

Ultratech Cement

Refer to important disclosures at the end of this report

In-line performance; headwinds fading

- Consolidated EBITDA declined 22% YoY/11% QoQ to Rs24bn in Q3FY22, broadly in line with our estimate, as marginally higher-than-expected cost/ton was offset by better other operating income. Blended EBITDA/ton fell 20% YoY/17% QoQ to Rs1,046.
- With its large pan-India diversified market presence, premium brand positioning and focus on cost efficiency, UTCEM is better placed to improve margins in the medium term. Besides, the company's RoIC is expected to increase to a sustainable level of 20%+ within 4-5 years (vs. 12% in the past decade).
- Factoring in higher opex/ton due to input cost inflation and recent weakness in demand, we cut our FY22/FY23 EBITDA estimates by 8%/3%, while we broadly maintain FY24 estimates.
- We roll over to Mar'23 from Dec'22 and increase our TP by 3% to Rs8,750. Our DCF-based TP (11.25% WACC, 8% FCFF growth post FY26) implies a 1-year forward EV/EBITDA of 15x (vs. current multiple of 16.5x). Maintain Buy.

- Revenue from India operations rose 4% YoY to Rs122bn. Grey cement realization increased by ~1% QoQ (+8% YoY), in line with our estimate. Management said that the exit price of Q3 was broadly in line with the average price of the quarter. With improving demand, some pockets have already witnessed a price hike in Jan'22 and a further hike is expected in coming months. Other operating income rose 2.3x YoY (flat QoQ) to Rs2.7bn (~Rs119/ton), beating our estimate of Rs1.2bn, owing to the receipt of incentives for the Rajashree plant (~Rs500mn).
- Volumes of India operations declined 4% YoY to 22mt in Q3FY22. Average capacity utilization in Q3 stood at 75%. Demand substantially declined in Nov'21 but improved in Dec'21 with capacity utilization of ~84%. Management remains hopeful of a strong demand recovery in a couple of years owing to general elections. India operations EBITDA/ton declined 20% YoY/QoQ to Rs1,062.
- Consolidated cost/ton increased by 19% YoY/6% QoQ, marginally higher than our estimate. The average fuel consumption cost rose 26% QoQ to US\$151/ton in Q3. Management said that cost/ton is likely to remain high in Q4 and will start to decline from Q1FY23 onward. Adjusted PAT stood at Rs11.7bn. Reported PAT came in at Rs17bn owing to a one-time gain of Rs5.4bn in tax for earlier years.
- Project updates: 1) Grey cement: UTCEM commissioned 3.2mt (part of 19.5mt capacity expansion project) in YTD-FY22; the balance capacity is likely to be commissioned in a phased manner in FY23; 2) Wall putty: expanding capacity by 0.44mt to 1.26mt by Q2FY23; 3) White cement: the board has announced a plan to double capacity from 0.65mt to 1.25mt in a phased manner by FY26 at a capex of Rs9.7bn.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Cement & Building Materials \(Page 11\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	4,21,250	4,47,258	5,26,105	5,97,736	6,78,325
EBITDA	94,167	1,15,679	1,18,645	1,42,107	1,67,017
EBITDA Margin (%)	22.4	25.9	22.6	23.8	24.6
APAT	38,386	55,809	60,520	77,491	1,04,280
EPS (Rs)	133.0	193.3	209.7	268.5	361.3
EPS (% chg)	50.0	45.4	8.4	28.0	34.6
ROE (%)	11.4	13.4	12.9	14.7	17.4
P/E (x)	59.2	40.7	37.5	29.3	21.8
EV/EBITDA (x)	25.9	20.2	19.7	16.3	13.6
P/BV (x)	5.8	5.1	4.6	4.1	3.6

Source: Company, Emkay Research

CMP	Target Price
Rs 7,870 as of (January 17, 2022)	Rs 8,750 (▲) 12 months
Rating	Upside
BUY (■)	11.2 %

Change in Estimates

EPS Chg FY22E/FY23E (%)	(9.7)/(2.6)
Target Price change (%)	2.9
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY22E	FY23E
Emkay	209.7	268.5
Consensus	241.5	291.0
Mean Consensus TP (12M)	Rs 8,510	

Stock Details

Bloomberg Code	UTCEM IN
Face Value (Rs)	10
Shares outstanding (mn)	289
52 Week H/L	8,269 / 5,260
M Cap (Rs bn/USD bn)	2,272 / 30.60
Daily Avg Volume (nos.)	336,616
Daily Avg Turnover (US\$ mn)	34.1

Shareholding Pattern Dec '21

Promoters	60.0%
FIIIs	15.7%
DIIIs	15.2%
Public and Others	9.2%

Price Performance

(%)	1M	3M	6M	12M
Absolute	7	6	7	44
Rel. to Nifty	-	7	(7)	14

Relative price chart



Source: Bloomberg

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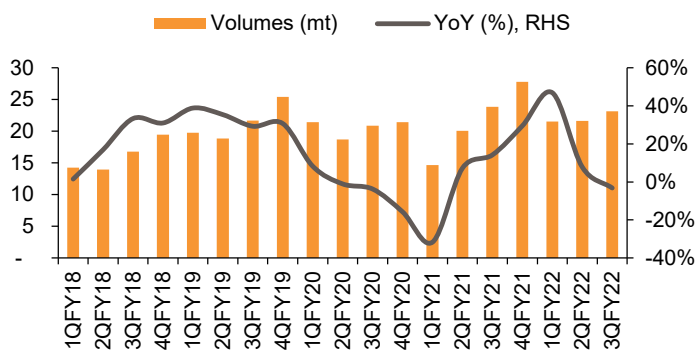
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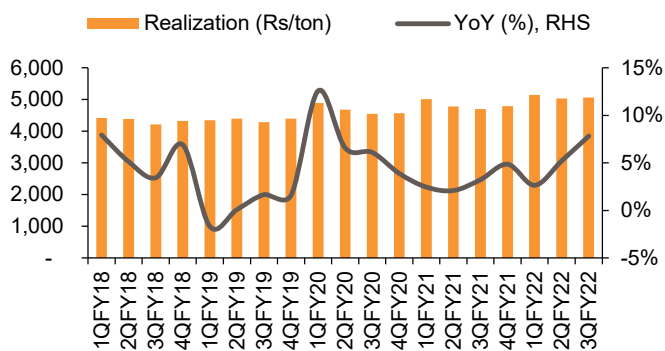
Story in Charts

Exhibit 1: Consolidated volumes decline ~3% YoY to ~23mt



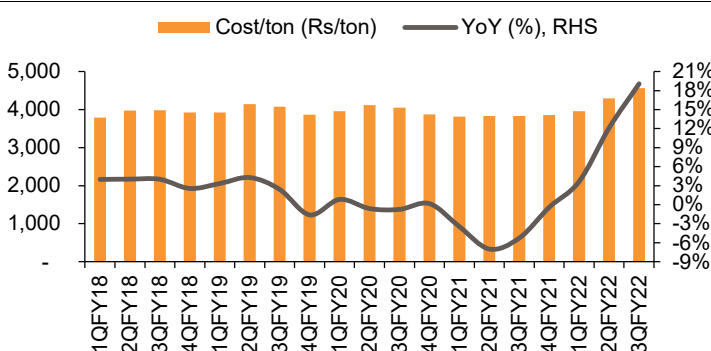
Source: Company, Emkay Research

Exhibit 2: Grey cement realization rises 8% YoY/~1% QoQ



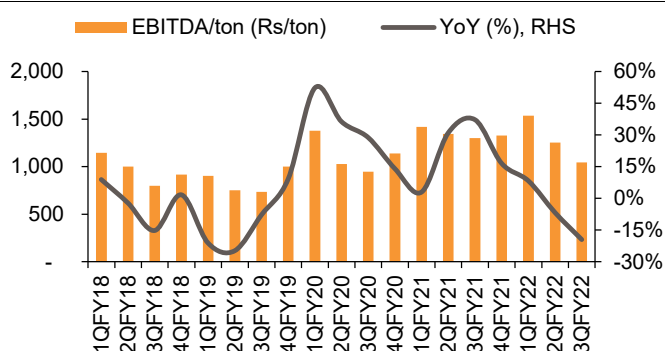
Source: Company, Emkay Research

Exhibit 3: Total opex/ton up 19% YoY and 6% QoQ



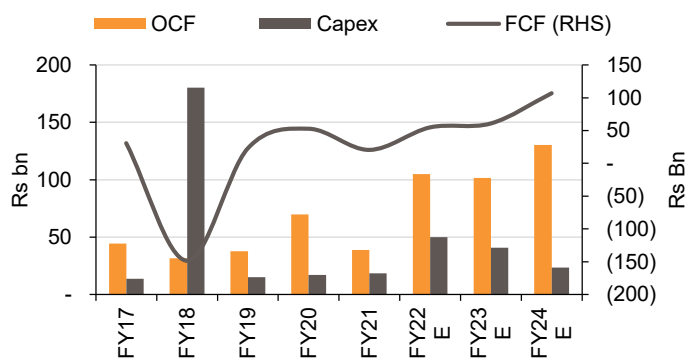
Source: Company, Emkay Research

Exhibit 4: Blended EBITDA/ton down 20% YoY/ 17% QoQ to Rs1,046



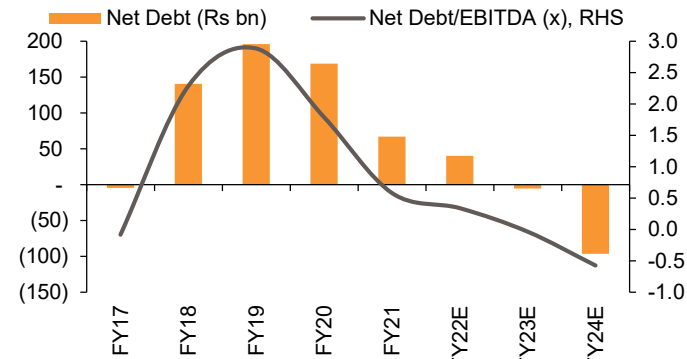
Source: Company, Emkay Research

Exhibit 5: Ultratech likely to generate FCF of Rs202bn over FY22E-24E



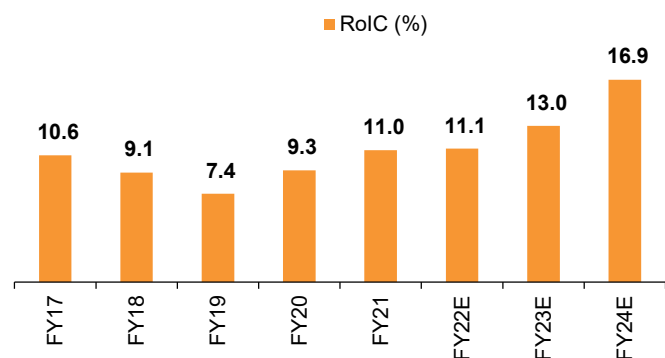
Source: Company, Emkay Research

Exhibit 6: With strong FCF generation, Ultratech to become net debt free in FY23E



Source: Company, Emkay Research

Exhibit 7: Ultratech likely to have best incremental RoIC in this cycle



Source: Company, Emkay Research

Exhibit 8: Maintain Buy and TP of Rs8,750, based on 15x Mar'24E EV/EBITDA

EV/E method, backed by DCF analysis	Rs bn
Mar24E EBITDA	167
EV/E multiple (x)	15
Enterprise Value	2,507
Net cash (Mar23E)	18
Equity value	2,526
No. of shares (mn)	289
Mar'23 Target Price (Rs)	8,750

Source: Emkay Research

Concall takeaways

- **RMC revenue grew 17% YoY/9% QoQ to Rs6.7bn**, while white cement/putty revenue grew 1% YoY/8% QoQ to Rs5.4bn. White cement/putty volumes grew 5% YoY, (Realization flat QoQ).
- **Demand outlook:** Cement demand is expected to pick up in Q4, driven by a pickup in government-led infra and housing projects. The East region faced several one-time issues, such as sand shortage, rains and labor shortage, and it is expected to bounce back going ahead. Both rural and urban segments have picked up in Dec'21 and Jan'22. Management expects strong demand in FY23/FY24 owing to general elections.

Exhibit 9: Region-wise demand trend (Q3FY22)

State/Region wise performance						
State/Region	Volume Growth	I	R	H	C	Key drivers
North	↑	●	●	●	●	<ul style="list-style-type: none"> Urban housing demand slowed due to unseasonal rains, festivities and construction ban in NCR Rural housing registered marginal growth. Infrastructure segment registered relatively higher growth
Central	↓	●	●	●	●	<ul style="list-style-type: none"> Rural housing registered growth except Kashi; Infrastructure segment de-growth due to near completion of major projects High Sand prices and labour unavailability impacted overall construction demand
East	↓	●	●	●	●	<ul style="list-style-type: none"> Rural and Infrastructure segment demand was impacted by unseasonal rains and festivities
West	↓	●	●	●	●	<ul style="list-style-type: none"> Maharashtra: Mumbai maintained housing growth. Rural housing saw growth in all regions. Gujarat: Overall housing demand impacted by labour unavailability and Gram Panchayat elections
South	↓	●	●	●	●	<ul style="list-style-type: none"> Housing de-growth in Karnataka and Tamil Nadu due to cyclonic rains; Growth in Andhra Pradesh, Telangana & Kerala Infrastructure segment de-growth except in Andhra Pradesh

Source: Company, Emkay Research

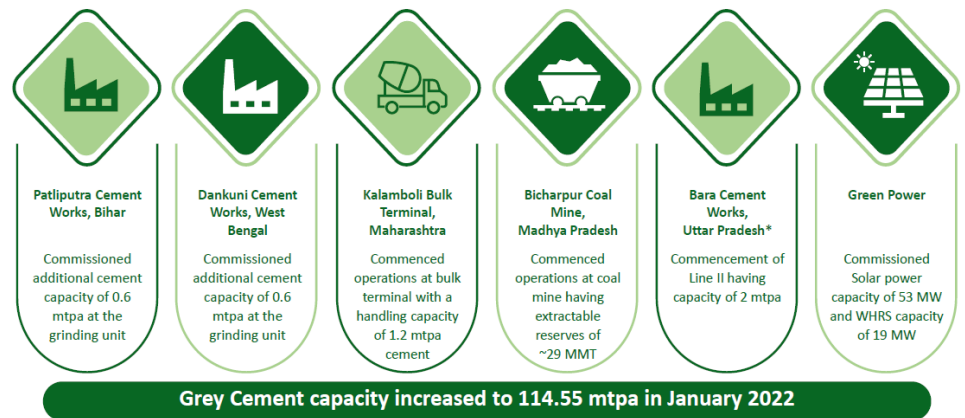
- **Grey cement realization increased by 1% QoQ in Q3FY22.** The average price in Q3 was flat QoQ. Management remains confident of improvement in prices as demand is robust. Price hikes have already been taken in some regions of the country. Management said with capacity utilization crossing 85%, realization/margins will improve substantially. Average capacity utilization was 75% in Q3FY22, while it increased to 84% in Dec'21.
- **Power and fuel cost/ton rose 39% YoY** with an increase in fuel prices, partly offset by a ~2% reduction in power consumption and an increase in the share of green power to 16% in Q3. Power and fuel cost/ton also increased by 21% QoQ due to high fuel prices. The average fuel consumption cost stood at US\$151/ton in Q3FY22 (\$193/ton for Petcoke and \$137/ton for coal) as compared to US\$67/ton in Q3FY21 and US\$120/ton in Q2FY22. Management has guided that the fuel cost is expected to remain high and is expected to decline from Q1FY23 onward. Petcoke usage in the fuel mix increased by 600bps QoQ to 25% in Q3FY22. AFR usage stood at 5.2%. Indonesian coal prices are likely to decline from Mar/Apr'22 onward, as per management.
- **Raw material cost/ton increased by 7% YoY/4% QoQ**, owing to an increase in the prices of flyash, and gypsum and HSD. Freight cost/ton rose 4% YoY due to a ~24% YoY increase in diesel prices, partially mitigated by improved efficiency. Other cost/ton increased by 20% YoY due to a ~24% YoY increase in packing costs and normalized fixed costs, while it rose 4% QoQ due to fixed cost absorption amid higher QoQ volumes.
- **Project Updates:** Ultratech commissioned 1.2mt (0.6mt each in Patliputra and Dankuni) capacity in Oct'21 and 2mt in Bara, Uttar Pradesh, in Jan'22, taking its total domestic capacity to 114.6mt. It is likely to commission 4.1mt grinding capacity in H1FY23 and the balance 12.2mt in H2FY23. The company also commissioned operations at the Kalamboli bulk terminal, Maharashtra (1.2mt capacity), and commenced mining operations from Bicharpur Coal Mine, Madhya Pradesh (extractable reserves of ~29mt). UTCEM also plans to nearly double white cement capacity from 0.7mt to 1.3mt at a capex outlay of Rs9.7bn. Land acquisition for the project is yet to take place and capacity is likely to be commissioned in a phased manner by FY26.

Exhibit 10: White Cement capex of Rs9.7bn announced

- Modernization and Expansion of capacity at Kharia, Rajasthan
- Nearly doubling capacity from 6.5 LTPA to 12.53 LTPA
- Capital outlay of Rs 965 Crs
- Capacity will be commissioned in phased manner



Source: Company, Emkay Research

Exhibit 11: Projects commissioned in 3QFY22

Source: Company, Emkay Research

- **Capex:** UTCEM has guided for a capex of Rs50bn for FY22E (Rs40bn spent in 9MFY22) and Rs40bn for FY23E, including maintenance capex of Rs10-15bn.
- **Net debt:** Net debt declined by Rs2bn QoQ (declined Rs6bn in 9MFY22) to Rs61.5bn as of Dec'21, with net debt-to-EBITDA standing at 0.49x.
- **Green power share in the power mix rose to 16% (+100bps YoY).** UTCEM commenced 19MW WHRS and 53MW solar power in Q3FY22, taking its total renewable power capacity to 221MW. Ultratech targets to increase its green power share to 34% (WHRS 26%; Solar 8%) by FY24E.
- **Construction Chemicals:** Management expects revenue of Rs5bn in FY22E and targets to double revenue every year with a target of Rs20-25bn in the next three years. UTCEM is acquiring good quality assets to grow this business. Potential EBITDA margins of 15-18% is targeted for this business. It is a capital-light business, which is expected to benefit from a strong distribution network.
- **Others:** 1) Trade sales mix declined 300bps QoQ to 64%; premium products volume increased ~1% YoY (16% of trade). 2) UTCEM has signed a definitive agreement for the fibre glass business (~90mn Euros) of Ultratech Nathdwara and the transaction is expected to close in Q4FY22E.

Exhibit 12: Actual vs. Estimates (Q3FY22) consol.

(Rs mn)	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Sales	1,27,100	1,26,290	1,30,049	0.6	(2.3)	In-line
EBITDA	24,194	24,501	24,507	(1.3)	(1.3)	In-line
Adj PAT	11,725	11,242	11,500	4.3	2.0	In-line
Volume (mt)	23.1	22.9		1.1		
Blended Realization (Rs/ton)	5,495	5,518		(0.4)		
EBITDA (Rs/ton)	1,046	1,071		(2.3)		

Source: Company, Emkay Research

Exhibit 13: India operations – quarterly table

(Rs mn)	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	YoY (%)	QoQ (%)	9MFY21	9MFY22	YoY(%)
Net Sales	116,980	137,570	1,12,990	1,12,420	1,21,560	3.9	8.1	2,88,210	3,46,970	20.4
Other operating income	1,270	1,900	1,510	2,860	2,880	126.8	0.7	3,470	7,250	108.9
Revenue	118,250	139,470	1,14,500	1,15,280	1,24,440	5.2	7.9	2,91,680	3,54,220	21.4
Expenditure	87,950	103,420	81,850	88,210	1,01,080	14.9	14.6	2,14,620	2,71,140	26.3
Total RM	16,250	22,170	13,170	14,800	18,550	14.2	25.3	42,660	46,520	9.0
Power & Fuel	22,980	25,920	23,060	24,100	30,750	33.8	27.6	53,430	77,910	45.8
Freight	28,310	32,680	26,310	26,480	28,720	1.4	8.5	67,080	81,510	21.5
Staff cost	5,820	5,900	5,580	6,460	6,140	5.5	(5.0)	16,500	18,180	10.2
Other expenditure	14,590	16,750	13,730	16,370	16,920	16.0	3.4	34,950	47,020	34.5
EBITDA	30,300	36,050	32,650	27,070	23,360	(22.9)	(13.7)	77,060	83,080	7.8
Depreciation	6,370	6,700	6,330	6,490	6,450	1.3	(0.6)	19,020	19,270	1.3
EBIT	23,930	29,350	26,320	20,580	16,910	(29.3)	(17.8)	58,040	63,810	9.9
Other Income	2,540	820	2,040	1,420	700	(72.4)	(50.7)	6,640	4,160	(37.3)
Interest	3,460	3,670	3,200	2,250	1,780	(48.6)	(20.9)	10,770	7,230	(32.9)
PBT	23,010	26,500	25,160	19,750	15,830	(31.2)	(19.8)	53,910	60,740	12.7
Total Tax	7,530	8,650	8,340	6,460	4,600	(38.9)	(28.8)	16,880	19,400	14.9
Adjusted PAT	15,480	17,850	16,820	13,290	11,230	(27.5)	(15.5)	37,030	41,340	11.6
Adjusted EPS (Rs)	53.6	61.8	58.3	46.0	38.9	(27.4)	(15.5)	128.3	143.2	11.7

Source: Company, Emkay Research

Exhibit 14: India operations: Quarterly analysis on per-ton basis

Rs/ton	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	YoY (%)	QoQ (%)	9MFY21	9MFY22	YoY(%)
Cement volumes (mt)	22.8	26.6	20.5	20.5	22.0	(3.6)	7.4	56	63	12.6
Blended Realization	5,126	5,174	5,504	5,487	5,525	7.8	0.7	5,211	5,621	7.9
Raw Material	712	834	642	722	843	18.4	16.7	762	738	(3.2)
Power & Fuel	1,007	975	1,123	1,176	1,398	38.8	18.8	955	1,236	29.5
Freight	1,241	1,229	1,282	1,292	1,305	5.2	1.0	1,198	1,293	7.9
Staff cost	255	222	272	315	279	9.4	(11.5)	295	288	(2.1)
Other expenditure	639	630	669	799	769	20.3	(3.7)	624	746	19.5
Operating cost	3,854	3,889	3,987	4,305	4,595	19.2	6.7	3,835	4,302	12.2
Other operating income	56	71	74	140	131	135.2	(6.2)	62	115	85.6
EBITDA/ton	1,328	1,356	1,590	1,321	1,062	(20.0)	(19.6)	1,377	1,318	(4.2)

Source: Company, Emkay Research

Annual Analysis

Exhibit 18: Key Assumptions

Operational details	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E	CAGR%	
									FY17-21	FY21-24E
Capacity (mt)	72	86	100	115	118	125	138	140	13.3	5.7
Volumes (mt)	53	65	76	82	86	94	104	116	12.8	10.3
Utilization (%)	76	82	82	77	74	77	80	83	(0.5)	3.8
Blended Realization (Rs/ton)	4,703	4,795	4,815	5,038	5,118	5,522	5,661	5,789	2.1	4.2
EBITDA/ton (Rs/ton)	977	951	889	1,144	1,338	1,265	1,361	1,440	8.2	2.5
P&L (Rs bn)										
Revenue	254	314	374	421	447	526	598	678	15.2	14.9
EBITDA	52	61	68	94	116	119	142	167	22.1	13.0
Adj. Net Profit	27	25	24	38	56	61	77	104	19.7	23.2
Balance Sheet (Rs bn)										
Equity	244	264	284	391	442	494	556	640		
Net Debt	(4)	141	196	169	67	40	(5)	(96)		
Net Debt: EBITDA (x)	(0.1)	2.3	2.9	1.8	0.6	0.3	(0.0)	(0.6)		
Net Debt: Equity (x)	(0.0)	0.5	0.7	0.4	0.2	0.1	(0.0)	(0.2)		
Cash Flow (Rs bn)										
OCF before NWC change	39	40	47	65	87	92	105	134		
Change in NWC	5	(8)	(9)	5	23	(8)	(3)	(4)		
Capex	(14)	(180)	(15)	(17)	(18)	(50)	(41)	(23)		
FCF	31	(149)	23	53	91	35	61	107		
Return ratios (%)										
RoE	11.9	9.7	8.9	11.4	13.4	12.9	14.7	17.4		
RoCE	11.8	7.6	6.8	8.6	11.6	11.2	13.5	18.0		
RoIC	10.6	9.1	7.4	9.3	11.0	11.1	13.0	16.9		
Valuations (x)										
PE					40.7	37.5	29.3	21.8		
EV/EBITDA					21.1	19.7	16.3	13.6		
EV/ton (USD)					271	254	226	213		

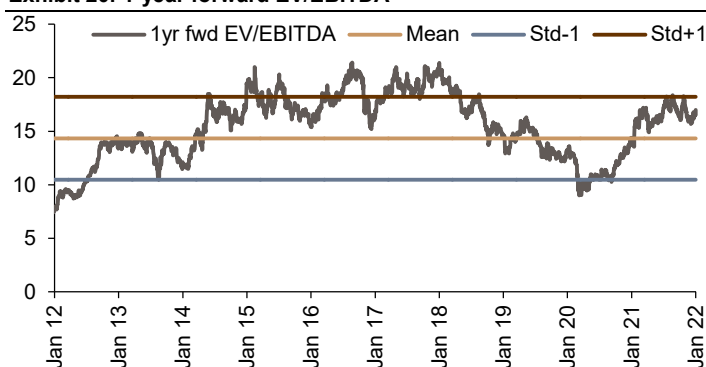
Source: Company, Emkay Research

Exhibit 19: Annual Analysis on per-ton basis

Rs/ton	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Blended realization	4,703	4,795	4,815	5,038	5,118	5,522	5,661	5,789
Raw materials consumed	838	813	855	767	820	844	837	844
Power & fuel costs	801	981	1,103	1,029	964	1,258	1,292	1,319
Freight costs	1,106	1,132	1,158	1,181	1,162	1,243	1,269	1,300
Staff cost	285	280	270	305	272	281	260	243
Other expenses	748	706	619	691	618	718	704	702
Operating Cost	3,779	3,911	4,005	3,973	3,836	4,344	4,363	4,409
Other operating income	53	68	79	79	56	88	62	59
Blended EBITDA	977	951	889	1,144	1,338	1,265	1,361	1,440

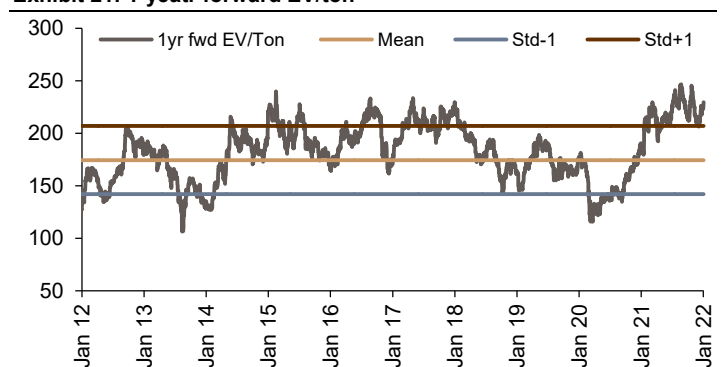
Source: Company, Emkay Research

Exhibit 20: 1-year forward EV/EBITDA



Source: Emkay Research, Bloomberg

Exhibit 21: 1-year forward EV/ton



Source: Emkay Research, Bloomberg

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Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	4,21,250	4,47,258	5,26,105	5,97,736	6,78,325
Expenditure	3,27,083	3,31,579	4,07,459	4,55,629	5,11,308
EBITDA	94,167	1,15,679	1,18,645	1,42,107	1,67,017
Depreciation	27,022	27,002	27,426	30,120	31,666
EBIT	67,146	88,676	91,219	1,11,987	1,35,350
Other Income	6,478	7,342	5,639	7,493	10,023
Interest expenses	19,857	14,857	9,173	7,186	5,775
PBT	53,767	81,162	87,685	1,12,293	1,39,598
Tax	15,413	25,387	27,182	34,811	35,318
Extraordinary Items	19,765	(2,607)	5,352	0	0
Minority Int./Income from Assoc.	32	34	17	9	0
Reported Net Income	58,150	53,201	65,872	77,491	1,04,280
Adjusted PAT	38,386	55,809	60,520	77,491	1,04,280

Balance Sheet

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	2,886	2,887	2,887	2,887	2,887
Reserves & surplus	3,88,269	4,38,860	4,91,558	5,53,550	6,36,974
Net worth	3,91,155	4,41,747	4,94,444	5,56,437	6,39,861
Minority Interest	75	57	40	31	31
Loan Funds	2,28,979	2,04,727	1,42,727	1,12,727	82,727
Net deferred tax liability	49,060	60,335	60,396	60,456	60,516
Total Liabilities	6,69,269	7,06,866	6,97,607	7,29,651	7,83,136
Net block	5,99,421	5,91,214	6,24,522	6,40,226	6,33,066
Investment	59,287	1,21,781	1,01,781	1,01,781	1,06,781
Current Assets	1,25,508	1,31,959	1,23,681	1,54,481	2,41,816
Cash & bank balance	5,392	20,076	5,105	20,472	76,542
Other Current Assets	1,651	1,651	1,651	1,651	1,651
Current liabilities & Provision	1,24,042	1,54,897	1,59,431	1,71,031	2,02,721
Net current assets	1,466	(22,939)	(35,749)	(16,549)	39,095
Misc. exp	0	0	0	0	0
Total Assets	6,69,270	7,06,866	6,97,607	7,29,651	7,83,136

Cash Flow

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
PBT (Ex-Other income) (NI+Dep)	52,423	71,247	87,415	1,04,809	1,29,576
Other Non-Cash items	(5,869)	11,237	0	0	0
Chg in working cap	4,503	39,088	(2,160)	(3,833)	426
Operating Cashflow	89,020	1,38,043	93,723	1,01,347	1,31,116
Capital expenditure	(17,037)	(18,414)	(50,028)	(40,840)	(23,499)
Free Cash Flow	71,983	1,19,630	43,695	60,507	1,07,617
Investments	(22,302)	(62,494)	20,000	0	(5,000)
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	(38,129)	(73,566)	(24,389)	(33,347)	(18,477)
Equity Capital Raised	(3)	0	0	0	0
Loans Taken / (Repaid)	(27,164)	(24,252)	(62,000)	(30,000)	(30,000)
Dividend paid (incl tax)	(3,800)	(10,680)	(13,174)	(15,498)	(20,856)
Other Financing Cash Flow	0	0	43	52	60
Financing Cashflow	(49,911)	(49,789)	(84,304)	(52,633)	(56,570)
Net chg in cash	980	14,688	(14,970)	15,367	56,069
Opening cash position	4,412	5,392	20,076	5,105	20,472
Closing cash position	5,392	20,076	5,105	20,472	76,542

Source: Company, Emkay Research

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Key Ratios

Profitability (%)	FY20	FY21	FY22E	FY23E	FY24E
EBITDA Margin	22.4	25.9	22.6	23.8	24.6
EBIT Margin	15.9	19.8	17.3	18.7	20.0
Effective Tax Rate	28.7	31.3	31.0	31.0	25.3
Net Margin	9.1	12.5	11.5	13.0	15.4
ROCE	12.1	14.0	13.8	16.7	19.2
ROE	11.4	13.4	12.9	14.7	17.4
RoIC	12.4	15.5	16.1	18.9	22.6

Per Share Data (Rs)	FY20	FY21	FY22E	FY23E	FY24E
EPS	133.0	193.3	209.7	268.5	361.3
CEPS	226.6	286.9	304.7	372.8	471.0
BVPS	1,355.2	1,530.4	1,713.0	1,927.7	2,216.7
DPS	13.8	7.5	18.8	21.6	24.4

Valuations (x)	FY20	FY21	FY22E	FY23E	FY24E
PER	59.2	40.7	37.5	29.3	21.8
P/CEPS	34.7	27.4	25.8	21.1	16.7
P/BV	5.8	5.1	4.6	4.1	3.6
EV / Sales	5.8	5.2	4.4	3.8	3.2
EV / EBITDA	25.9	20.2	19.7	16.3	13.6
Dividend Yield (%)	0.2	0.1	0.2	0.3	0.3

Gearing Ratio (x)	FY20	FY21	FY22E	FY23E	FY24E
Net Debt/ Equity	0.4	0.2	0.1	0.0	(0.2)
Net Debt/EBIDTA	1.8	0.6	0.3	0.0	(0.6)
Working Cap Cycle (days)	(3.4)	(35.1)	(28.3)	(22.6)	(20.1)

Growth (%)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	12.7	6.2	17.6	13.6	13.5
EBITDA	38.7	22.8	2.6	19.8	17.5
EBIT	44.5	32.1	2.9	22.8	20.9
PAT	138.8	(8.5)	23.8	17.6	34.6

Quarterly (Rs mn)	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Revenue	1,22,620	1,44,056	1,18,298	1,20,168	1,29,849
EBITDA	31,022	36,904	34,078	27,161	20,739
EBITDA Margin (%)	25.3	25.6	28.8	22.6	16.0
PAT	15,843	17,752	18,029	13,148	8,271
EPS (Rs)	54.9	61.5	62.5	45.6	28.7

Source: Company, Emkay Research

Shareholding Pattern (%)	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21
Promoters	60.0	60.0	60.0	60.0	60.0
FIs	16.8	17.3	16.6	16.5	15.7
DIs	14.1	13.7	14.4	14.5	15.2
Public and Others	9.1	9.0	9.1	9.1	9.1

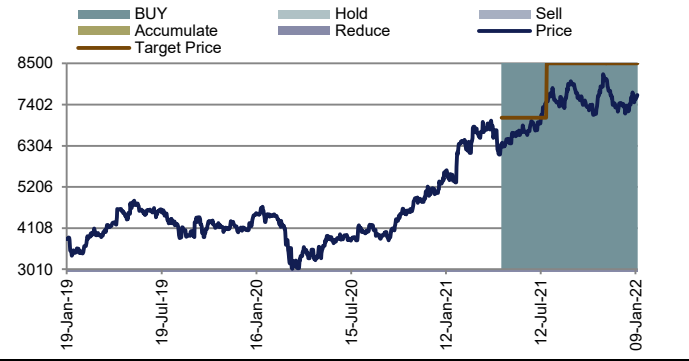
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
31-Dec-21	7,591	8,500	12m	Buy	Dharmesh Shah
02-Dec-21	7,323	8,500	12mb	Buy	Dharmesh Shah
19-Oct-21	7,170	8,500	12m	Buy	Dharmesh Shah
05-Sep-21	7,930	8,500	12m	Buy	Dharmesh Shah
06-Aug-21	7,528	8,500	12m	Buy	Dharmesh Shah
23-Jul-21	7,490	8,500	12m	Buy	Dharmesh Shah
06-Jun-21	6,664	7,050	12m	Buy	Dharmesh Shah
10-May-21	6,403	7,050	12m	Buy	Dharmesh Shah
09-May-21	6,482	7,050	12m	Buy	Dharmesh Shah
28-Apr-21	6,361	7,050	12m	Buy	Dharmesh Shah

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Cement & Building Materials



Analyst: Dharmesh Shah

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Sector

Cement & Building Materials

Analyst bio

Dharmesh is a CA and has around 10 years of experience in equity research. His team currently covers ten stocks in cement sector.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight based on Current NAV	Change vs last published EAP (bps)
Cement & Building Materials	2.47	2.47	0%	0	100.00	
ACC	0.18	0.18	0%	0	7.43	0
Ambuja Cements	0.27	0.27	0%	0	11.10	0
Birla Corporation	0.00	0.00	NA	0	0.00	0
Dalmia Bharat	0.15	0.12	-21%	-3	4.97	0
Grasim Industries*	0.66	0.66	0%	0	26.94	0
JK Cement	0.00	0.00	NA	0	0.00	0
Ramco Cements	0.12	0.12	0%	0	4.94	0
Shree Cements	0.25	0.25	0%	0	9.95	0
Star Cement	0.00	0.00	NA	0	0.00	0
Ultratech Cement	0.82	0.85	4%	3	34.66	0
Cash	0.00	0.00	NA	0	0.01	0

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	13-Jan-21	13-Jul-21	13-Oct-21	13-Dec-21	13-Jan-22
EAP - Cement & Building Materials	100.0	124.4	171.8	177.4	176.4	183.5
BSE200 Neutral Weighted Portfolio (ETF)	100.0	123.7	165.7	170.8	169.9	176.7

*Performance measurement base date 1st April 2019

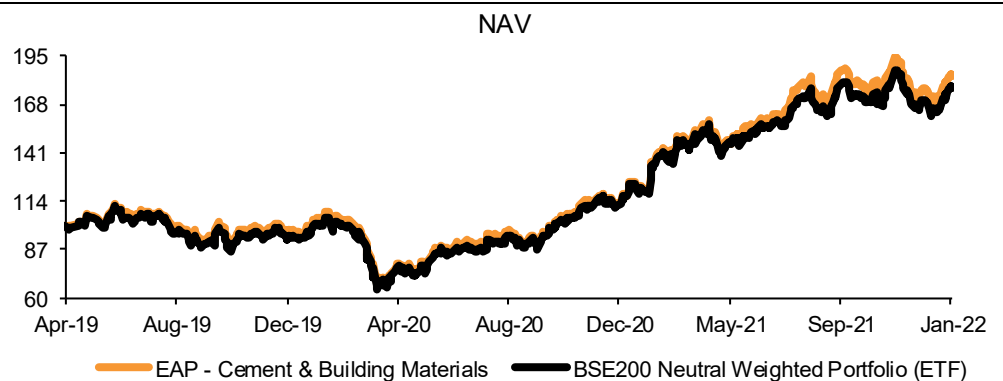
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Cement & Building Materials	4.0%	3.4%	6.8%	47.5%
BSE200 Neutral Weighted Portfolio (ETF)	4.0%	3.5%	6.7%	42.8%

Source: Emkay Research

NAV chart



Source: Emkay Research

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

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

“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: 18 Jan 2022 03:17:18 (SGT)

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