May 28, 2018

Rating matrix

Rating	:	Buy
Target	:	₹ 160
Target Period	:	12-15 months
Potential Upside	:	23%

What's changed?

Target	Changed from ₹ 190 to ₹ 160
EPS FY19E	Changed from ₹ 9.7 to ₹ 6.4
EPS FY20E	Introduced at ₹ 8.4
Rating	Unchanged

Quarterly performance

	Q4FY18	Q4FY17*	YoY (%)	Q3FY18	QoQ (%)
Revenue	1,397.8	1,522.6	-8.2	1,213.1	15.2
EBITDA	158.5	190.0	(16.5)	167.3	-5.2
EBITDA (%)	11.3	12.5	-113 bps	13.8	-245 bps
PAT	35.3	34.3	2.9	15.2	131.4

Key financials

₹ Crore	FY17	FY18	FY19E*	FY20E*
Net Sales	5,777.5	5,340.7	5,817.8	6,331.4
EBITDA	861.0	692.8	804.4	884.5
Net Profit	173.4	100.6	196.5	258.2
EPS (₹)	5.6	3.3	6.4	8.4

* *FY18E and FY19E has been adjusted for IND-AS and GST*

Valuation summary

	FY17	FY18	FY19E*	FY20E*
P/E	23.1	39.8	20.4	0.0
Target P/E	28.4	49.0	25.1	19.1
EV/EBITDA	8.0	10.3	8.7	7.8
EV/Tonne($)	75	77	76	75
P/BV	0.8	0.8	0.7	0.7
RoNW (%)	3.4	1.9	3.7	4.6
RoCE (%)	7.1	5.1	6.3	7.0

Stock data

Particular	Amount
Mcap	₹ 4006 crore
Debt (FY18)	₹ 3127 crore
Cash & Invest (FY18)	₹ 8 crore
EV	₹ 7125 crore
52 week H/L	₹ 225/122
Equity cap	₹ 307.2 crore
Face value	₹ 10

Price performance

	1M	3M	6M	12M
Heildelberg Cem	-9.5	-8.8	-12.0	11.6
India Cement	-14.8	-19.1	-27.2	-34.0
JK Cement	-2.8	-8.7	-6.0	-14.3
JK Lakshmi Cem	-8.4	-9.9	-2.5	-21.0
Sagar Cement	-4.3	-6.9	8.8	7.5

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India Cement (INDCEM)

₹ 130

Higher input cost dents margins…

- India Cements (ICL) reported mixed Q4FY18 results. Revenues in Q4FY17 are including excise duty while current revenues are net of GST. Adjusting for excise duty, revenues increased 4% YoY to ₹ 1,397.8 crore (vs. I-direct estimate of ₹ 1,360.3 crore) in Q4FY18 mainly led by 6.2% YoY growth in volumes to 3.1 MT (vs. I-direct estimate of 3.0 MT)
- The blended EBITDA/tonne declined 21.4% YoY to ₹ 513/tonne (vs. I-direct estimate of ₹ 713/t) mainly led by 4.6% YoY increase in raw material cost/t and 1.9% YoY increase in power cost/t
- The board has recommended dividend of ₹ 0.8/share

Better sand availability in Tamil Nadu, higher infra spend to drive growth

The recent stay order by the Supreme Court on ban on river sand mining in Tamil Nadu is expected to improve construction activity in coming quarters. The company has 38% of its capacity in Tamil Nadu. Hence, this will be a key beneficiary of the pick-up in demand. Further, apart from Tamil Nadu, a major driver of cement demand in the south market is expected to be the AP and Telangana market. These markets are expected to increase ~15.0% YoY mainly led by higher government spending by both AP, Telangana markets on low cost housing, irrigation and other infra projects. Out of the total cement capacity, ~45% of the capacity is in AP and Telangana. In addition, higher volume push to non southern region (like Maharashtra), and merger of Trinetra Cement (in the north) will further boost cement volumes in the coming years. Considering this, coupled with amalgamation of Trinetra Cement, we expect volumes to grow at a CAGR of 7.8% in FY18-20E.

Cost rationalisation to drive margins…

Higher input cost in the current quarter impacted margin. However, we expect margins to improve, going forward. With the improvement in demand in Tamil Nadu we expect the lead distance of the company to decline leading to freight cost savings. Further, use of captive Indonesia coal in CPP has enabled the company to reduce power cost from ₹ 4.7/unit in Q1FY18 to ₹ 4.1/unit in Q3FY18. In addition, the company also plans to set up a waste heat recovery (WHR) and increase PPC proportion to reduce operating cost. This coupled with lower debt will further boost margins.

Improving cash flows to drive debt reduction

Higher working capital led to an increase in debt by ~₹ 200 crore in FY18. However, better working capital management and improving margins are expected to drive operating cash flow of the company resulting in cash flow generation of ₹ 700 crore in FY18-20E. We believe this will be used to reduce debt by ~₹ 190 crore in FY20E. Given this, we expect debt to equity to improve from 0.6x in FY18 to 0.5x in FY20E.

Macro tailwind, margin expansion to drive growth; maintain BUY

Tamil Nadu is expected to witness a demand revival led by better availability of sand. This, coupled with higher government spending on low cost housing, irrigation and other infra projects, is expected to drive cement demand in coming years. Also, we expect cost rationalisation led by reduced power cost and improving efficiency of plants to drive margins. In addition, with improving cash flow we expect debt to reduce over the next two years. This, coupled with the recent correction in the stock, prompts us to maintain our **BUY** rating with a revised target price of ₹ 160 (i.e. EV/EBITDA of 9.0x, EV/tonne of US$85/t).

Variance analysis	Q4FY18	Q4FY18E	Q4FY17*	YoY (%)	Q3FY18	QoQ (%)	Comments
Total Operating Income	1397.8	1360.3	1522.6	-8.2	1,213.1	15.2	Adjusting for excise duty, revenues increased 4.0% YoY mainly led by higher volume growth
Other Income	3.9	2.0	1.7	129.2	3.7	6.8	
Raw Material Expenses	250.7	261.9	237.8	5.4	228.7	9.6	
Employee Expenses	99.6	77.8	99.3	0.3	76.4	30.4	
Stock Adjustment	-3.7	0.0	-15.4	NA	9.9	N.A	
Power & Fuel	349.2	342.5	322.7	8.2	306.5	14.0	Increase in pet coke prices led to a rise in power & fuel cost
Freight cost	331.5	321.1	311.0	6.6	281.1	17.9	Higher diesel prices led to higher freight cost
Others	211.9	143.7	377.1	-43.8	143.3	47.9	The significant dip in other expenses is due to inclusion of excise duty in the previous quarter. On a like-for-like basis, other expenses increased due to higher packaging charges, maintenance cost and other overheads
EBITDA	158.5	213.3	190.0	-16.5	167.3	-5.2	
EBITDA Margin (%)	11.3	15.7	12.5	-113 bps	13.8	-245 bps	Increase in raw material and power cost impacted EBITDA margins
Interest	71.8	94.1	82.0	-12.4	92.4	-22.2	
Depreciation	66.4	62.1	63.9	3.9	63.3	4.8	
PBT	24.2	59.0	45.7	-47.0	15.2	59.1	
Total Tax	-11.0	8.9	11.5	-196.2	0.0	NA	
PAT	35.3	50.2	34.3	2.9	15.2	131.4	Tax credit and lower interest cost led to higher net profit in the quarter
Key Metrics							
Volume (MT)	3.09	2.99	2.91	6.2	2.73	13.4	Better sand availability in Tamil Nadu drove volumes in the quarter
Blended realisation (₹)	4,524	4,544	5,232	-13.5	4,450	1.7	Previous quarter realisation is inclusive of excise duty. Hence, it is not comparable
Blended EBITDA per Tonne (₹)	513	713	653	-21.4	614	-16.4	Higher operating cost/tonne led to lower EBITDA/tonne

*Source: Company, ICICI Direct Research, * Excluding Trinetra Cements and Trishul Concrete*

Change in estimates	FY19E			FY20E			
(₹ Crore)	Old	New	% Change	Old	New	% Change	Comments
Revenues	5,828.7	5,817.8	-0.2	NA	6,331.4	NA	We expect an improving macro environment to drive revenues in coming years
EBITDA	950.8	804.4	-15.4	NA	884.5	NA	
EBITDA Margin (%)	16.3	13.8	-249 bps	NA	14.0	NA	Higher input cost prompts us to revise our estimates downwards
PAT	298.9	196.5	-34.3	NA	258.2	NA	
EPS (₹)	9.7	6.4	-34.3	NA	8.4	NA	

Source: Company, ICICI Direct Research

Assumptions			Current					Earlier		
	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E	FY19E	FY20E	Comments
Volume (MT)	10.0	9.1	8.7	10.4	11.2	12.1	13.0	12.1	NA	Volumes to grow at a CAGR of 7.8% in FY18-20E on the back of improving demand in Tamil Nadu and robust growth in Andhra Pradesh and Telangana
Blended Realisation (₹)	4,430	4,849	5,555	5,557	4,780	4,828	4,876	4,800	NA	
Blended EBITDA per Tonne (₹)	488	744	895	828	620	668	681	752	NA	Cost rationalisation to drive EBITDA/t

Source: Company, ICICI Direct Research

Company Analysis

Largest manufacturer of cement in South India

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

Capacity spread

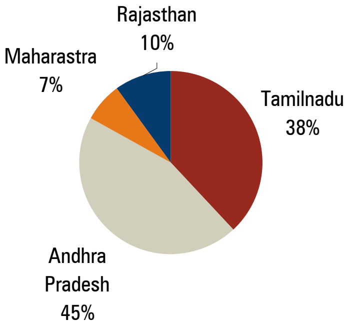


Exhibit 1: Demand supply dynamics of South India

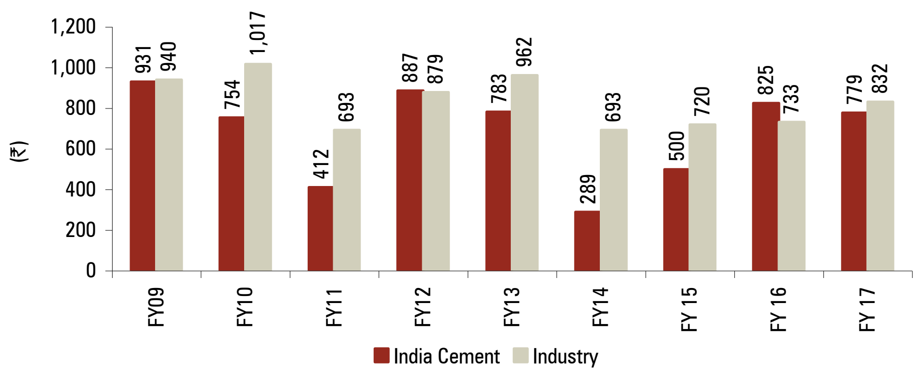
Million tonnes	FY12	FY13	FY14P	FY15	FY16	FY17	FY18
Effective Capacity	110.0	119.0	123.0	140.0	146.0	151.0	153.2
Production	67.2	68.3	68.8	76.0	80.0	84.0	87.0
Capacity Utilisation (%)	61.1	57.4	56.0	54.3	54.8	55.6	56.8
Consumption	67.2	68.3	68.8	74.5	78.4	82.3	85.6
Consumption Growth(%)	1.8	1.6	0.8	8.2	5.3	5.0	4.0
Surplus/Deficit	42.8	50.7	54.2	65.5	67.6	68.7	67.6

Source: ICICI Direct Research

Improving operating efficiency to drive margins

ICL has been able to reduce its power cost per tonne from ₹ 1,273/t in FY14 to ₹ 1,130 in FY18 mainly led by increasing usage of pet coke to 73% of overall requirement and operating efficiencies. Further, use of captive Indonesia coal in CPP has enabled the company to reduce power cost from ₹ 4.7/unit in Q1FY18 to ₹ 4.1/unit in Q3FY18. Also, increase in captive power consumption (led by installation of captive power plant of 50 MW at Vishnupuram in Andhra Pradesh) will lead to power cost rationalisation. The company also plans to set up a waste heat recovery (WHR) and increase PPC proportion to reduce operating cost. This coupled with refinancing of debt will further boost margins.

Exhibit 2: EBITDA/tonne compared to industry



Source: Company, ICICI Direct Research

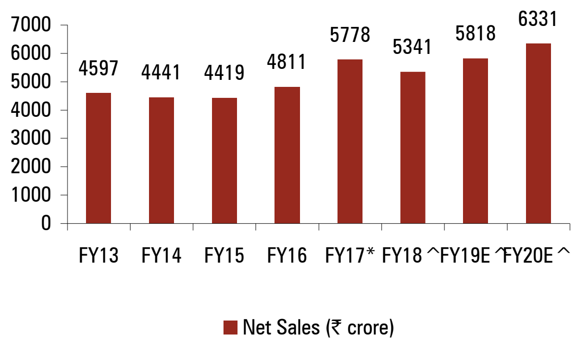
Improving cash flow, debt reduction key positives

Improving margins are expected to drive operating cash flow of the company resulting in cash flow generation of ₹ 700 crore over FY18-20E. We believe this will be used to reduce debt by ~₹ 190 crore in FY20E. Given this, we expect debt to equity to improve from 0.6x in FY18 to 0.5x in FY20E.

Expect volume CAGR of 7.8% during FY18-20E

Revenues have grown at a CAGR of 6.6% in FY13-18 while in FY12-14, growth was lower at 2.8% led by a slowdown in AP coupled with higher cement capacity. Going forward, with the resolution of the Telangana issue and a strong focus on infrastructure development by the government, we expect volumes to grow at a CAGR of 7.8% in FY18-20E on account of an improvement in capacity utilisation.

Exhibit 3: Expect revenue to increase at robust pace in FY18-20E



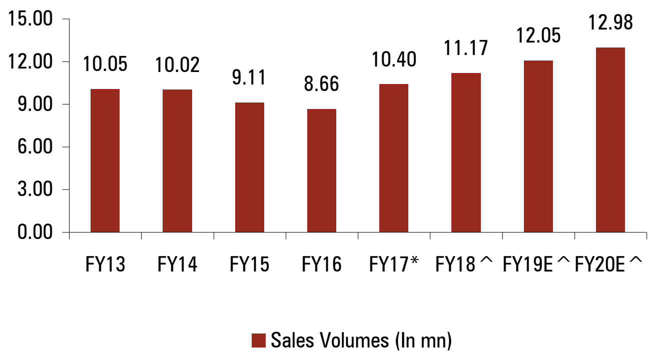
*Source: Company, ICICI Direct Research, * including excise duty*

Exhibit 4: Capacity addition plans

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

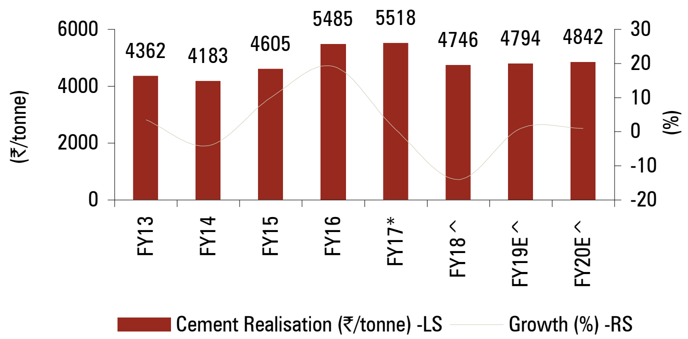
Source: Company, ICICI Direct Research

Exhibit 5: Volume to increase at CAGR of 7.8% over FY17-19E



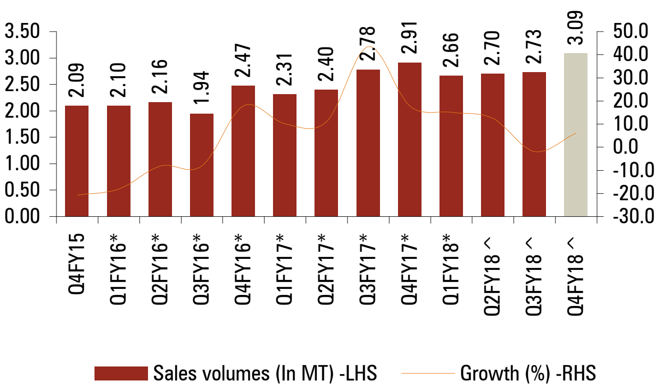
Source: Company, ICICI Direct Research

Exhibit 6: Realisation trend



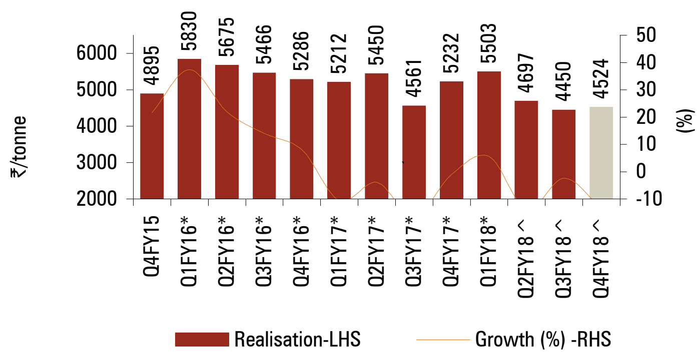
*Source: Company, ICICI Direct Research, * Gross realisation, ^ net of GST*

Exhibit 7: Q4FY18 volumes increases 6.2% YoY



Source: Company, ICICI Direct Research

Exhibit 8: Quarterly blended price trend

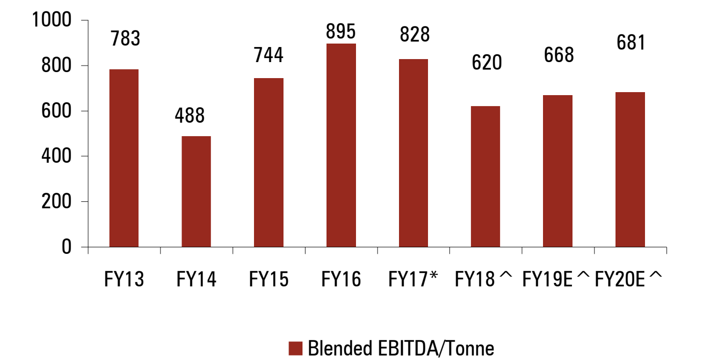


*Source: Company, ICICI Direct Research, * Gross realisation, ^net of GST*

Margins to improve gradually, going forward

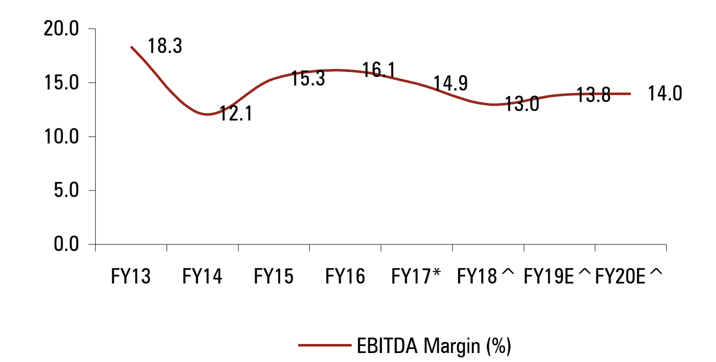
We expect margins to improve gradually during our forecast period of FY18-20E led by cost rationalisation and higher utilisation.

Exhibit 9: Expect EBITDA/tonne of ₹ 681 in FY20E



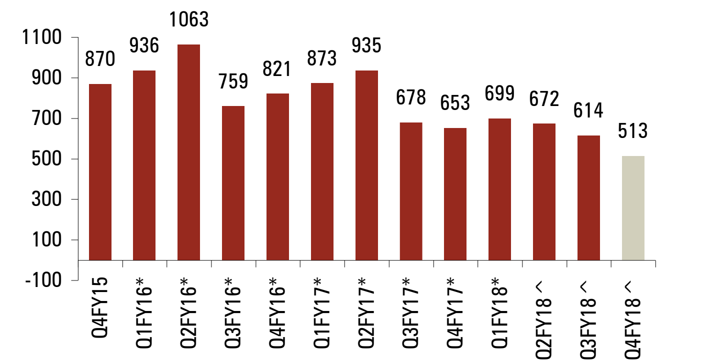
Source: Company, ICICI Direct Research

Exhibit 10: Margins to improve gradually



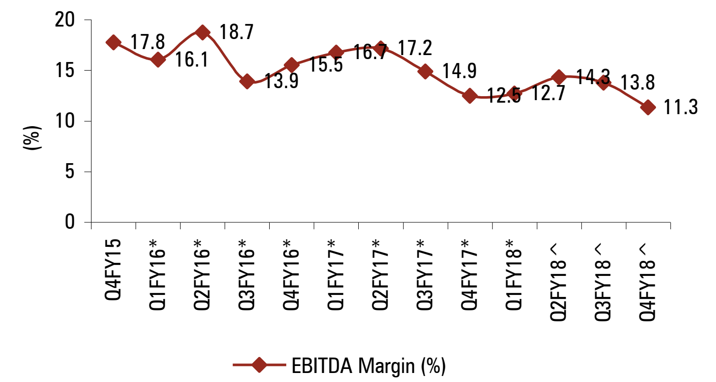
*Source: Company, ICICI Direct Research, * gross realisation, ^net of GST*

Exhibit 11: Quarterly EBITDA/t trend



Source: Company, ICICI Direct Research

Exhibit 12: Margin trend (%)

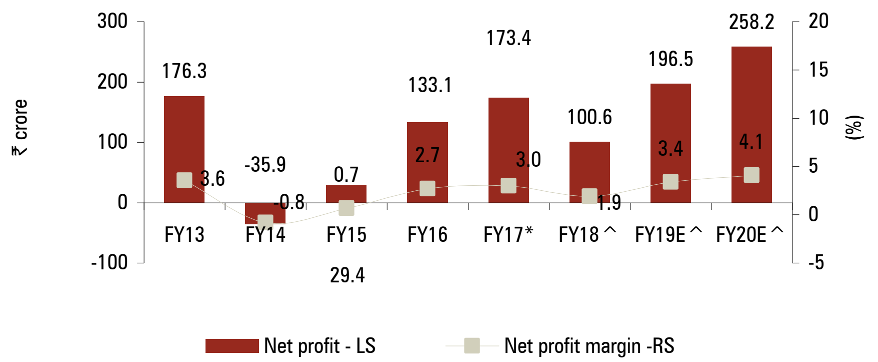


Source: Company, ICICI Direct Research

Expect net margins to improve during FY18-20E

We expect net margins to improve to 4.1% in FY20E from 1.9% in FY18. Overall, we expect the company to report a net profit of ₹ 258.2 crore in FY20E from a net profit of ₹ 100.6 crore in FY18.

Exhibit 13: Profitability trend



Source: Company, ICICI Direct Research

Outlook and valuation

India Cement (ICL), as one of the largest cement manufacturers in the southern region, is expected to be a key beneficiary of a demand revival in the key south regions, especially Andhra Pradesh (AP), Telangana and Tamil Nadu. The recent stay order by the Supreme Court on a ban on river sand mining in Tamil Nadu is expected to improve construction activity in coming years. The company has 38.0% of its capacity in Tamil Nadu. Hence, it will be a key beneficiary of the pick-up in demand.

Further, apart from Tamil Nadu, a major driver of cement demand in the south market is expected to be the AP and Telangana market. These markets are expected to increase ~15.0% YoY mainly led by higher government spending by both AP and Telangana on low cost housing, irrigation and other infra projects. Out of the total cement capacity, ~45% of the company's capacity is in AP & Telangana. In addition, higher volume push to the non-southern region (like Maharashtra), and merger of Trinetra Cement (in the north) will further boost cement volumes in the coming years. Further, we expect cost rationalisation led by better fuel mix, installation of power plant in AP and improving efficiency of plants to drive margins. Also, the management has indicated that it will divest all its non-core assets in 18 months and will be a pure cement company. This bodes well for future growth. This coupled with recent correction in the stock prompts us to maintain our **BUY** rating on the stock with a revised target price of ₹ 160 (i.e. EV/EBITDA of 9.0x, EV/tonne of US$85/t).

Exhibit 14: Key assumptions

₹ per tonne (Blended)	FY15	FY16	FY17	FY18E	FY19E	FY20E
Realisation	4849	5555	5557	4780	4828	4876
Total Expenditure	4106	4659	4729	4160	4160	4195
Stock Adj	38	-11	-18	25	0	0
Raw material	685	792	862	817	843	845
Power & fuel	1247	1090	1019	1109	1109	1120
Employee	349	396	363	355	355	365
Freight	1046	1005	1088	1069	1069	1080
Others	741	1387	1414	784	784	785
EBITDA per Tonne	744	895	828	620	668	681

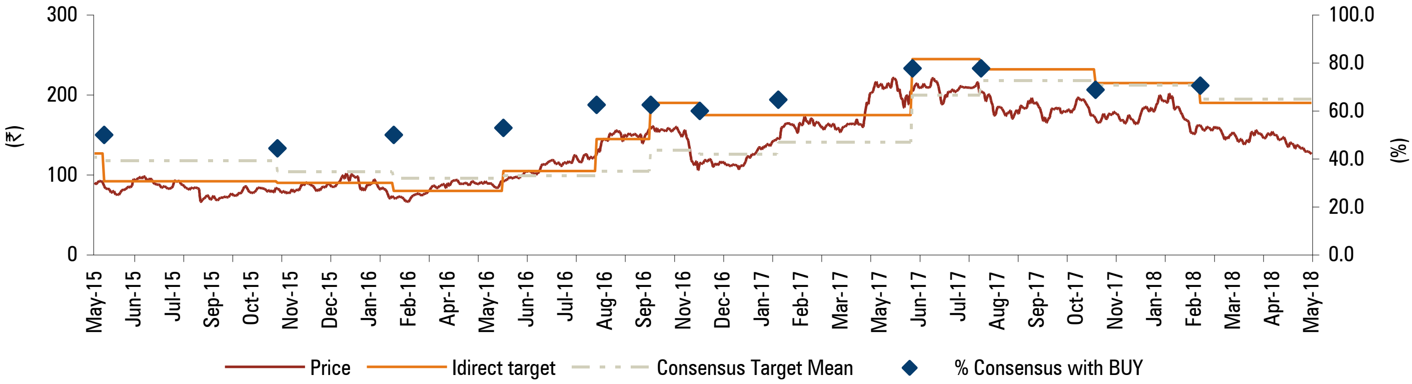
Source: ICICI Direct Research

Exhibit 15: Valuations

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	EV/Tonne (x)	RoNW (%)	RoCE (%)
FY17	5777.5	20.1	5.6	30.2	23.1	8.0	75	3.4	7.1
FY18	5340.7	-7.6	3.3	-42.0	39.8	10.3	77	1.9	5.1
FY19E	5817.8	8.9	6.4	95.3	20.4	8.7	76	3.7	6.3
FY20E	6331.4	8.8	8.4	31.4	15.5	7.8	75	4.6	7.0

Source: Company, ICICI Direct Research

Recommendation history vs. consensus estimate



Source: Bloomberg, Company, ICICI Direct Research

Key events

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

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	EWS Finance & Investments Ltd.	31-Dec-17	9.0	27.6	0.0
2	Prince Holdings Madras Pvt. Ltd.	31-Dec-17	8.3	25.5	0.0
3	Reliance Nippon Life Asset Management Limited	31-Dec-17	6.6	20.3	0.5
4	Subramanian (Vidya)	31-Dec-17	6.5	20.0	0.0
5	Trishul Investments Pvt. Ltd.	31-Dec-17	5.9	18.1	0.0
6	AfrAsia Capital Management Ltd	31-Dec-17	5.0	15.4	0.0
7	Life Insurance Corporation of India	31-Dec-17	4.8	14.8	0.0
8	Anna Investments Pvt. Ltd.	31-Dec-17	4.2	13.0	0.0
9	Aditya Birla Sun Life AMC Limited	31-Dec-17	3.8	11.8	3.9
10	Dimensional Fund Advisors, L.P.	31-Mar-18	2.6	8.0	0.0

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Promoter	28.46	28.37	28.37	28.37	28.37
FII	25.25	23.80	21.92	20.30	18.22
DII	21.26	23.18	24.85	26.62	28.33
Others	25.03	24.65	24.86	24.71	25.08

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Goldman Sachs Asset Management (India) Private Ltd.	12.71	4.42	Norges Bank Investment Management (NBIM)	-1.76	-0.61
Aditya Birla Sun Life AMC Limited	11.33	3.94	William Blair Investment Management, LLC	-1.16	-0.47
Goldman Sachs Asset Management International	4.81	2.21	Sydinvest	-1.18	-0.41
L&T Investment Management Limited	1.42	0.49	Invesco Asset Management (India) Private Limited	-0.53	-0.19
UTI Asset Management Co. Ltd.	1.07	0.49	JM Financial Asset Management Pvt. Ltd.	-0.28	-0.13

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement				₹ Crore
(Year-end March)	FY17	FY18	FY19E	FY20E
Total operating Income	5,777.5	5,340.7	5,817.8	6,331.4
Growth (%)	20.1	-7.6	8.9	8.8
Raw material cost	877.4	941.6	1015.9	1097.2
Employee Expenses	377.9	397.1	428.4	473.9
Power, Oil & Fuel	1059.7	1238.9	1336.4	1454.2
Freight cost	1131.3	1194.0	1287.9	1402.3
Other Expenses	1470.2	876.4	944.8	1019.3
Total Operating Exp.	4,916.5	4,647.9	5,013.4	5,446.9
EBITDA	861.0	692.8	804.4	884.5
Growth (%)	11.0	-19.5	16.1	10.0
Depreciation	257.1	255.9	260.1	266.6
Interest	360.5	340.2	327.8	320.1
Other Income	16.5	19.4	23.0	25.0
Exceptional items	0.0	0.0	0.0	0.0
PBT	260.0	116.1	239.6	322.8
Total Tax	86.7	15.5	43.1	64.6
PAT	173.4	100.6	196.5	258.2
Adjusted PAT	173.4	100.6	196.5	258.2
Growth (%)	30.2	-42.0	95.3	31.4
EPS (₹)	5.6	3.3	6.4	8.4

Source: Company, ICICI Direct Research

Cash flow statement				₹ Crore
(Year-end March)	FY17	FY18E	FY19E	FY20E
Profit after Tax	173.4	100.6	196.5	258.2
Add: Depreciation	257.1	255.9	260.1	266.6
(Inc)/dec in Current Assets	-389.0	-242.7	-258.1	-323.2
Inc/(dec) in CL and Provisions	281.8	-191.0	160.6	152.6
CF from operating activities	323.2	-77.2	359.0	354.3
(Inc)/dec in Investments	-68.3	30.7	0.0	0.0
(Inc)/dec in Fixed Assets	-82.7	-122.8	-200.0	-250.0
Others	106.0	-24.6	0.0	0.0
CF from investing activities	-45.1	-116.7	-200.0	-250.0
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-233.7	205.7	-120.0	-70.0
Dividend paid & dividend tax	-36.2	-29.7	-37.2	-37.2
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	-8.2	19.5	0.0	0.0
CF from financing activities	-278.0	195.5	-157.2	-107.2
Net Cash flow	0.1	1.6	1.9	-2.9
Opening Cash	6.7	6.8	8.4	10.2
Closing Cash	6.8	8.4	10.2	7.4

Source: Company, ICICI Direct Research

Balance sheet				₹ Crore
(Year-end March)	FY17	FY18E	FY19E	FY20E
Liabilities				
Equity Capital	308.2	308.2	308.2	308.2
Reserve and Surplus	4,801.8	4,892.2	5,051.5	5,272.6
Total Shareholders funds	5,109.9	5,200.3	5,359.6	5,580.7
Total Debt	2,921.3	3,127.0	3,007.0	2,937.0
Deferred Tax Liability	677.8	653.2	653.2	653.2
Minority Interest / Others	0.0	0.0	0.0	0.0
Total Liabilities	8,709.0	8,980.6	9,019.9	9,171.0
Assets				
Gross Block	10,608.4	10,687.7	10,984.0	11,234.0
Less: Acc Depreciation	3,635.5	3,891.4	4,151.5	4,418.1
Net Block	6,972.9	6,796.4	6,832.5	6,815.9
Capital WIP	127.8	171.2	75.0	75.0
Total Fixed Assets	7,100.7	6,967.6	6,907.5	6,890.9
Investments	619.0	588.4	588.4	588.4
Inventory	745.0	672.3	870.7	808.5
Debtors	508.9	629.5	685.4	745.9
Loans and Advances	1,664.9	1,859.8	1,863.6	2,188.5
Other Current Assets	0.0	0.0	0.0	0.0
Cash	6.8	8.4	10.2	7.4
Total Current Assets	2,925.6	3,169.9	3,429.9	3,750.2
Creditors	1,415.3	1,315.9	1,432.9	1,559.4
Provisions	521.0	429.3	472.9	499.0
Total Current Liabilities	1,936.2	1,745.2	1,905.8	2,058.5
Net Current Assets	989.4	1,424.7	1,524.1	1,691.8
Application of Funds	8,709.1	8,980.6	9,020.0	9,171.0

Source: Company, ICICI Direct Research

Key ratios				
(Year-end March)	FY17	FY18E	FY19E	FY20E
Per share data (₹)				
Adjusted EPS	5.6	3.3	6.4	8.4
Cash EPS	14.0	11.6	14.8	17.0
BV	165.8	168.8	173.9	181.1
DPS	1.0	0.8	1.0	1.0
Cash Per Share	0.2	0.3	0.3	0.2
Operating Ratios (%)				
EBITDA Margin	14.9	13.0	13.8	14.0
PAT Margin	3.0	1.9	3.4	4.1
Inventory days	42.5	48.4	48.4	48.4
Debtor days	32.1	43.0	43.0	43.0
Creditor days	89.4	89.9	89.9	89.9
Return Ratios (%)				
RoE	3.4	1.9	3.7	4.6
RoCE	7.1	5.1	6.3	7.0
RoIC	7.0	5.0	6.1	6.8
Valuation Ratios (x)				
P/E	23.1	39.8	20.4	15.5
EV / EBITDA	8.0	10.3	8.7	7.8
EV / Net Sales	1.2	1.3	1.2	1.1
Market Cap / Sales	0.7	0.7	0.7	0.6
Price to Book Value	0.8	0.8	0.7	0.7
Solvency Ratios				
Debt/EBITDA	3.4	4.5	3.7	3.3
Debt / Equity	0.6	0.6	0.6	0.5
Current Ratio	1.5	1.8	1.8	1.8
Quick Ratio	1.5	1.8	1.8	1.8

Source: Company, ICICI Direct Research

ICICI Direct Research coverage universe (Cement)

Company	CMP (₹)	TP(₹)	Rating	M Cap (₹ Cr)	EPS (₹) FY18	FY19E	FY20E	EV/EBITDA (x) FY18	FY19E	FY20E	EV/Tonne ($) FY18	FY19E	FY20E	RoCE (%) FY18	FY19E	FY20E	RoE (%) FY18	FY19E	FY20E
ACC*	1,321	1900	Buy	24,827	35.0	49.2	62.6	14.2	11.4	9.2	112	104	101	14.0	16.8	19.7	9.9	11.9	14.2
Ambuja Cement*	212	285	Buy	42,096	6.3	6.8	8.7	14.2	12.4	10.3	139	140	138	11.3	13.7	17.2	8.6	9.5	11.7
UltraTech Cem	3,676	5000	Buy	100,869	89.6	130.9	164.5	19.4	14.5	12.1	214	205	192	10.0	13.3	15.1	9.5	12.3	13.6
Shree Cement	16,283	18500	Hold	56,665	397.8	456.1	596.9	22.3	17.3	14.7	288	235	227	15.3	17.3	19.1	15.6	15.5	17.3
Heidelberg Cem	147	180	Buy	3,331	5.9	7.7	9.2	11.7	10.5	9.2	121	119	114	14.8	18.0	20.6	12.8	15.4	16.5
India Cement	130	160	Buy	3,994	3.3	6.4	8.4	10.3	8.7	7.8	77	76	75	5.1	6.3	7.0	1.9	3.7	4.6
JK Cement	951	1150	Buy	6,650	51.3	56.0	64.3	11.1	10.4	9.3	100	98	93	14.6	14.5	14.5	16.7	15.9	15.9
JK Lakshmi Cem	374	440	Buy	4,402	7.1	12.5	16.6	14.3	11.2	9.6	79	72	72	8.8	11.6	13.1	5.8	9.3	11.0
Mangalam Cem	264	275	Hold	705	4.3	10.1	14.8	12.1	9.6	8.2	43	44	45	7.2	8.9	10.4	2.2	5.0	6.9
Star Cement	136	150	Buy	5,366	7.9	6.6	7.5	11.4	11.5	9.9	271	239	231	21.6	18.4	19.1	22.4	16.3	16.0
Ramco Cement	794	930	Buy	18,903	23.5	29.1	35.0	18.1	15.2	12.7	201	193	160	10.4	11.5	12.2	13.7	15.2	16.1
Sagar Cement	901	1,025	Buy	1,838	13.9	32.3	37.5	14.7	10.5	9.5	83	68	53	8.4	12.2	13.2	3.6	8.0	8.7

* *CY16, CY17E, CY18E*

Source: Company, ICICI Direct Research

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