

# Dalmia Bharat

Refer to important disclosures at the end of this report

## Realization drives EBITDA beat; outlook cautious

- Dalmia Bharat's Q4FY22 EBITDA declined 11% YoY but increased 66% QoQ to Rs6.8bn, significantly above our and consensus estimates, owing to better-than-expected realization. Accordingly, blended EBITDA/ton fell 14% YoY but rose 43% QoQ to Rs1,035 (Emkay est.- Rs875).
- Management mentioned that input cost inflation remains a major headwind and that the outlook will be challenging in H1FY23. However, management remains hopeful of a margin recovery in H2FY23.
- The company has maintained its ambitious target of increasing capacity from 35.9mt to 40mt/48.5mt by Mar'23/Mar'24 and 110-130mt by FY31. However, given the uncertain global environment, management is taking a short pause on announcement of any incremental capacity expansion.
- We marginally reduce our FY23-24 estimates and cut our Mar'23E TP to Rs1,615 (from Rs1,630). Our DCF-based TP implies a 1-year forward EV/EBITDA of 9.5x. Due to the absence of near-term catalysts, we maintain a Hold rating on the stock.

- **Revenue increased 7% YoY to Rs33.8bn.** Volumes rose 3% YoY/16% QoQ to 6.6mt. Management guided 8-9% demand growth over the next few years owing to infra spends and low-cost housing. Cement realization increased ~4% QoQ/7% YoY to Rs5,112 (Emkay est.- Rs4,931).
- **EBITDA declined 11% YoY/increased 66% QoQ to Rs6.8bn (Emkay est. - Rs5.6bn).** EBITDA/ton declined 14% YoY/increased 43% QoQ to Rs1,035 (Emkay est. - Rs875) mainly on account of better-than-expected realization. Total cost/ton increased by 10% YoY/flat QoQ, in line with our estimates. Management remains cautious and expects input cost headwinds to continue in H1FY23. However, it remains hopeful for margin recovery in H2FY23.
- **Project updates:** Dalmia expects to commission 4mt debottlenecking capacity by Mar'23. It plans to commission greenfield (3mt), brownfield (1.7mt) and Bihar (2.25mt) in FY24. Management has turned cautious given the uncertain global environment and industry consolidation, thereby taking a pause on new capacity expansions. Capex for FY22 stood at Rs19bn and capex guidance for FY23/FY24 stood at Rs30-35bn/Rs35-40bn respectively. The company has maintained its ambitious target of increasing capacity from 35.9mt to 40mt/48.5mt by Mar'23/Mar'24 and 110-130mt by FY31. However, given the uncertain global environment, management is taking a short pause on announcement of any incremental capacity expansion.
- **FY22 performance:** Volumes increased by 8% YoY to 22mt. EBITDA declined 13% YoY to Rs24bn and EBITDA/ton declined 19% YoY to Rs1,090. FCF generation stood at negative Rs110mn post working capital blockage of Rs5.2bn and capex spend of Rs17.6bn. Gross debt and cash & cash equivalents decreased by Rs5.1bn/Rs6.8bn QoQ to Rs31bn/Rs46bn. MTM value of IEX investment stood at Rs30bn (Rs34bn in Q3).

Please see our sector model portfolio (Emkay Alpha Portfolio): [Cement & Building Materials \(Page 12\)](#)

### Financial Snapshot (Consolidated)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	1,05,220	1,12,860	1,30,696	1,51,649	1,73,688
EBITDA	27,830	24,260	23,298	32,214	38,674
EBITDA Margin (%)	26.4	21.5	17.8	21.2	22.3
APAT	8,640	7,630	6,772	13,292	18,221
EPS (Rs)	46.2	40.8	36.2	71.0	97.4
EPS (% chg)	302.0	(11.7)	(11.2)	96.3	37.1
ROE (%)	7.5	5.4	4.3	8.3	10.5
P/E (x)	30.8	34.9	39.3	20.0	14.6
EV/EBITDA (x)	9.9	10.4	11.6	8.4	6.9
P/BV (x)	2.1	1.7	1.7	1.6	1.5

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
Rs 1,422 as of (May 10, 2022)	Rs 1,615 (▼) 12 months
<b>Rating</b>	<b>Upside</b>
<b>HOLD (■)</b>	<b>13.6 %</b>

### Change in Estimates

EPS Chg FY23E/FY24E (%)	(3.6)/(3.6)
Target Price change (%)	(0.9)
Target Period (Months)	12
Previous Reco	HOLD

### Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	36.2	71.0
Consensus	56.5	72.4
Mean Consensus TP (12M)	Rs 1,961	

### Stock Details

Bloomberg Code	DALBHARA IN
Face Value (Rs)	2
Shares outstanding (mn)	187
52 Week H/L	2,548 / 1,278
M Cap (Rs bn/USD bn)	266 / 3.45
Daily Avg Volume (nos.)	2,78,937
Daily Avg Turnover (US\$ mn)	5.5

### Shareholding Pattern Mar '22

Promoters	55.9%
FIIIs	12.6%
DIIIs	7.1%
Public and Others	24.4%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	(12)	(27)	(34)	(14)
<b>Rel. to Nifty</b>	(3)	(21)	(27)	(21)

### Relative price chart



Source: Bloomberg

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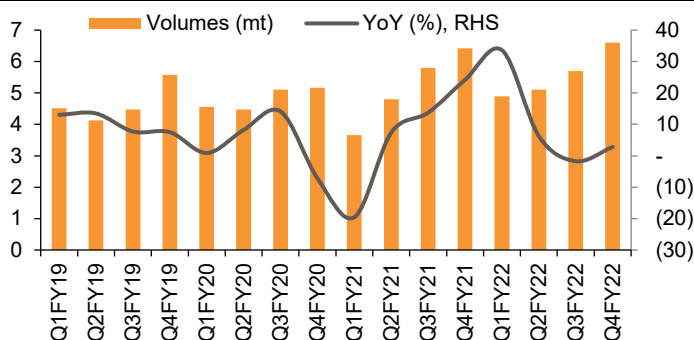
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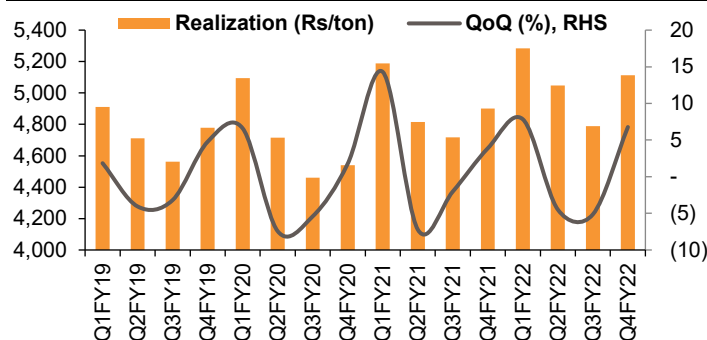
# Story in Charts

**Exhibit 1: Volumes increased ~3% YoY to an all-time high of 6.6mt**



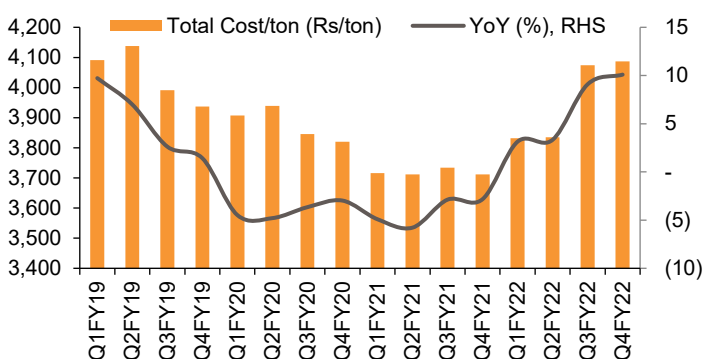
Source: Company, Emkay Research

**Exhibit 2: Cement realization/ton increased 7% QoQ**



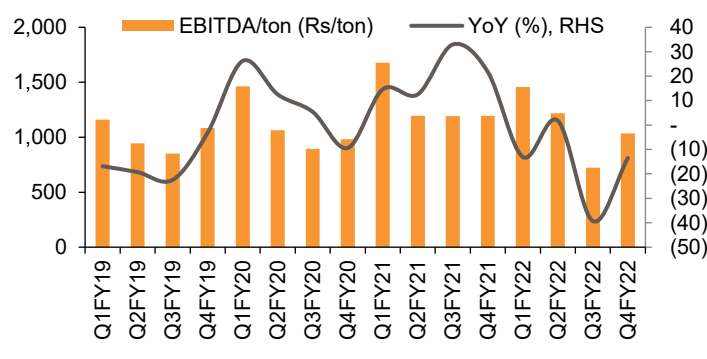
Source: Company, Emkay Research

**Exhibit 3: Total cost/ton increased 10% YoY to 14-quarter high of Rs4,086**



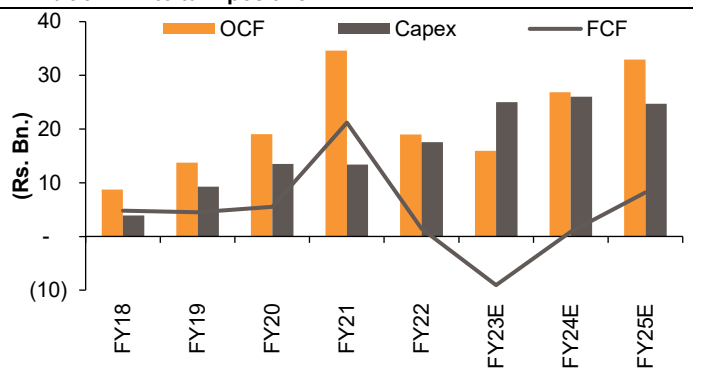
Source: Company, Emkay Research

**Exhibit 4: EBITDA/ton declined 14% YoY to Rs1,035**



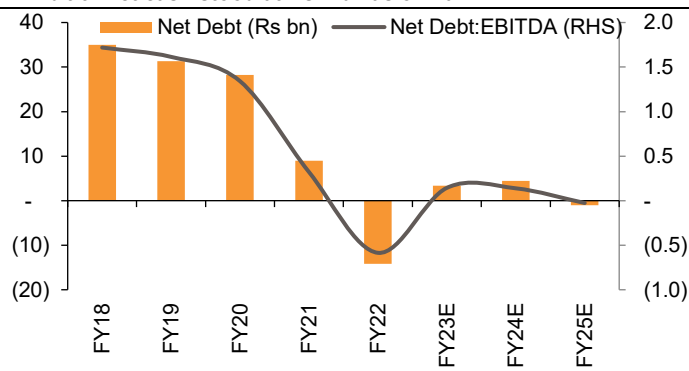
Source: Company, Emkay Research

**Exhibit 5: FCF to turn positive in FY24E**



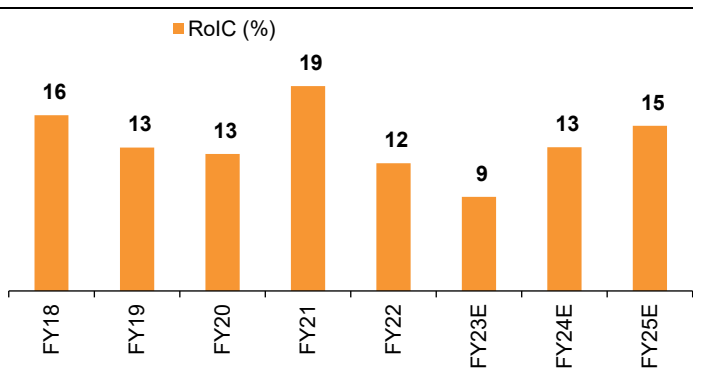
Source: Company, Emkay Research

**Exhibit 6: Net cash stood at Rs14bn as of Mar'22**



Source: Company, Emkay Research

**Exhibit 7: RoIC to bottom out in FY23E and improve gradually**



Source: Company, Emkay Research

**Exhibit 8: Maintain HOLD with TP of Rs1,615 based on Mar'24E EV/EBITDA**

EV/E method, backed by DCF analysis	Rs Bn
Mar24E EBITDA (Rs bn)	32
Implied EV/E multiple (x)	9.5
<b>EV (Rs bn)</b>	<b>304</b>
Net debt (Mar23E)	1.7
<b>Equity value (Rs Bn)</b>	<b>302</b>
No. of shares (mn)	187
<b>Mar'23 Target Price (Rs)</b>	<b>1,615</b>

Source: Emkay Research

## Concall takeaways

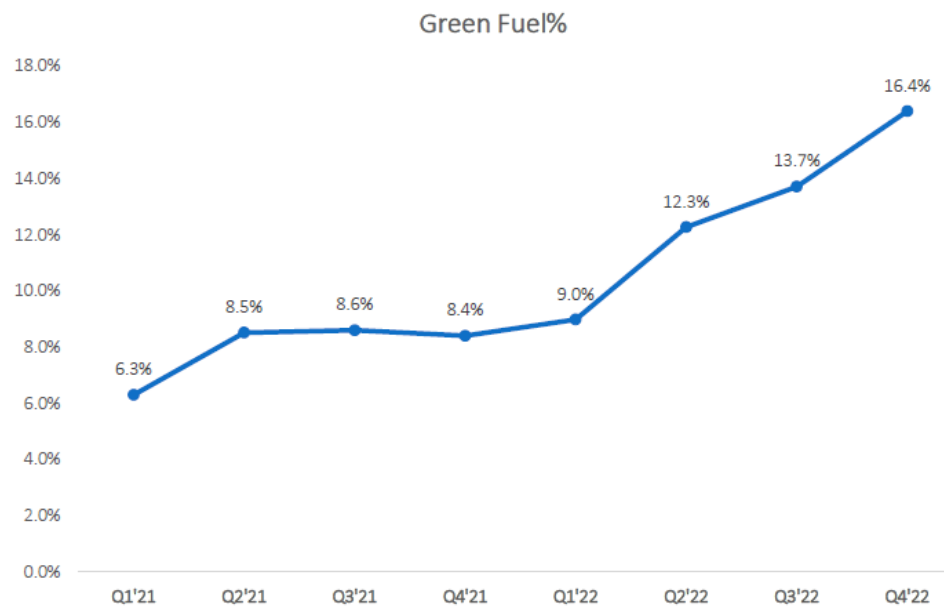
### Demand and price trends

- The company has witnessed double-digit volume growth in South/North East in FY22.
- Management expects 8-9% demand growth over the next few years, driven by infra spends and low-cost housing. Dalmia is expected to outperform the industry on account of capacity expansion. Capacity utilization for Murli is expected to be 65-70% for FY23E.
- In Apr'22, prices increased by Rs10-20/bag in East, whereas South did not see any material price hikes.

### Input Cost trends

- Fuel consumption costs stood at US\$181/ton (US\$158 in Q3FY22), including some purchases at US\$200-US\$210/ton. Spot petcoke/coal procurement prices stood at US\$250/US\$220-US\$230 per ton. Petcoke mix stood at 64% in Q4. However, the company remains hopeful of an input cost reduction in H2FY23E.
- The proportion of green power increased by 270bps QoQ to 16% in Q4FY22.

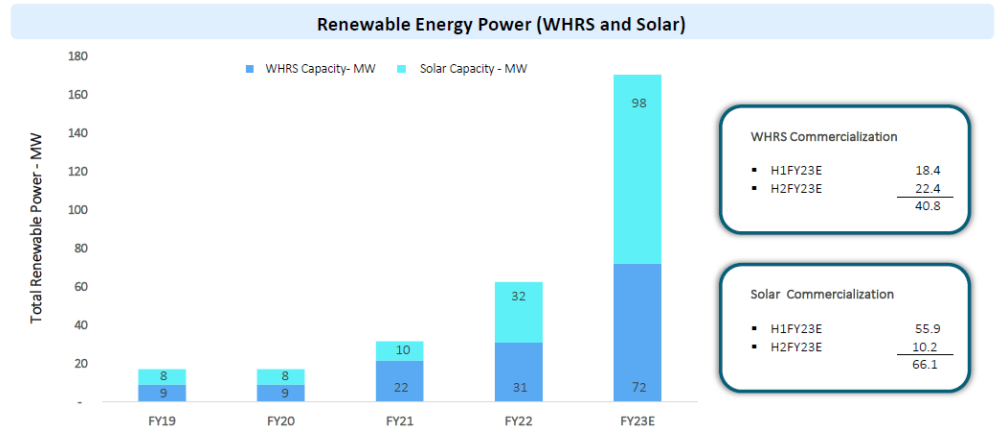
#### Exhibit 9: Increasing share of green power to reduce input cost fluctuations and carbon emissions



Source: Company, Emkay Research

### WHRS/Solar

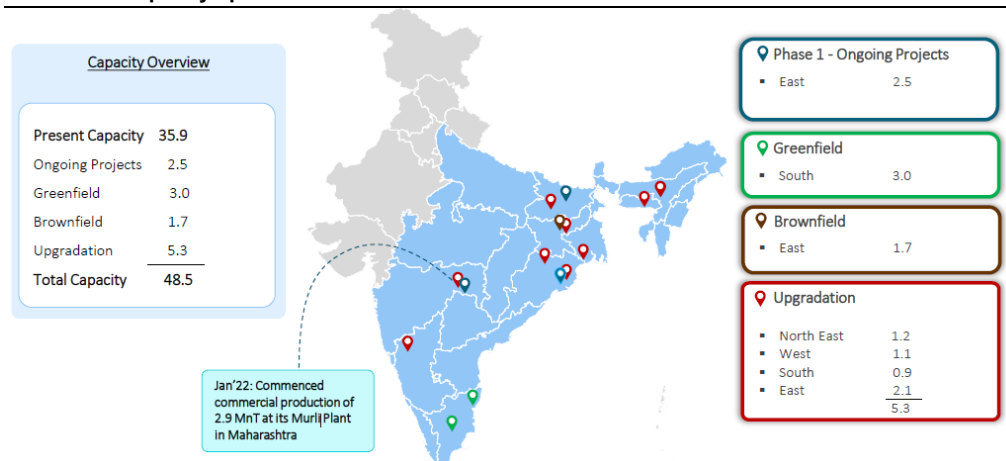
- Cost savings from WHRS and solar stood at Rs900mn/Rs2bn in Q4/FY22.
- Current renewable energy capacity stands at ~63MW. Management targets to commission 41MW WHRS and 66MW solar in FY23.

**Exhibit 10: Dalmia targets to commercialize 41MW WHRS and 66MW solar capacity in FY23E.**

Source: Company, Emkay Research

**Project updates**

- Murlid Ind was commercialized in mid-Jan'22. Current capacity utilization is 55-60% and is targeted to reach 60-70% in FY23.
- Dalmia plans debottlenecking of the 4mt grinding unit by Mar'23 (0.6mt in H1FY23 and 3.5mt in H2FY23), which will increase total grinding capacity to 40mt.
- It has further planned for greenfield expansion of 3mt, brownfield expansion of 1.7mt and Bihar expansion (2.25mt) in FY24 (2-3mt in H1FY24 and 5.5-6.5mt in H2FY24), thereby increasing total capacity to 48.5mt by Mar'24.
- Management has turned cautious amid the uncertain global environment and industry consolidation, thereby taking a pause on new capacity expansions. However, it reiterated its ambitious commitment to achieving 48.5mt capacity by FY24, 60mt by FY25 and 110-1130mt by FY31.
- Capex guidance for FY23/FY24 stands at Rs30-35bn/Rs35-40bn for FY23/FY24. Capex stood at Rs19bn in FY22

**Exhibit 11: Capacity update**

Source: Company, Emkay Research

**Exhibit 12: Capex update**

Source: Company, Emkay Research

**Leverage**

- Gross debt and cash & cash equivalents decreased by Rs5.1bn/Rs6.8bn QoQ to Rs31bn/Rs46bn. MTM value of IEX investment stood at Rs30bn (Rs34bn in Q3).
- The cost of borrowings increased by 400bps YoY to 5.7% in Q4FY22.

**Others**

- Incentive income stood at Rs520mn/Rs2.3bn for Q4/FY22. Receipt of incentives stood at Rs770mn/Rs2.4bn in Q4/FY22. Incentives receivables stood at Rs6.7bn as of Mar'22. Management has guided for incentive income of Rs2.4bn for FY23/ FY24 each.
- Dalmia won the bid for a Brinda & Sisai coal block with extractable reserves of ~15mt.
- The trade mix increased by 600bps QoQ to 65% in Q4FY22. The share of premium products increased by 200bps YoY to 20% of trade sales. The blending mix stood at 78% in Q4.
- Lead distance stood at 318km vs. 298kms QoQ.

## Quarterly Analysis

**Exhibit 13: Actual vs. Estimates (Q4FY22)**

(Rs mn)	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Sales	33,800	31,572	32,253	7.1	4.8	On higher than expected realization
<b>EBITDA</b>	<b>6,830</b>	<b>5,597</b>	<b>5,302</b>	<b>22.0</b>	<b>28.8</b>	<b>Owing to higher sales</b>
Adj PAT	2,010	1,746	1,460	15.1	37.7	Led by higher EBITDA, other income offset by higher tax
Volume (mt)	6.6	6.4		3.2		
Cement Realization (Rs/ton)	5,112	4,931		3.7		
EBITDA (Rs/ton)	1,035	875		18.3		

Source: Emkay Research

**Exhibit 14: Consolidated quarterly financials**

Rs mn	Q4FY21	Q1FY21	Q2FY22	Q3FY22	Q4FY22	YoY (%)	QoQ (%)
<b>Revenue</b>	<b>31,510</b>	<b>25,870</b>	<b>25,770</b>	<b>27,340</b>	<b>33,800</b>	<b>7.3</b>	<b>23.6</b>
<b>Expenditure</b>	<b>23,830</b>	<b>18,740</b>	<b>19,560</b>	<b>23,220</b>	<b>26,970</b>	<b>13.2</b>	<b>16.1</b>
Total RM	4,880	2,650	3,340	4,410	4,320	(11.5)	(2.0)
Power & Fuel	5,630	5,170	5,050	6,680	8,730	55.1	30.7
Freight	6,700	5,170	5,030	5,940	7,410	10.6	24.7
Staff cost	1,750	1,830	1,980	1,840	1,790	2.3	(2.7)
Other expenditure	4,870	3,920	4,160	4,350	4,720	(3.1)	8.5
<b>EBITDA</b>	<b>7,680</b>	<b>7,130</b>	<b>6,210</b>	<b>4,120</b>	<b>6,830</b>	<b>(11.1)</b>	<b>65.8</b>
Depreciation	3,270	2,970	3,030	3,020	3,340	2.1	10.6
<b>EBIT</b>	<b>4,410</b>	<b>4,160</b>	<b>3,180</b>	<b>1,100</b>	<b>3,490</b>	<b>(20.9)</b>	<b>217.3</b>
Other Income	390	260	450	300	530	35.9	76.7
Interest	600	560	500	440	460	(23.3)	4.5
<b>PBT</b>	<b>4,200</b>	<b>3,860</b>	<b>3,130</b>	<b>960</b>	<b>3,560</b>	<b>(15.2)</b>	<b>270.8</b>
Total Tax	1,470	980	930	200	1,500	2.0	650.0
<b>Adjusted PAT</b>	<b>2,730</b>	<b>2,880</b>	<b>2,200</b>	<b>760</b>	<b>2,060</b>	<b>(24.5)</b>	<b>171.1</b>
(Profit)/loss from JV's/Ass/MI	130	110	50	80	50	(61.5)	(37.5)
<b>PAT after MI</b>	<b>2,600</b>	<b>2,770</b>	<b>2,150</b>	<b>680</b>	<b>2,010</b>	<b>(22.7)</b>	<b>195.6</b>
Extra ordinary items	3,670	(500)	(110)	300	3,940		
<b>Reported PAT</b>	<b>6,270</b>	<b>2,270</b>	<b>2,040</b>	<b>980</b>	<b>5,950</b>	<b>(5.1)</b>	<b>507.1</b>
<b>Adjusted EPS (Rs)</b>	<b>13.9</b>	<b>14.8</b>	<b>11.5</b>	<b>3.6</b>	<b>10.7</b>	<b>(22.7)</b>	<b>195.6</b>
<b>Margins (%)</b>	<b>Q4FY21</b>	<b>Q1FY21</b>	<b>Q2FY22</b>	<b>Q3FY22</b>	<b>Q4FY22</b>	<b>YoY (bps)</b>	<b>QoQ(bps)</b>
<b>EBITDA</b>	<b>24.4</b>	<b>27.6</b>	<b>24.1</b>	<b>15.1</b>	<b>20.2</b>	<b>(417)</b>	<b>514</b>
<b>EBIT</b>	<b>14.0</b>	<b>16.1</b>	<b>12.3</b>	<b>4.0</b>	<b>10.3</b>	<b>(367)</b>	<b>630</b>
<b>EBT</b>	<b>13.3</b>	<b>14.9</b>	<b>12.1</b>	<b>3.5</b>	<b>10.5</b>	<b>(280)</b>	<b>702</b>
<b>PAT</b>	<b>8.7</b>	<b>11.1</b>	<b>8.5</b>	<b>2.8</b>	<b>6.1</b>	<b>(257)</b>	<b>331</b>
Effective Tax rate	35.0	25.4	29.7	20.8	42.1		

Source: Company, Emkay Research

**Exhibit 15: Consolidated quarterly per ton details**

Rs/ton	Q4FY21	Q1FY21	Q2FY22	Q3FY22	Q4FY22	YoY (%)	QoQ (%)
Volume (mt)	6.4	4.9	5.1	5.7	6.6	2.8	15.8
<b>Blended Realization</b>	<b>4,908</b>	<b>5,290</b>	<b>5,053</b>	<b>4,796</b>	<b>5,121</b>	<b>4.3</b>	<b>6.8</b>
Raw Material	760	542	655	774	655	(13.9)	(15.4)
Power & Fuel	877	1,057	990	1,172	1,323	50.8	12.9
Freight	1,044	1,057	986	1,042	1,123	7.6	7.7
Staff cost	273	374	388	323	271	(0.5)	(16.0)
Other expenditure	759	802	816	763	715	(5.7)	(6.3)
<b>Operating cost</b>	<b>3,712</b>	<b>3,832</b>	<b>3,835</b>	<b>4,074</b>	<b>4,086</b>	<b>10.1</b>	<b>0.3</b>
<b>EBITDA/ton</b>	<b>1,196</b>	<b>1,458</b>	<b>1,218</b>	<b>723</b>	<b>1,035</b>	<b>(13.5)</b>	<b>43.2</b>

Source: Company, Emkay Research

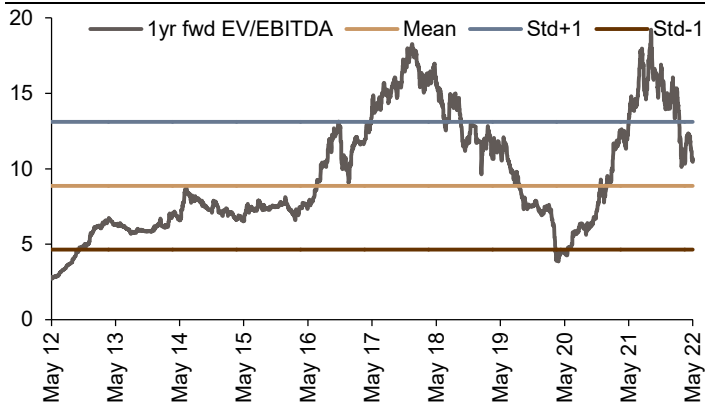
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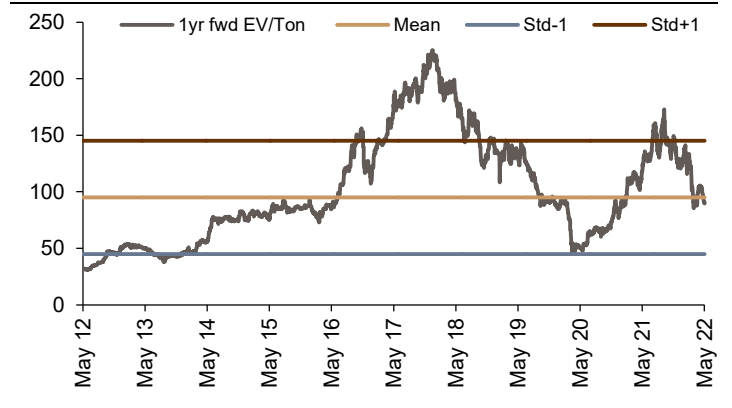
**Exhibit 16: We marginally reduce our estimates**

(Rs mn)	FY23E			FY24E		
	Old	New	% chg	Old	New	% chg
Revenues	1,29,303	1,30,696	1.1	1,51,665	1,51,649	(0.0)
<b>EBITDA</b>	<b>23,807</b>	<b>23,298</b>	<b>(2.1)</b>	<b>32,747</b>	<b>32,214</b>	<b>(1.6)</b>
PAT	7,026	6,772	(3.6)	13,792	13,292	(3.6)

Source: Emkay Research

**Exhibit 17: 1-year forward EV/EBITDA**

Source: Bloomberg, Emkay Research

**Exhibit 18: 1-year forward EV/ton (USD)**

Source: Bloomberg, Emkay Research

## Annual analysis

### Exhibit 19: Annual financials

Operational metrics	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	CAGR%	
									FY18-22	FY22-25E
Cement Capacity (mt)	25	25	26	31	36	36	42	46	9.6	8.1
Volumes (mt)	17	19	19	21	22	25	28	31	7.1	11.3
Utilization (%)	68	75	74	67	62	68	66	68		
Blended Realization (Rs/ton)	5,056	5,047	4,967	5,088	5,063	5,330	5,498	5,647	0.0	3.7
<b>EBITDA/ton (Rs/ton)</b>	<b>1,189</b>	<b>1,016</b>	<b>1,092</b>	<b>1,346</b>	<b>1,088</b>	<b>950</b>	<b>1,168</b>	<b>1,257</b>	<b>(2.2)</b>	<b>4.9</b>
<b>P&amp;L (Rs bn)</b>										
Revenue	86	95	96	105	113	131	152	174	7.1	15.5
<b>EBITDA</b>	<b>20</b>	<b>19</b>	<b>21</b>	<b>28</b>	<b>24</b>	<b>23</b>	<b>32</b>	<b>39</b>	<b>4.5</b>	<b>16.8</b>
Adj. Net Profit	3	3	2	9	8	7	13	18	27.1	33.7
<b>Balance Sheet (Rs bn)</b>										
Equity	103	106	106	126	157	155	166	182		
<b>Net Debt</b>	<b>35</b>	<b>31</b>	<b>28</b>	<b>9</b>	<b>(14)</b>	<b>3</b>	<b>4</b>	<b>(1)</b>		
Net Debt: EBITDA (x)	1.7	1.6	1.3	0.3	(0.6)	0.1	0.1	(0.0)		
Net Debt: Equity (x)	0.3	0.3	0.3	0.1	(0.1)	0.0	0.0	(0.0)		
<b>Cash Flow (Rs bn)</b>										
OCF before NWC change	13	15	16	27	24	20	27	33		
Change in NWC	(5)	(2)	3	8	(5)	(4)	(0)	0		
Capex	(4)	(9)	(14)	(13)	(18)	(25)	(26)	(25)		
<b>FCF</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>21</b>	<b>1</b>	<b>(9)</b>	<b>1</b>	<b>8</b>		
<b>Return ratios (%)</b>										
RoE	2.9	2.9	2.1	7.5	5.4	4.3	8.3	10.5		
RoCE	4.3	4.7	2.9	5.8	4.6	3.9	6.6	8.3		
<b>RoIC</b>	<b>16.4</b>	<b>13.4</b>	<b>12.8</b>	<b>19.1</b>	<b>11.9</b>	<b>8.8</b>	<b>13.4</b>	<b>15.4</b>		
<b>Valuations (x)</b>										
PE					34.9	39.3	20.0	14.6		
<b>EV/EBITDA</b>					<b>10.4</b>	<b>11.6</b>	<b>8.4</b>	<b>6.9</b>		
EV/ton (USD)					106	113	98	88		

Source: Company, Emkay Research

### Exhibit 20: Annual analysis on per ton basis

Rs/ton	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E
<b>Blended realization</b>	<b>5,056</b>	<b>5,047</b>	<b>4,967</b>	<b>5,088</b>	<b>5,063</b>	<b>5,330</b>	<b>5,498</b>	<b>5,647</b>
% YoY	4.6	(0.2)	(1.6)	2.4	(0.5)	5.3	3.1	2.7
Raw materials consumed	897	956	857	861	660	685	695	705
Power & fuel costs	828	940	901	809	1,153	1,470	1,446	1,480
Freight costs	952	979	982	1,009	1,057	1,132	1,121	1,157
Staff Cost	359	347	350	345	334	322	303	288
Other expenses	830	810	785	719	771	771	765	760
<b>Operating cost</b>	<b>3,866</b>	<b>4,032</b>	<b>3,875</b>	<b>3,742</b>	<b>3,975</b>	<b>4,380</b>	<b>4,330</b>	<b>4,390</b>
% YoY	7.5	4.3	(3.9)	(3.4)	6.2	10.2	(1.1)	1.4
<b>Blended EBITDA</b>	<b>1,189</b>	<b>1,016</b>	<b>1,092</b>	<b>1,346</b>	<b>1,088</b>	<b>950</b>	<b>1,168</b>	<b>1,257</b>
% YoY	(3.9)	(14.6)	7.5	23.3	(19.1)	(12.7)	22.9	7.7

Source: Company, Emkay Research



**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>1,05,220</b>	<b>1,12,860</b>	<b>1,30,696</b>	<b>1,51,649</b>	<b>1,73,688</b>
<b>Expenditure</b>	<b>77,390</b>	<b>88,600</b>	<b>1,07,398</b>	<b>1,19,435</b>	<b>1,35,015</b>
<b>EBITDA</b>	<b>27,830</b>	<b>24,260</b>	<b>23,298</b>	<b>32,214</b>	<b>38,674</b>
Depreciation	12,620	12,360	13,393	13,752	14,134
<b>EBIT</b>	<b>15,210</b>	<b>11,900</b>	<b>9,904</b>	<b>18,462</b>	<b>24,540</b>
Other Income	1,820	1,550	1,512	1,558	1,791
Interest expenses	2,950	1,970	1,982	1,872	1,550
<b>PBT</b>	<b>14,080</b>	<b>11,480</b>	<b>9,434</b>	<b>18,148</b>	<b>24,782</b>
Tax	5,320	3,610	2,359	4,591	6,270
Extraordinary Items	3,670	3,570	0	0	0
Minority Int./Income from Assoc.	(120)	(240)	(304)	(264)	(291)
<b>Reported Net Income</b>	<b>12,310</b>	<b>11,200</b>	<b>6,772</b>	<b>13,292</b>	<b>18,221</b>
<b>Adjusted PAT</b>	<b>8,640</b>	<b>7,630</b>	<b>6,772</b>	<b>13,292</b>	<b>18,221</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	374	374	374	374	374
Reserves & surplus	1,25,886	1,56,496	1,54,774	1,66,072	1,81,560
<b>Net worth</b>	<b>1,26,260</b>	<b>1,56,870</b>	<b>1,55,148</b>	<b>1,66,447</b>	<b>1,81,935</b>
<b>Minority Interest</b>	<b>370</b>	<b>720</b>	<b>720</b>	<b>720</b>	<b>720</b>
<b>Loan Funds</b>	<b>45,390</b>	<b>31,400</b>	<b>41,400</b>	<b>41,400</b>	<b>36,400</b>
Net deferred tax liability	16,340	20,340	19,868	19,868	19,868
<b>Total Liabilities</b>	<b>1,88,360</b>	<b>2,09,330</b>	<b>2,17,137</b>	<b>2,28,435</b>	<b>2,38,923</b>
<b>Net block</b>	<b>1,39,620</b>	<b>1,41,740</b>	<b>1,42,347</b>	<b>1,50,094</b>	<b>1,67,691</b>
<b>Investment</b>	<b>34,140</b>	<b>57,040</b>	<b>49,563</b>	<b>44,563</b>	<b>44,563</b>
<b>Current Assets</b>	<b>34,960</b>	<b>39,570</b>	<b>39,297</b>	<b>46,678</b>	<b>50,840</b>
Cash & bank balance	3,110	1,600	1,521	5,403	5,886
Other Current Assets	4,080	4,940	4,940	4,940	4,940
<b>Current liabilities &amp; Provision</b>	<b>29,740</b>	<b>39,380</b>	<b>35,430</b>	<b>38,760</b>	<b>43,030</b>
<b>Net current assets</b>	<b>5,220</b>	<b>190</b>	<b>3,868</b>	<b>7,918</b>	<b>7,810</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>1,88,360</b>	<b>2,09,330</b>	<b>2,17,137</b>	<b>2,28,435</b>	<b>2,38,923</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>14,080</b>	<b>13,260</b>	<b>7,618</b>	<b>16,326</b>	<b>22,699</b>
Other Non-Cash items	(1,880)	350	(472)	0	0
Chg in working cap	7,520	(5,150)	(3,757)	(168)	592
<b>Operating Cashflow</b>	<b>35,960</b>	<b>21,070</b>	<b>16,406</b>	<b>27,190</b>	<b>32,705</b>
Capital expenditure	(13,400)	(17,560)	(25,000)	(26,000)	(24,730)
<b>Free Cash Flow</b>	<b>22,560</b>	<b>3,510</b>	<b>(8,594)</b>	<b>1,190</b>	<b>7,975</b>
Investments	6,470	6,330	7,478	5,000	0
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(5,700)</b>	<b>(10,480)</b>	<b>(16,010)</b>	<b>(19,442)</b>	<b>(22,939)</b>
Equity Capital Raised	(4,000)	50	(7,478)	0	0
Loans Taken / (Repaid)	(22,310)	(5,800)	10,000	0	(5,000)
Dividend paid (incl tax)	0	(1,000)	(1,016)	(1,994)	(2,733)
Other Financing Cash Flow	(460)	(2,680)	0	0	0
<b>Financing Cashflow</b>	<b>(31,180)</b>	<b>(12,100)</b>	<b>(475)</b>	<b>(3,866)</b>	<b>(9,283)</b>
<b>Net chg in cash</b>	<b>(920)</b>	<b>(1,510)</b>	<b>(79)</b>	<b>3,882</b>	<b>483</b>
Opening cash position	4,030	3,110	1,600	1,521	5,403
<b>Closing cash position</b>	<b>3,110</b>	<b>1,600</b>	<b>1,521</b>	<b>5,403</b>	<b>5,886</b>

Source: Company, Emkay Research

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**Key Ratios**

<b>Profitability (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EBITDA Margin	26.4	21.5	17.8	21.2	22.3
EBIT Margin	14.5	10.5	7.6	12.2	14.1
Effective Tax Rate	37.8	31.4	25.0	25.3	25.3
Net Margin	8.3	7.0	5.4	8.9	10.7
ROCE	9.3	6.8	5.4	9.0	11.3
ROE	7.5	5.4	4.3	8.3	10.5
RoIC	11.2	8.4	6.9	12.4	15.2

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	46.2	40.8	36.2	71.0	97.4
CEPS	113.6	106.8	107.8	144.5	172.9
BVPS	674.8	838.3	829.1	889.5	972.3
DPS	1.3	9.0	5.4	10.7	14.6

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
PER	30.8	34.9	39.3	20.0	14.6
P/CEPS	12.5	13.3	13.2	9.8	8.2
P/BV	2.1	1.7	1.7	1.6	1.5
EV / Sales	2.6	2.2	2.1	1.8	1.5
EV / EBITDA	9.9	10.4	11.6	8.4	6.9
Dividend Yield (%)	0.1	0.6	0.4	0.7	1.0

<b>Gearing Ratio (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Net Debt/ Equity	0.1	(0.1)	0.0	0.0	0.0
Net Debt/EBIDTA	0.3	(0.6)	0.1	0.1	0.0
Working Cap Cycle (days)	7.3	(4.6)	6.6	6.1	4.0

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	9.8	7.3	15.8	16.0	14.5
EBITDA	32.1	(12.8)	(4.0)	38.3	20.1
EBIT	163.1	(21.8)	(16.8)	86.4	32.9
PAT	449.6	(9.0)	(39.5)	96.3	37.1

<b>Quarterly (Rs mn)</b>	<b>Q4FY21</b>	<b>Q1FY22</b>	<b>Q2FY22</b>	<b>Q3FY22</b>	<b>Q4FY22</b>
Revenue	31,510	25,870	25,770	27,340	33,800
EBITDA	7,680	7,130	6,210	4,120	6,830
<b>EBITDA Margin (%)</b>	<b>24.4</b>	<b>27.6</b>	<b>24.1</b>	<b>15.1</b>	<b>20.2</b>
PAT	2,600	2,770	2,150	680	2,010
<b>EPS (Rs)</b>	<b>13.3</b>	<b>14.2</b>	<b>11.0</b>	<b>3.5</b>	<b>10.3</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Mar-21</b>	<b>Jun-21</b>	<b>Sep-21</b>	<b>Dec-21</b>	<b>Mar-22</b>
Promoters	56.0	56.0	56.0	56.0	55.9
FIs	13.5	13.1	13.8	13.5	12.6
DIs	5.0	5.7	6.0	6.5	7.1
Public and Others	25.6	25.2	24.3	24.1	24.4

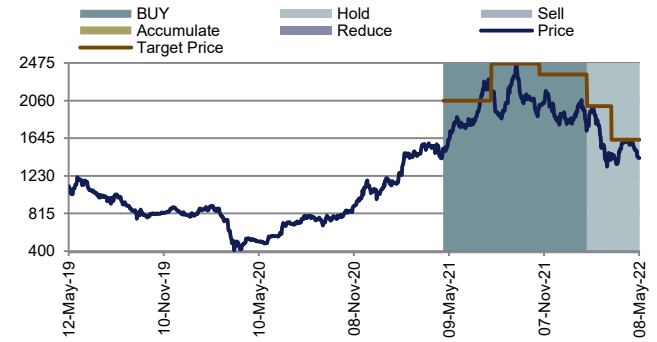
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
16-Mar-22	1,474	1,630	12m	Hold	Dharmesh Shah
28-Jan-22	1,785	2,000	12m	Hold	Dharmesh Shah
31-Dec-21	1,848	2,350	12m	Buy	Dharmesh Shah
02-Dec-21	1,848	2,350	12m	Buy	Dharmesh Shah
29-Oct-21	2,012	2,350	12m	Buy	Dharmesh Shah
05-Sep-21	2,229	2,470	12m	Buy	Dharmesh Shah
29-Jul-21	2,135	2,470	12m	Buy	Dharmesh Shah
06-Jun-21	1,791	2,060	12m	Buy	Dharmesh Shah
01-May-21	1,506	2,060	12m	Buy	Dharmesh Shah
28-Apr-21	1,510	2,060	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)
<b>Cement &amp; Building Materials</b>	<b>2.31</b>	<b>2.31</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>	
ACC	0.20	0.22	12%	2	9.52	0
Ambuja Cements	0.28	0.29	5%	1	12.73	0
Birla Corporation	0.00	0.00	NA	0	0.00	0
Dalmia Bharat	0.13	0.06	-50%	-6	2.70	0
Grasim Industries*	0.62	0.62	0%	0	26.70	0
JK Cement	0.00	0.00	NA	0	0.00	0
Ramco Cements	0.10	0.04	-63%	-6	1.52	0
Shree Cements	0.24	0.26	5%	1	11.10	0
Star Cement	0.00	0.00	NA	0	0.00	0
Ultratech Cement	0.75	0.83	10%	8	35.72	0
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.00</b>	<b>0</b>

Source: Emkay Research

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

### Sector portfolio NAV

	Base						Latest
	1-Apr-19	10-May-21	9-Nov-21	9-Feb-22	8-Apr-22	9-May-22	
EAP - Cement & Building Materials	100.0	149.2	194.5	176.2	166.5	155.5	
BSE200 Neutral Weighted Portfolio (ETF)	100.0	147.9	187.0	170.0	159.8	148.9	

\*Performance measurement base date 1<sup>st</sup> April 2019

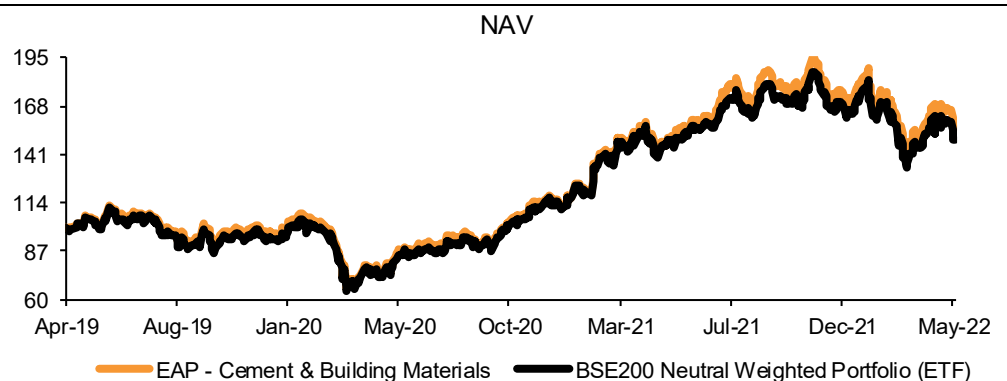
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Cement & Building Materials	-6.6%	-11.7%	-20.1%	4.2%
BSE200 Neutral Weighted Portfolio (ETF)	-6.8%	-12.5%	-20.4%	0.7%

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%

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