INDIA

BUY

Deccan Cements

CENTRUM

Cement

Results Update

29 May 2018

Volume momentum continues; Cost inflation dents margin

Deccan Cements (DCL) registered 19% YoY volume growth in Q4FY18, buoyed by sustained demand in AP/Telangana markets and demand recovery in other south markets. Still, aggressive pricing across south and elevated energy and freight costs continued to impact profitability - EBITDA/PAT down 17%/19% YoY. We continue to like DCL owing to (1) its strong balance sheet and (2) as we expect pricing to recover in south which should help the industry pass on the energy cost inflation. DCL is trading at extremely cheap valuations (13% AOCF/EV yield, 5x FY20E EBITDA and USD41/MT replacement cost). We reiterate BUY with a revised TP of Rs670.

- **Strong regional demand in AP/T boosted 19% YoY volume uptick in Q4FY18**: DCL's sales volume rose 19% YoY and 19% QoQ to 0.43mn MT in Q4FY18, leading to 76% utilisation vs 64% YoY and 64% QoQ. Management said sustained strong demand in AP/T helped them register strong volume growth. However, the management said that there is good competitive pressure from all brands in the region and hence there is no pricing gain despite robust demand. NSR rose 3% QoQ and 2% YoY. While actual NSR is down YoY, the reported NSR is higher owing to FOR based reporting, which has led to both increased realisation and freight cost. On QoQ basis, the NSR growth is led by better pricing as the management remained selective in terms of pricing.
- **Rising costs further dent margins**: DCL's unitary cost inflation (+10% YoY and 4% QoQ) is led by rising fuel and diesel prices. Thus unitary input cost rose 8% YoY and 5% QoQ. DCL guided that coal prices continued to increase QoQ. Employee cost fell on QoQ and YoY basis, mainly on account of annual adjustment under IndAS reporting. Freight cost per MT is also very high YoY owing to FOR based reporting impact and on higher diesel prices. Other expense per MT fell 3% YoY on better utilisation (despite higher packaging costs). Thus, unitary EBITDA fell 30% YoY to Rs503/MT (flat QoQ). Subsequently, EBITDA fell 17% YoY despite 19% volume growth. As DCL further cut its debt during FY18 (halved YoY), interest expense fell 43% YoY in Q4FY18. However, amid weak EBITIDA, PAT fell 19% YoY.
- **While earnings declined, cashflows recovered in FY18, DCL turned net cash in FY18**: During FY18, DCL reduced its non-cash working capital on the books. Cash conversion cycle also marginally improved to 45days vs 48days YoY. Thus, despite lower EBITDA/PAT, OCF recovered ~30% YoY to ~Rs0.8bn. As interest outgo fell, adjusted OCF (OCF-interest exp) also rose 35% YoY to Rs0.73bn. As against large op cash generation, DCL is currently incurring only maintenance capex, leading to surge in free cashflow. Thus, DCL reduced debt by ~50% in FY18 and is now a net cash company with net D:E of (0.1)x. The management indicated that they don't have any expansion plans for FY19, as DCL still has surplus capacity (FY18 utilisation at 65%).
- **Trading at very cheap valuations, Maintain BUY**: We trim FY19/20 EBITDA estimates by 6% each owing to slower price recovery in south and on account of elevated cost pressure. We understand DCL would accumulate cash over next 1-2 years before taking major expansion plans and thus it can avoid stress on the balance sheet. We maintain BUY on DCL with a revised TP of Rs670 valuing it at 8.9% AOCF/EV yield on its FY16-20E average AOCF (implying 7.2x FY20 EBITDA). Despite strong demand outlook for south and DCL's robust balance sheet, DCL's stock is currently trading at cheap valuations of ~13% AOCF yield on FY16-20E avg AOCF, at 5x FY20E EBITDA and at replacement cost of USD41/MT. Even if the pricing recovery is delayed, leading to further earnings downgrades, the valuations would still be attractive (ie AOCF yield at ~11% and replacement value below USD45/MT).

Y/E Mar (Rsmn)	Q4FY18	Q4FY17	YoY (%)	Q3FY18	QoQ (%)	Q4FY18E	Variance(%)
Net Sales	**1,636**	**1,352**	**21.0**	**1,341**	**22.0**	**1,533**	**6.8**
Op. cost	1,423	1,094	30.0	1,159	22.7	1,347	5.6
EBITDA	**214**	**258**	**(17.2)**	**182**	**17.4**	**186**	**15.3**
EBITDA margin (%)	13.1	19.1	(604)bps	13.6	(52)bps	12.1	96bps
Depreciation	57	60	(5.0)	57	(0.8)	56	1.6
Interest	14	24	(42.9)	14	(3.3)	15	(6.8)
Other Income	6	9	(32.4)	21	(69.2)	20	(68.1)
PBT	150	184	(18.6)	131		135	11.0
Taxes paid	63	76	-	42	-	47	32.8
Adjusted PAT	**87**	**108**	**(19.4)**	**89**	**(2.8)**	**88**	**(0.7)**

Source: Company, Centrum Research Estimates

Target Price	Rs670
CMP*	Rs467
Upside	*43%*
Previous Target	Rs720
Previous Rating	Buy

Key Data	
Bloomberg Code	DECM IN
Curr Shares O/S (mn)	14.0
Diluted Shares O/S(mn)	14.0
Mkt Cap (Rsbn/USDmn)	6.5/96.3
52 Wk H / L (Rs)	660/459.4
5 Year H / L (Rs)	660/71
Daily Vol. (3M NSE Avg.)	3720

Price Performance (%)*	1M	6M	1Yr
DECM IN	(11.5)	(17.7)	(17.0)
NIFTY	(0.6)	2.6	10.7

**as on 29 May 2018; Source: Bloomberg, Centrum Research*

Shareholding pattern (%)*

	Mar - 18	Dec - 17	Sep - 17	Jun - 17
Promoter	56.2	56.2	56.2	56.2
FIIs	1.8	1.4	1.2	1.0
Dom. Inst.	13.9	12.3	12.3	15.6
Public & Others	28.2	30.1	30.3	27.2

*Source: BSE, *as on 9 February 2018*

Operational performance

	Q4FY18	Q4FY17	YoY(%)	Q3FY18	QoQ (%)
Sales vol (mn MT)	**0.43**	**0.36**	**18.6**	**0.36**	**18.6**
Rs/ MT trends					
NSR	**3,845**	**3,767**	**2.1**	**3,737**	**2.9**
Raw materials	440	412	6.7	329	33.6
Power & fuel	1,181	1,094	8.0	1,219	(3.0)
Freight/Distn	1,069	787	35.9	1,062	0.7
Employee	116	205	(43.4)	174	(33.1)
Other Exp	535	549	(2.5)	445	20.2
Opex	**3,342**	**3,047**	**9.7**	**3,229**	**3.5**
EBITDA	**503**	**720**	**(30.2)**	**508**	**(1.0)**

Source: Company, Centrum Research

Earning Revisions

Particulars (Rs mn)	FY19E			FY20E		
	New	Old	Chg (%)	New	Old	Chg (%)
Sales	6,374	6,432	(0.9)	7,125	7,158	(0.5)
EBITDA	1,014	1,080	(6.1)	1,217	1,288	(5.5)
Ebitda margin (%)	15.9	16.8		17.1	18.0	
Adj PAT	528	570	(7.4)	676	721	(6.2)

Source: Centrum Research Estimates

Centrum vs. Bloomberg Consensus*

Particulars (Rs mn)	FY19E			FY20E		
	Centrum	BBG	Var (%)	Centrum	BBG	Var (%)
Net Sales	6,374	6,457	(1.3)	7,125	7,220	(1.3)
EBITDA	1,014	1,047	(3.2)	1,217	1,245	(2.3)
PAT	528	519	1.7	676	661	2.3

Bloomberg Consensus*				Centrum Target Price (Rs)	Variance (%)
BUY	SELL	HOLD	Target Price (Rs)		
6	0	0	736	670	(9.0)

**as on 29 May 2018; Source: Bloomberg, Centrum Research Estimates*

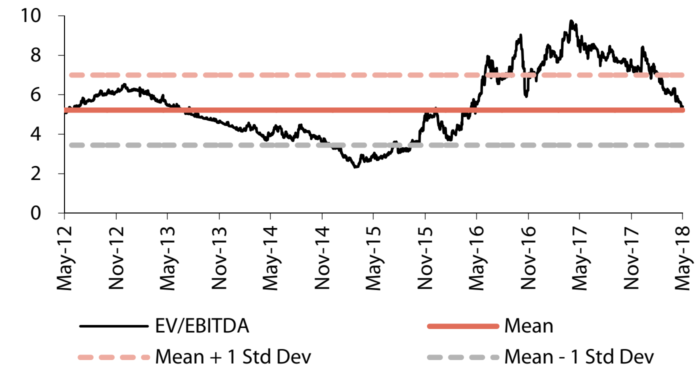
Rajesh Kumar Ravi, rajesh.ravi@centrum.co.in; 91 22 4215 9643
Vinay Menon, vinay.menon@centrum.co.in; 91 22 4215 9141

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	APAT	YoY (%)	DEPS (Rs)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY16	5,396	32.5	1,146	21.2	456	129.2	32.5	17.2	11.9	7.7	3.5
FY17	4,962	(8.0)	997	20.1	469	2.9	33.5	15.2	11.5	14.0	6.8
FY18	5,702	14.9	852	14.9	385	(17.8)	27.5	11.1	9.0	21.0	9.0
FY19E	6,374	11.8	1,014	15.9	528	36.9	37.7	13.6	11.3	12.4	5.5
FY20E	7,125	11.8	1,217	17.1	676	28.1	48.3	15.4	13.0	9.7	4.9

Source: Company, Centrum Research Estimates, Standalone Financials

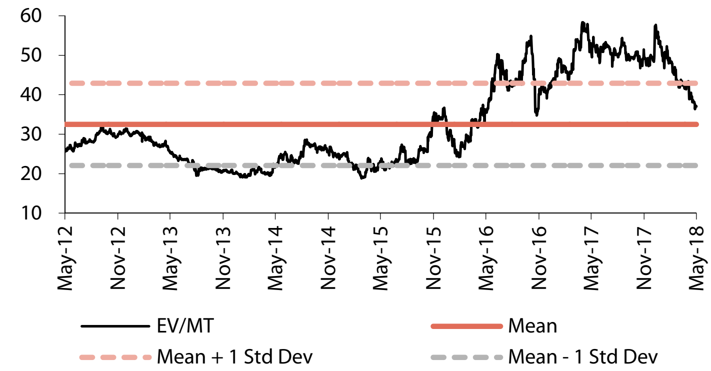
Valuations, peer comparisons and key assumptions

Exhibit 1: 1-yr forward EV/EBITDA chart



Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 2: 1-yr forward EV/MT chart



Source: Bloomberg, Company, Centrum Research Estimates

Exhibit 3: Comparative Valuations

Company	Mkt Cap (Rs bn)	*CAGR FY18-20E (%)*			*EBITDA margin (%)*			*RoCE (%)*			*RoE (%)*			EV/EBITDA (x)			EV/MT (x)		
		Rev.	*EBITDA*	*PAT*	*FY18*	*FY19E*	*FY20E*	*FY18*	*FY19E*	*FY20E*	*FY18*	*FY19E*	*FY20E*	FY18	FY19E	FY20E	FY18	FY19E	FY20E
Deccan Cements	**6.5**	***11.8***	***19.5***	***32.4***	***14.9***	***15.9***	***17.1***	***9.0***	***11.3***	***13.0***	***11.1***	***13.6***	***15.4***	**9.0**	**5.5**	**4.9**	**52**	**38**	**41**
Orient Cement	25.2	*33.6*	*49.5*	*98.5*	*13.7*	*14.9*	*17.2*	*5.2*	*6.0*	*7.9*	*4.4*	*6.6*	*9.5*	12.4	12.4	7.6	73	81	78
Ramco Cements	185.7	*14.5*	*18.5*	*27.6*	*25.0*	*25.7*	*26.7*	*9.4*	*11.8*	*13.5*	*14.3*	*16.3*	*17.9*	16.3	15.0	12.5	184	200	175
JK Cement	66.6	*10.8*	*18.4*	*28.9*	*16.2*	*17.2*	*18.6*	*9.7*	*11.1*	*11.8*	*16.6*	*19.6*	*19.9*	11.9	9.8	8.6	101	95	87

Source: Company, Centrum Research Estimates

We retain BUY on the stock, with a revised TP of Rs670. We expect DCL to deliver 5-year avg AOCF of Rs791mn during FY16-20E. We apply target AOCF/EV yield of 8.9%. Our TP implies 7.2x EV/EBITDA on our FY20 estimates and replacement value of USD60/MT (FY20E). Given the strong company fundamentals (unlevered balance sheet, good return ratios) and rising demand outlook for south market, we believe the valuations to rebound.

Exhibit 4: Cash flow-based valuation

Average AOCF/EV Yield - % - FY14-18	**8.9**
Premium assigned - %	*0*
Target AOCF/EV Yield - %	***8.9***
Implied EV/5-yr AOCF Multiple (x)	11.2
5- yr avg. AOCF (Rs mn) - FY16-20E	793
EV (Rs mn)	8,873
Less: Net Cash – FY20E (Rs mn)	(550)
Fair value mkt cap (Rs mn)	9,423
No. of shares (mn)	14.0
Target price/share (Rs)	**670**

Source: Company, Centrum Research Estimates

Exhibit 5: Key Operational Assumptions

Particulars	FY15	FY16	FY17	FY18E	FY19E	FY20E
Capacity (mn MT)	**2.3**	**2.3**	**2.3**	**2.3**	**2.3**	**2.3**
Sales Volume (mn MT)	**1.1**	**1.3**	**1.3**	**1.5**	**1.6**	**1.7**
YoY change (%)	*0.1*	*22.0*	*1.5*	*9.8*	*8.0*	*8.0*
Utilisation (%)	*48.0*	*58.5*	*59.4*	*65.2*	*70.5*	*76.1*
(Rs/ MT trend)						
NSR	**3,772**	**4,097**	**3,712**	**3,885**	**4,021**	**4,162**
YoY change (%)	*10.6*	*8.6*	*(9.4)*	*4.7*	*3.5*	*3.5*
Raw Materials & stock adj	324	376	339	403	400	410
Power & Fuel	1,247	1,123	1,067	1,155	1,212	1,249
Freight costs	835	940	815	1,075	1,113	1,140
Employee cost	156	166	168	165	163	163
Other expense	612	622	577	507	493	488
Total Opex	**3,174**	**3,227**	**2,966**	**3,304**	**3,381**	**3,451**
EBITDA per MT	**598**	**870**	**746**	**581**	**640**	**711**
YoY change (%)	*12.5*	*45.5*	*(14.3)*	*(22.2)*	*10.1*	*11.1*

Source: Company, Centrum Research Estimate

Exhibit 6: Quarterly financials trend

Y/E Mar (Rs mn)	Q1FY17	Q2FY17	Q3FY17	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Net Sales	**1,174**	**1,291**	**1,139**	**1,352**	**1,355**	**1,362**	**1,341**	**1,636**
Total Expenditure	940	1,019	904	1,094	1,110	1,151	1,159	1,423
Raw Materials	131	118	56	148	151	134	118	187
Power and Fuel	330	357	347	393	381	373	437	503
Employee	55	47	48	74	61	69	62	49
Selling & Distn exp	343	402	365	282	411	498	381	455
Others	81	94	88	197	106	76	160	228
EBITDA	**234**	**272**	**234**	**258**	**245**	**210**	**182**	**214**
Depreciation	52	53	53	60	56	57	57	57
EBIT	182	219	182	199	190	153	125	157
Interest	19	18	16	24	15	15	14	14
Other Income	10	6	5	9	5	9	21	6
PBT	174	207	170	184	180	147	131	150
Taxes	61	71	59	76	67	52	42	63
Exceptional inc/ (exp)	-	-	(1)	-	-	-	-	-
Reported PAT	113	136	111	108	114	95	89	87
Adjusted PAT	**113**	**136**	**111**	**108**	**114**	**95**	**89**	**87**
YoY Growth (%)								
Revenue	*(20.9)*	*(10.0)*	*(2.8)*	*3.6*	*15.4*	*5.5*	*17.8*	*21.0*
EBITDA	*(17.5)*	*(27.5)*	*9.9*	*(14.7)*	*4.7*	*(22.8)*	*(22.1)*	*(17.2)*
PBT	*(5.8)*	*(38.4)*	*30.1*	*(20.8)*	*3.8*	*(29.1)*	*(22.9)*	*(18.6)*
Adj PAT	*(18.7)*	*(41.7)*	*78.1*	*8.4*	*0.6*	*(29.9)*	*(19.6)*	*(19.4)*
Margins (%)								
EBITDA	*20.0*	*21.1*	*20.6*	*19.1*	*18.1*	*15.4*	*13.6*	*13.1*
PBT	*14.8*	*16.0*	*15.0*	*13.6*	*13.3*	*10.8*	*9.8*	*9.1*
Adj PAT	*9.6*	*10.5*	*9.8*	*8.0*	*8.4*	*7.0*	*6.7*	*5.3*
Operational Trends								
Sales Vol (mn MT)	**0.35**	**0.34**	**0.29**	**0.36**	**0.34**	**0.34**	**0.36**	**0.43**
YoY Growth (%)	*1.2*	*2.0*	*0.9*	*1.5*	*(1.0)*	*0.5*	*23.1*	*18.6*
Trends (Rs/mt)								
Net avg realisation	**3,404**	**3,797**	**3,903**	**3,767**	**3,970**	**3,984**	**3,737**	**3,845**
YoY Growth (%)	*(21.9)*	*(11.8)*	*(3.7)*	*2.0*	*16.6*	*4.9*	*(4.3)*	*2.1*
Raw material cost	381	346	190	412	443	392	329	440
Power and fuel cost	956	1,051	1,190	1,094	1,116	1,093	1,219	1,181
Employee cost	160	139	166	205	178	202	174	116
Selling & Distn exp	995	1,181	1,252	787	1,202	1,458	1,062	1,069
Other expenses	234	277	302	549	311	224	445	535
Operating cost	**2,725**	**2,996**	**3,101**	**3,047**	**3,251**	**3,369**	**3,229**	**3,342**
EBITDA - Cement (Rs/MT)	**680**	**801**	**802**	**720**	**719**	**615**	**508**	**503**

Source: Company, Centrum Research, We have made the IndAS adjustment, thereby reducing revenue and Selling & Distn exp for the 'Rebates, discounts and price differences

Financials- Standalone

Exhibit 7: Income Statement

Y/E March (Rsmn)	FY16	FY17	FY18	FY19E	FY20E
Revenues	**5,396**	**4,962**	**5,702**	**6,374**	**7,125**
Materials cost	495	453	591	634	702
% of revenues	*9.2*	*9.1*	*10.4*	*9.9*	*9.9*
Employee Cost	218	224	242	259	279
% of revenues	*4.0*	*4.5*	*4.2*	*4.1*	*3.9*
Others	3,536	3,288	4,017	4,467	4,927
% of revenues	*65.5*	*66.3*	*70.4*	*70.1*	*69.1*
EBITDA	**1,146**	**997**	**852**	**1,014**	**1,217**
EBIDTA Margins (%)	*21.2*	*20.1*	*14.9*	*15.9*	*17.1*
Depreciation & Amortisation	203	217	227	232	237
EBIT	**943**	**780**	**626**	**782**	**980**
Interest expenses	152	68	57	30	20
PBT from operations	**791**	**712**	**569**	**752**	**960**
Other Income	15	24	40	60	80
Exceptional loss/(gain)	-	-	-	-	-
PBT	806	736	608	812	1,040
Taxes	350	267	223	284	364
Effective tax rate (%)	*43.5*	*36.3*	*36.6*	*35.0*	*35.0*
PAT	456	469	385	528	676
Reported Net Profit	456	469	385	528	676
Adj Net Profit	**456**	**469**	**385**	**528**	**676**

Source: Company, Centrum Research Estimates

Exhibit 8: Key Ratios

Y/E March	FY16	FY17	FY18P	FY19E	FY20E
Growth ratios (%)					
Revenues	*32.5*	*(8.0)*	*14.9*	*11.8*	*11.8*
EBIDTA	*77.5*	*(13.0)*	*(14.5)*	*18.9*	*20.0*
Adj Net Profit	*129.2*	*2.9*	*(17.8)*	*36.9*	*28.1*
Margin ratios (%)					
EBITDA Margin	*21.2*	*20.1*	*14.9*	*15.9*	*17.1*
PBT from operations Margin	*14.7*	*14.3*	*10.0*	*11.8*	*13.5*
Adj PAT Margin	*8.4*	*9.4*	*6.8*	*8.3*	*9.5*
Return Ratios (%)					
RoE	*17.2*	*15.2*	*11.1*	*13.6*	*15.4*
RoCE	*11.9*	*11.5*	*9.0*	*11.3*	*13.0*
RoIC	*12.6*	*12.4*	*9.9*	*13.2*	*14.8*
Turnover Ratios (days)					
Gross block turnover (x)	1.0	0.8	0.9	1.0	1.1
Debtors	6	8	9	8	8
Inventory	36	42	38	37	37
Creditors	14	2	2	2	2
Cash conversion cycle	28	48	45	43	44
Solvency Ratio					
Net debt-equity	0.2	0.1	(0.1)	(0.2)	(0.1)
Debt-equity	0.3	0.2	0.1	0.1	0.1
Interest coverage ratio	6.2	11.4	11.0	26.0	48.8
Gross debt/EBITDA	0.7	0.7	0.4	0.2	0.2
Current Ratio	1.7	2.2	2.0	2.3	2.0
Per Share (Rs)					
Adjusted EPS	32.5	33.5	27.5	37.7	48.3
BVPS	204.4	237.2	260.8	292.5	332.3
CEPS	47.1	49.0	43.7	54.2	65.2
DPS	2.5	3.0	3.0	5.0	7.0
Dividend payout %	*9.2*	*10.8*	*13.1*	*16.0*	*17.5*
Valuations (x)(Avg Mkt Cap)					
P/E (adjusted)	7.7	14.0	21.0	12.4	9.7
P/BV	1.2	2.0	2.2	1.6	1.4
EV/EBITDA	3.5	6.8	9.0	5.5	4.9
EV/ton (USD $)	27	46	52	38	41
Dividend yield %	*1.0*	*0.6*	*0.5*	*1.1*	*1.5*
5 Yr Avg AOCF/EV yield %	*12.5*	*7.2*	*7.8*	*12.9*	*13.1*

Source: Company, Centrum Research Estimates, FY16/FY17 valuations are on historical annual average market caps

Exhibit 9: Balance Sheet

Y/E March (Rsmn)	FY16	FY17	FY18	FY19E	FY20E
Equity Share Capital	70	70	70	70	70
Reserves & surplus	2,791	3,253	3,584	4,027	4,585
Total Shareholders' Fund	**2,861**	**3,323**	**3,654**	**4,097**	**4,655**
Total Debt	795	702	351	251	251
Def tax liab. (net)	579	612	651	651	651
Total Liabilities	**4,235**	**4,637**	**4,655**	**4,999**	**5,557**
Gross Block	5,683	6,248	6,335	6,515	6,615
Less:- Accumulated Depreciation	2,261	2,478	2,705	2,937	3,174
Net Block	3,422	3,770	3,630	3,578	3,442
Capital WIP	340	1	44	14	1,014
Net Fixed assets	**3,763**	**3,771**	**3,674**	**3,593**	**4,456**
Investments	1	1	1	1	1
Inventories	538	575	589	637	727
Sundry Debtors	82	107	134	147	164
Cash & bank balances	350	531	762	1,202	801
Loans & Advances	180	3	2	6	7
Other Assets	14	358	434	478	534
Total current assets	**1,163**	**1,574**	**1,921**	**2,470**	**2,233**
Trade payables	204	31	26	32	36
Other current liabilities	446	636	870	924	998
Provisions	42	42	45	108	100
Net current assets	**471**	**865**	**980**	**1,406**	**1,100**
Total	**4,235**	**4,637**	**4,655**	**4,999**	**5,557**

Source: Company, Centrum Research Estimates

Exhibit 10: Cash Flow

Y/E March (Rsmn)	FY16	FY17	FY18E	FY19E	FY20E
Op profit before WC changes	969	780	669	730	853
Working capital changes	433	(178)	116	14	(95)
Cash from Operations	**1,402**	**602**	**785**	**744**	**758**
Adj. OCF (OCF-Interest)	**1,242**	**534**	**728**	**714**	**737**
Net capex	(77)	(225)	(130)	(150)	(1,100)
Adj. FCF (AOCF-Capex)	1,165	310	598	564	(363)
Cash from investing	**(68)**	**(214)**	**(91)**	**(90)**	**(1,020)**
Cash from financing	**(1,247)**	**(242)**	**(458)**	**(214)**	**(138)**
Net change in cash	87	146	235	440	(401)

Source: Company, Centrum Research Estimates

Appendix A

Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the fore going limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by them, Mr. Rajesh Kumar Ravi, & Mr. Vinay Menon, research analyst and and/or any of their family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by them, they are not received any compensation from the above companies in the preceding twelve months. They do not hold any shares by them or through their relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

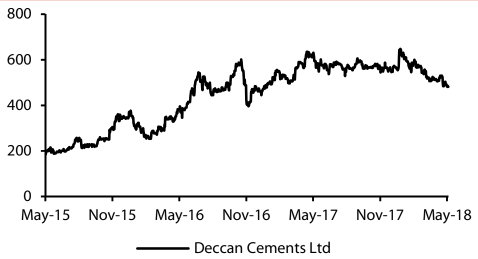
While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read “Risk Disclosure Document for Capital Market and Derivatives Segments” as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

Deccan Cements price chart



Source: Bloomberg, Centrum Research

Disclosure of Interest Statement		
1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)

		Deccan Cements	Ramco Cements	JK Cement	Orient Cement
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No	No	No	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No	No	No	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No	No	No	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No	No	No	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No	No	No	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No	No	No	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No	No	No	No

Rating Criteria

Rating	Market cap < Rs20bn	Market cap > Rs20bn but < 100bn	Market cap > Rs100bn
Buy	Upside > 20%	Upside > 15%	Upside > 10%
Hold	Upside between -20% to +20%	Upside between -15% to +15%	Upside between -10% to +10%
Sell	Downside > 20%	Downside > 15%	Downside > 10%

Member (NSE and BSE)

Regn No.:
CAPITAL MARKET SEBI REGN. NO.: BSE: INB011454239
CAPITAL MARKET SEBI REGN. NO.: NSE: INB231454233
DERIVATIVES SEBI REGN. NO.: NSE: INF231454233
(TRADING & CLEARING MEMBER)
CURRENCY DERIVATIVES: MCX-SX INE261454230
CURRENCY DERIVATIVES:NSE (TM & SCM) – NSE 231454233

Depository Participant (DP)
CDSL DP ID: 120 – 12200
SEBI REGD NO. : CDSL : IN-DP-CDSL-661-2012

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Website: www.centrum.co.in
Investor Grievance Email ID: investor.grievances@centrum.co.in

Compliance Officer Details:
Kavita Ravichandran
(022) 4215 9842; Email ID: Compliance@centrum.co.in

Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)	
Registered Office Address Bombay Mutual Building , 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001	**Corporate Office & Correspondence Address** Centrum House 6th Floor, CST Road, Near Vidya Nagari Marg, Kalina, Santacruz (E), Mumbai 400 098. Tel: (022) 4215 9000