

INDIA CEMENTS

A decent quarter: shifting focus to core assets

India Equity Research | Cement

India Cements' (ICEM) Q4FY17 EBITDA at INR1.9bn (down 9% YoY) appears above consensus post adjusting for the recently amalgamated Trinetra Cements (TCL). Total sales volume stood at 2.9mt, up 2.5% YoY – a decent number, considering weakness in Tamil Nadu. Management emphasized its intention of selling-off non-core assets and becoming a pure cement player in the next 1-2 years. However, in our view, the market may take some time to appreciate management's sharpening focus on core assets. ICEM continued to focus on deleveraging with ~INR2.3bn debt repayment in FY17. Factoring in consolidation of TCL and recent volume/price trends, we revise up FY18E/FY19E EBITDA 9%/10%, respectively. Maintain 'BUY' with revised TP of INR220 (earlier INR180).

Q4FY17: Key highlights

- Total income at INR15.2bn, up 6.5% QoQ (up 16% YoY, though not comparable as Q4FY16 did not include TCL financials), driven by 7.6% QoQ surge in volumes, partially offset by 1% QoQ dip realisations due to weak pricing in South.
- Freight costs/t surged 13% YoY, which we believe was mainly on higher diesel prices & lead distances. This was partially offset by lower material and employee costs. Overall total cost/t at INR4,600 (up 2% YoY) came in-line with estimate.
- EBITDA stood at INR1.9bn, down 9% YoY, with blended EBITDA/t of INR651 (down 9% YoY). Overall PAT at INR343mn fell 20% YoY against adjusted PAT in Q4FY16.
- ICEM continued to deleverage and repaid standalone debt of INR2.34bn in FY17.

What have we built in?

We have realigned our forecasts factoring in consolidation of TCL, continued volume recovery and strong cement price upsurge in South, especially Andhra Pradesh (AP) & Telangana. Overall, we raise FY18E/FY19E EBITDA 9%/10%, respectively.

Outlook and valuations: Positive; maintain 'BUY'

Amidst recovery in industry dynamics in the region, we appreciate management's efforts towards refinancing/deleveraging balance sheet, which further adds to bottom line. With EPS CAGR of ~50% over FY17-19E, we revise up target price to INR220 (earlier INR180). This implies EV/t of USD95, which appears reasonable considering other mid caps. We maintain 'BUY/SP'.

Financials

(INR mn)

Year to March	Q4FY17	Q4FY16	% Chg	Q3FY17	% Chg	FY17	FY18E	FY19E
Total operating Income	15,243	13,126	16.1	14,332	6.4	57,940	63,546	70,874
EBITDA	1,917	2,097	(8.6)	2,069	(7.4)	8,775	9,773	11,784
Adjusted Profit	343	427	(19.7)	306	12.2	1,733	2,706	4,184
Diluted EPS (INR)	1.1	1.4	(19.7)	1.0	12.2	5.6	8.8	13.6
Diluted P/E (x)						33.5	21.5	13.9
EV/EBITDA (x)						10.0	8.7	6.9
ROAE (%)						3.4	5.2	7.6

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	High
Sector Relative to Market	Overweight

MARKET DATA (R: ICMN.BO, B: ICEM IN)

CMP	: INR 189
Target Price	: INR 220
52-week range (INR)	: 226 / 91
Share in issue (mn)	: 307.2
M cap (INR bn/USD mn)	: 58 / 898
Avg. Daily Vol.BSE/NSE('000)	: 5,492.6

SHARE HOLDING PATTERN (%)

	Current	Q2FY17	Q1FY17
Promoters *	28.3	28.3	28.3
MF's, FI's & BK's	21.1	20.2	17.5
FII's	25.1	24.6	26.2
Others	25.5	26.9	28.0
* Promoters pledged shares (% of share in issue)			18.6

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Construction Material Index
1 month	(12.9)	3.2	(0.1)
3 months	10.9	8.2	8.2
12 months	105.1	17.8	43.3

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Table 1: Revenue, EBITDA break up*

INR mn	Q4FY16	Q1FY17	Q2FY17	Q3FY17	Q4FY17	QoQ (%)	YoY (%)
Revenue break up							
Gross sales	13,126	12,057	13,144	14,332	15,243	6.4	16.1
Shipping freight	78	48	37	23	32	40.5	(59.1)
Windmills	1	43	104	27	7	(75.2)	1,016.7
Clinker	205	-	186	188	188	-	(8.1)
Cement	13,047	11,966	13,003	14,283	15,204	6.5	16.5
Volumes (Incl. Clinker) - mt	2.48	2.31	2.40	2.71	2.92	7.6	17.9
Gross realisation/tonne (INR)	5,267	5,187	5,420	5,264	5,207	(1.1)	(1.1)
EBITDA break up							
Reported EBITDA	2,097	2,046	2,313	2,069	1,917	(7.4)	(8.6)
Shipping	24	(7)	(1)	(28)	(23)	(18.1)	(194.7)
Windmills	1	43	104	27	7	(75.2)	1,016.7
Cement EBITDA	2,072	2,010	2,210	2,070	1,933	(6.6)	(6.7)
Cement EBITDA/tonne (INR)	836	871	921	763	662	(13.3)	(20.9)

Source: Edelweiss research

*Q3FY17 & Q4FY17 numbers include TCL's financials.

Q4FY17 Conference call: Key highlights

Key highlights:

- According to the management, ICEM has successfully completed TCL merger/amalgamation in H1CY17, bringing all cement assets under one roof. Including TCL's 1.5mt cement production capacity, ICEM's total capacity now stands at 15.5mt.
- TCL plant has been running close to full utilisation and accordingly, drove ICEM's utilisation rate to over 70% from ~62-63% in FY16 (excluding TCL).
- ICEM will continue to monetise non-core investment in an effort to be a pure cement company within next 1-2 years. It is downsizing its shipping business and no new projects are being undertaken in the infrastructure division.
- ICEM is not looking for any expansion in the cement business in the near term. However, management mentioned that the company can undertake brownfield expansion in any of its plants (with sufficiently available limestone reserves), though it is very early to decide. Utilisation rate of close to 80% will be one of the triggers for management to look for expansion.
- Management estimates South to have grown by ~7% YoY in FY17, largely led by demand recovery in Andhra Pradesh and Telangana, compared to all-India average growth rate of -1.2%, as per DIPP data.
- However, volume growth in Southern markets was relatively subdued in Q4FY17 as it was marginally hit by cash crunch in Feb'17 and Mar'17 and also due to drought, sand issues and political instability in Tamil Nadu (TN).
- TN government has found a way to improve sand supply in the state, but sand costs remain high at this juncture.
- Total sales volume (including clinker) during FY17 stood at 11.0mt, including Trinetra Cements, up 10% compared to previous year.

- The company continues to expect volume growth largely driven by improved demand from AP and Telangana, improved exports, sale of specialised cements and through entry in new markets.
- ICEM has repaid INR2.3bn standalone debt (including TCL) in FY17. Also, going forward, the company is comfortably positioned to repay additional debt as and when it matures and expects credit rating upgrade in the near term, which should ideally reduce cost of funding.
- According to new refinance plan, the company is looking to repay about INR1.75bn-INR2bn each in FY18 and FY19, respectively.
- Total interest costs were reduced by INR220mn in FY17 aided by repayments and refinancing of term debt. The company expects favourable refinancing terms to further support interest cost reduction in FY18 as well.
- ICEM's average pet coke usage during FY17 was ~73%. Management indicated that despite run-up in international prices, it will continue to prefer pet coke over coal and other fuels due to multiple benefits.
- Average pet coke cost for ICEM in Q4FY17 was USD88/t and ~USD70/t for FY17.
- ICEM has guided for regular capex of INR2bn in FY18.

Q3FY17 Conference call: Key highlights

Key highlights: Management commentary:

- Management reaffirmed its earlier comments that ICEM has not faced demand slowdown due to demonetisation and it does not expect so in Q4FY17.
- It said that the company's efforts towards educating dealers to tackle demonetisation mitigated the overall impact to some extent, while dealers found alternative payment modes (card swipes, extended credits etc), which sustained volumes.
- YTD FY17, ICEM has repaid INR1.8bn term debt and expects to repay another INR0.4-0.5bn in Q4FY17 based on cash flow generation.
- Management expects additional credits provided to dealers/customers post-demonetisation to be recovered by Q4FY17 end.
- Going forward, demand from government-related projects in Andhra Pradesh (AP) and Telangana are expected to drive overall volume growth in South, which ICEM has estimated to grow at ~8% in FY18. Both the governments have agreed for a minimum monthly order of 0.1mt each, which the management believes will result in volume growth of 15-20% in FY18

Operational updates:

- Total sales volumes stood at 2.36mt during Q3FY17, up 22% YoY (down 2% QoQ).
- As per ICEM's estimates, while overall cement industry in India has grown ~4% in 9mFY17, South grew 8%.
- Although the company has seen some hiccups in sales volumes in the initial period of Q4FY17 due to festivals and Jallikattu related issues, it expects overall volumes to be reasonably normal.

- Pet coke cost for the company averaged at around USD77-78/t in Q3FY17 and is expected to average close to USD90/t in Q4FY17. Despite a sharp rise in pet coke prices, ICEM believes that it is still economical compared to imported coal or other fuels.
- Overall pet coke usage stands at ~72% of fuel mix and this can be further increased up to 80%.
- Trinetra Cements: The subsidiary reported volumes of 0.354mt in Q3FY17 compared to 0.337mt in Q3FY16 and 0.295mt in Q2FY17. Prices remained subdued in North, resulting in EBITDA of INR130mn compared to INR230mn in Q3FY16.
- The merger transaction between ICEM and Trinetra Cements is expected to be completed in Q4FY17 assuming necessary approvals from regulatory bodies.
- The company has refinanced debt of INR10bn, which will help reduce near term commitments and interest expenses, which will reflect in FY18 numbers, as per management.
- ICEM expects maintenance capex of ~ INR2bn each for FY17 and FY18. However, there will be an additional capital spending to replace a cement mill at Sankarnagar plant.
- Lead distance for the company stood at about 350kms during the quarter, broadly same as Q2FY17.
- Overall Rail:Road at 16:84 in Q3FY17.
- Total standalone net debt was INR28.3bn and on consolidated basis it was INR29.9bn.
- ICEM is not planning for monetisation of its land bank (which is around 25,000-30,000 acres) as it believes that valuations are not attractive at the moment.

Table 2: Valuation framework

Particulars	FY18E	FY19E	FY21E
EPS		13.6	28.3
Multiple (x)		18x	12x
Value per share (INR)	158	244	339
Discount factor (@ 15%)	1.0	1.0	0.8
Value per share (INR)	158	244	256
Fair value per share (INR)	220		

Source: Edelweiss research

Financial snapshot

(INR mn)

Year to March	Q4FY17	Q4FY16	% change	Q3FY17	% change	FY17	FY18E	FY19E
Volume (million tonnes)	2.9	2.5	17.9	2.7	7.6	11.0	11.8	12.7
Realisation (inr/tonne)	5,207	5,267	(1.1)	5,264	(1.1)	5,249	5,380	5,582
Total operating Income	15,243	13,126	16.1	14,332	6.4	57,940	63,546	70,874
Raw material	2,140	1,836	16.5	2,127	0.6	8,774	9,482	10,448
Power and fuel	3,227	2,589	24.7	2,730	18.2	10,597	12,700	14,335
Staff costs	993	960	3.4	981	1.2	3,779	3,967	4,166
SG&A	3,110	2,344	32.7	2,795	11.3	11,313	11,984	13,140
Other expenses	3,856	3,300	16.9	3,630	6.2	14,702	15,640	17,000
Total expenditure	13,326	11,029	20.8	12,263	8.7	49,165	53,773	59,090
EBITDA	1,917	2,097	(8.6)	2,069	(7.4)	8,775	9,773	11,784
Depreciation	639	530	20.6	644	(0.7)	2,571	2,619	2,750
Other income	-	1	(100.0)	-	-	-	-	-
Interest	820	940	(12.8)	931	(11.9)	3,605	3,288	3,057
Profit before tax	458	628	(27.1)	495	(7.5)	2,600	3,865	5,977
Tax	115	238	(51.7)	189	(39.3)	867	1,160	1,793
Extraordinary items	-	115	(100.0)	-	-	-	-	-
Reported net profit	343	505	(32.1)	306	12.2	1,733	2,706	4,184
Adjusted Profit	343	427	(19.7)	306	12.2	1,733	2,706	4,184
Equity capital(FV INR 2)	3,072	3,072		3,072		3,072	3,072	3,072
No. of shares (mn)	307	307		307		308	308	308
Diluted EPS (INR)	1.1	1.4	(19.7)	1.0	12.2	5.6	8.8	13.6
Diluted P/E (x)						33.5	21.5	13.9
EV/EBITDA (x)						10.0	8.7	6.9
ROAE (%)						3.4	5.2	7.6

As % of net revenues

Raw material	14.0	14.0		14.8		15.1	14.9	14.7
Employee cost	6.5	7.3		6.8		6.5	6.2	5.9
Power & fuel	21.2	19.7		19.1		18.3	20.0	20.2
Other expenses	25.3	25.1		25.3		25.4	24.6	24.0
SG&A	20.4	17.9		19.5		19.5	18.9	18.5
EBITDA	12.6	16.0		14.4		15.1	15.4	16.6
Adjusted net profit	2.2	3.3		2.1		3.0	4.3	5.9

Change in Estimates

	New	FY18E Old	% change	New	FY19E Old	% change	Comments
Net Revenue	63,546	57,142	11.2	70,874	64,028	10.7	Realigned our forecasts factoring in consolidation of TCL, continued volume recovery and strong cement price upsurge in South region.
EBITDA	9,773	8,951	9.2	11,784	10,756	9.6	
EBITDA Margin	15.4	15.7		16.6	16.8		
Adjusted PAT	2,706	2,460	10.0	4,184	3,741	11.8	
Net Profit Margin	4.3	4.3		5.9	5.8		
Capex	3,000	3,500	(14.3)	2,500	2,500	0.0	

Company Description

India Cements (ICEM) is a leading cement player in South India. With the commissioning of 1.5 mtpa cement plant at Mahi, Rajasthan in October 2010, the installed capacity of the consolidated entity has reached 15.5mt (standalone entity is 14.1mt). Apart from cement, the company is also engaged in shipping (ICEM owns two vessels) and has a wind farm in Coimbatore.

Investment Theme

ICEM will be a beneficiary of high cement prices in South and expected demand revival in Andhara Pradesh and Telangana. Assuming the cash flow continue to get deployed for debt reduction, we value ICEM at INR220/share implying ~16x FY19E EPS (EPS CAGR ~50% over FY17-19E). We retain 'BUY/SP' on the stock. At our TP, ICEM trades at an EV/t of USD95 which appears reasonable given the historical trading range.

Key Risks

- Sharp decrease in cement demand and/or sharp decrease in cement prices
- Sharp increase in operating costs.

Financial Statements

Key Assumptions

Year to March	FY16	FY17	FY18E	FY19E
Macro				
GDP(Y-o-Y %)	7.2	6.5	7.1	7.7
Inflation (Avg)	4.9	4.8	5.0	5.2
Repo rate (exit rate)	6.8	6.3	6.3	6.3
USD/INR (Avg)	65.0	67.5	67.0	67.0
Sector				
All Ind Cem demand (mt)	281	278	298	325
Ind Capac util (%)	73.0	72.5	76.9	84.2
Ind avg price (INR/50kg)	297.0	302.7	314.4	346.2
Company				
EBITDA/ Tonne (INR)	919	795	827	928
Inst capacity (mtpa)	14	16	16	16
Capacity Utilisation (%)	62	71	76	82
Cement sales vol (mt)	9	11	12	13
RM cost per tonne	779	795	803	823
P&F cost per tonne	1,088	960	1,075	1,129
Freight cost per tonne	1,003	1,025	1,015	1,035
Employee cost per tonne	395	342	336	328
Other expenses per tonne	1,385	1,332	1,324	1,339
Total expenses per tonne	4,651	4,454	4,553	4,654
Effective tax rate (%)	32.5	33.3	30.0	30.0
Debtor days	38	33	31	30
Inventory days	88	80	72	66
Payable days	136	140	142	139

Income statement

(INR mn)

Year to March	FY16	FY17	FY18E	FY19E
Income from operations	48,335	57,940	63,546	70,874
Materials costs	6,764	8,774	9,482	10,448
Employee costs	3,431	3,779	3,967	4,166
Total SG&A expenses	6,170	7,561	8,015	8,496
Other Expenses	23,995	29,051	32,309	35,980
EBITDA	7,975	8,775	9,773	11,784
Depreciation	2,195	2,571	2,619	2,750
EBIT	5,781	6,205	7,154	9,034
Add: Other income	0.6	-	-	-
Less: Interest Expense	3,825	3,605	3,288	3,057
Add: Exceptional items	(32)	-	-	-
Profit Before Tax	1,924	2,600	3,865	5,977
Less: Provision for Tax	625	867	1,160	1,793
Reported Profit	1,300	1,734	2,706	4,184
Exceptional Items	(22)	-	-	-
Adjusted Profit	1,321	1,734	2,706	4,184
Shares o /s (mn)	308	308	308	308
Adjusted Basic EPS	4.2	5.6	8.8	13.6
Diluted shares o/s (mn)	307	308	308	308
Adjusted Diluted EPS	4.2	5.6	8.8	13.6
Adjusted Cash EPS	11.4	14.0	17.3	22.5
Dividend per share (DPS)	1.0	1.0	2.0	2.0
Dividend Payout Ratio(%)	28.1	21.4	27.4	17.2

Common size metrics

Year to March	FY16	FY17	FY18E	FY19E
Operating expenses	83.5	84.9	84.6	83.4
EBITDA margins	16.5	15.1	15.4	16.6
Net Profit margins	2.7	3.0	4.3	5.9

Growth ratios (%)

Year to March	FY16	FY17	FY18E	FY19E
Revenues	(3.9)	19.9	9.7	11.5
EBITDA	11.9	10.0	11.4	20.6
Adjusted Profit	348.6	31.2	56.1	54.6
EPS	341.3	33.0	56.1	54.6

Balance sheet		(INR mn)			
As on 31st March	FY16	FY17	FY18E	FY19E	
Share capital	3,082	3,082	3,082	3,082	
Reserves & Surplus	46,728	48,018	49,982	53,445	
Shareholders' funds	49,809	51,099	53,064	56,526	
Short term borrowings	10,940	5,420	5,420	5,420	
Long term borrowings	20,845	24,077	22,077	20,077	
Total Borrowings	31,785	29,497	27,497	25,497	
Def. Tax Liability (net)	5,719	6,556	6,556	6,556	
Sources of funds	87,313	87,153	87,117	88,580	
Gross Block	105,608	106,083	109,583	112,083	
Net Block	71,527	69,488	70,370	70,120	
Intangible Assets	298	240	240	240	
CWIP (incl. intangible)	926	1,278	778	778	
Non current investments	8,789	9,497	9,497	9,497	
Cash and Equivalents	98	93	613	2,629	
Inventories	5,994	7,450	6,110	7,636	
Sundry Debtors	5,359	5,089	5,663	5,935	
Loans & Advances	8,987	9,476	9,476	9,476	
Current Assets (ex cash)	21,985	25,856	25,090	26,887	
Trade payable	10,367	13,180	13,351	15,452	
Other Current Liab	5,942	6,120	6,120	6,120	
Total Current Liab	16,309	19,300	19,471	21,572	
Net Curr Assets-ex cash	5,676	6,556	5,619	5,315	
Uses of funds	87,313	87,153	87,117	88,580	
BVPS (INR)	161.6	165.8	172.2	183.4	

Free cash flow		(INR mn)			
Year to March	FY16	FY17	FY18E	FY19E	
Reported Profit	1,300	1,734	2,706	4,184	
Add: Depreciation	2,195	2,571	2,619	2,750	
Interest (Net of Tax)	2,583	2,403	2,302	2,140	
Others	(10,784)	(2,947)	(2,822)	(4,157)	
Less: Changes in WC	(13,109)	884	(1,456)	(2,320)	
Operating cash flow	8,402	2,876	6,261	7,237	
Less: Capex	38,197	827	3,000	2,500	
Free Cash Flow	(29,795)	2,049	3,261	4,737	

Cash flow metrics		FY16	FY17	FY18E	FY19E
Year to March					
Operating cash flow	8,402	2,876	6,261	7,237	
Investing cash flow	(1,116)	(3,450)	(3,000)	(2,500)	
Financing cash flow	(7,258)	575	(2,741)	(2,721)	
Net cash Flow	28	1	520	2,016	
Capex	(1,529)	(827)	(3,000)	(2,500)	
Dividend paid	(2)	(371)	(741)	(721)	

Profitability and efficiency ratios		FY16	FY17	FY18E	FY19E
Year to March					
ROAE (%)	3.1	3.4	5.2	7.6	
ROACE (%)	7.7	7.7	8.9	11.1	
Inventory Days	88	80	72	66	
Debtors Days	38	33	31	30	
Payable Days	136	140	142	139	
Cash Conversion Cycle	(10)	(27)	(38)	(43)	
Current Ratio	1.4	1.3	1.3	1.4	
Gross Debt/EBITDA	4.0	3.4	2.8	2.2	
Gross Debt/Equity	0.6	0.6	0.5	0.5	
Adjusted Debt/Equity	0.6	0.6	0.5	0.5	
Interest Coverage Ratio	1.5	1.7	2.2	3.0	

Operating ratios		FY16	FY17	FY18E	FY19E
Year to March					
Total Asset Turnover	0.6	0.7	0.7	0.8	
Fixed Asset Turnover	0.9	0.8	0.9	1.0	
Equity Turnover	1.1	1.1	1.2	1.3	

Valuation parameters		FY16	FY17	FY18E	FY19E
Year to March					
Adj. Diluted EPS (INR)	4.2	5.6	8.8	13.6	
Y-o-Y growth (%)	341.3	33.0	56.1	54.6	
Adjusted Cash EPS (INR)	11.4	14.0	17.3	22.5	
Diluted P/E (x)	44.6	33.5	21.5	13.9	
P/B (x)	1.2	1.1	1.1	1.0	
EV/tonne (USD/tonne)	99	83	82	78	
EV / Sales (x)	1.9	1.5	1.3	1.1	
EV / EBITDA (x)	11.3	10.0	8.7	6.9	
EV/EBITDA (x)+1 yr fwd.	10.2	9.0	7.2	-	
Dividend Yield (%)	0.5	0.5	1.1	1.1	

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		EV / EBITDA (X)		EV / Sales (X)	
		FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
India Cements	898	21.5	13.9	8.7	6.9	1.3	1.1
ACC	4,729	38.7	27.6	16.2	12.5	1.8	1.6
Ambuja Cement Ltd	7,395	40.1	31.2	23.0	18.5	3.9	3.4
JK Cement	1,182	22.9	15.8	11.9	9.5	2.0	1.7
Shree Cements	9,604	34.4	24.2	22.1	14.0	5.7	4.3
UltraTech Cement	17,283	32.6	23.6	17.2	13.0	3.6	3.1
Median	-	33.5	23.9	16.7	12.8	2.8	2.4
AVERAGE	-	31.7	22.7	16.5	12.4	3.1	2.5

Source: Edelweiss research

Additional Data

Directors Data

Sri N.Srinivasan	Vice Chairman & Managing Director	Mrs Chitra Srinivasan	Director
Ms Rupa Gurunath	Wholetime Director	Dr. B.S.Adityan	Independent Director
Sri Arun Datta	Independent Director	Sri. K.Balakrishnan	Independent Director
Sri N.R.Krishnan	Independent Director	Sri V.Manickam	Independent Director
Sri. M.R.Kumar	Nominee of LIC, Non-Executive Director	Sri. V.Ranganathan	Independent Director
Sri N.Srinivasan	Independent Director	Sri. Rabinarayan Panda	Nominee of IDBI Bank Ltd, Non-Executive Director

Auditors - Messrs Brahmayya & Co. and P.S.Subramania Iyer & Co.

**as per last annual report*

Holding – Top10

	Perc. Holding		Perc. Holding
Ews finance & invest	9	Prince holdings madr	8.3
Reliance capital tru	6.89	Subramanian vidya	6.5
Trishul investments	5.71	Elm park fund limite	5.59
Life insurance corp	5.48	Bny mellon	4.7
Anna investments pri	4.24	Dimensional fund adv	3.24

**in last one year*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
30 Mar 2017	Citigroup Global Markets Mauritius Pvt Ltd	Sell	2829500	160.53
23 Aug 2016	Kingdon Mauritius Holding I Ltd	Buy	1570250	137.01

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
No Data Available			

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
ACC	BUY	SP	M	Ambuja Cement Ltd	HOLD	SU	M
Grasim Industries	BUY	SO	M	India Cements	BUY	SP	H
JK Cement	BUY	SO	M	Shree Cements	BUY	SO	M
UltraTech Cement	BUY	SO	M				

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

Edelweiss
Ideas create, values protect



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Aditya Narain

Head of Research

aditya.narain@edelweissfin.com

Coverage group(s) of stocks by primary analyst(s): Cement

ACC, Ambuja Cement Ltd, Grasim Industries, India Cements, JK Cement, Shree Cements, UltraTech Cement

Recent Research

Date	Company	Title	Price (INR)	Recos
22-May-17	Grasim Industries	Growth intact; input costs weigh on margin; <i>Result Update</i>	1,107	Buy
16-May-17	JK Cement	Healthy realisation fuels outperformance; <i>Result Update</i>	1,123	Buy
16-May-17	Shree Cements	Higher freight mars EBITDA; growth traction intact; <i>Result Update</i>	19,945	Buy

Distribution of Ratings / Market Cap

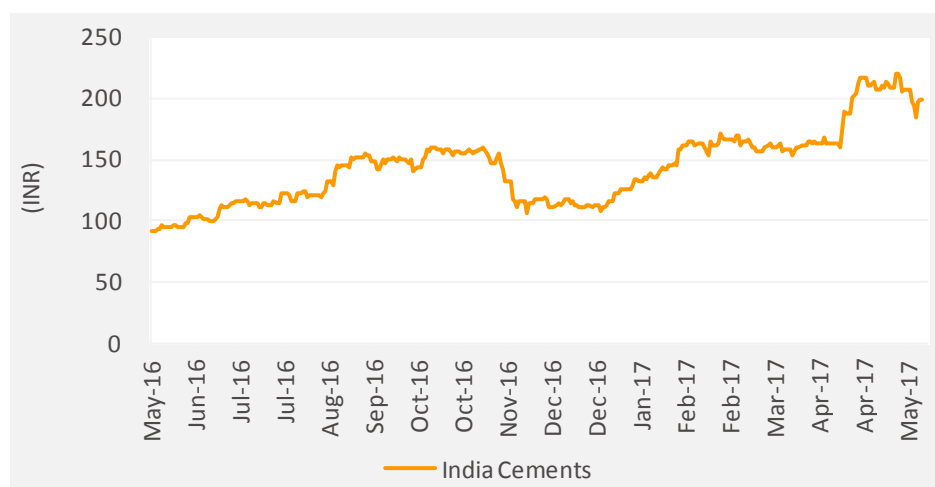
Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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