

May 31, 2017

₹ 204

India Cement (INDCEM)

Increase in fuel cost dents margins...

- India Cements' (ICL) results are not directly comparable on a YoY basis and our estimates due to inclusion of financials of amalgamated Trinetra Cements (1.5 MT) and Trishul Concrete Products. Revenues increased 16.6% YoY to ₹ 1,522.6 crore mainly led by 18.2% YoY increase in volumes (led by amalgamation). On a like-to-like basis (excluding Trinetra, Trishul) volumes improved 2.8% YoY to 2.5 MT
- EBITDA/tonne came in at ₹ 640/tonne (including amalgamated companies). Excluding amalgamated companies, EBITDA/tonne was at ₹ 682.6 (down 15.6% YoY)

Volume to improve led by increased infra spend, especially in AP, Telangana

The company has indicated that the overall south market is expected to increase at a healthy pace over the next few years. A major driver of cement demand in the south market is expected to be the Andhra Pradesh (AP) and Telangana market. These markets are expected to increase at ~14.0% YoY mainly led by increased government spending by both AP, Telangana markets on low cost housing, irrigation and other infra projects. In addition, higher volume push to non-southern regions (like Maharashtra), increase in demand from individual house builders and housing scheme for poor in Tamil Nadu are expected to further boost cement volumes in coming years. Considering this, coupled with amalgamation of Trinetra Cement, we expect revenues to grow at 7.8% CAGR over FY17-19E.

Margins to improve led by cost rationalisation

The company was one of the least efficient players in the industry. Its power cost per tonne (₹ 1,247) was 25% higher than industry in FY15. However, ICL has taken initiatives to improve power and fuel cost by increasing pet coke consumption to 73% of overall requirement, which has helped reduce power cost per tonne to ₹ 1,007 in FY17. In addition, the company has installed a captive power plant of 50 MW at Vishnupuram in Andhra Pradesh, which has helped ICL increase overall captive consumption to 70%. Further, the company is investing ₹ 250 crore to improve the efficiency of its plants. This, coupled with refinancing of debt, will further boost margins.

Debt reduction a key positive

ICL has reduced its debt by ~₹ 200 crore to ₹ 2,921 crore mainly due to an improvement in margins and lower working capital outflow. Going forward, we expect debt to further reduce by ~₹ 500 crore to ~₹ 2,411 crore in FY19E mainly led by improving cash flow and working capital efficiency. Given this, we expect debt to equity to improve from 0.6x in FY17 to 0.4x in FY19E.

Volume led growth to drive financials; maintain BUY

India Cement (ICL), as one of the largest cement manufacturers in the southern region, is expected to be a key beneficiary of a demand revival in key south regions, especially Andhra Pradesh (AP) and Telangana. Out of the total cement capacity, ~45% of ICL's capacity is in AP & Telangana, which are expected to increase ~14.0% YoY mainly led by increased government spending on low cost housing, irrigation and other infra projects. Considering this, we expect revenues to grow at a robust pace in FY17-19E. Further, we expect cost rationalisation led by better fuel mix, installation of power plant in AP and improving efficiency of plants to drive margins. In addition, with improving cash flow, we expect debt to reduce over the next two years. Hence, we maintain our **BUY** rating on the stock with a revised target price of ₹ 245 (i.e. EV/EBITDA of 10.0x, EV/tonne of US\$105/tonne).

Rating matrix		
Rating	:	Buy
Target	:	₹ 245
Target Period	:	12-15 months
Potential Upside	:	20%

What's changed?		
Target	Changed from ₹175 to ₹ 245	
EPS FY18E	Changed from ₹8.3 to ₹8.6	
EPS FY19E	Introduced at ₹ 11.7	
Rating	Unchanged	

Quarterly performance					
	Q4FY17	Q4FY16*	YoY (%)	Q3FY17	QoQ (%)
Revenue	1,522.6	1,305.7	16.6	1,429.6	6.5
EBITDA	190.0	202.7	(6.3)	203.3	-6.6
EBITDA (%)	12.5	15.5	-305 bps	14.2	-174 bps
PAT	28.8	39.0	(26.1)	30.6	-5.7

Key financials				
₹ Crore	FY16	FY17	FY18E*	FY19E*
Net Sales	4,811.4	5,777.5	6,267.5	6,718.0
EBITDA	775.4	861.0	935.7	1,035.9
Net Profit	129.9	167.9	263.8	361.6
EPS (₹)	4.2	5.4	8.6	11.7

* FY18E and FY19E has been adjusted to factor in impact of IND AS

Valuation summary				
	FY16	FY17	FY18E*	FY19E*
P/E	48.4	37.4	23.8	17.4
Target P/E	58.1	45.0	28.6	20.9
EV/EBITDA	12.2	10.7	9.6	8.4
EV/Tonne(\$)	102	99	97	94
P/BV	1.3	1.2	1.2	1.1
RoNW (%)	2.6	3.3	4.9	6.4
RoCE (%)	6.8	7.5	8.4	9.5

Stock data	
Particular	Amount
Mcap	₹ 6286 crore
Debt (FY17)	₹ 2921 crore
Cash & Invest (FY17)	₹ 7 crore
EV	₹ 9201 crore
52 week H/L	₹ 226/ 91
Equity cap	₹ 307.2 crore
Face value	₹ 10

Price performance				
	1M	3M	6M	12M
Heidelberg Cem	-7.8	7.3	7.9	26.9
India Cement	-2.6	18.5	67.3	121.8
JK Cement	12.2	24.8	60.7	83.6
JK Lakshmi Cem	-1.1	20.8	28.9	38.7

Research Analyst	
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Variance analysis

	Q4FY17	Q4FY17E	Q4FY16*	YoY (%)	Q3FY17	QoQ (%)	Comments
Total Operating Income	1522.6	1245.4	1305.7	16.6	1,429.6	6.5	The increase in revenues was mainly due to amalgamation of Trinetra Cements and Trishul Concrete Products
Other Income	-3.8	7.0	7.0	-153.6	3.6	-203.3	
Raw Material Expenses	229.4	177.8	206.9	10.9	230.1	-0.3	
Employee Expenses	99.3	90.1	96.0	3.4	98.1	1.2	
Stock Adjustment	-15.4	0.0	-23.2	NA	-17.4	N.A	
Power & Fuel	322.7	248.9	258.9	24.7	273.0	18.2	Increase in pet coke prices led to higher power & fuel cost
Freight cost	311.0	225.2	234.4	32.7	279.5	11.3	Higher diesel prices and increase in lead distance led to higher freight cost
Others	385.6	316.5	330.0	16.9	363.0	6.2	
EBITDA	190.0	186.9	202.7	-6.3	203.3	-6.6	
EBITDA Margin (%)	12.5	15.0	15.5	-305 bps	14.2	-174 bps	Increase in operating cost and lower margins in Trinetra Cements impacted EBITDA
Interest	82.0	85.8	94.0	-12.8	93.1	-11.9	Repayment of debt led to lower interest cost
Depreciation	63.9	51.1	53.0	20.6	64.4	-0.7	
PBT	40.3	57.0	74.3	-45.8	49.5	-18.6	
Total Tax	11.5	16.2	23.8	-51.7	18.9	-39.3	
PAT	28.8	40.7	39.0	-26.1	30.6	-5.7	Poor performance at the operating level led to decline in PAT

Key Metrics							
Volume (MT)	2.92	2.10	2.47	18.2	2.90	0.7	
Net realisation (₹)	5,214	5,337	5,286	-1.4	4,930	5.8	Pricing pressure in the company's key markets led to lower realisation
Cement EBITDA per Tonne (₹)	640	734	809	-20.8	699	-8.4	Higher operating cost/tonne led to lower EBITDA/tonne

Source: Company, ICICIdirect.com Research, * Excluding Trinetra Cements and Trishul Concrete

Change in estimates

(₹ Crore)	Old	FY18E* New	% Change	FY19E* Introduced	Comments
Gross revenues*	5,297.0	6,267.5	18.3	6,718.0	We have revised our revenue estimates upwards to consider amalgamation of Trinetra Cement and Trishul Concrete Products
EBITDA	917.1	935.7	2.0	1,035.9	
EBITDA Margin (%)	17.3	14.9	-238 bps	15.4	We have revised our margins downwards as Trinetra Cement has relatively lower margins compared to overall company average. Further increase in operating cost is also expected to impact margins
PAT	256.2	263.8	3.0	361.6	
EPS (₹)	8.3	8.6	3.0	11.7	

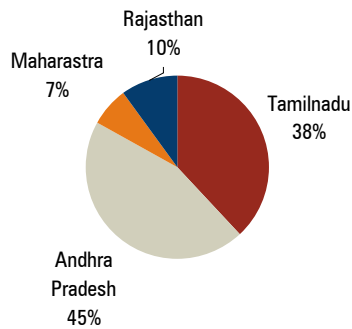
Source: Company, ICICIdirect.com Research, * FY18E and FY19E revenues is including excise duty

Assumptions

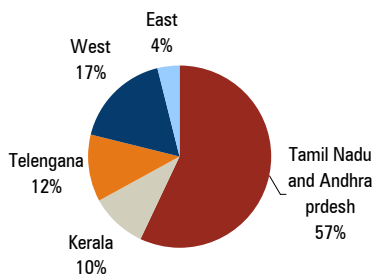
	FY13	FY14	FY15	Current FY16	FY17	FY18E	FY19E	Earlier FY18E	Comments
Volume (MT)	10.1	10.0	9.1	8.7	10.5	11.4	12.1	9.7	Improving demand and consolidation of Trinetra Cement to drive 9.7 volumes
Gross Realisation (₹)	4,362	4,183	4,605	5,485	5,450	5,472	5,527	5,401	
Cement EBITDA per Tonne (₹)	783	289	500	825	779	775	812	883	Expect EBITDA/tonne to improve to ₹ 812 in FY19E from ₹ 779 in FY17

Source: Company, ICICIdirect.com Research

Capacity spread



Sales mix



Company Analysis

Largest manufacturer of cement in South India

India Cement is the largest cement manufacturer in the southern region with an installed capacity of 13.1 MTPA in the southern region. While 1.1 MTPA of the capacity is in Maharashtra, 1.5 MTPA of capacity is in Banswara, Rajasthan. Out of total revenue, ~85-90% of sales come from the southern region for the company. Due to excess capacity in the southern region, the company is vulnerable to the demand-supply mismatch of the southern region. Going ahead, after the resolution of the Telangana issue in the region, we expect demand to improve from here on.

Exhibit 1: Demand supply dynamics of South India

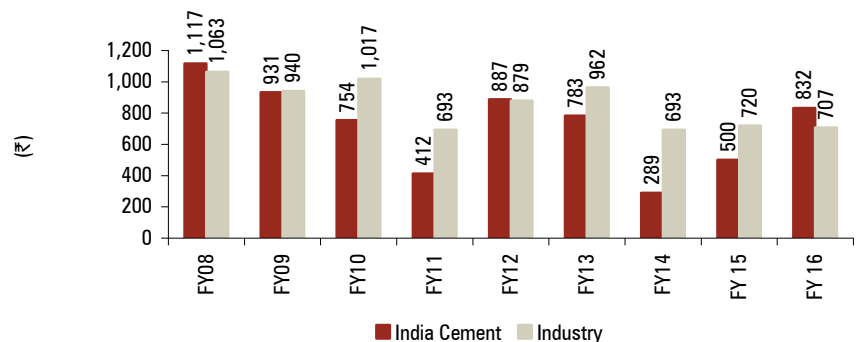
Million tonnes	FY10	FY11	FY12	FY13	FY14P	FY15	FY16
Effective Capacity	83.0	101.5	110.0	119.0	123	140.0	144.0
Production	63.0	66.0	67.2	68.3	69	74.0	76.0
Capacity Utilisation (%)	75.9	65.0	61.1	57.4	56	52.9	52.8
Consumption	62.9	66.0	67.2	68.3	69	72.5	74.5
Consumption Growth(%)	5.4	4.9	1.8	1.6	0.8	5.4	2.7
Surplus/Deficit	20.1	35.5	42.8	50.7	54	67.5	69.5

Source: ICICIdirect.com Research

Improving operating efficiency to drive margins

The company was one of the least efficient players in the industry. Its power cost per tonne (₹ 1,247) was 25% higher than the industry in FY15. However, ICL has taken initiatives to improve power and fuel cost by increasing pet coke consumption to 73% of overall requirement, helping it reduce power cost per tonne to ₹ 1,007 in FY17. In addition, the company has installed a captive power plant of 50 MW at Vishnupuram in Andhra Pradesh. This has helped ICL increase overall captive consumption to 70%. Further, the company is investing ₹ 250 crore to improve efficiency of its plants. This coupled with refinancing of debt will further boost margins.

Exhibit 2: EBITDA/tonne compared to industry



Source: Company, ICICIdirect.com Research

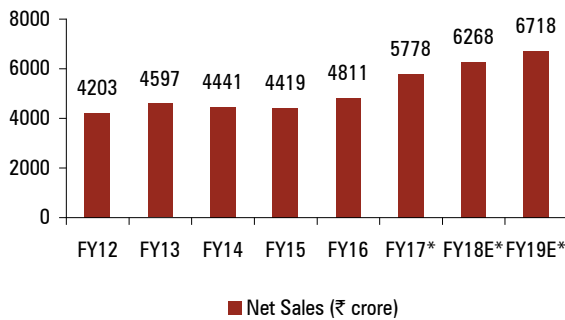
Improving cash flow, debt reduction a key positive

ICL has reduced its debt by ~₹ 200 crore to ₹ 2,921 crore mainly due to an improvement in margins and lower working capital outflow. Going forward, we expect debt to further reduce by ~₹ 500 crore to ~₹ 2,411 crore in FY19E mainly led by improving cash flow and working capital efficiency. Given this, we expect debt to equity to improve from 0.6x in FY17 to 0.4x in FY19E.

Expect revenue CAGR of 7.8 % during FY17-19E

Revenues have grown at 6.6% CAGR during FY12-17 while in FY12-14, growth was lower at 2.8% led by a slowdown in AP coupled with higher cement capacity. Going forward, with the resolution of the Telangana issue and a strong focus towards infrastructure development by the government, we expect gross revenue to grow at a CAGR of 7.8% in FY17-19E on account of an improvement in capacity utilisation.

Exhibit 3: Expect revenue CAGR of 7.8% during FY17-19E



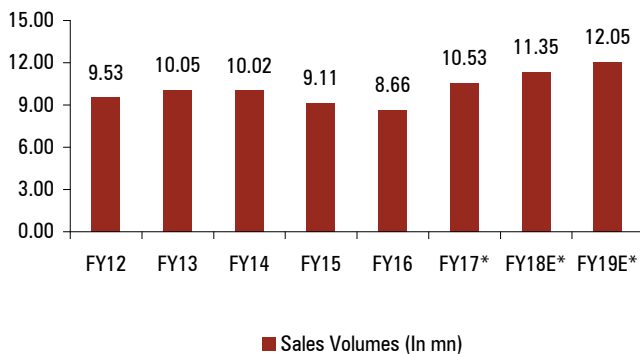
Source: Company, ICICIdirect.com Research, *Gross revenues

Exhibit 4: Capacity addition plans

	State	Region	MT
Sankarnagar, Tirunelveli	Tamilnadu	South	2.1
Sankari, Salem	Tamilnadu	South	0.9
Dalavoi, Ariyalur	Tamilnadu	South	1.9
Vallur Village, Tiruvallur	Tamilnadu	South	1.1
Chilamakur, Kadapa	Andhra Pradesh	South	1.5
Yerraguntla, Kadapa	Andhra Pradesh	South	0.7
Vishnupuram, Nalgonda	Andhra Pradesh	South	2.5
Malkapur, Ranga Reddy	Andhra Pradesh	South	2.4
Parli Vajinath, Beed	Maharashtra	West	1.1
banswara	Rajasthan	North	1.5
Total			15.7

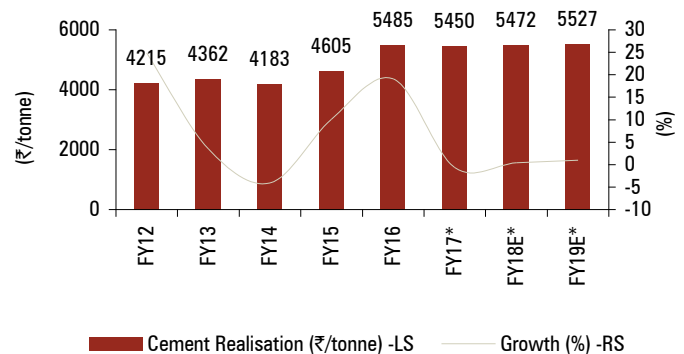
Source: Company, ICICIdirect.com Research

Exhibit 5: Volume trend



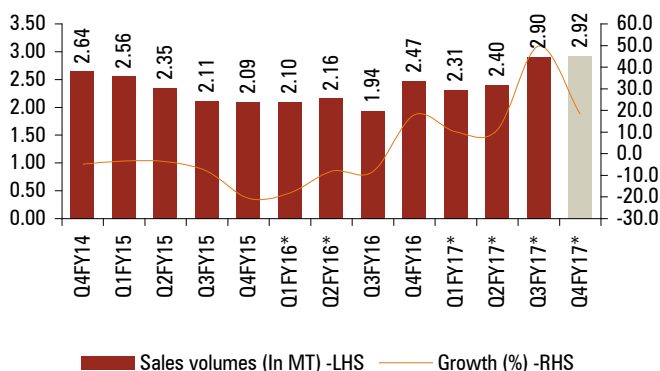
Source: Company, ICICIdirect.com Research

Exhibit 6: Realisation trend



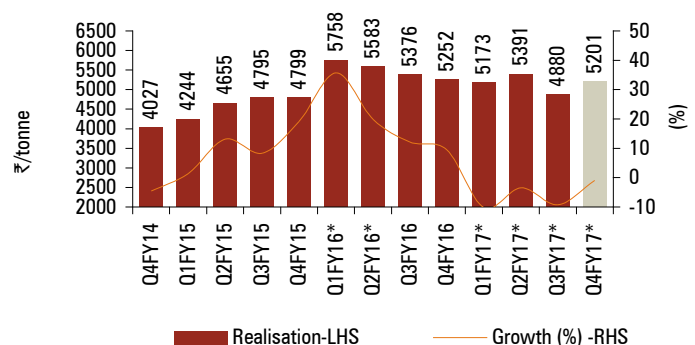
Source: Company, ICICIdirect.com Research, * Gross realisation

Exhibit 7: Q4FY17 volumes increase 18.2% YoY



Source: Company, ICICIdirect.com Research

Exhibit 8: Pricing pressure leads to decline in Q4FY17 realisation

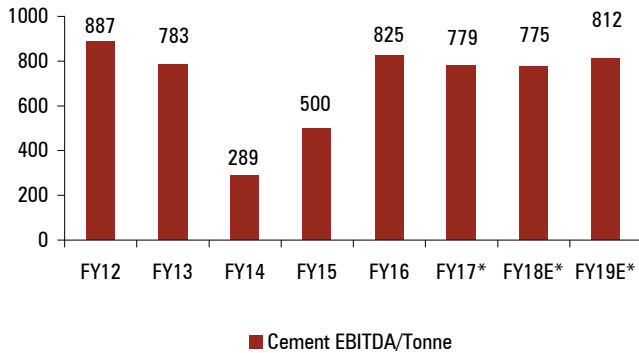


Source: Company, ICICIdirect.com Research, * Gross realisation

Margins to improve gradually, going forward

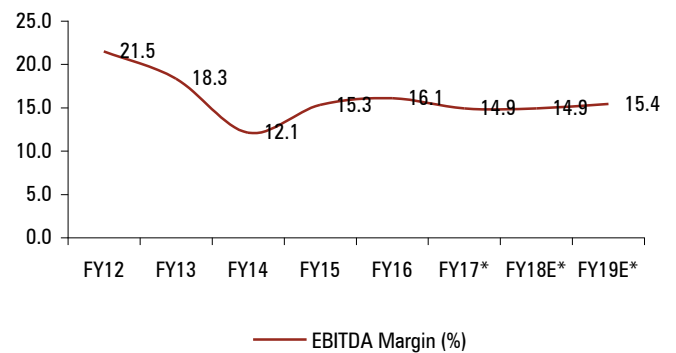
We expect margins to improve gradually during our forecast period of FY17-19E led by cost rationalisation and higher utilisation.

Exhibit 9: Expect EBITDA/tonne of ₹ 812 in FY19E



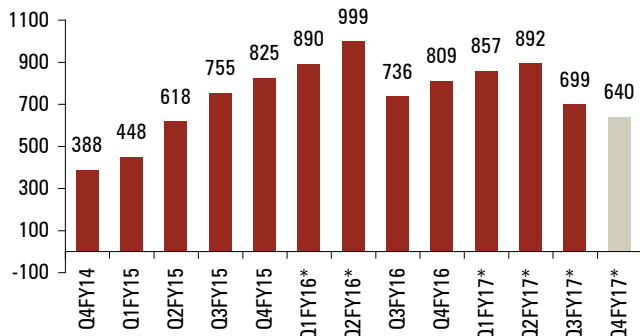
Source: Company, ICICIdirect.com Research

Exhibit 10: Margins to improve gradually



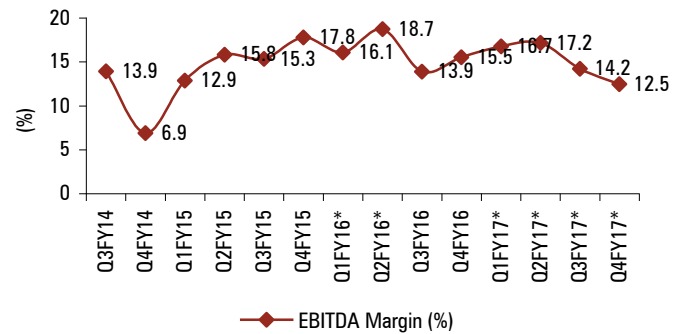
Source: Company, ICICIdirect.com Research, * as per gross realisation

Exhibit 11: Q4FY17 cement EBITDA at ₹ 640/t



Source: Company, ICICIdirect.com Research

Exhibit 12: Margin trend (%)

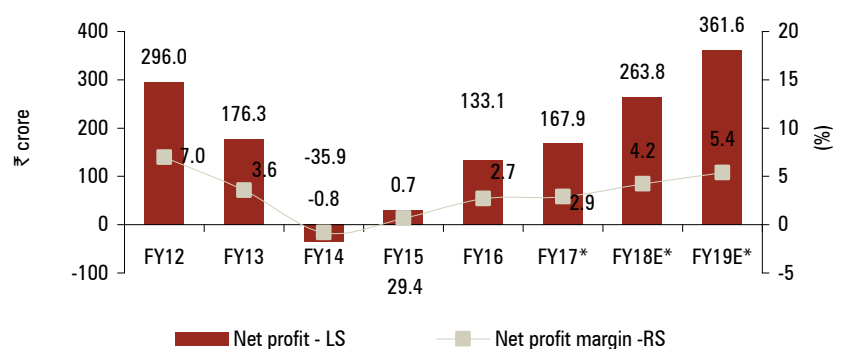


Source: Company, ICICIdirect.com Research

Expect net margins to improve during FY17-19E

After reporting a loss in FY14, we expect net margins to improve to 5.4% in FY19E from 2.9% in FY17. Overall, we expect the company to report a net profit of ₹ 361.6 crore during FY19E from a net profit of ₹ 167.9 crore in FY17.

Exhibit 13: Profitability trend



Source: Company, ICICIdirect.com Research

Outlook and valuation

India Cement (ICL), as one of the largest cement manufacturers in the southern region, is expected to be a key beneficiary of a demand revival in key south regions, especially Andhra Pradesh (AP) and Telangana. Out of the total cement capacity, ~45% of the company's capacity is in AP and Telangana, which are expected to increase ~14.0% YoY mainly led by increased government spending on low cost housing, irrigation and other infra projects. Considering this, we expect revenues to grow at a robust pace over FY17-19E. Further, we expect cost rationalisation led by a better fuel mix, installation of a power plant in AP and improving efficiency of plants to drive margins. In addition, with improving cash flow, we expect debt to reduce over the next two years. Further, the management has indicated that it will divest all its non core assets in 18 months and be a pure cement company, which bodes well for future growth. Hence, we maintain our **BUY** rating on the stock with a revised target price of ₹ 245 (i.e. EV/EBITDA of 10.0x, EV/tonne of US\$105/t).

Exhibit 14: Key assumptions

₹ per tonne (Blended)	FY14	FY15	FY16	FY17	FY18E	FY19E
Realisation	4183	4605	5485	5450	5472	5527
Total Expenditure	3894	4106	4659	4671	4697	4715
Stock Adj	-31	38	-11	-17	0	0
Raw material	604	685	792	851	845	855
Power & fuel	1273	1247	1090	1007	1020	1020
Employee	350	349	396	359	360	360
Freight	1007	1046	1005	1075	1075	1075
Others	691	741	1387	1397	1397	1405
EBITDA per Tonne	289	500	825	779	775	812

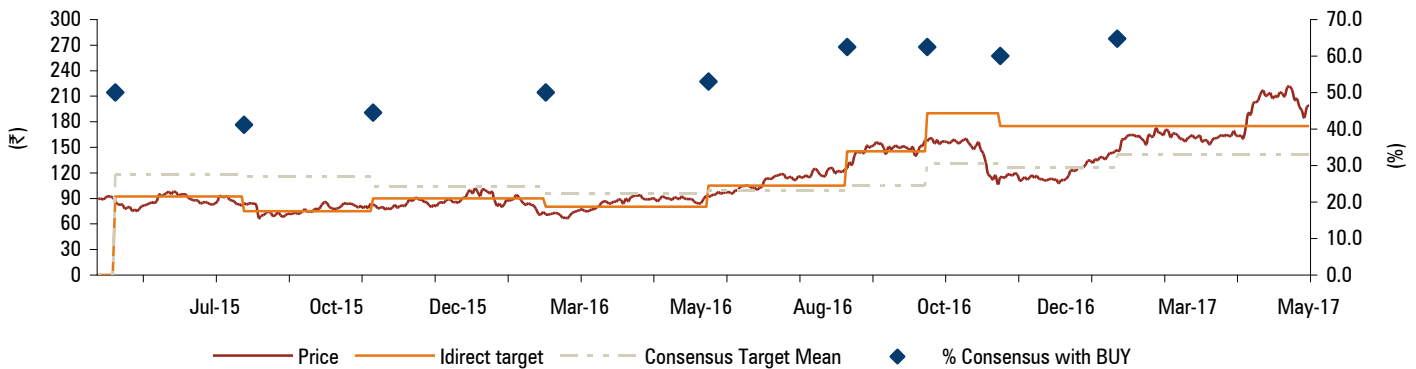
Source: ICICIdirect.com Research

Exhibit 15: Valuations

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	EV/Tonne (x)	RoNW (%)	RoCE (%)
FY16	4811.4	8.9	4.2	352.5	48.4	12.2	102	2.6	6.8
FY17	5777.5	20.1	5.4	26.1	37.4	10.7	99	3.3	7.5
FY18E	6267.5	8.5	8.6	57.2	23.8	9.6	97	4.9	8.4
FY19E	6718.0	7.2	11.7	37.0	17.4	8.4	94	6.4	9.5

Source: Company, ICICIdirect.com Research

Recommendation history vs. consensus estimate



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Apr-09	The company upgrades capacity of kiln I to 3000 TPD (1700 TPD) at Vishnupuram
Sep-09	Announces plans to set up two 50 MW power plant in Shankar Nagar, Tamil Nadu and Andhra Pradesh with total capex of ₹ 500 crore
Jan-10	ICL Financial Services (ICLFS), the company's wholly-owned subsidiary, acquires 60.89% (including shares acquired under open offer) equity share capital in Indo Zinc (IZL). Consequently, IZL became a subsidiary of ICLFS and ultimate subsidiary of the company. The company set up PT. Coromandel Minerals Resources as subsidiary in Indonesia for acquiring coal concessions
Jun-10	Completes upgradation of capacity at Chilamakur to 4500 tonnes per day
Jun-12	CCI fines company with penalty of ₹ 187.5 crore on alleged cartelisation
Sep-12	COMPAT serves notice to CCI in cement cartelisation case
May-13	COMPAT directs cement companies to pay 10% penalty
Oct-13	Supreme Court bars company promoter N Srinivasan from taking charge as BCCI President till investigation gets completed in IPL probe
Feb-15	Company transfers IPL division into separate subsidiary company Chennai Super Kings Cricket (CSKC)
Feb-15	Trinetra Cement and Trishul Concrete Products amalgamated with India Cements
May-15	CARE downgrades India Cements' long term bank facilities from 'CARE A-' to 'CARE A-' and short-term facilities from 'CARE A1' to 'CARE A2 +'
Feb-16	CARE downgrades India Cements' long term bank facilities from 'CARE A-' to 'CARE BBB+' and short-term facilities from 'CARE A2 +' to 'CARE A2'
Jan-17	CARE upgrades India Cements' long term bank facilities from 'CARE BBB+' to 'CARE A-' and short-term facilities from 'CARE A2' to 'CARE A1'

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	EWS Finance & Investments Ltd.	31-Mar-17	9.0	27.6	0.0
2	Prince Holdings Madras Pvt. Ltd.	31-Mar-17	8.3	25.5	0.0
3	Reliance Nippon Life Asset Management Limited	31-Mar-17	7.0	21.5	1.5
4	Subramanian (Vidya)	31-Mar-17	6.5	20.0	0.0
5	Trishul Investments Pvt. Ltd.	31-Mar-17	5.7	17.5	0.0
6	Life Insurance Corporation of India	31-Mar-17	5.5	16.8	0.0
7	AfrAsia Capital Management Ltd	31-Mar-17	5.2	16.1	-1.1
8	Anna Investments Pvt. Ltd.	31-Mar-17	4.2	13.0	0.0
9	Dimensional Fund Advisors, L.P.	31-Mar-17	3.6	11.1	0.0
10	Hirtle, Callaghan & Co., LLC	31-Dec-15	2.5	7.5	-1.3

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Promoter	28.63	28.63	28.63	28.51	28.51
FII	26.24	24.22	26.48	24.75	25.25
DII	16.60	17.59	17.68	20.38	21.26
Others	28.53	29.56	27.21	26.36	24.98

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Morgan Stanley Investment Management Inc. (US)	9.25	3.69	Norges Bank Investment Management (NBIM)	-7.27	-2.90
City of London Investment Management Co. Ltd.	6.08	3.54	AfrAsia Capital Management Ltd	-2.76	-1.10
Goldman Sachs Asset Management International	4.64	1.85	IDFC Asset Management Company Private Limited	-1.56	-0.61
Reliance Nippon Life Asset Management Limited	3.73	1.49	SBI Funds Management Pvt. Ltd.	-1.13	-0.45
L&T Investment Management Limited	2.27	0.91	State Street Global Advisors (US)	-0.85	-0.34

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement					₹ Crore
(Year-end March)	FY16	FY17	FY18E	FY19E	
Total operating Income	4,811.4	5,777.5	6,267.5	6,718.0	
Growth (%)	8.9	20.1	8.5	7.2	
Raw material cost	676.4	877.4	959.2	1030.4	
Employee Expenses	343.1	377.9	408.7	433.8	
Power, Oil & Fuel	944.6	1059.7	1157.9	1229.2	
Freight cost	870.3	1131.3	1220.3	1295.5	
Other Expenses	1201.6	1470.2	1585.8	1693.2	
Total Operating Exp.	4,036.0	4,916.5	5,331.8	5,682.2	
EBITDA	775.4	861.0	935.7	1,035.9	
Growth (%)	14.4	11.0	8.7	10.7	
Depreciation	219.5	257.1	261.5	268.2	
Interest	382.5	360.5	333.5	296.6	
Other Income	22.2	11.0	11.0	11.0	
Exceptional items	3.2	0.0	0.0	0.0	
PBT	192.4	254.6	351.8	482.1	
Total Tax	62.5	86.7	87.9	120.5	
PAT	129.9	167.9	263.8	361.6	
Adjusted PAT	133.1	167.9	263.8	361.6	
Growth (%)	352.5	26.1	57.2	37.0	
EPS (₹)	4.2	5.4	8.6	11.7	

Source: Company, ICICIdirect.com Research

Cash flow statement					₹ Crore
(Year-end March)	FY16	FY17	FY18E	FY19E	
Profit after Tax	129.9	167.9	263.8	361.6	
Add: Depreciation	219.5	257.1	261.5	268.2	
(Inc)/dec in Current Assets	517.6	-389.0	-242.0	-194.0	
Inc/(dec) in CL and Provisions	507.3	281.8	212.9	154.5	
CF from operating activities	1,374.4	317.7	496.2	590.2	
(Inc)/dec in Investments	1,034.5	-68.3	0.0	0.0	
(Inc)/dec in Fixed Assets	-3,819.7	-82.7	-250.0	-250.0	
Others	242.2	106.0	0.0	0.0	
CF from investing activities	-2,543.0	-45.1	-250.0	-250.0	
Issue/(Buy back) of Equity	1.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	-86.5	-233.7	-210.0	-300.0	
Dividend paid & dividend tax	-36.1	-36.2	-36.2	-36.2	
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0	
Others	1,293.0	-2.7	0.0	0.0	
CF from financing activities	1,171.3	-272.5	-246.2	-336.2	
Net Cash flow	2.7	0.1	0.0	4.0	
Opening Cash	3.9	6.7	6.8	6.8	
Closing Cash	6.7	6.8	6.8	10.8	

Source: Company, ICICIdirect.com Research

Balance sheet					₹ Crore
(Year-end March)	FY16	FY17	FY18E	FY19E	
Liabilities					
Equity Capital	308.2	308.2	308.2	308.2	
Reserve and Surplus	4,672.8	4,801.8	5,029.4	5,354.8	
Total Shareholders funds	4,980.9	5,109.9	5,337.5	5,662.9	
Total Debt	3,155.0	2,921.3	2,711.3	2,411.3	
Deferred Tax Liability	571.9	677.8	677.8	677.8	
Minority Interest / Others	0.0	0.0	0.0	0.0	
Total Liabilities	8,707.8	8,709.0	8,726.7	8,752.0	
Assets					
Gross Block	10,560.8	10,608.4	10,911.2	11,161.2	
Less: Acc Depreciation	3,378.4	3,635.5	3,896.9	4,165.1	
Net Block	7,182.4	6,972.9	7,014.3	6,996.1	
Capital WIP	92.6	127.8	75.0	75.0	
Total Fixed Assets	7,275.1	7,100.7	7,089.3	7,071.1	
Investments	550.7	619.0	619.0	619.0	
Inventory	599.4	745.0	714.6	849.9	
Debtors	535.9	508.9	551.2	590.8	
Loans and Advances	1,394.5	1,664.9	1,895.0	1,914.1	
Other Current Assets	0.0	0.0	0.0	0.0	
Cash	6.7	6.8	6.8	10.8	
Total Current Assets	2,536.4	2,925.6	3,167.6	3,365.6	
Creditors	1,156.3	1,415.3	1,535.1	1,645.5	
Provisions	498.1	521.0	614.0	658.2	
Total Current Liabilities	1,654.4	1,936.2	2,149.2	2,303.6	
Net Current Assets	882.0	989.4	1,018.4	1,062.0	
Application of Funds	8,707.8	8,709.1	8,726.7	8,752.1	

Source: Company, ICICIdirect.com Research

Key ratios				
(Year-end March)	FY16	FY17	FY18E	FY19E
Per share data (₹)				
Adjusted EPS	4.2	5.4	8.6	11.7
Cash EPS	11.3	13.8	17.0	20.4
BV	161.6	165.8	173.2	183.8
DPS	1.0	1.0	1.0	1.0
Cash Per Share	0.2	0.2	0.2	0.4
Operating Ratios (%)				
EBITDA Margin	16.1	14.9	14.9	15.4
PAT Margin	2.7	2.9	4.2	5.4
Inventory days	45.8	42.5	42.5	42.5
Debtor days	40.7	32.1	32.1	32.1
Creditor days	87.7	89.4	89.4	89.4
Return Ratios (%)				
RoE	2.6	3.3	4.9	6.4
RoCE	6.8	7.5	8.4	9.5
RoIC	6.5	7.0	7.8	8.9
Valuation Ratios (x)				
P/E	48.4	37.4	23.8	17.4
EV / EBITDA	12.2	10.7	9.6	8.4
EV / Net Sales	2.0	1.6	1.4	1.3
Market Cap / Sales	1.3	1.1	1.0	0.9
Price to Book Value	1.3	1.2	1.2	1.1
Solvency Ratios				
Debt/EBITDA	4.1	3.4	2.9	2.3
Debt / Equity	0.6	0.6	0.5	0.4
Current Ratio	1.5	1.5	1.5	1.5
Quick Ratio	1.5	1.5	1.5	1.5

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (Cement)

Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)			EV/EBITDA (x)			EV/Tonne (\$)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)			FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E
ACC*	1638	1850	Buy	30,785	31.3	35.6	63.7	25.2	23.4	15.6	160	161	138	6.0	6.9	11.4	7.0	7.7	12.7
Ambuja Cement*	243	280	Buy	48,251	4.1	4.9	6.4	30.1	29.0	22.9	167	172	167	7.9	3.8	7.1	7.8	5.1	6.5
UltraTech Cem	4,080	4750	Buy	111,955	86.4	95.8	118.9	24.9	22.3	19.2	284	272	270	11.6	12.3	14.1	11.3	11.0	12.4
Shree Cement	17,734	17800	Hold	61,714	328	385	510	44.9	26.4	19.4	411	379	363	6.8	12.3	15.9	16.7	17.4	19.0
Heidelberg Cem	131	145	Buy	2,969	1.6	3.4	5.8	19.7	15.3	11.4	129	118	114	5.3	8.2	12.4	4.0	7.9	12.6
India Cement	204	245	Buy	6,267	4.2	5.4	8.6	12.1	10.7	9.6	102	99	97	6.8	7.5	8.4	2.6	3.3	4.9
JK Cement	1,103	1265	Buy	7,713	14.8	37.1	47.9	20.4	15.4	13.0	141	143	137	9.0	12.6	14.5	6.1	14.5	15.3
JK Lakshmi Cem	496	525	Hold	5,838	0.4	7.0	13.1	27.2	20.3	14.1	148	106	96	5.0	7.5	10.9	0.3	5.9	10.1
Mangalam Cem	348	425	Buy	929	-7.9	12.9	28.2	35.0	10.9	6.9	65	52	47	1.7	10.9	17.3	NA	6.8	13.1
SFCL	140	115	Hold	3,114	4.1	4.5	4.4	9.7	10.3	8.8	173	173	170	12.0	11.8	12.3	12.3	12.0	11.0

* CY15, CY16E, CY17E

Source: Company, ICICIdirect.com Research

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