

Prism Johnson

Refer to important disclosures at the end of this report

Debt rises in FY20; lacks upside triggers

CMP: Rs 33
as of (May 28, 2020)TP: Rs 39 (▼)
12 months

Rating: HOLD (▼)

Upside: 16.3 %

- Higher profits in the cement segment (EBITDA/ton of Rs999 vs. estimated Rs853) helped Prism Johnson beat estimates. EBITDA stood at Rs1.4bn vs. estimated Rs1.2bn. EBITDA losses in TBK and RMC segments were higher than our estimates.
- Key positive was a 5.3% yoy/7.7% qoq fall in Cement segment's opex/ton. Key negatives: 1) Tiles volume fell 31% yoy; 2) Cement realization declined 1.3% qoq on higher non-trade sales; 3) Debt rose Rs3.8bn to Rs18.5bn; and 4) EBITDA losses in RMC/TBK segments.
- Prism Johnson is planning to establish a waste heat recovery system (WHRS) of 22.5MW by Q3FY21E, which will help reduce energy costs. Volume trends in May have been better than earlier expectations as demand has recovered in rural/semi-urban areas.
- We raise FY21-23E EPS by 3-5% on higher sales volumes. Net D/E at 1.6x in FY22/23E and net debt/EBITDA at 3.7x/3.2x in FY22/23E seems high in absence of a capex plan. Downgrade to Hold from Buy as we value the cement business at 6.5x EBITDA (vs. 7x).

Sales volume under pressure; cement segment opex declines: Sales volumes of all the segments were under pressure in Q4, owing to the impact of nation-wide lockdowns. Sales volume of cement and clinker was down 13.7% yoy. Revenue of RMC was down 10.3% yoy. Tiles volume was down 31% yoy. In the cement segment, Premium products continued to grow by 4pp yoy in FY20. Higher non-trade sales led to a 2.9% yoy/1.3% qoq decline in cement realization. Opex/ton of cement was down 5.3% yoy/7.7% qoq due to lower energy/RM costs. EBITDA/ton of cement was at Rs999 vs. Rs942/Rs774 in Q4FY19/Q3FY20. The RMC segment reported an EBITDA loss of Rs51mn vs. a profit of Rs88mn/Rs11mn in Q4FY19/Q3FY20 led by lower volumes/higher opex. The TBK segment reported an EBITDA loss of Rs138mn vs. a profit of Rs108mn/Rs38 in Q4FY19/Q3FY20 on lower volumes. Overall, EBITDA was down 22.8% yoy with 58bps contraction in OPM to 10.4%. Adjusted profit declined 96.1% yoy on higher taxes (94.3% of PBT vs. 40%/36% in Q4FY19/Q3FY20).

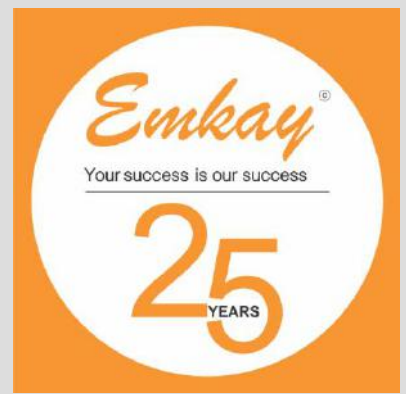
Raise estimates but downgrade rating to Hold: We raise volume estimates by 8% each for FY21-23E on recent volume trends, which leads to EBITDA increase of 5-7%. The volume trends in May'20 are better than our earlier expectations of a steep decline of 45-50% yoy; however, the risks to sustenance of current volumes remain till the monsoon season. The company is planning to commission a WHRS of 22.5MW capacity by Q3FY21, which should lead to energy cost savings of Rs96/ton. The rise in debt by Rs3.8bn to Rs18.5bn in FY20 came as a negative surprise and we expect debt to be at Rs18.3bn/Rs17.7bn in FY22/23E. Net D/E to be at 1.64x/1.56x in FY22/23E and net debt/EBITDA to be at 3.7x/3.2x in FY22/23E appear high in absence of major capex plans. We downgrade the stock to Hold, with a TP of Rs39, based on SoTP valuation. We now value the cement business at 6.5x EBITDA vs. 7x earlier. Key upside risks are higher cement volumes and prices.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Cement & Building Materials \(page 10\)](#)

Financial Snapshot (Standalone)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	59,556	55,723	48,448	57,002	60,869
EBITDA	5,547	5,217	3,184	4,786	5,323
EBITDA Margin (%)	9.3	9.4	6.6	8.4	8.7
APAT	1,572	668	(522)	547	901
EPS (Rs)	3.1	1.3	(1.0)	1.1	1.8
EPS (% chg)	123.5	(57.5)	(178.1)	0.0	64.8
ROE (%)	14.5	5.9	(4.7)	5.1	8.2
P/E (x)	10.7	25.1	(32.1)	30.7	18.6
EV/EBITDA (x)	5.6	6.3	10.9	7.2	6.4
P/BV (x)	1.5	1.5	1.6	1.5	1.5

Source: Company, Emkay Research



Change in Estimates

EPS Chg FY21E/FY22E (%)	n/m/3.1
Target Price change (%)	(12.0)
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	(1.0)	1.1
Consensus	1.3	2.7
Mean Consensus TP (12M)	Rs 55	

Stock Details

Bloomberg Code	PRSMJ IN
Face Value (Rs)	10
Shares outstanding (mn)	503
52 Week H/L	101 / 26
M Cap (Rs bn/USD bn)	17 / 0.22
Daily Avg Volume (nos.)	3,23,556
Daily Avg Turnover (US\$ mn)	0.2

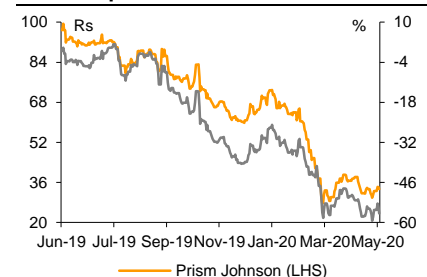
Shareholding Pattern Mar '20

Promoters	74.9%
FIIs	3.7%
DIIIs	7.6%
Public and Others	13.8%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(11)	(45)	(51)	(66)
Rel. to Nifty	(12)	(35)	(38)	(57)

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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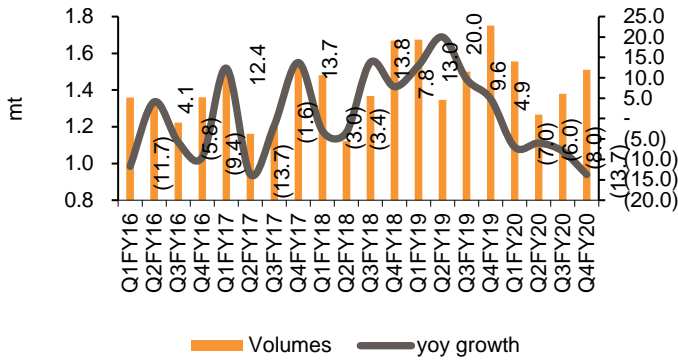
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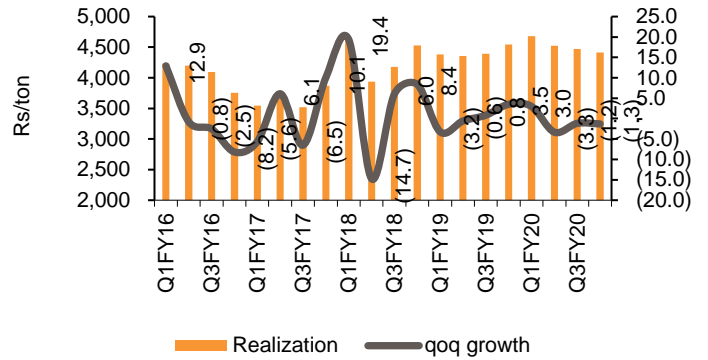
Story in Charts

Exhibit 1: Sales volume declined by 13.7% yoy



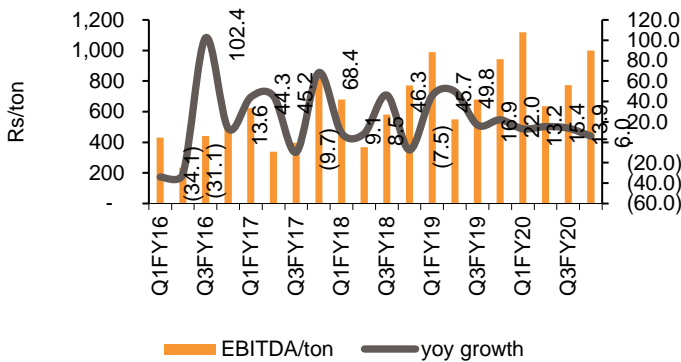
Source: Emkay Research, Company

Exhibit 2: Realization declined 1.3% qoq & 2.9% yoy



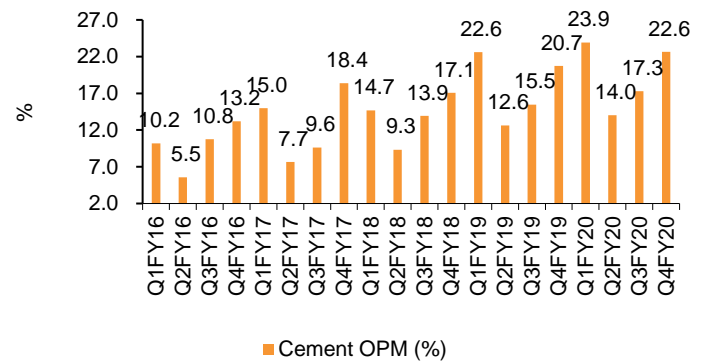
Source: Emkay Research, Company

Exhibit 3: EBITDA/ton increased 6% yoy/29% qoq to Rs999



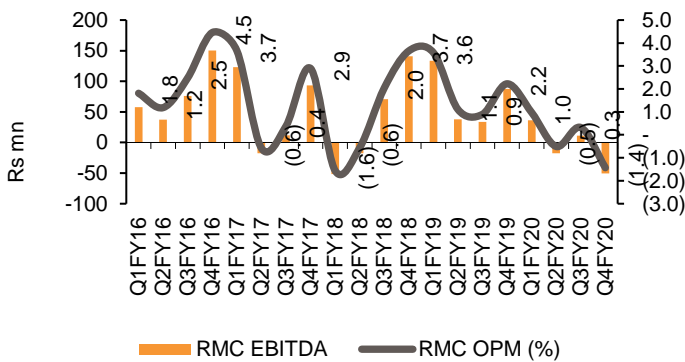
Source: Emkay Research, Company

Exhibit 4: Cement OPM expanded 191bps yoy/534bps qoq



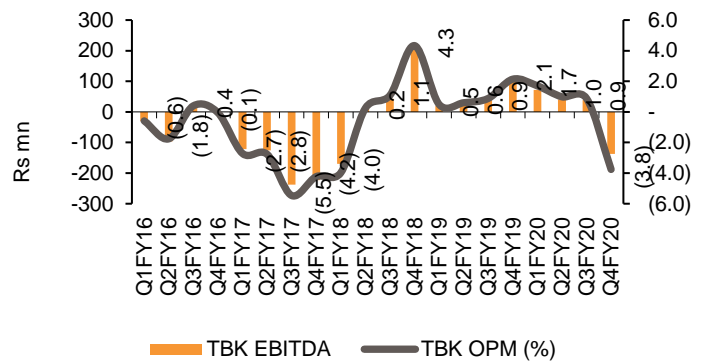
Source: Emkay Research, Company

Exhibit 5: RMC EBITDA loss of Rs51mn vs profit of Rs88mn in Q4FY19



Source: Emkay Research, Company

Exhibit 6: TBK EBITDA loss of Rs138mn vs profit of Rs108mn in Q4FY19



Source: Emkay Research, Company

Exhibit 7: Actual vs estimates (Q4FY20)

(in Rs mn)	Actual	Estimate		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Sales	13,716	14,526	15,295	-5.6	-10.3	Led by lower cement realization and lower TBK revenues
EBITDA	1,424	1,223	1,300	16.4	9.5	Led by higher profitability of cement segment
EBITDA margin (%)	10.4	8.4	8.5	196bps	188bps	
Adj. PAT	24	131	168	(81.7)	(85.7)	Impacted by higher ETR

Source: Company, Emkay Research, Bloomberg

Exhibit 8: Quarterly Results

Particulars/ Rs mn	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	YoY (%)	QoQ (%)	FY19	FY20	YoY (%)
Revenue	16,828	15,077	13,142	13,788	13,716	(18.5)	(0.5)	59,556	55,723	(6.4)
Total expenditure	14,983	13,226	12,315	12,672	12,293	(18.0)	(3.0)	54,009	50,506	(6.5)
as % of sales	89.0	87.7	93.7	91.9	89.6			90.7	90.6	
Inc/dec in inventory	(78)	(271)	361	(286)	(240)	n/m	n/m	(754)	(436)	n/m
as % of sales	(0.5)	(1.8)	2.7	(2.1)	(1.8)			(1.3)	(0.8)	
Raw mat. Cost	6,937	6,082	5,562	5,878	5,536	(20.2)	(5.8)	24,486	23,058	(5.8)
as % of sales	41.2	40.3	42.3	42.6	40.4			41.1	41.4	
Employee cost	1,144	1,182	1,147	1,154	1,158	1.2	0.4	4,543	4,640	2.1
as % of sales	6.8	7.8	8.7	8.4	8.4			7.6	8.3	
Power & fuel cost	2,653	2,395	1,714	2,110	1,975	(25.6)	(6.4)	9,585	8,195	(14.5)
as % of sales	15.8	15.9	13.0	15.3	14.4			16.1	14.7	
Freight cost	2,289	2,061	1,742	1,847	1,950	(14.8)	5.6	8,423	7,600	(9.8)
as % of sales	13.6	13.7	13.3	13.4	14.2			14.1	13.6	
Other expenses	2,038	1,777	1,789	1,969	1,914	(6.1)	(2.8)	7,726	7,449	(3.6)
as % of sales	12.1	11.8	13.6	14.3	14.0			13.0	13.4	
EBITDA	1,845	1,851	827	1,117	1,424	(22.8)	27.5	5,547	5,217	(5.9)
Depreciation	440	459	477	488	579	31.6	18.6	1,601	2,004	25.2
EBIT	1,405	1,392	349	628	845	(39.9)	34.4	3,946	3,214	(18.6)
Other income	31	97	27	64	78	147.1	22.0	207	265	27.6
Interest	421	467	515	573	503	19.6	(12.3)	1,741	2,059	18.3
PBT before EO items	1,016	1,022	(139)	119	419	(58.7)	253.4	2,413	1,420	(41.2)
EO items	(113)	-	-	-	(103)			(113)	(103)	
PBT after EO items	1,128	1,022	(139)	119	316	(72.0)	166.4	2,526	1,523	(39.7)
Tax	406	366	(52)	43	395			841	752	(10.6)
Reported PAT	722	656	(87)	76	(79)	(111.0)	(204.3)	1,685	771	(54.2)
EO items	(113)	-	-	-	(103)			(113)	(103)	
Adj. PAT	610	656	(87)	76	24	(96.1)	(68.4)	1,572	668	(57.5)
Margin (%)						(bps)	(bps)			(bps)
EBITDA	11.0	12.3	6.3	8.1	10.4	-58	228	9.3	9.4	5
EBIT	8.3	9.2	2.7	4.6	6.2	-219	160	6.6	5.8	-86
PBT	6.0	6.8	(1.1)	0.9	3.1	-298	220	4.1	2.5	-150
Adj PAT	3.6	4.3	(0.7)	0.6	0.2	-345	-38	2.6	1.2	-144

Source: Company, Emkay Research

Cement segment: Volume declines, lower opex supports profits

Q4 sales volume of cement segment was down 13.7% yoy due to nation-wide lockdowns. In FY20, sales volume was down 8.9% yoy. In Q4, realization was down 2.9% yoy/1.3% qoq due to higher sales in the non-trade segment. Lower volumes/realization resulted in a 16.2% yoy revenue decline to Rs6.7bn. Opex/ton was down 5.3% yoy/7.7% qoq due to lower RM/energy costs. EBITDA of the segment was down 8.5% yoy as lower realization/sales volumes negated the benefits of lower costs. Derived EBITDA/ton stood at Rs999 vs. Rs942/Rs774 in Q4FY19/Q3FY20.

The company is also expected to commission a 22.5MW WHRS by Q3FY21, which may result in cost savings of Rs96/ton.

Exhibit 9: Cement segment's performance

Cement	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	YoY (%)	QoQ (%)	FY19	FY20	YoY(%)
Sales volume (mt)	1.75	1.56	1.27	1.38	1.51	(13.7)	9.4	6.3	5.71	(8.9)
Realization (Rs/ton)	4,545	4,680	4,523	4,471	4,412	(2.9)	(1.3)	4,423	4,524	2.3
Revenue	7,954	7,283	5,725	6,170	6,663	(16.2)	8.0	27,733	25,840	(6.8)
EBITDA- derived	1,649	1,743	803	1,068	1,509	(8.5)	41.3	5,065	5,123	1.1
EBITDA margin (%)	20.7	23.9	14.0	17.3	22.6	191	534	18.3	19.8	156.2
EBITDA/ton (Rs)	942	1,120	635	774	999	6.0	29.1	808	897	11.0
EBIT	1,265	1,459	499	756	1,136	(10.2)	50.2	4,016	3,850	(4.1)
Cost/ton (Rs)	3,603	3,560	3,889	3,697	3,413	(5.3)	(7.7)	3,615	3,627	0.3

Source: Company, Emkay Research

Exhibit 10: Savings from WHRS (based on full-year operations)

Savings from WHRS	
WHRs (MW)	22.5
Power generation (mn kwh)	100
PLF (%)	69.8%
Cost of generation (Rs/kwh)	1
Grid power cost (Rs/kwh)	7.5
Savings (Rs mn)	647
Savings (Rs/ton)	96

Source: Company, Emkay Research

RMC segment: Lower sales led to EBITDA loss

The RMC segment's revenues declined by 10.3% yoy to Rs3.5bn due to lack of demand caused by lockdowns. The company reported an EBITDA loss of Rs51mn vs. profit of Rs88mn/Rs11mn in Q4FY19/Q3FY20 due to lower utilization. In FY20, revenue declined by 4.5% yoy to Rs14.2bn due to a volume decline of 14% yoy. This was attributed to a prolonged monsoon, NGT ban in some regions and lockdowns in Q4FY20. It reported an EBITDA loss of Rs21mn in FY20 vs. a profit of Rs292mn in FY19.

Exhibit 11: RMC segment's performance

RMC	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	YoY (%)	QoQ (%)	FY19	FY20	YoY (%)
Revenue	3,939	3,704	3,457	3,442	3,535	(10.3)	3	14,807	14,139	(4.5)
EBITDA- derived	88	36	(18)	11	(51)	n/m	n/m	292	(21)	n/m
EBITDA margin (%)	2.2	1.0	(0.5)	0.3	(1.4)	(365)	(175)	2.0	(0.1)	(212)
EBIT	45	9	(45)	(18)	(85)	n/m	n/m	173	(139)	n/m

Source: Company, Emkay Research

TBK segment: substantial volume decline led to EBITDA loss

The TBK segment's revenues declined by 27.9% yoy due to a 31% yoy volume decline. Derived EBITDA loss was at Rs138mn vs. profit of Rs108mn/Rs38mn in Q4FY19/Q3FY20. The company continues to invest in marketing and distribution centers and has added 8 experience centers in FY20, taking the total to 19 centers. EBIT losses widened to Rs309mn from a loss of Rs72mn/Rs109mn in Q4FY19/Q3FY20. In FY20, revenue declined by 6.6% yoy to Rs16.2bn. The Bathware segment grew by 9% yoy, while tiles volume declined by 5% yoy. EBITDA declined by 93.6% yoy to Rs12mn and loss at EBIT level widened to Rs594mn from Rs309mn in FY19. The company plans to commission a 5MW solar power plant by Q2FY21.

Exhibit 12: TBK Segment's performance

TBK	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	YoY (%)	QoQ (%)	FY19	FY20	YoY (%)
Revenue	5,075	4,208	4,082	4,304	3,659	(27.9)	(15.0)	17,409	16,253	(6.6)
EBITDA- derived	108	72	40	38	(138)	n/m	n/m	190	12	(93.6)
EBITDA margin (%)	2.1	1.7	1.0	0.9	(3.8)	(590)	(464)	1.1	0.1	(101.6)
EBIT	(72)	(73)	(103)	(109)	(309)	n/m	n/m	(309)	(594)	n/m
EBIT margin (%)	(1.4)	(1.7)	(2.5)	(2.5)	(8.4)	(703)	(592)	(1.8)	(3.7)	(187.5)

Source: Company, Emkay Research

Changes in estimates

Exhibit 13: Change in estimates

Particulars/Rs mn	FY21E			FY22E			FY23E		
	Earlier	Revised	Chg (%)	Earlier	Revised	Chg (%)	Earlier	Revised	Chg (%)
Volume (mt)	4.6	5.0	8.2	5.3	5.7	7.8	5.6	6.1	7.8
Realization (Rs/ton)	4,494	4,468	(0.6)	4,577	4,551	(0.6)	4,679.6	4,653	(0.6)
Revenue	45,697	48,448	6.0	53,296	57,002	7.0	56,906.3	60,869	7.0
EBITDA	3,044	3,184	4.6	4,483	4,786	6.8	5,018	5,323	6.1
EBITDAM (%)	6.7	6.6	-9bps	8.4	8.4	-2bps	8.8	8.7	-7bps
PAT	-499	-522	n/m	530	547	3.1	866.6	901	4.0
EPS (Rs)	-1.0	-1.0	n/m	1.1	1.1	3.1	1.7	1.8	4.0

Source: Company, Emkay Research

Exhibit 14: Key Assumptions

Particulars	FY18	FY19	FY20	FY21E	FY22E	FY23E
Grey Cement Sales (mt)	5.6	6.3	5.7	5.0	5.7	6.1
Realization (Rs/ton)	4,349	4,423	4,524	4,468	4,551	4,653
Cement Revenue	24,531	27,733	25,840	22,159	25,987	7,365
TBK Revenue	17,088	17,409	16,253	14,096	16,896	5,275
RMC Revenue	13,763	14,807	14,139	12,193	14,119	4,187

Source: Company, Emkay Research

Exhibit 15: SoTP valuation

Particulars/ Rs mn	Target multiple (x)	Jun-22E
Cement	6	29,698
TBK	0.4	6,801
RMC	3	716
EV		37,215
Net Debt		17,718
Target Mcap		19,497
No of shares (mn)		503
value/share		39
CMP (Rs)		33
Up/(downside)%		16.3%

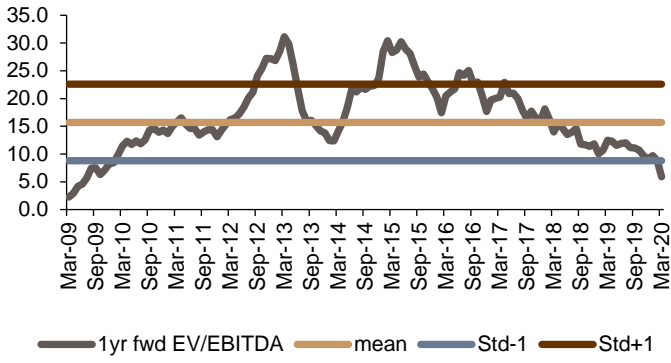
Source: Company, Emkay Research

Exhibit 16: Peer Valuation

Company	Rs bn Mcap	EV/EBITDA (x)			EV/Ton (USD)			EPS (Rs)			P/E (x)		
		FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Prism Johnson	16.8	10.9	7.2	6.4	66	66	65	-1.0	1.1	1.8	-32.1	30.7	18.6
ACC*	239.2	13.3	9.8	8.4	77	76	75	35.3	53.6	63.8	36.0	23.7	19.9
Ambuja Cements*	379.9	18.9	13.0	10.9	121	112	108	4.1	5.9	6.9	46.9	32.4	27.7
India Cements	40.1	16.5	11.4	9.9	62	62	61	-2.0	2.5	4.5	-63.1	52.3	28.5
Ramco Cements	145.3	23.4	16.5	13.8	119	115	113	8.8	16.6	21.1	69.8	37.1	29.2
Shree Cements	725.0	30.4	22.6	18.6	213	201	196	118.7	278.9	394.9	175.3	74.6	52.7
UltraTech Cement	1046.2	19.1	14.0	11.9	142	138	132	57.2	111.0	142.1	66.6	34.3	26.8
JK Lakshmi Cement	28.8	8.9	6.3	4.9	42	40	37	6.4	15.6	22.6	38.5	15.7	10.8
JK Cement	87.4	15.4	11.8	10.8	114	108	107	9.6	29.1	36.6	117.4	38.9	30.9
Orient Cement	9.1	8.0	6.2	4.8	34	32	30	0.3	2.3	4.4	131.4	19.2	10.1
Star Cement	30.8	9.7	7.2	6.3	68	67	66	3.9	5.5	6.0	18.9	13.4	12.1
Birla Corp	42.3	9.6	7.2	6.0	73	68	54	11.1	36.8	44.8	49.6	15.0	12.3

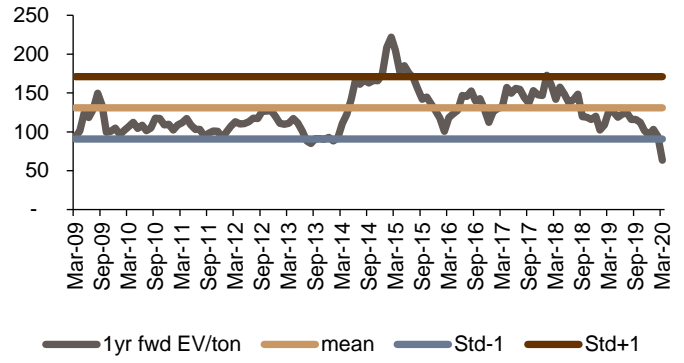
Source: Company, Emkay Research, *Dec-ending companies

Exhibit 17: 1-yr forward EV/EBITDA chart



Source: Company, Emkay Research

Exhibit 18: 1-yr forward EV/ton chart



Source: Company, Emkay Research

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	59,556	55,723	48,448	57,002	60,869
Expenditure	54,009	50,506	45,264	52,216	55,546
EBITDA	5,547	5,217	3,184	4,786	5,323
Depreciation	1,601	2,004	2,066	2,162	2,288
EBIT	3,946	3,213	1,118	2,624	3,036
Other Income	207	265	263	276	290
Interest expenses	1,741	2,059	2,183	2,171	2,124
PBT	2,413	1,420	(803)	729	1,201
Tax	841	752	(281)	182	300
Extraordinary Items	(113)	(103)	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	1,460	564	(522)	547	901
Adjusted PAT	1,572	668	(522)	547	901

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	5,034	5,034	5,034	5,034	5,034
Reserves & surplus	6,388	6,363	5,547	5,799	6,111
Net worth	11,421	11,397	10,581	10,833	11,145
Minority Interest	0	0	0	0	0
Loan Funds	14,679	18,500	18,500	18,300	17,700
Net deferred tax liability	(250)	508	508	508	508
Total Liabilities	25,851	30,405	29,588	29,641	29,353
Net block	20,345	22,312	24,613	24,551	24,363
Investment	4,398	4,695	4,695	4,695	4,695
Current Assets	18,178	20,516	18,216	18,389	18,447
Cash & bank balance	555	2,442	663	532	325
Other Current Assets	4,243	4,748	4,439	4,574	4,692
Current liabilities & Provision	18,272	19,686	18,236	18,294	18,452
Net current assets	(94)	830	(20)	95	(6)
Misc. exp	0	0	0	0	0
Total Assets	25,851	30,405	29,588	29,641	29,353

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income) (NI+Dep)	2,301	1,316	(803)	729	1,201
Other Non-Cash items	61	(50)	(50)	(50)	(50)
Chg in working cap	(446)	963	(929)	(245)	(107)
Operating Cashflow	4,767	6,297	2,749	4,585	5,155
Capital expenditure	(2,300)	(5,336)	(2,100)	(2,100)	(2,100)
Free Cash Flow	2,467	961	649	2,485	3,055
Investments	(234)	(297)	0	0	0
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	(2,461)	(5,583)	(2,050)	(2,050)	(2,050)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(740)	3,821	0	(200)	(600)
Dividend paid (incl tax)	(303)	(589)	(294)	(294)	(589)
Other Financing Cash Flow	0	0	0	0	0
Financing Cashflow	(2,544)	1,173	(2,477)	(2,666)	(3,313)
Net chg in cash	(238)	1,887	(1,779)	(131)	(208)
Opening cash position	595	555	2,442	663	532
Closing cash position	357	2,442	663	532	325

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	9.3	9.4	6.6	8.4	8.7
EBIT Margin	6.6	5.8	2.3	4.6	5.0
Effective Tax Rate	34.8	53.0	35.0	25.0	25.0
Net Margin	2.6	1.2	(1.1)	1.0	1.5
ROCE	16.3	12.4	4.6	9.8	11.3
ROE	14.5	5.9	(4.7)	5.1	8.2
RoIC	20.2	15.9	5.0	10.9	12.6

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	3.1	1.3	(1.0)	1.1	1.8
CEPS	6.3	5.3	3.1	5.4	6.3
BVPS	22.7	22.6	21.0	21.5	22.1
DPS	0.5	1.0	0.5	0.5	1.0

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	10.7	25.1	(32.1)	30.7	18.6
P/CEPS	5.3	6.3	10.9	6.2	5.3
P/BV	1.5	1.5	1.6	1.5	1.5
EV / Sales	0.5	0.6	0.7	0.6	0.6
EV / EBITDA	5.6	6.3	10.9	7.2	6.4
Dividend Yield (%)	1.5	3.0	1.5	1.5	3.0

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	1.2	1.4	1.7	1.6	1.6
Net Debt/EBIDTA	2.5	3.1	5.6	3.7	3.3
Working Cap Cycle (days)	(4.0)	(10.6)	(5.1)	(2.8)	(2.0)

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	10.1	(6.4)	(13.1)	17.7	6.8
EBITDA	46.3	(5.9)	(39.0)	50.3	11.2
EBIT	74.5	(18.6)	(65.2)	134.8	15.7
PAT	107.5	(61.3)	(192.4)	0.0	64.8

Quarterly (Rs mn)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Revenue	16,828	15,077	13,142	13,788	13,716
EBITDA	1,845	1,851	827	1,117	1,424
EBITDA Margin (%)	11.0	12.3	6.3	8.1	10.4
PAT	497	656	(87)	76	(79)
EPS (Rs)	1.0	1.3	(0.2)	0.2	(0.2)

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Promoters	74.9	74.9	74.9	74.9	74.9
FII	6.8	6.6	5.6	4.2	3.7
DII	4.5	4.9	6.2	7.5	7.6
Public and Others	13.9	13.6	13.3	13.5	13.8

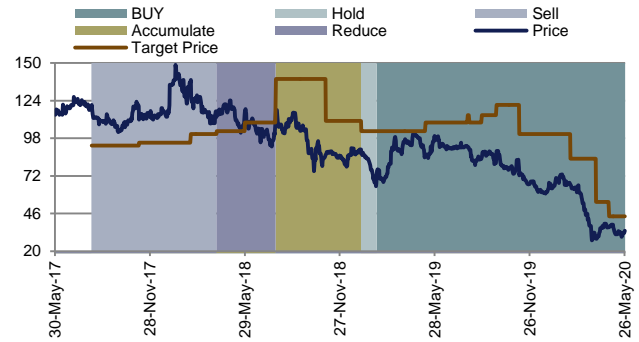
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
18-May-20	32	44	12m	Buy	Sanjeev Kumar Singh
26-Apr-20	37	44	12m	Buy	Sanjeev Kumar Singh
01-Apr-20	29	54	12m	Buy	Sanjeev Kumar Singh
12-Feb-20	66	84	12m	Buy	Sanjeev Kumar Singh
20-Nov-19	68	101	12m	Buy	Sanjeev Kumar Singh
06-Nov-19	72	101	12m	Buy	Sanjeev Kumar Singh
23-Sep-19	89	121	12m	Buy	Sanjeev Kumar Singh
26-Aug-19	85	114	12m	Buy	Sanjeev Kumar Singh
02-Aug-19	90	109	12m	Buy	Sanjeev Kumar Singh
30-Jul-19	92	114	12m	Buy	Sanjeev Kumar Singh
24-Jun-19	91	109	12m	Buy	Sanjeev Kumar Singh
13-Jun-19	94	109	12m	Buy	Sanjeev Kumar Singh
10-May-19	87	109	12m	Buy	Sanjeev Kumar Singh
28-Feb-19	78	103	12m	Buy	Sanjeev Kumar Singh
06-Feb-19	75	103	12m	Buy	Sanjeev Kumar Singh
07-Jan-19	87	103	12m	Hold	Sanjeev Kumar Singh
31-Oct-18	87	110	12m	Accumulate	Sanjeev Kumar Singh
27-Jul-18	117	139	12m	Accumulate	Sanjeev Kumar Singh
29-May-18	117	109	12m	Reduce	Sanjeev Kumar Singh
05-Apr-18	115	103	12m	Reduce	Sanjeev Kumar Singh
14-Feb-18	138	101	12m	Sell	Sanjeev Kumar Singh
15-Dec-17	114	95	12m	Sell	Sanjeev Kumar Singh
07-Nov-17	111	95	12m	Sell	Sanjeev Kumar Singh
08-Aug-17	121	93	12m	Sell	Sanjeev Kumar Singh

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Cement & Building Materials



Analyst: Sanjeev Kumar Singh

Contact Details

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Sector

Cement & Building materials

Analyst bio

Sanjeev Kumar Singh holds an MBA and has over 10 years of experience in the Cement sector. His team currently covers 17 stocks in the Cement and Building Materials space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Cement & Building Materials	2.32	2.32	0%	0	100.00
ACC	0.21	0.22	4%	1	9.58
Ambuja Cements	0.28	0.29	4%	1	12.45
Grasim Industries	0.45	0.24	-48%	-22	10.16
Birla Corporation	0.00	0.09	NA	9	3.95
India Cements	0.00	0.00	NA	0	0.00
JK Cement	0.00	0.00	NA	0	0.00
JK Lakshmi Cement	0.00	0.12	NA	12	5.31
Orient Cement	0.00	0.00	NA	0	0.00
Prism Johnson	0.00	0.00	NA	0	0.00
Ramco Cements	0.16	0.11	-28%	-4	4.87
Sanghi Industries	0.00	0.00	NA	0	0.00
Shree Cements	0.37	0.26	-31%	-12	11.03
Star Cement	0.00	0.00	NA	0	0.00
Ultratech Cement	0.85	0.99	17%	14	42.66
Century Plyboards	0.00	0.00	NA	0	0.00
HSIL*	0.00	0.00	NA	0	0.00
Kajaria Ceramics	0.00	0.00	NA	0	0.00
Somany Ceramics	0.00	0.00	NA	0	0.00
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

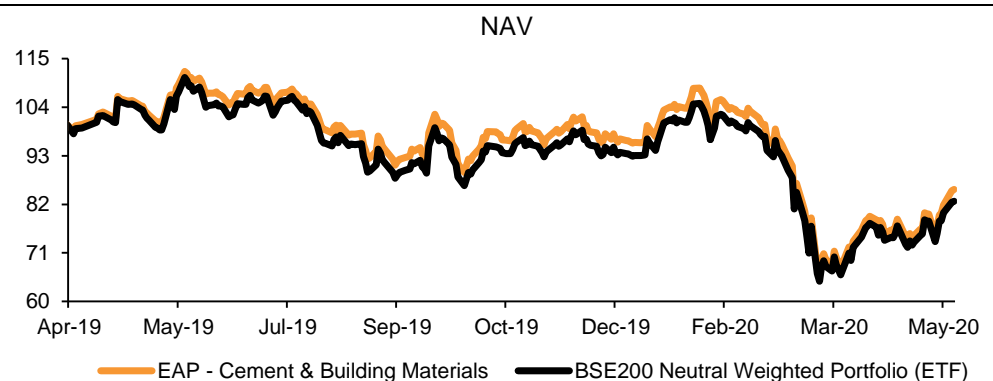
Sector portfolio NAV

	Base					Latest
	1-Apr-19	26-Aug-19	27-Nov-19	25-Feb-20	27-Apr-20	27-May-20
EAP - Cement & Building Materials	100.0	94.0	100.7	100.7	76.1	85.4
BSE200 Neutral Weighted Portfolio (ETF)	100.0	90.9	97.7	97.8	74.5	82.7

*Performance measurement base date 1st April 2019

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 29 May 2020 01:29:43 (SGT)

Dissemination Date: 29 May 2020 01:30:43 (SGT)

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