.8          |
| Other income                   | 2,521         | 1,708         | 47.6        | 2,586         | 7,628           | 6,908           | 10.4          |
| <b>EBIT</b>                    | <b>10,032</b> | <b>8,465</b>  | <b>18.5</b> | <b>9,132</b>  | <b>31,273</b>   | <b>32,825</b>   | <b>(4.7)</b>  |
| Interest                       | 3,701         | 3,472         | 6.6         | 3,422         | 10,479          | 8,515           | 23.1          |
| <b>PBT</b>                     | <b>6,331</b>  | <b>4,993</b>  | <b>26.8</b> | <b>5,710</b>  | <b>20,795</b>   | <b>24,310</b>   | <b>(14.5)</b> |
| Extraordinary income/(expense) | -             | 1,038         |             | -             | -               | 1,038           |               |
| <b>PBT (After EO)</b>          | <b>6,331</b>  | <b>6,031</b>  | <b>5.0</b>  | <b>5,710</b>  | <b>20,795</b>   | <b>25,348</b>   | <b>(18.0)</b> |
| Tax                            | 1,841         | 1,816         | 1.4         | 1,802         | 6,412           | 7,914           | (19.0)        |
| <i>% PBT</i>                   | <i>29.1</i>   | <i>30.1</i>   |             | <i>31.6</i>   | <i>30.8</i>     | <i>31.2</i>     |               |
| <b>Reported PAT</b>            | <b>4,491</b>  | <b>4,215</b>  | <b>6.5</b>  | <b>3,908</b>  | <b>14,383</b>   | <b>17,433</b>   | <b>(17.5)</b> |
| <b>Adjusted PAT</b>            | <b>4,491</b>  | <b>3,489</b>  | <b>28.7</b> | <b>3,908</b>  | <b>14,383</b>   | <b>16,708</b>   | <b>(13.9)</b> |

Source: Company, PL

**Exhibit 2: Operating Metrics**

| Y/e March                       | Q3FY19 | Q3FY18 | YoY gr. (%) | Q2FY19 | 9MFY19 | 9MFY18 | YoY gr. (%) |
|---------------------------------|--------|--------|-------------|--------|--------|--------|-------------|
| Volume (mn t)                   | 17.9   | 15.9   | 12.9        | 15.8   | 51.2   | 42.2   | 21.4        |
| Net Blended Realisations (Rs/t) | 4,852  | 4,638  | 4.6         | 4,894  | 4,838  | 4,785  | 1.1         |
| EBITDA/t (Rs/t)                 | 705    | 726    | (2.8)       | 739    | 757    | 919    | (17.6)      |

Source: Company, PL

## Financials

### Income Statement (Rs m)

| Y/e Mar                       | FY18            | FY19E           | FY20E           | FY21E           |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Net Revenues</b>           | <b>3,09,734</b> | <b>3,72,519</b> | <b>4,69,108</b> | <b>5,01,311</b> |
| YoY gr. (%)                   | 23.4            | 20.3            | 25.9            | 6.9             |
| Cost of Goods Sold            | 52,888          | 64,604          | 82,463          | 89,238          |
| Gross Profit                  | 2,56,846        | 3,07,916        | 3,86,646        | 4,12,073        |
| Margin (%)                    | 82.9            | 82.7            | 82.4            | 82.2            |
| Employee Cost                 | 18,102          | 20,196          | 24,564          | 26,190          |
| Other Expenses                | 27,437          | 32,359          | 40,017          | 42,469          |
| <b>EBITDA</b>                 | <b>57,114</b>   | <b>60,710</b>   | <b>78,262</b>   | <b>85,473</b>   |
| YoY gr. (%)                   | 15.9            | 6.3             | 28.9            | 9.2             |
| Margin (%)                    | 18.4            | 16.3            | 16.7            | 17.0            |
| Depreciation and Amortization | 18,479          | 21,904          | 25,113          | 25,992          |
| <b>EBIT</b>                   | <b>38,635</b>   | <b>38,806</b>   | <b>53,149</b>   | <b>59,481</b>   |
| Margin (%)                    | 12.5            | 10.4            | 11.3            | 11.9            |
| Net Interest                  | 12,328          | 16,112          | 20,731          | 18,171          |
| Other Income                  | 10,181          | 10,402          | 11,473          | 11,837          |
| <b>Profit Before Tax</b>      | <b>36,488</b>   | <b>33,095</b>   | <b>43,891</b>   | <b>53,148</b>   |
| Margin (%)                    | 11.8            | 8.9             | 9.4             | 10.6            |
| Total Tax                     | 10,140          | 10,447          | 14,665          | 17,162          |
| Effective tax rate (%)        | 27.8            | 31.6            | 33.4            | 32.3            |
| <b>Profit after tax</b>       | <b>26,348</b>   | <b>22,648</b>   | <b>29,226</b>   | <b>35,986</b>   |
| Minority interest             | 116             | 110             | 110             | 110             |
| Share Profit from Associate   | -               | -               | -               | -               |
| <b>Adjusted PAT</b>           | <b>26,232</b>   | <b>22,538</b>   | <b>29,116</b>   | <b>35,876</b>   |
| YoY gr. (%)                   | (3.4)           | (14.1)          | 29.2            | 23.2            |
| Margin (%)                    | 8.5             | 6.1             | 6.2             | 7.2             |
| Extra Ord. Income / (Exp)     | -               | -               | -               | -               |
| <b>Reported PAT</b>           | <b>26,232</b>   | <b>22,538</b>   | <b>29,116</b>   | <b>35,876</b>   |
| YoY gr. (%)                   | (3.4)           | (14.1)          | 29.2            | 23.2            |
| Margin (%)                    | 8.5             | 6.1             | 6.2             | 7.2             |
| Other Comprehensive Income    | -               | -               | -               | -               |
| Total Comprehensive Income    | 26,232          | 22,538          | 29,116          | 35,876          |
| <b>Equity Shares O/s (m)</b>  | <b>275</b>      | <b>275</b>      | <b>289</b>      | <b>289</b>      |
| <b>EPS (Rs)</b>               | <b>95.5</b>     | <b>82.1</b>     | <b>100.9</b>    | <b>124.3</b>    |

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

| Y/e Mar                               | FY18            | FY19E           | FY20E           | FY21E           |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Non-Current Assets</b>             |                 |                 |                 |                 |
| <b>Gross Block</b>                    | <b>4,30,455</b> | <b>5,41,805</b> | <b>6,43,115</b> | <b>6,59,215</b> |
| Tangibles                             | 4,30,455        | 5,41,805        | 6,43,115        | 6,59,215        |
| Intangibles                           | -               | -               | -               | -               |
| <b>Acc: Dep / Amortization</b>        | <b>43,665</b>   | <b>65,569</b>   | <b>90,682</b>   | <b>1,16,674</b> |
| Tangibles                             | 43,665          | 65,569          | 90,682          | 1,16,674        |
| Intangibles                           | -               | -               | -               | -               |
| <b>Net fixed assets</b>               | <b>3,86,790</b> | <b>4,76,236</b> | <b>5,52,433</b> | <b>5,42,541</b> |
| Tangibles                             | 3,86,790        | 4,76,236        | 5,52,433        | 5,42,541        |
| Intangibles                           | -               | -               | -               | -               |
| Capital Work In Progress              | 36,168          | 27,858          | 31,758          | 42,133          |
| Goodwill                              | 10,363          | 10,363          | 10,363          | 10,363          |
| Non-Current Investments               | 15,636          | 15,640          | 15,640          | 15,640          |
| Net Deferred tax assets               | (31,733)        | (35,001)        | (39,604)        | (44,997)        |
| Other Non-Current Assets              | 8,172           | 8,484           | 8,811           | 9,155           |
| <b>Current Assets</b>                 |                 |                 |                 |                 |
| Investments                           | 39,491          | 39,487          | 39,487          | 39,487          |
| Inventories                           | 32,676          | 35,721          | 44,983          | 48,071          |
| Trade receivables                     | 22,280          | 25,515          | 32,131          | 34,336          |
| Cash & Bank Balance                   | 2,188           | 5,522           | 2,390           | 3,539           |
| Other Current Assets                  | 10,605          | 11,389          | 12,962          | 13,666          |
| <b>Total Assets</b>                   | <b>5,71,577</b> | <b>6,63,702</b> | <b>7,58,740</b> | <b>7,67,003</b> |
| <b>Equity</b>                         |                 |                 |                 |                 |
| Equity Share Capital                  | 2,746           | 2,746           | 2,886           | 2,886           |
| Other Equity                          | 2,61,066        | 2,80,128        | 3,61,677        | 3,93,558        |
| <b>Total Network</b>                  | <b>2,63,812</b> | <b>2,82,874</b> | <b>3,64,563</b> | <b>3,96,443</b> |
| <b>Non-Current Liabilities</b>        |                 |                 |                 |                 |
| Long Term borrowings                  | 1,94,802        | 2,59,052        | 2,56,052        | 2,23,052        |
| Provisions                            | 3,406           | 3,406           | 3,406           | 3,406           |
| Other non current liabilities         | 66              | 66              | 66              | 66              |
| <b>Current Liabilities</b>            |                 |                 |                 |                 |
| ST Debt / Current of LT Debt          | -               | -               | -               | -               |
| Trade payables                        | 25,041          | 27,556          | 34,701          | 37,083          |
| Other current liabilities             | 52,181          | 55,100          | 59,591          | 61,089          |
| <b>Total Equity &amp; Liabilities</b> | <b>5,71,577</b> | <b>6,63,702</b> | <b>7,58,740</b> | <b>7,67,003</b> |

Source: Company Data, PL Research

**Cash Flow (Rs m)**

| Y/e Mar                                | FY18            | FY19E           | FY20E           | FY21E           |
|--|-----------------|-----------------|-----------------|-----------------|
| PBT                                    | 33,015          | 33,095          | 43,891          | 53,148          |
| Add. Depreciation                      | 18,479          | 21,904          | 25,113          | 25,992          |
| Add. Interest                          | 12,328          | 16,112          | 20,731          | 18,171          |
| Less Financial Other Income            | 10,181          | 10,402          | 11,473          | 11,837          |
| Add. Other                             | (4,042)         | (4,994)         | (5,057)         | (5,131)         |
| Op. profit before WC changes           | 59,780          | 66,117          | 84,678          | 92,180          |
| Net Changes-WC                         | (12,477)        | (2,220)         | (6,437)         | (2,752)         |
| Direct tax                             | (8,429)         | (7,179)         | (10,062)        | (11,769)        |
| <b>Net cash from Op. activities</b>    | <b>38,874</b>   | <b>56,718</b>   | <b>68,178</b>   | <b>77,659</b>   |
| Capital expenditures                   | (18,766)        | (22,790)        | (19,000)        | (26,475)        |
| Interest / Dividend Income             | -               | -               | -               | -               |
| Others                                 | 37,336          | 4,994           | 5,057           | 5,131           |
| <b>Net Cash from Invst. activities</b> | <b>18,570</b>   | <b>(17,796)</b> | <b>(13,943)</b> | <b>(21,344)</b> |
| Issue of share cap. / premium          | 157             | -               | -               | -               |
| Debt changes                           | (42,069)        | (16,000)        | (33,000)        | (33,000)        |
| Dividend paid                          | (3,340)         | (3,476)         | (3,637)         | (3,996)         |
| Interest paid                          | (12,050)        | (16,112)        | (20,731)        | (18,171)        |
| Others                                 | -               | -               | -               | -               |
| <b>Net cash from Fin. activities</b>   | <b>(57,302)</b> | <b>(35,588)</b> | <b>(57,368)</b> | <b>(55,166)</b> |
| <b>Net change in cash</b>              | <b>142</b>      | <b>3,334</b>    | <b>(3,132)</b>  | <b>1,149</b>    |
| Free Cash Flow                         | 20,108          | 33,928          | 49,178          | 51,184          |

Source: Company Data, PL Research

**Key Financial Metrics**

| Y/e Mar                    | FY18  | FY19E   | FY20E   | FY21E   |
|----------------------------|-------|---------|---------|---------|
| <b>Per Share(Rs)</b>       |       |         |         |         |
| EPS                        | 95.5  | 82.1    | 100.9   | 124.3   |
| CEPS                       | 162.8 | 161.8   | 187.9   | 214.4   |
| BVPS                       | 960.7 | 1,030.1 | 1,263.3 | 1,373.8 |
| FCF                        | 73.2  | 123.6   | 170.4   | 177.4   |
| DPS                        | 10.5  | 11.0    | 11.5    | 11.5    |
| <b>Return Ratio(%)</b>     |       |         |         |         |
| RoCE                       | 9.8   | 7.8     | 9.1     | 9.6     |
| ROIC                       | 7.9   | 5.8     | 6.6     | 7.0     |
| RoE                        | 10.3  | 8.2     | 9.0     | 9.4     |
| <b>Balance Sheet</b>       |       |         |         |         |
| Net Debt : Equity (x)      | 0.6   | 0.8     | 0.6     | 0.5     |
| Net Working Capital (Days) | 35    | 33      | 33      | 33      |
| <b>Valuation(x)</b>        |       |         |         |         |
| PER                        | 39.7  | 46.2    | 37.6    | 30.5    |
| P/B                        | 3.9   | 3.7     | 3.0     | 2.8     |
| P/CEPS                     | 162.8 | 161.8   | 187.9   | 214.4   |
| EV/EBITDA                  | 20.9  | 20.7    | 16.7    | 14.9    |
| EV/Sales                   | 3.9   | 3.4     | 2.8     | 2.5     |
| Dividend Yield (%)         | 0.3   | 0.3     | 0.3     | 0.3     |

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

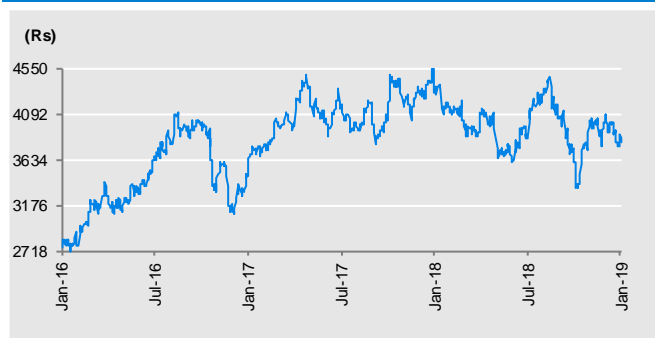
| Y/e Mar                           | Q4FY18        | Q1FY19        | Q2FY19        | Q3FY19        |
|-----------------------------------|---------------|---------------|---------------|---------------|
| <b>Net Revenue</b>                | <b>88,810</b> | <b>83,548</b> | <b>77,320</b> | <b>86,850</b> |
| YoY gr. (%)                       | 36.7          | 29.8          | 21.0          | 18.1          |
| Raw Material Expenses             | 14,786        | 13,642        | 11,690        | 15,100        |
| Gross Profit                      | 74,024        | 69,906        | 65,630        | 71,750        |
| Margin (%)                        | 83.4          | 83.7          | 84.9          | 82.6          |
| <b>EBITDA</b>                     | <b>15,813</b> | <b>14,448</b> | <b>11,683</b> | <b>12,624</b> |
| YoY gr. (%)                       | 37.5          | (8.6)         | (19.1)        | 8.1           |
| Margin (%)                        | 17.8          | 17.3          | 15.1          | 14.5          |
| Depreciation / Depletion          | 4,806         | 4,860         | 5,137         | 5,113         |
| <b>EBIT</b>                       | <b>11,007</b> | <b>9,588</b>  | <b>6,546</b>  | <b>7,512</b>  |
| Margin (%)                        | 12.4          | 11.5          | 8.5           | 8.6           |
| Net Interest                      | 3,348         | 3,356         | 3,422         | 3,701         |
| Other Income                      | 2,274         | 2,521         | 2,586         | 2,521         |
| <b>Profit before Tax</b>          | <b>7,671</b>  | <b>8,753</b>  | <b>5,710</b>  | <b>6,331</b>  |
| Margin (%)                        | 8.6           | 10.5          | 7.4           | 7.3           |
| Total Tax                         | 2,791         | 2,769         | 1,802         | 1,841         |
| Effective tax rate (%)            | 36.4          | 31.6          | 31.6          | 29.1          |
| <b>Profit after Tax</b>           | <b>4,880</b>  | <b>5,984</b>  | <b>3,908</b>  | <b>4,491</b>  |
| Minority interest                 | -             | -             | -             | -             |
| Share Profit from Associates      | -             | -             | -             | -             |
| <b>Adjusted PAT</b>               | <b>6,319</b>  | <b>5,984</b>  | <b>3,908</b>  | <b>4,491</b>  |
| YoY gr. (%)                       | (9.4)         | (32.8)        | (9.4)         | 28.7          |
| Margin (%)                        | 7.1           | 7.2           | 5.1           | 5.2           |
| Extra Ord. Income / (Exp)         | (1,439)       | -             | -             | -             |
| <b>Reported PAT</b>               | <b>4,880</b>  | <b>5,984</b>  | <b>3,908</b>  | <b>4,491</b>  |
| YoY gr. (%)                       | (29.1)        | (32.8)        | (9.4)         | 6.5           |
| Margin (%)                        | 5.5           | 7.2           | 5.1           | 5.2           |
| Other Comprehensive Income        | -             | -             | -             | -             |
| <b>Total Comprehensive Income</b> | <b>4,880</b>  | <b>5,984</b>  | <b>3,908</b>  | <b>4,491</b>  |
| Avg. Shares O/s (m)               | 274           | 274           | 274           | 274           |
| <b>EPS (Rs)</b>                   | <b>23.1</b>   | <b>21.8</b>   | <b>14.3</b>   | <b>16.4</b>   |

Source: Company Data, PL Research

**Key Operating Metrics**

| Y/e Mar                    | FY18   | FY19E  | FY20E  | FY21E  |
|----------------------------|--------|--------|--------|--------|
| Grey Cement Vol. (mn te)   | 58     | 68     | 84     | 88     |
| White Cement Vol. (mn te)  | 1      | 1      | 1      | 1      |
| Grey Cement Real. (Rs/te)  | 4,456  | 4,469  | 4,469  | 4,581  |
| White Cement Real. (Rs/te) | 10,376 | 10,687 | 11,008 | 11,338 |
| Blended EBITDA/tonne (Rs)  | 924    | 819    | 835    | 863    |
| RM cost (Rs/ te)           | 688    | 697    | 730    | 766    |
| Power, Oil & Fuel (Rs/ te) | 1,031  | 1,066  | 1,004  | 1,012  |
| Freight Chrgs. (Rs/ te)    | 995    | 1,024  | 1,035  | 1,045  |

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


| No. | Date      | Rating     | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1   | 13-Apr-18 | Accumulate | 4,803    | 3,881             |
| 2   | 25-Apr-18 | Accumulate | 4,500    | 4,136             |
| 3   | 21-May-18 | Accumulate | 4,500    | 3,852             |
| 4   | 12-Jun-18 | Hold       | 4,000    | 3,790             |
| 5   | 10-Jul-18 | Hold       | 4,000    | 3,751             |
| 6   | 19-Jul-18 | Hold       | 4,000    | 3,849             |
| 7   | 05-Oct-18 | Hold       | 4,000    | 3,944             |
| 8   | 21-Oct-18 | Hold       | 3,820    | 3,610             |
| 9   | 07-Jan-19 | Hold       | 4,040    | 3,927             |

**Analyst Coverage Universe**

| Sr. No. | Company Name             | Rating     | TP (Rs) | Share Price (Rs) |
|---------|--------------------------|------------|---------|------------------|
| 1       | ACC                      | BUY        | 1,710   | 1,478            |
| 2       | Ambuja Cement            | Hold       | 220     | 218              |
| 3       | Coal India               | Hold       | 262     | 235              |
| 4       | Heidelberg Cement India  | BUY        | 200     | 150              |
| 5       | Hindalco Industries      | Accumulate | 280     | 209              |
| 6       | Hindustan Zinc           | Hold       | 275     | 268              |
| 7       | Jindal Steel & Power     | BUY        | 239     | 152              |
| 8       | JK Lakshmi Cement        | Hold       | 340     | 315              |
| 9       | JSW Steel                | BUY        | 360     | 290              |
| 10      | NMDC                     | Reduce     | 86      | 95               |
| 11      | Shree Cement             | Hold       | 16,800  | 15,918           |
| 12      | Steel Authority of India | Hold       | 50      | 53               |
| 13      | Tata Steel               | BUY        | 785     | 486              |
| 14      | The Ramco Cements        | Hold       | 660     | 629              |
| 15      | Ultratech Cement         | Hold       | 4,040   | 3,927            |

**PL's Recommendation Nomenclature (Absolute Performance)**

|                          |                                   |
|--------------------------|-----------------------------------|
| <b>Buy</b>               | : > 15%                           |
| <b>Accumulate</b>        | : 5% to 15%                       |
| <b>Hold</b>              | : +5% to -5%                      |
| <b>Reduce</b>            | : -5% to -15%                     |
| <b>Sell</b>              | : < -15%                          |
| <b>Not Rated (NR)</b>    | : No specific call on the stock   |
| <b>Under Review (UR)</b> | : Rating likely to change shortly |



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