RESULT UPDATE

INDIA CEMENTS

Management commentary inspires confidence

India Equity Research| Cement

On the face of it, India Cement's (ICEM) Q1FY18 result appears disappointing (INR1.85bn EBITDA lower than INR2bn estimate). But, we highlight the brighter aspects: 1) volume stood flat YoY, despite decline in target markets (South down 7-8% YoY and West ~6%) as ICEM penetrated non-core markets. Expect better volumes in Q2FY18; 2) realisations rose 5% QoQ and stay unchanged currently; and 3) Q1FY18 had ~INR120mn non-recurring cost impact related to ESOPs and meeting emission norms, implying adjusted EBITDA of INR1.97bn. What really inspires our conviction on the stock is the unchanged management commentary to: a) focus on debt repayment (as in past 2 years); b) undertake no expansions until utilisation reaches >85% (from ~70% in FY17); and c) focus on exiting non-core business (recently shut the infrastructure segment). Being optimistic on sector demand recovery, we see no risk to our estimates and maintain 'BUY' with a revised TP of INR258 (INR220 earlier).

Q1FY18: Key highlights

- Reported Q1FY18 performance is not comparable YoY due to merger with Trinetra Cement (TC). Sales volumes at 2.7mt (including TC) were flat, despite demand decline in target markets. As TC operated at optimal utilisation, ICEM sold higher volumes in West and Central markets from South plants. Realisations rose 5% QoQ (7% YoY) and stay unchanged versus Q1FY18.
- While variable costs stood largely in line, employee costs rose 16% QoQ due to non-recurring ESOP expenses of INR69mn and wage increments. ICEM also incurred higher costs to meet emission norms and is now fully complied with.
- Ergo, blended EBITDA/t of ~INR700 stood lower than our INR748 estimate.
- Interest cost rose 7% QoQ due to increase in working capital loan by INR2.5bn. However, the rise was purely seasonal and will taper during the year.

Outlook and valuations: Deleveraging story intact; maintain 'BUY'

We change our valuation methodology to EV/EBITDA (PE earlier) as it is more representative of the cyclical and capex-intensive nature of cement sector. With expected recovery in industry dynamics and management's focus on debt reduction and increase capacity utilisation, we value ICEM at 9x FY19E EV/EBITDA and maintain **'BUY/SP'** with a TP of INR258.

Financials **(INR mn)**

Year to March	Q1FY18	Q1FY17	% Chg	Q4FY17	% Chg	FY17	FY18E	FY19E
Total operating Income	12,901	10,553	22.2	13,453	(4.1)	57,940	63,546	70,874
EBITDA	1,856	2,046	(9.3)	1,917	(3.2)	8,775	9,773	11,784
Adjusted Profit	264	440	(39.9)	343	(22.9)	1,733	2,706	4,184
Diluted EPS (INR)	0.9	1.4	(40.1)	1.1	(22.9)	5.6	8.8	13.6
Diluted P/E (x)						36.1	23.1	14.9
EV/EBITDA (x)						10.5	9.1	7.2
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 203
Target Price	: INR 258
52-week range (INR)	: 226 / 104
Share in issue (mn)	: 308.2
M cap (INR bn/USD mn)	: 63 / 974
Avg. Daily Vol.BSE/NSE('000)	: 5,307.5

SHARE HOLDING PATTERN (%)

	Current	Q4FY17	Q3FY17
Promoters *	28.2	28.3	28.3
MF's, FI's & BK's	23.1	21.1	20.2
FII's	23.7	25.1	24.6
Others	25.1	25.5	26.9

** Promoters pledged shares (% of share in issue) : 18.6*

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Construction Material Index
1 month	6.2	5.5	8.2
3 months	(6.3)	7.6	7.4
12 months	64.6	15.6	28.4

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Table 1: Revenue, EBITDA break up*

INR mn	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	*QoQ (%)*	*YoY (%)*
Revenue break up							
Gross sales	**10,553**	**11,534**	**12,592**	**13,453**	**12,901**	**(4.1)**	**22.2**
Shipping freight	48	37	23	32	43	33.2	(11.5)
Windmills	43	104	27	7	40	497.0	(7.0)
Clinker	-	186	188	188	139	(26.5)	NA
Cement	10,462	11,393	12,543	13,414	12,818	(4.4)	22.5
Volumes (Incl. Clinker) - mt	2.31	2.40	2.71	2.92	2.66	(9.0)	15.1
Gross realisation/tonne (INR)	**4,535**	**4,749**	**4,623**	**4,594**	**4,826**	**5.1**	**6.4**
EBITDA break up							
Reported EBITDA	**2,046**	**2,313**	**2,069**	**1,917**	**1,856**	**(3.2)**	**(9.3)**
Shipping	(7)	(1)	(28)	(23)	1	(104.8)	(115.7)
Windmills	43	104	27	7	40	497.0	(7.0)
Cement EBITDA	2,010	2,210	2,070	1,933	1,815	(6.1)	(9.7)
Cement EBITDA/tonne (INR)	871	921	763	662	683	3.2	(21.6)

Source: Edelweiss research

**Q1FY17 and Q2FY17 do not include TC's financials.*

Q1FY18 Conference call: Key highlights

Management commentary on industry growth and ICEM volumes

- As per ICEM, all India-cement demand stood flat YoY in Q1FY18, while it dipped 6-8% YoY in South and ~6% YoY in West (Maharashtra+Gujarat).
- Demand in Tamil Nadu (TN) and Kerala dipped ~11% YoY, Andhra Pradesh (AP) and Telangana by ~12% YoY, and Karnataka by ~1% YoY.
- During the quarter, sales volume was impacted by extended demonetisation effect, non-availability of sand and political instability in TN, and also marginally due to GST in the last month – June'17. However, sand issue has been resolved in TN from July'17 with sand mining resuming and accordingly, construction activities have been picking up since then.
- Total sales volumes stood at 2.7mt (including TC's contribution of 0.375mt), broadly flat YoY on like-to-like basis.
- Sales in South fell by ~8-10% YoY. As TC operated at optimal utilisation, the company moved volumes from its South and Maharashtra units into TC's markets of Madhya Pradesh (MP) and Gujarat. Accordingly, ~15% YoY in non-core territories made up for the volume loss in South and helped in maintaining overall flat volume trend YoY.
- Within South, ICEM's volumes witnessed a dip of ~10% YoY in TN & Kerala, while were flat in AP, Telangana and Karnataka.
- Post the merger with TC, ICEM's regional sales mix is as follows:
    - TN & Kerala - ~45%
    - AP & Telangana – ~13%
    - Karnataka – ~10%, and
    - 32% in rest of the markets like Maharashtra, Gujarat, MP and Rajasthan & others (including exports).
- Despite reaching out to non-core markets, realisations rose 5% QoQ.
- Management suggested that market is relatively steady at present with GST hiccups being settled and sand issue being normalised. Accordingly, it expects better sales volumes in Q2FY18 over Q1FY18.

No capacity expansion until utilisation reaches ~85%

- Senior management reiterated its earlier comment that it will continue to focus on improving capacity utilisation and no capacity expansions will be undertaken until it achieves utilisation levels of over 85%.
- The company incurred capex of INR240mn in Q1FY18 and has guided for capex of INR1.5-2.0bn in FY18.

Committed to deleverage

- Management expects to repay ~INR2.3bn of debt in FY18. It will continue to meet debt repayment targets and may also look to repay higher amounts in case of surplus cash.
- Interest costs rose 6.5% QoQ due to INR2.5bn increase in working capital. However, the increase in working capital is seasonal as it tapers during the year.

- As of Q1FY18, the company has total gross debt (including working capital) of INR31.7bn and cash balance of INR80mn (INR29.2bn in Q4FY17).
- ICEM is also committed to exit non-core operations. Towards that it recently shut its infrastructure segment, which reported EBITDA loss of INR45mn in Q1FY18 and INR150mn in FY17.

Other highlights

- Staff cost rose 16% QoQ. Of the total QoQ increase of INR154mn, INR69mn was owing to ESOP expenses, while the rest was due to revision in salaries.
- The company reduced its clinker inventory by nearly 0.2mt as production was impacted owing to shutdown of few plants for maintenance to comply with environmental emission norms. All plants stand fully complied now.
- Pet coke consumption at kilns was ~83% in Q1FY18. An average pet coke cost for the company was USD90/t in Q1FY18.
- Management looks to lower overall costs going forward through:
    - Improving sales volume in TN and Kerala, means more of trade and blended cement sales
    - Focus on reducing freight costs post GST
    - Operating leverage benefits from increased volumes
- The company has started using coal from its Indonesia mines for its captive power plants. The coal has high moisture and hence, generates fly ash for using in blending.

Q4FY17 Conference call: Key highlights

- According to the management, ICEM has successfully completed TC merger/amalgamation in H1CY17, bringing all cement assets under one roof. Including TC's 1.5mt cement production capacity, ICEM's total capacity now stands at 15.5mt.
- TC plant has been running close to full utilisation and accordingly, drove ICEM's utilisation rate to over 70% from ~62-63% in FY16 (excluding TC).
- 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 TC) 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.

Table 2: Target price revised to INR258 (INR220 earlier)

Valuation	FY19E
Assumed EV/EBITDA multiple (x)	9.0
EBITDA (Rs mn)	11,784
EV (Rs mn)	106,057
Less: Net debt (INR mn)	26,603
Mcap (Rs mn)	79,454
Shares o/s (mn)	308
Value per share (INR)	258
Potential Upside (%)	27.1

Source: Edelweiss research

Financial snapshot (INR mn)

Year to March	Q1FY18	Q1FY17	% change	Q4FY17	% change	FY17	FY18E	FY19E
Volume (million tonnes)	2.7	2.3	*15.1*	2.9	*(9.0)*	11.0	11.8	12.7
Realisation (inr/tonne)	4,826	4,535	*6.4*	4,594	*5.1*	5,249	5,380	5,582
Total operating Income	12,901	10,553	*22.2*	13,453	*(4.1)*	57,940	63,546	70,874
Raw material	2,269	1,777	*27.7*	2,140	*6.1*	8,774	9,482	10,448
Power and fuel	2,858	2,019	*41.5*	3,227	*(11.4)*	10,597	12,700	14,335
Staff costs	1,147	793	*44.6*	993	*15.5*	3,779	3,967	4,166
SG&A	2,847	2,325	*22.5*	3,110	*(8.4)*	11,313	11,984	13,140
Other expenses	1,923	1,593	*20.7*	2,066	*(6.9)*	14,702	15,640	17,000
Total expenditure	11,045	8,507	*29.8*	11,536	*(4.3)*	49,165	53,773	59,090
EBITDA	1,856	2,046	*(9.3)*	1,917	*(3.2)*	8,775	9,773	11,784
Depreciation	630	511	*23.2*	639	*(1.5)*	2,571	2,619	2,750
Other income	52	-		-		-	-	-
Interest	874	825	*5.9*	820	*6.5*	3,605	3,288	3,057
Profit before tax	404	710	*(43.1)*	458	*(11.6)*	2,600	3,865	5,977
Tax	140	271	*(48.3)*	115	*22.0*	867	1,160	1,793
Extraordinary items								
Reported net profit	264	440	*(39.9)*	343	*(22.9)*	1,733	2,706	4,184
Adjusted Profit	264	440	*(39.9)*	343	*(22.9)*	1,733	2,706	4,184
Equity capital(FV INR 2)	3,082	3,072		3,082		3,082	3,082	3,082
No. of shares (mn)	308	307		308		308	308	308
Diluted EPS (INR)	0.9	1.4	*(40.1)*	1.1	*(22.9)*	5.6	8.8	13.6
Diluted P/E (x)	-	-		-		36.1	23.1	14.9
EV/EBITDA (x)	-	-		-		10.5	9.1	7.2
ROAE (%)	-	-		-		3.4	5.2	7.6
As % of net revenues	-	-		-		1	1	1
Raw material	17.6	16.8		15.9		15.1	14.9	14.7
Employee cost	8.9	7.5		7.4		6.5	6.2	5.9
Power & fuel	22.2	19.1		24.0		18.3	20.0	20.2
Other expenses	14.9	15.1		15.4		25.4	24.6	24.0
SG&A	22.1	22.0		23.1		19.5	18.9	18.5
EBITDA	14.4	19.4		14.2		15.1	15.4	16.6
Adjusted net profit	2.0	4.2		2.5		3.0	4.3	5.9

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. With expected recovery in industry dynamics and management's focus on debt reduction and increase capacity utilisation, we value ICEM at 9x FY19E EV/EBITDA to arrive at a TP of INR258. We retain 'BUY/SP' on the stock. At our TP, ICEM trades at an EV/t of ~USD107 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	4.5	4.0	4.5
Repo rate (exit rate)	6.8	6.3	5.8	5.8
USD/INR (Avg)	65.0	67.5	66.0	66.0
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

Year to March	FY16	FY17	FY18E	FY19E
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

Year to March	FY16	FY17	FY18E	FY19E
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

Year to March	FY16	FY17	FY18E	FY19E
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

Year to March	FY16	FY17	FY18E	FY19E
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)	48.0	36.1	23.1	14.9
P/B (x)	1.3	1.2	1.2	1.1
EV/tonne (USD/tonne)	104	88	87	83
EV / Sales (x)	1.9	1.6	1.4	1.2
EV / EBITDA (x)	11.8	10.5	9.1	7.2
EV/EBITDA (x)+1 yr fwd.	10.7	9.4	7.6	-
Dividend Yield (%)	0.5	0.5	1.0	1.0

Peer comparison valuation

	Market cap	Diluted P/E (X)		EV / EBITDA (X)		EV / Sales (X)	
Name	(USD mn)	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
India Cements	974	23.1	14.9	9.1	7.2	1.4	1.2
ACC	5,066	41.2	29.4	17.3	13.4	2.4	2.2
Ambuja Cement Ltd	8,126	43.8	34.2	25.3	20.4	4.9	4.3
JK Cement	1,103	21.2	14.6	11.3	8.9	1.7	1.5
Shree Cements	9,498	33.8	23.8	21.8	13.8	5.7	4.3
UltraTech Cement	17,216	39.5	24.0	18.6	12.5	4.3	3.3
Median	-	36.7	23.9	18.0	13.0	3.4	2.7
AVERAGE	-	33.8	23.5	17.2	12.7	3.4	2.8

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 – Top 10

	Perc. Holding		Perc. Holding
Reliance Capital Trustee Co Ltd	7.12	Trishul Investments Ltd	5.69
Life Insurance Corp of India	5.46	ELM Park Fund Limited	5.22
BNY Mellon	4.69	Dimensional Fund Advisors LP	3.23
Sundaram Asset Management Co Ltd	2.23	Birla Sun Life Asset Management	2.14
L&T Investment Management Ltd	1.44	Goldman Sachs Group Inc	1.44

**as per last available data*

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

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ADITYA NARAIN

Digitally signed by ADITYA NARAIN
DN: c=IN, o=EDELWEISS SECURITIES LIMITED, ou=HEAD RESEARCH, cn=ADITYA NARAIN, serialNumber=e0576796072ad1a3266c27990f20bf0213f69235fc3f1bcd0fa1c30092792c20, postalCode=400005, 2.5.4.20=3dc92af943d52d778c99d69c48a8e0c89e548e5001b4f8141cf423fd58c07b02, st=Maharashtra
Date: 2017.07.28 22:30:32 +05'30'

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
27-Jul-17	**Cement**	Central India: No case for disruption; *Sector Update*		
24-Jul-17	**Ambuja Cements**	Impressive core operations; *Result Update*	268	Hold
21-Jul-17	**Star Cement**	Shining star of North East; *Result Update*	127	Not Rated

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	240

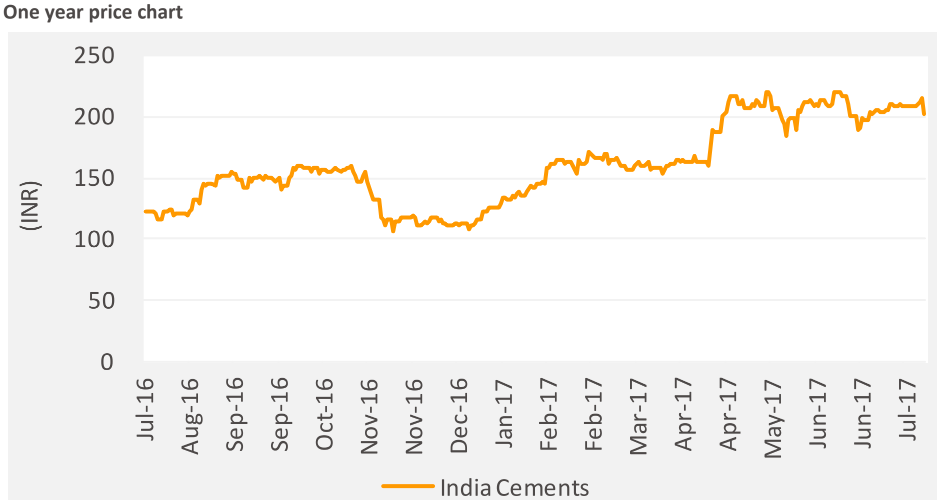
* 1stocks under review

	> 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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