

Cement

Cost escalations to impact profitability

Cement companies under our coverage are likely to report average EBITDA/te decline of ~Rs100/te YoY and ~Rs240/te QoQ mainly led by cost escalations which could not be passed-on owing to seasonality. Total costs/te are expected to be up by 3-4% YoY and QoQ led by price increases in pet coke, diesel, slag, packing material etc. Average realisations are likely to be down ~4% QoQ in South and 2-3% QoQ in most other regions. On a YoY basis, realisations are expected to be up ~10% in West region, flat in South, and up ~2% in most other regions. Sand mining issues in Uttar Pradesh & Bihar and continued muted demand in Tamil Nadu impacted overall demand growth during Q2FY18. We estimate industry volumes to be up 4-5% YoY led by better demand in North, West and East regions. We believe news flow on volumes and prices would improve meaningfully over the next few months as construction activities resume post monsoon / festive season. Given the current low utilisation rate at ~70%, we believe peak EBITDA/te is unlikely to be realised any time before FY21-FY22E and the same is yet to be discounted. Any correction in cement stocks would be an opportunity to accumulate, in our view. SRCM, UTCEM, ACEM and TRCL remain our preferred picks in the sector.

- **Industry volumes likely up 4-5% YoY, implying utilisations of 64%** - broadly flat YoY. Volumes in South region are likely to be flat YoY as strong volume growth in Andhra Pradesh / Telangana is offset by volumes decline in other southern states. Rest of the regions have likely grown in mid-single digit YoY during Q2FY18. SRCM / ACEM / DBEL / JKCE / JKLC are expected to report high single / low double-digit volume growth. We factor low-single digit volume growth for UTCEM on an organic basis and 19% YoY growth including that of JPA's assets. While ACC is expected to report mid-teen volume growth; ICEM / TRCL should report muted volume growth.
- **Average EBITDA/te likely down ~11% YoY / ~22% QoQ to Rs832/te.** Average pan India realisation is likely to be up ~1-2% YoY / down ~2-3% QoQ. Total costs/te is expected to be up 3-4% YoY and QoQ led by price increases in pet coke, diesel, slag, packing material etc (on YoY basis) and due to poor operating leverage in seasonally weak quarter (on QoQ basis). Average EBITDA/te including other operating income and government incentives for companies under our coverage is expected to decline ~Rs100/te YoY and ~Rs240/te QoQ.
- **Q2FY18 result picks:** ACC (ADD), ACEM (BUY) and JKCE (BUY) are expected to report healthy 18-28% YoY EBITDA growth during Q2FY18.

Quarterly summary

Company (Rs mn)	Sales			EBITDA#			PAT		
	JAS '17*	% chg		JAS '17*	% chg		JAS '17*	% chg	
		(YoY)	(QoQ)		(YoY)	(QoQ)		(YoY)	(QoQ)
UTCEM^	64,245	19.0	(1.7)	12,179	5.5	(21.9)	3,548	(41.0)	(60.2)
ACC	28,645	15.8	(13.5)	3,486	27.4	(45.3)	1,441	75.7	(55.8)
ACEM^	22,797	13.7	(19.3)	3,879	28.0	(40.4)	2,749	58.0	(29.9)
SRCM	21,572	7.5	(14.9)	5,257	(25.0)	(26.2)	2,846	(48.0)	(35.3)
DBEL	18,800	11.7	(8.7)	4,334	3.0	(22.1)	595	91.2	(63.7)
ICEM^	12,630	NM	(2.1)	1,749	NM	(8.3)	185	NM	(30.2)
TRCL	9,920	(2.0)	(2.4)	2,620	(25.8)	(9.8)	1,353	(34.6)	(13.1)
JKCE	10,570	16.0	2.7	1,871	17.7	(5.4)	627	53.3	(21.0)
JKLC	7,367	12.4	(18.2)	792	(15.4)	(34.2)	52	(79.1)	(81.6)
ORCMNT	5,082	32.3	(10.6)	641	286.5	(45.2)	19	NM	(95.2)
PRSC^	12,167	4.2	(8.1)	634	9.7	(41.8)	(143)	(32.6)	(185.9)
Total	213,794	13.5	(8.6)	37,443	(0.4)	(27.2)	13,270	(22.9)	(48.1)

*JAS: July-August-September'17; ^standalone; #including other operating income; Source: I-Sec research

Please refer to important disclosures at the end of this report

Top picks

- Shree Cement
- UltraTech Cement
- Ambuja Cement
- Ramco Cement

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Company-wise key highlights of Q2FY18

- **UTCCEM's standalone EBITDA including that of JPA's assets likely to increase ~6% YoY to Rs12.2bn.** Grey cement volumes including clinker expected to be up 19% YoY to 13.0mnte, while blended EBITDA/te down 12% YoY to Rs914/te.
- **SRCM's EBITDA including other operating income is likely to decline 25% YoY to Rs5.3bn** as 11% YoY volume growth and 1.8% increase in realisation more than offset sharp increase in petcoke prices, freight cost and significant poor performance in power segment.
- **ACEM's EBITDA is likely to increase 28% YoY to Rs3.9bn.** We expect 10% YoY increase in volumes and ~3.6% YoY increase in realisation which is partly offset by 1.5% YoY increase in cost/te. ACEM is likely to report consolidated revenues / EBITDA / PAT of Rs51.4bn / Rs7.4bn / Rs3.5bn, respectively.
- **ACC's EBITDA is likely to increase 27% YoY to Rs3.5bn.** We expect 17% YoY increase in volumes led by capacity expansion in East and flat grey cement realisation on YoY basis.
- **DBEL's EBITDA is expected to increase by 3% YoY to Rs4.3bn** as 9% YoY increase in volumes and ~4.5% YoY increase in realisation (including other operating income) is partly offset by 2.7% YoY increase in cost/te. Interest cost is expected to increase owing to hedging cost / buyer's credit. Besides, the company may report US\$4.5mn in damages over coal import deal.
- **TRCL's EBITDA is likely to decline by 26% YoY to Rs2.6bn** owing to 6.5% YoY decline in realisation and 6.7% YoY increase in cost/te.
- **ICEM's EBITDA is expected to decline by 8.3% QoQ to Rs1.7bn** led by 4% QoQ decline in realisation partly offset by 1% QoQ increase in volumes and 2% QoQ decline in cost/te. YoY numbers are not comparable due to merger of Trinetra Cement and Trishul Concrete w.e.f Q4FY17.
- **JKCE's EBITDA is expected to increase by ~18% YoY to Rs1.9bn** led by 12% YoY increase in volumes and 3.7% YoY increase in blended realisation, partly offset by 3.1% YoY increase in cost/te.
- **JKLC's EBITDA is likely to decline by 15% YoY to Rs792mn** as 10.4% YoY increase in volumes and 1.8% YoY increase in realisation more than offset by 6% YoY increase in cost/te.
- **ORCMNT's EBITDA is likely to increase by ~4x YoY to Rs641mn** led by 15% YoY increase in volumes and realisation owing to significant price increase in West region.
- **PRSC's EBITDA is likely to increase by 10% YoY to Rs634mn.** We expect volumes and realisation to increase by 6% YoY / 2.5% YoY, respectively. We expect TBK business to continue to post EBIT losses (though down YoY and QoQ basis) owing to weak operating performance.

Table 1: Valuation summary

Company	Reco	Target Price	P/E (x)			EV/EBITDA (x)			EV/te (US\$)		
			FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
UTCEM	BUY	4,775	36.1	27.1	19.2	17.9	13.7	10.4	218	200	177
ACC*	ADD	1,940	36.4	26.6	21.6	15.7	12.3	10.3	134	130	126
ACEM*	BUY	310	36.7	26.3	21.7	16.7	12.7	10.6	159	155	151
SRCM	BUY	21,850	37.7	28.3	22.0	22.3	17.1	13.1	309	259	226
DBEL	ADD	2,885	41.0	29.1	22.3	14.0	12.0	10.3	196	183	170
TRCL	BUY	800	25.0	21.2	17.1	14.7	12.9	10.3	191	177	147
JKCE	BUY	1,220	20.8	15.7	12.0	10.5	8.8	7.3	126	123	119
ICEM	ADD	225	23.0	15.3	11.9	9.0	7.4	6.3	85	82	78
JKLC	BUY	530	27.7	15.0	9.9	11.7	8.2	6.1	84	79	73
ORCMNT	ADD	180	23.1	14.4	10.3	9.9	7.7	6.0	85	81	76
PRSC	ADD	130	46.1	25.7	16.4	12.0	9.3	7.2	132	119	105
GRASIM	ADD	1,165	15.6	12.3	9.5	8.2	6.2	4.7	-	-	-

*December ending CY17E, CY18E, CY19E; Source: I-Sec research

Note: We are not changing any reco, target and estimates in this report. We will review each stock individually after the quarterly results.

Table 2: Stock price performance

(%)

	Absolute performance			Relative to Sensex		
	1m	3m	YoY	1m	3m	YoY
UTCEM	(5.0)	(4.7)	(3.4)	(4.3)	(5.8)	(15.4)
ACC	(5.8)	6.6	3.8	(5.1)	5.5	(8.2)
ACEM	(3.0)	8.2	6.9	(2.3)	7.1	(5.0)
SRCM	4.1	4.6	6.4	4.7	3.5	(5.5)
DBEL	(0.0)	5.6	42.9	0.7	4.5	30.9
ICEM	(2.0)	(11.4)	15.6	(1.3)	(12.5)	3.7
TRCL	(3.0)	(0.7)	12.6	(2.4)	(1.8)	0.6
JKCE	(4.5)	(0.8)	8.6	(3.8)	(1.9)	(3.4)
JKLC	(8.7)	(17.0)	(22.7)	(8.1)	(18.1)	(34.6)
ORCMNT	(3.2)	1.5	(30.8)	(2.5)	0.4	(42.8)
PRSC	(4.8)	(17.9)	(5.4)	(4.1)	(19.0)	(17.4)
GRASIM	(1.6)	8.1	41.0	(1.0)	7.0	29.1

Source: Bloomberg

Table 3: Geographic breakup of market mix

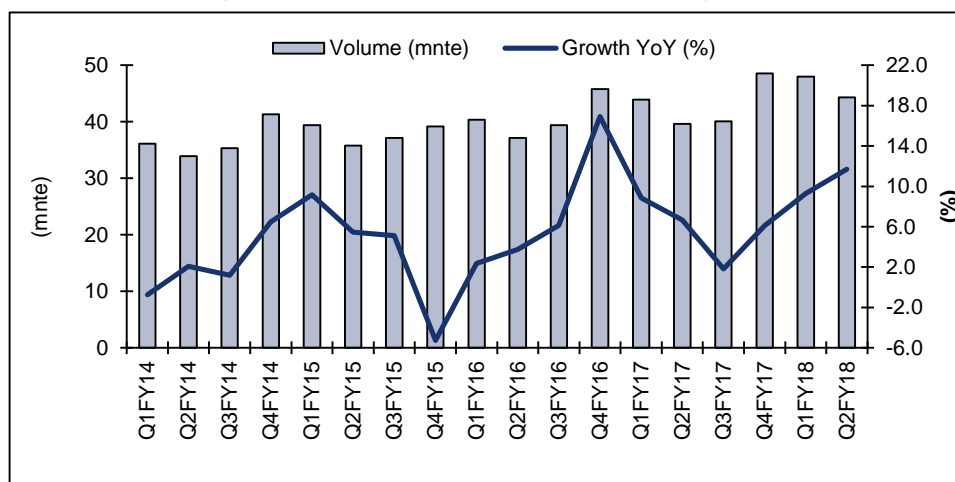
	UTCEM*	ACC	ACEM	SRCM	TRCL	JKLC	JKCE	ICEM	DBEL#	ORCMNT	PRSC
North	24	20	31	50		35	57	13			
Central	15	22	8	23		6	14				75
East	17	25	23	27	30	24		5	60		25
West	25	13	36			35	14	12	10	50	
South	19	20	2		70		15	70	30	50	

Source: Company data, I-Sec research, *includes JPA, #Includes OCL India

Table 4: Industry volumes likely up 4-5% YoY

Volumes (mnt)*	Q2FY18E	Q2FY17	% YoY	Q1FY18	% QoQ
UTCEM – Total	13.3	11.2	19.2	13.2	1.0
ACC	5.9	5.1	17.0	6.7	(12.0)
ACEM	5.0	4.6	9.8	6.1	(17.2)
SRCM	5.1	4.6	11.3	5.9	(13.7)
DBEL	3.7	3.4	9.0	4.0	(6.6)
ICEM – standalone	2.7	2.8	(3.8)	2.7	1.0
TRCL	2.1	2.0	4.0	2.2	(1.6)
JKCE – Total	2.1	1.9	11.9	2.1	1.2
JKLC	1.9	1.7	10.4	2.3	(17.0)
ORCMNT	1.4	1.2	15.0	1.4	(3.4)
PRSC	1.2	1.2	5.7	1.5	(17.2)
Total of above	44.5	39.6	12.3	48.0	(7.3)
Industry	68.5	65.3	4.9	72.6	(5.6)

Source: Company data, *including clinker sale, I-Sec research

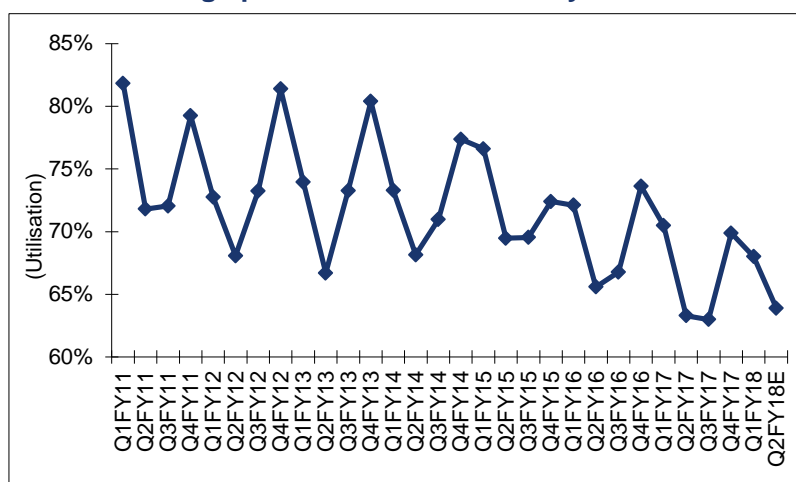
Chart 1: Coverage companies volumes expected to grow by ~12% YoY

Source: Company data, I-Sec research

Table 5: Pan-India utilisation likely to be flat YoY at 64%

Utilisation (%)	Q2FY18E	Q2FY17	% YoY	Q1FY18	% QoQ
UTCEM - (standalone grey cement)	61.3	67.3	(594)	77.9	(1,661)
ACC	71.1	66.3	480	81.5	(1,038)
ACEM	67.9	61.9	604	82.0	(1,409)
SRCM	74.7	76.1	(139)	86.6	(1,186)
DBEL	59.8	59.9	(10)	64.0	(420)
ICEM – standalone	69.0	71.7	(274)	68.3	68
TRCL	55.1	52.8	228	55.5	(37)
JKCE -grey cement	73.8	65.9	791	74.8	(96)
JKLC	61.4	58.0	348	77.4	(1,593)
ORCMNT	67.5	58.7	881	69.9	(240)
PRSC- grey cement	70.0	66.3	376	84.6	(1,458)
Weighted average of the above	65.8	65.9	(19)	76.8	(1,109)
Industry	63.9	63.3	61	68.0	(411)

Source: Company data, *including clinker sale, I-Sec research

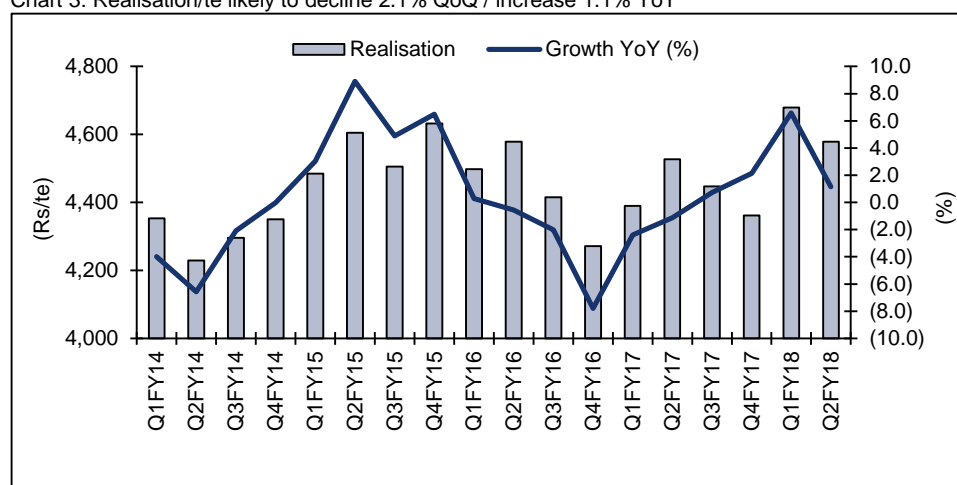
Chart 2: Average pan-India utilisation likely to be 64% in Q2FY18

Source: Company data, I-Sec research

Table 6: Realisation/te likely to decline 2.1% QoQ / increase 1.1% YoY

Realisation	Q2FY18E	Q2FY17	% YoY	Q1FY18	% QoQ
UTCCEM (grey cement)	4,270	4,161	2.6	4,407	(3.1)
UTCCEM (blended)	4,823	4,828	(0.1)	4,953	(2.6)
ACC (grey cement)	4,468	4,466	0.0	4,597	(2.8)
ACC (blended)	4,829	4,877	(1.0)	4,915	(1.7)
ACEM	4,535	4,376	3.6	4,651	(2.5)
SRCEM (excluding power)	4,042	3,969	1.8	4,146	(2.5)
DBEL (excluding refractory)*	4,793	4,589	4.5	4,931	(2.8)
ICEM (grey cement)	4,622	4,683	(1.3)	4,807	(3.8)
TRCL (grey cement)	4,459	4,769	(6.5)	4,607	(3.2)
JKCE (grey cement)	3,841	3,641	5.5	3,991	(3.7)
JKCE (blended)	4,918	4,743	3.7	4,846	1.5
JKLC	3,885	3,816	1.8	3,944	(1.5)
ORCMNT	3,764	3,273	15.0	4,065	(7.4)
PRSC (grey cement)	3,984	3,887	2.5	4,065	(2.0)
Weighted average (blended)	4,579	4,527	1.1	4,679	(2.1)

Source: Company data, I-Sec research; *including other operating income

Chart 3: Realisation/te likely to decline 2.1% QoQ / increase 1.1% YoY

Source: Company data, I-Sec research

Table 7: Cement prices in Q2FY18 likely increased 2.8% YoY

Cement price per bag of 50kg	North	East	West	Central	South	All-India
Avg. Q2FY18E	299	304	299	306	331	310
Avg. Q2FY17	294	296	273	301	330	301
YoY change (%)	1.5	2.6	9.5	1.9	0.3	2.8
Avg. Q1FY18	307	312	307	312	344	319
QoQ change (%)	(2.7)	(2.5)	(2.4)	(1.8)	(3.7)	(2.7)

Source: I-Sec research

Chart 4: North India markets – price movement

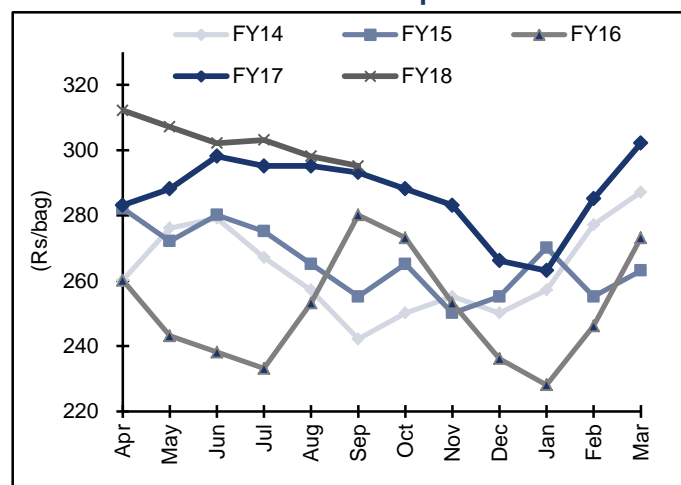


Chart 5: East India markets – price movement

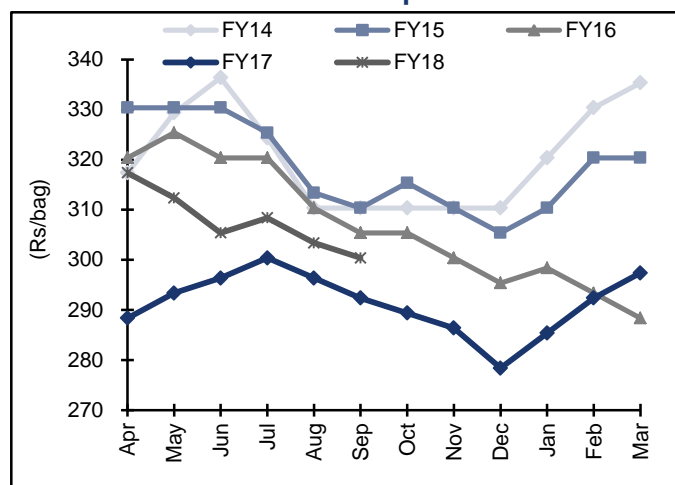


Chart 6: South India markets – price movement

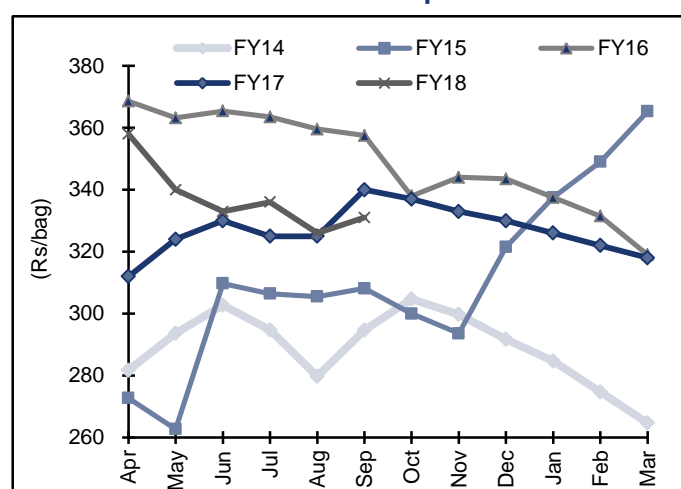


Chart 7: West India markets – price movement

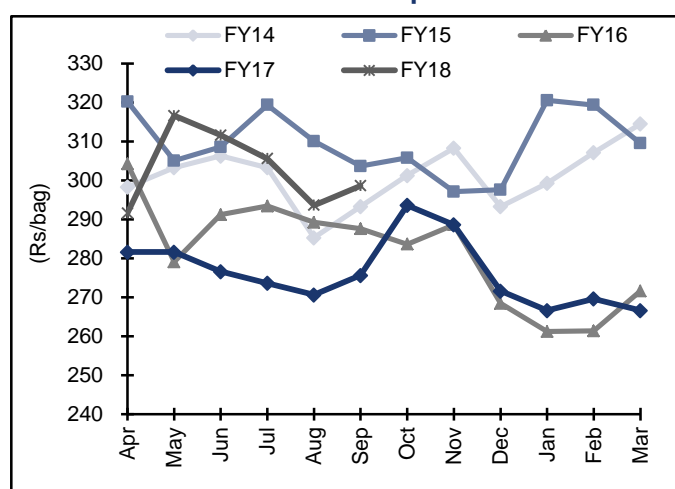


Chart 8: Central India markets – price movement

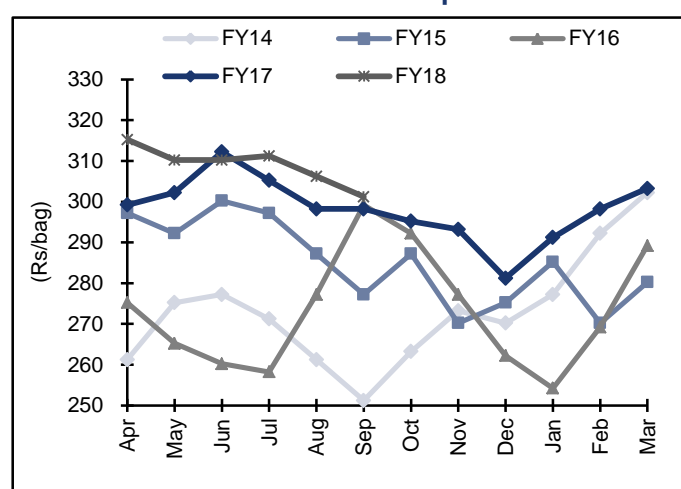
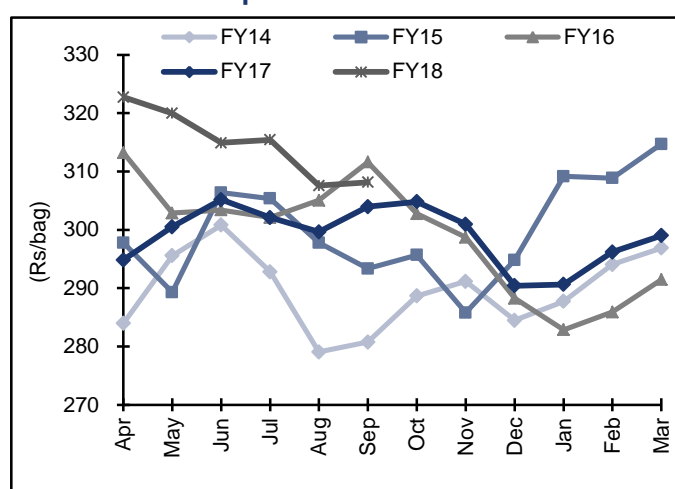


Chart 9: All-India price movement

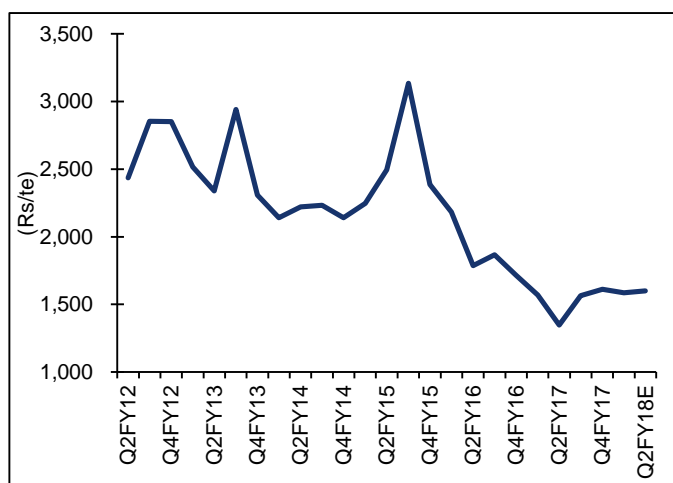


Source: Industry sources, I-Sec research

Chart 10: Average international coal prices increased by 12.9% QoQ in Q2FY18



Chart 12: Domestic e-auction coal prices have started to rebound



Source: Bloomberg, I-Sec research

Chart 11: Average diesel prices have increased ~7% YoY/ ~2% QoQ across regions in Q2FY18

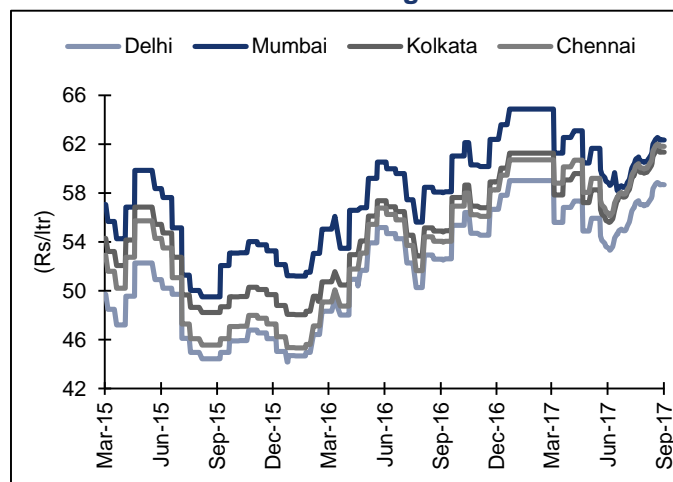


Chart 13: Domestic pet coke prices have increased ~17%YoY/ flat QoQ in Q2FY18

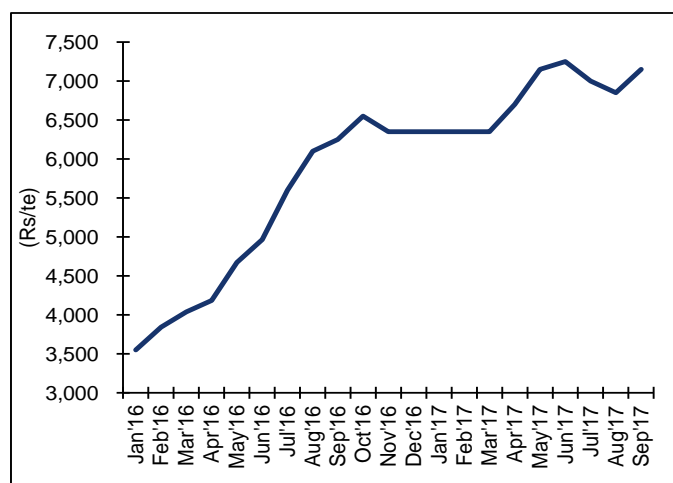


Table 8: International coal prices increased by 12.9% QoQ

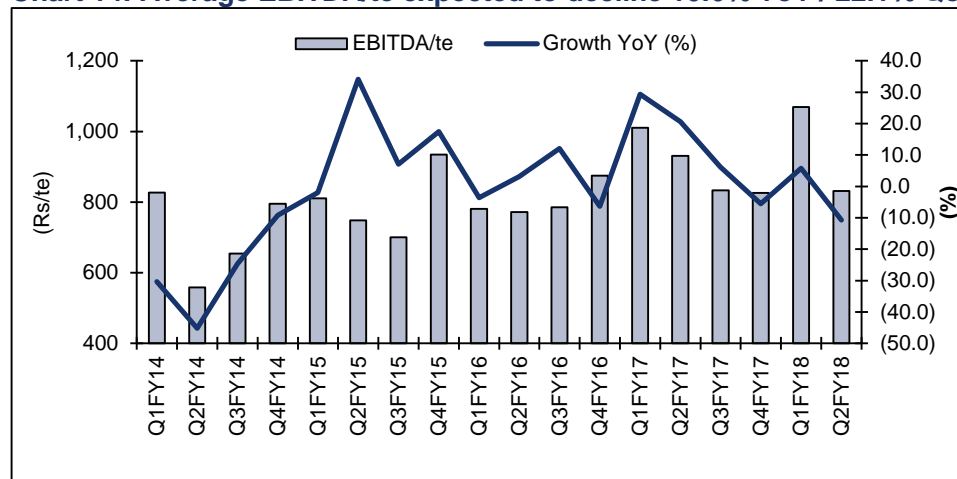
Cost/te	FY15				FY16				FY17				FY18	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Intl coal prices (USD)	75	71	66	62	61	55	51	52	55	65	86	83	77	87
% growth QoQ	(5.3)	(5.6)	(7.3)	(5.8)	(0.8)	(9.7)	(7.4)	1.7	5.4	18.1	32.5	(2.5)	(7.7)	12.9
Intl coal prices (INR)	4,477	4,280	4,058	3,840	3,885	3,586	3,373	3,504	3,661	4,324	5,770	5,604	4,970	5,595
% growth QoQ	(8.3)	(4.4)	(5.2)	(5.4)	1.2	(7.7)	(5.9)	4.1	4.5	18.1	33.4	(2.9)	(11.3)	12.6
INR/USD	59.8	60.6	61.9	62.2	63.4	64.9	65.9	67.5	66.9	67.0	67.4	67.1	64.5	64.3
% growth QoQ	(3.1)	1.3	2.2	0.5	2.0	2.4	1.5	2.4	(0.9)	0.1	0.7	(0.5)	(3.9)	(0.3)

Source: Bloomberg, I-Sec research

Table 9: Average EBITDA/te expected to decline 10.6% YoY / 22.1% QoQ

EBITDA/te*	Q2FY18E	Q2FY17	% YoY	Q1FY18	% QoQ
UTCEM (incl. white cement)	914	1,033	(11.5)	1,183	(22.7)
ACC (incl. RMC)	588	540	8.9	945	(37.8)
ACEM	772	662	16.6	1,073	(28.0)
SRCM (cement only)	1,033	1,400	(26.2)	1,212	(14.8)
DBEL (blended)	1,163	1,230	(5.5)	1,395	(16.7)
ICEM (blended)	652	935	(30.3)	718	(9.2)
TRCL(cement only)	1,035	1,545	(33.0)	1,249	(17.1)
JKCE (incl. white cement)	870	827	5.2	931	(6.5)
JKLC	418	545	(23.4)	527	(20.7)
ORCMNT	475	141	236.1	836	(43.2)
PRSC (grey cement)	546	441	23.8	769	(28.9)
Weighted average	833	931	(10.6)	1,069	(22.1)

Source: Company data, I-Sec research *including other operating income

Chart 14: Average EBITDA/te expected to decline 10.6% YoY / 22.1% QoQ

Source: Company data, I-Sec research

Table 10: Volume growth assumptions over FY17-FY20

	Total volumes (mnte)				Growth YoY (%)			
	FY17	FY18E	FY19E	FY20E	FY17	FY18E	FY19E	FY20E
UTCEM	53.6	62.3	70.3	78.1	1.2	16.3	12.8	11.2
ACC	23.2	25.3	26.1	27.0	(2.8)	9.0	3.3	3.3
ACEM	21.6	22.7	23.5	24.4	(1.1)	5.2	3.5	4.0
SRCM	20.6	23.1	26.4	30.3	8.4	12.3	14.0	15.0
DBEL	15.3	16.7	18.2	19.8	18.0	9.0	9.0	9.0
ICEM	11.0	11.7	12.6	13.4	10.1	6.1	8.0	6.1
JKCE	8.2	9.0	9.6	10.3	0.9	9.8	7.1	7.1
TRCL	8.3	8.9	9.6	10.6	16.0	7.0	7.0	11.0
JKLC	7.9	9.1	9.9	10.7	8.5	15.0	8.0	8.0
ORCMNT	5.6	5.8	6.2	6.7	25.7	4.8	7.0	7.0
PRSC	5.4	5.7	5.9	6.1	2.3	5.0	4.0	4.0
Total	180.7	200.3	218.2	237.4	4.5	10.9	8.9	8.8

Source: Company data, I-Sec research

Table 11: Realisation growth assumptions over FY17-FY20

	Realisation (Rs/te)				Growth YoY (%)			
	FY17	FY18E	FY19E	FY20E	FY17	FY18E	FY19E	FY20E
UTCEM- grey cement	4,139	4,383	4,603	4,834	(0.0)	5.9	5.0	5.0
UTCEM- blended	4,685	4,903	5,082	5,276	(1.9)	4.6	3.7	3.8
ACC - blended	4,722	4,865	5,128	5,354	(1.5)	3.0	5.4	4.4
ACC - grey cement	4,377	4,510	4,753	4,964	(2.9)	3.0	5.4	4.4
ACEM	4,256	4,518	4,829	5,066	(0.5)	6.2	6.9	4.9
SRCM	3,747	4,167	4,366	4,562	7.3	11.2	4.8	4.5
DBEL - cement	4,557	4,922	5,094	5,272	(2.6)	8.0	3.5	3.5
ICEM	4,435	4,790	4,958	5,131	(1.9)	8.0	3.5	3.5
JKCE- blended	4,833	5,050	5,224	5,402	4.4	4.5	3.4	3.4
TRCL	4,641	4,641	4,792	4,936	(5.7)	-	3.3	3.0
JKLC	3,676	3,989	4,228	4,460	2.2	8.5	6.0	5.5
ORCMNT	3,369	4,043	4,245	4,436	(0.9)	20.0	5.0	4.5
PRSC	3,703	4,037	4,259	4,493	(3.4)	9.0	5.5	5.5
Weighted average	3,899	4,144	4,337	4,517	(1.7)	6.3	4.7	4.2

Source: Company data, I-Sec research

Table 12: EBITDA/te growth assumptions over FY17-FY20

	EBITDA/te* (Rs)				Growth YoY (%)			
	FY17	FY18E	FY19E	FY20E	FY17	FY18E	FY19E	FY20E
UTCEM- consol.	973	1,071	1,207	1,363	5.3	10.0	12.8	12.9
ACC	613	714	858	965	4.5	16.4	20.2	12.5
ACEM	780	886	1,132	1,279	11.1	13.5	27.8	13.0
SRCM	1,124	1,198	1,350	1,489	42.9	6.7	12.6	10.3
DBEL	1,244	1,336	1,406	1,482	2.1	7.4	5.2	5.4
ICEM	792	793	863	911	(6.5)	0.1	8.8	5.6
JKCE	934	1,000	1,088	1,170	44.6	7.1	8.8	7.5
TRCL	1,383	1,279	1,346	1,420	(9.0)	(7.5)	5.3	5.5
JKLC	465	619	772	900	25.6	33.0	24.7	16.6
ORCMNT	321	755	867	973	(22.7)	135.5	14.7	12.3
PRSC	672	801	939	1,089	40.9	19.2	17.2	16.0
Weighted average	879	971	1,110	1,237	13.0	10.6	14.3	11.4

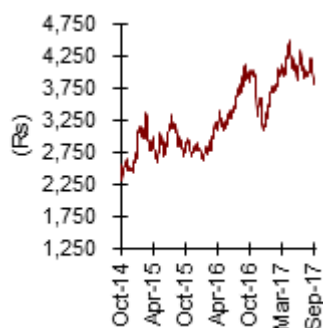
Source: Company data, I-Sec research; *including other operating income

Note: We are not changing any reco, target and estimates in this report. We will review each stock individually after the quarterly results.

UltraTech Cement (BUY)

(QoQ chg: -4.7%; YTD: 19.8%)

Price chart



Quarterly estimates (standalone)

(Rs mn, year ending March 31)

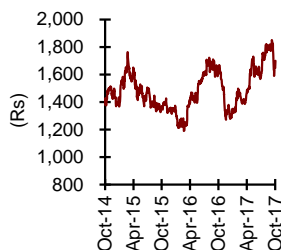
	Q2FY18E#	Q2FY17	% YoY	Q1FY18	% QoQ
Volume sales (mn te)	13.3	11.2	19.2	13.2	1.0
Net realisation (Rs)	4,823	4,828	(0.1)	4,953	(2.6)
Net sales	64,245	53,979	19.0	65,330	(1.7)
EBITDA*	12,179	11,548	5.5	15,601	(21.9)
EBITDA/te	914	1,033	(11.5)	1,183	(22.7)
Recurring pre-tax income	5,104	8,767	(41.8)	12,870	(60.3)
Recurring net income	3,548	6,011	(41.0)	8,906	(60.2)
Ratios (%)					
EBITDA margins	19.0	21.4		23.9	
Net profit margins	5.5	11.1		13.6	

Source: Company data, I-Sec research; #including JPA; *including other operating income

ACC (ADD)

(QoQ chg: 6.6%; YTD chg: 27.7%)

Price chart



Quarterly estimates (consolidated)

(Rs mn, year ending December 31)

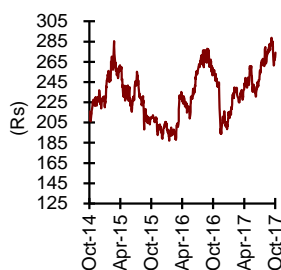
	Q3CY17E	Q3CY16	YoY (%)	Q2CY17	QoQ (%)
Volume sales (mn te)	5.9	5.1	17.0	6.7	(12.0)
Net cement realisation including RMC	4,829	4,877	(1.0)	4,915	(1.7)
Net sales	28,645	24,728	15.8	33,125	(13.5)
EBITDA*	3,486	2,737	27.4	6,368	(45.3)
EBITDA / te	588	540	8.9	945	(37.8)
Recurring pre-tax income	1,921	1,250	53.7	4,819	(60.1)
Recurring net income	1,441	820	75.7	3,262	(55.8)
Ratios (%)					
EBITDA margins	12.2	11.1		19.2	
Net profit margins	5.0	3.3		9.8	

Source: Company data, I-Sec research; *including other operating income

Ambuja Cements (BUY)

(QoQ chg: 8.2%; YTD chg: 32.8%)

Price chart



Quarterly estimates (standalone)

(Rs mn, year ending December 31)

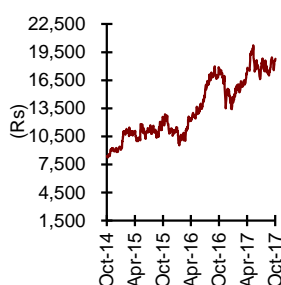
	Q3CY17E	Q3CY16	YoY (%)	Q2CY17	QoQ (%)
Volume including clinker	5.0	4.6	9.8	6.1	(17.2)
Avg. realisation	4,535	4,376	3.6	4,651	(2.5)
Net sales	22,797	20,043	13.7	28,233	(19.3)
EBITDA*	3,879	3,032	28.0	6,510	(40.4)
EBITDA/te	772	662	16.6	1,073	(28.0)
Recurring pre-tax income	3,871	2,447	58.2	5,466	(29.2)
Recurring net income	2,749	1,740	58.0	3,922	(29.9)
Ratios (%)					
EBITDA margins	17.0	15.1		23.1	
Net profit margins	12.1	8.7		13.9	

Source: Company data, I-Sec research; *including other operating income

Shree Cement (BUY)

(QoQ chg: 4.6%; YTD chg: 28.3%)

Price chart



Quarterly estimates (consolidated)

(Rs mn, year ending March 31)

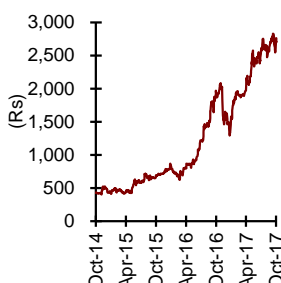
	Q2FY18E	Q2FY17	% YoY	Q1FY18	% QoQ
Net sales	21,572	20,068	7.5	25,363	(14.9)
Net volumes (mnte)	5.1	4.6	11.3	5.9	(13.7)
Realisation – cement	4,042	3,969	1.8	4,146	(2.5)
EBITDA*	5,257	7,013	(25.0)	7,120	(26.2)
EBITDA/te incl. power	1,035	1,536	(32.6)	1,209	(14.4)
Recurring pre-tax income	3,570	5,740	(37.8)	5,466	(34.7)
Recurring net income	2,846	5,475	(48.0)	4,401	(35.3)
Ratios (%)					
EBITDA margins	24.4	34.9		28.1	
Net profit margins	13.2	27.3		17.4	

Source: Company data, I-Sec research; *including other operating income

Dalmia Bharat (ADD)

(QoQ chg: 5.6%; YTD chg: 103.9%)

Price chart



Quarterly estimates (consolidated)

(Rs mn, year ending March 31)

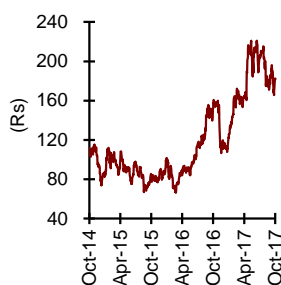
	Q2FY18E	Q2FY17	% YoY	Q1FY18	% QoQ
Net sales	18,800	16,829	11.7	20,589	(8.7)
Volume including clinker	3.7	3.4	9.0	4.0	(6.6)
Realisation – cement*	4,793	4,589	2.5	4,931	(2.3)
EBITDA	4,334	4,207	3.0	5,566	(22.1)
EBITDA/te (blended)	1,163	1,230	(5.5)	1,395	(16.7)
Recurring pre-tax income	1,094	1,125	(2.7)	2,617	(58.2)
Recurring net income	595	311	91.2	1,639	(63.7)
Ratios (%)					
EBITDA margins	23.1	25.0		27.0	
Net profit margins	3.2	1.8		8.0	

Source: Company data, I-Sec research; *including other operating income

India Cements (ADD)

(QoQ chg: -11.4%; YTD chg: 5.6%)

Price chart



Quarterly estimates (standalone)

(Rs mn, year ending March 31)

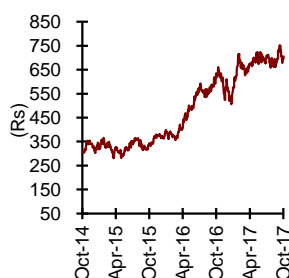
	Q2FY18E	Q2FY17	% YoY	Q1FY18	% QoQ
Volume including clinker (mnte)	2.7	2.4	NM	2.7	1.0
Realisation – cement	4,622	4,683	NM	4,807	(3.8)
Net sales	12,630	11,465	NM	12,901	(2.1)
EBITDA	1,749	2,244	NM	1,908	(8.3)
EBITDA/te (blended)	652	935	NM	718	(14.3)
Recurring pre-tax income	267	917	NM	404	(33.9)
Recurring net income	185	624	NM	264	(30.2)
Ratios (%)					
EBITDA margins	13.8	19.6		14.8	
Net profit margins	1.5	5.4		2.0	

Source: Company data, I-Sec research; *YoY numbers are not comparable due to merger of Trinetra Cement and Trishul Concrete

The Ramco Cements (BUY)

(QoQ chg: -0.7%; YTD chg: 28.6%)

Price chart



Quarterly estimates (standalone)

(Rs mn, year ending March 31)

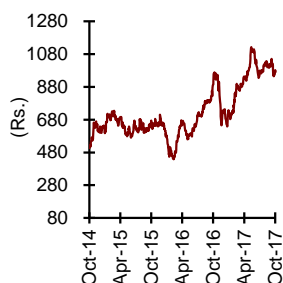
	Q2FY18E	Q2FY17	% YoY	Q1FY18	% QoQ
Volume including clinker	2.1	2.0	4.0	2.2	(1.6)
Realisation – cement	4,459	4,769	(6.5)	4,607	(3.2)
Net sales	9,920	10,124	(2.0)	10,165	(2.4)
EBITDA*	2,620	3,532	(25.8)	2,904	(9.8)
EBITDA/te incl. power	1,238	1,736	(28.7)	1,351	(8.3)
Recurring pre-tax income	1,804	2,637	(31.6)	2,082	(13.3)
Recurring net income	1,353	2,070	(34.6)	1,558	(13.1)
Ratios (%)					
EBITDA margins	26.4	34.9		28.6	
Net profit margins	13.6	20.4		15.3	

Source: Company data, I-Sec research; *including other operating income

JK Cement (BUY)

(QoQ chg: -0.8%; YTD chg: 35.0%)

Price chart



Quarterly estimates (standalone)

(Rs mn, year ending March 31)

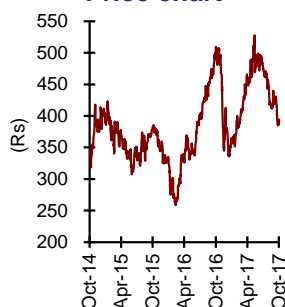
	Q2FY18E	Q2FY17	% YoY	Q1FY18	% QoQ
Volume incl. white cement	2.1	1.9	11.9	2.1	1.2
Blended realisation	4,918	4,743	3.7	4,846	1.5
Net sales	10,570	9,110	16.0	10,295	2.7
EBITDA*	1,871	1,589	17.7	1,977	(5.4)
EBITDA/te	870	827	5.2	931	(6.5)
Recurring pre-tax income	816	522	56.5	1,033	(21.0)
Recurring net income	627	409	53.3	793	(21.0)
Ratios (%)					
EBITDA margins	17.7	17.4		19.2	
Net profit margins	5.9	4.5		7.7	

Source: Company data, I-Sec research; *including other operating income

JK Lakshmi Cement (BUY)

(QoQ chg: -17.0%; YTD chg: 12.4%)

Price chart



Quarterly estimates (standalone)

(Rs mn, year ending March 31)

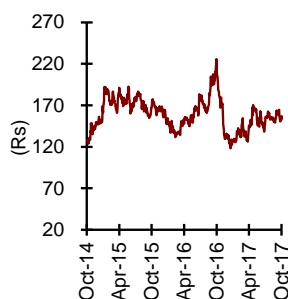
	Q2FY18E	Q2FY17	% YoY	Q1FY18	% QoQ
Volume including clinker (mnte)	1.9	1.7	10.4	2.3	(17.0)
Avg. realisation	3,885	3,816	1.8	3,944	(1.5)
Net sales	7,367	6,556	12.4	9,011	(18.2)
EBITDA*	792	937	(15.4)	1,203	(34.2)
EBITDA/te	418	545	(23.4)	527	(20.7)
Recurring pre-tax income	59	233	(74.6)	374	(84.2)
Recurring net income	52	249	(79.1)	283	(81.6)
Ratios (%)					
EBITDA margins	10.8	14.3		13.4	
Net profit margins	0.7	3.8		3.1	

Source: Company data, I-Sec research; *including other operating income

Orient Cement (ADD)

(QoQ chg: 1.5%; YTD chg: 26.0%)

Price chart



Quarterly estimates (standalone)

(Rs mn, year ending March 31)

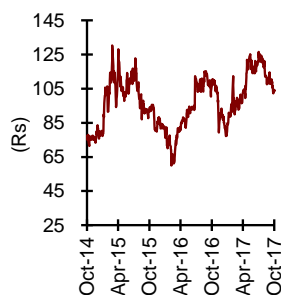
	Q2FY18E	Q2FY17	% YoY	Q1FY18	% QoQ
Volume including clinker (mnte)	1.4	1.2	15.0	1.4	(3.4)
Avg. realisation	3,764	3,273	15.0	4,065	(7.4)
Net sales	5,082	3,843	32.3	5,682	(10.6)
EBITDA*	641	166	286.5	1,169	(45.2)
EBITDA/te	475	141	236.1	836	(43.2)
Recurring pre-tax income	23	(488)	NM	589	(96.0)
Recurring net income	19	(294)	NM	389	(95.2)
Ratios (%)					
EBITDA margins	12.6	4.3		20.6	
Net profit margins	0.4	(7.6)		6.9	

Source: Company data, I-Sec research; *including other operating income

Prism Cement (ADD)

(QoQ chg: -17.9%; YTD: 34.3%)

Price chart



Quarterly estimates (standalone)

(Rs mn, year ending March 31)

	Q2FY18E	Q2FY17	% YoY	Q1FY18	% QoQ
Volume sales (mnte)	1.2	1.2	5.7	1.5	(17.2)
Net realisation (Rs)- Cement	3,984	3,887	2.5	4,065	(2.0)
Net sales	12,167	11,674	4.2	13,243	(8.1)
EBITDA*	634	578	9.7	1,089	(41.8)
EBITDA/te- Cement	546	441	23.8	769	(28.9)
Recurring pre-tax income	(207)	(213)	NM	241	NM
Recurring net income	(143)	(213)	NM	167	NM
Ratios (%)					
EBITDA margins	5.2	5.0		8.2	
Net profit margins	(1.2)	(1.8)		1.3	

Source: Company data, I-Sec research; *including other operating income

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