

# Star Cement

Refer to important disclosures at the end of this report

## In-line quarter; cost headwinds ahead

<b>CMP</b>	<b>Target Price</b>
<b>Rs 91</b> as of (May 18, 2022)	<b>Rs 100 (■)</b> 12 months
<b>Rating</b>	<b>Upside</b>
<b>HOLD (■)</b>	<b>10.7 %</b>

- Star Cement's Q4FY22 EBITDA increased 9% YoY/68% QoQ to Rs1.1bn, broadly in line with our and consensus estimates. EBITDA/ton declined 15% YoY to Rs983 (Emkay est.- Rs1,020).
- In FY22, FCF generation stood at Rs2.1bn post working capital release of Rs1.1bn and capex of Rs2bn. The company has concluded the buyback of 8.2mn shares (2% of share capital) at a price of Rs150/sh, totalling Rs1.2bn. Net cash stood at Rs5.4bn (15% of mcap) as of Mar'22.
- We broadly maintain our FY23-24 estimates with an unchanged TP of Rs100/sh. Our DCF-based TP implies a 1-year forward EV/EBITDA of 9x. Maintain Hold.

- Revenue increased by 24% YoY/35% QoQ to Rs7.5bn.** Volumes sharply rose 27% YoY/32% QoQ to 1.15mt, owing to a low base. Management has guided for volumes of 4mt, implying growth of 18% YoY in FY23. Industry volumes in North East (NE) grew by 17% YoY in FY22. Cement realization increased ~2% QoQ/declined ~2% YoY to Rs6,498. Cement prices have increased by Rs20-30/bag in West Bengal and Bihar and Rs10-15/bag in the North East region since the exit of Q4FY22.
- EBITDA increased 9% YoY/68% QoQ to Rs1.1bn,** while EBITDA/ton fell 15% YoY/rose 27% QoQ to Rs983, owing to lower realization. Total cost/ton broadly remained flat YoY and QoQ, in line with our estimates. PAT increased ~4% YoY/doubled QoQ to Rs884mn.
- Project updates:** 1) Management expects to receive environmental clearance for a 3mt clinker plant in Meghalaya by the end of May'22. The clinker plant, along with a 2mt grinding unit in Guwahati, is targeted to be commissioned by Dec'23. Besides, management is looking to commission another 1.5-2mt grinding unit in Assam and is likely to provide more details in coming quarters. Total capex is expected to be Rs20bn and management has guided for Rs10bn spending in FY23 and FY24 each. 2) The company has spent Rs800mn (out of Rs1.5bn) on 12MW WHRS, which is expected to be commissioned by Oct'22.
- Other con-call takeaways:** 1) Trade and non-trade mix stood at 86:14. 2) Capacity utilization of the 2mt Siliguri plant was ~65% in Q4; management expects it to operate at 60-65% in FY23. 3) Sales mix between Northeast and Outside Northeast stood at 71:29 in Q4. 4) Lead distance stood at 219kms in FY22. 5) Star received a freight subsidy of Rs250mn in Apr'22. Accordingly, the outstanding freight subsidy stood at Rs120mn. 6) A&P spends stood at Rs450-500mn in FY22, and management guided it to be around Rs300-320mn in FY23.
- FY22 Performance:** Volumes increased by 29% YoY to 3.4mt. EBITDA rose ~4% YoY to Rs3.5bn, while EBITDA/ton fell 19% YoY to Rs1,014. FCF generation stood at Rs2.1bn post working capital release of Rs1.1bn and capex spend of Rs2bn. It has utilized it for the buyback at a price of Rs150/sh, totaling Rs1.5bn. Net cash stood at Rs5.4bn (15% of mcap) as of Mar'22.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Cement & Building Materials \(Page 9\)](#)

### Financial Snapshot (Consolidated)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	17,199	22,218	24,281	26,236	30,158
EBITDA	3,326	3,453	3,283	3,997	4,635
EBITDA Margin (%)	19.3	15.5	13.5	15.2	15.4
APAT	2,517	2,468	1,732	2,199	2,559
EPS (Rs)	6.1	6.1	4.3	5.4	6.3
EPS (% chg)	(11.9)	0.0	(29.8)	26.9	16.4
ROE (%)	12.8	11.6	7.7	9.1	9.8
P/E (x)	14.9	14.9	21.2	16.7	14.3
EV/EBITDA (x)	10.5	9.3	9.5	7.8	6.7
P/BV (x)	1.8	1.7	1.6	1.5	1.3

Source: Company, Emkay Research. [iam.emkay@whitemarquesolutions.com](mailto:iam.emkay@whitemarquesolutions.com) use and downloaded at 05/19/2022 02:11 PM

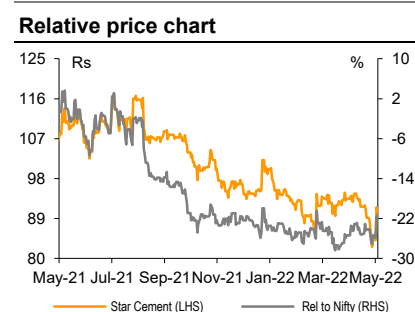
Change in Estimates	
EPS Chg FY23E/FY24E (%)	(4)/ (4)
Target Price change (%)	0.0
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus		
EPS Estimates		
	FY23E	FY24E
Emkay	4.3	5.4
Consensus	7.0	8.1
Mean Consensus TP (12M)	Rs 109	

Stock Details	
Bloomberg Code	STRCEM IN
Face Value (Rs)	1
Shares outstanding (mn)	412
52 Week H/L	120 / 82
M Cap (Rs bn/USD bn)	37 / 0.48
Daily Avg Volume (nos.)	191,772
Daily Avg Turnover (US\$ mn)	0.2

Shareholding Pattern Mar '22	
Promoters	67.3%
FIIIs	0.2%
DIIIs	6.1%
Public and Others	26.3%

Price Performance				
(%)	1M	3M	6M	12M
<b>Absolute</b>	(4)	(2)	(7)	(15)
<b>Rel. to Nifty</b>	2	4	2	(21)



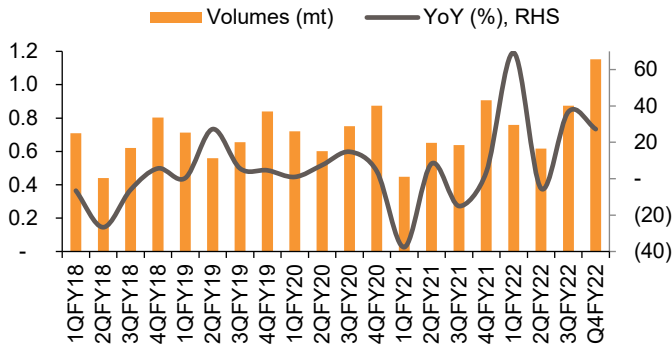
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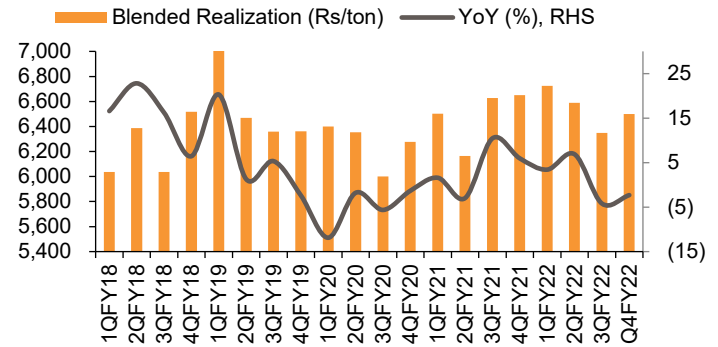
# Story in Charts

**Exhibit 1: Volumes grew 27% YoY/32% QoQ to an all-time-high of 1.15mt**



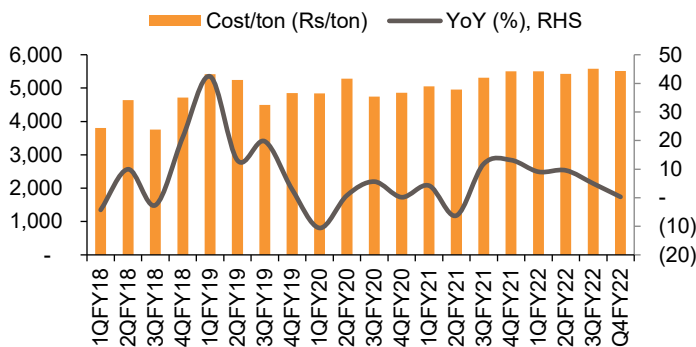
Source: Company, Emkay Research

**Exhibit 2: Realization decreased ~2% YoY/increased ~2% QoQ**



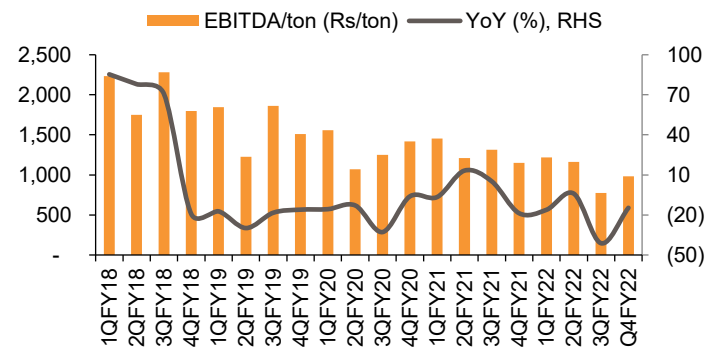
Source: Company, Emkay Research

**Exhibit 3: Total cost/ton broadly remained flat YoY and QoQ**



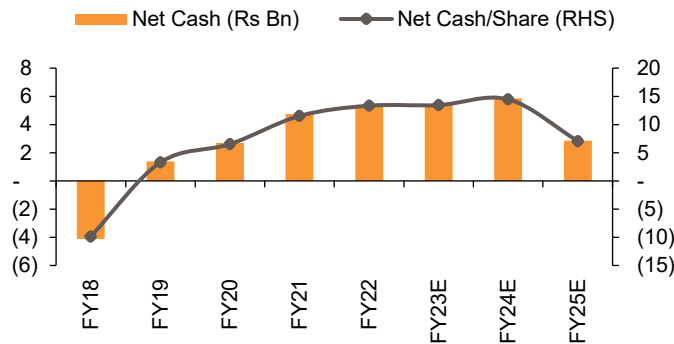
Source: Company, Emkay Research

**Exhibit 4: EBITDA/ton declined 15% YoY/rose 27% QoQ to Rs983**



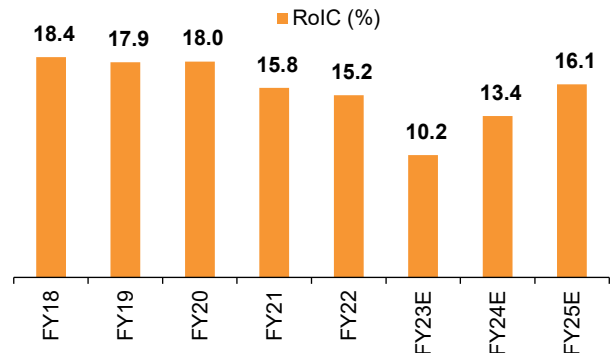
Source: Company, Emkay Research

**Exhibit 5: Star's net cash status facilitates future growth**



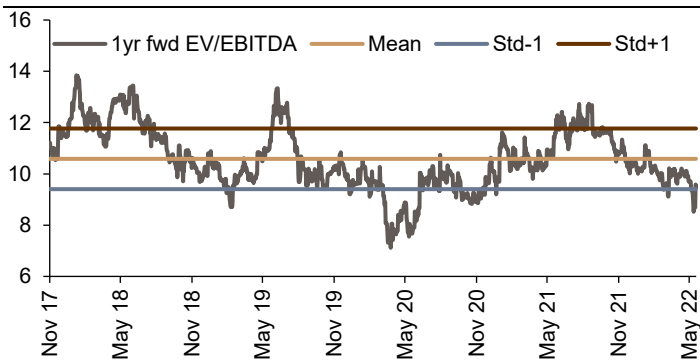
Source: Company, Emkay Research

**Exhibit 6: RoIC to gradually improve post FY23**



Source: Company, Emkay Research

**Exhibit 7: 1-year forward EV/EBITDA**



Source: Company, Emkay Research

**Exhibit 8: Maintain Hold with a TP of Rs100, based on Mar'24E EV/EBITDA, backed by DCF analysis**

EV/E method, backed by DCF analysis	Rs Bn
Mar'24E EBITDA (Rs bn)	4
Implied EV/E multiple (x)	9
<b>Enterprise Value (Rs bn)</b>	<b>35.6</b>
Net cash (Mar23E, Rs bn)	5.4
<b>Equity value (Rs bn)</b>	<b>41</b>
No. of shares (mn)	404.2
<b>Mar'23 Target Price (Rs)</b>	<b>100</b>

Source: Company, Emkay Research

## Quarterly Highlights

Exhibit 9: Actual vs. Estimates (Q4FY22)

(Rs mn)	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Sales	7,492	7,421	7,248	1.0	3.4	In-line
<b>EBITDA</b>	<b>1,134</b>	<b>1,174</b>	<b>1,155</b>	<b>(3.4)</b>	<b>(1.9)</b>	<b>In-line</b>
Adj PAT	884	712	826	24.2	7.1	Led by lower than expected tax
Volume (mt)	1.15	1.15		0.26		
Cement Realization (Rs/ton)	6,498	6,450		0.7		
EBITDA (Rs/ton)	983	1,021		(3.7)		

Source: Bloomberg, Emkay Research

Exhibit 10: Quarterly financial highlights (Consolidated)

Rs mn	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY (%)	QoQ (%)	FY21	FY22	YoY (%)
<b>Revenue</b>	<b>6,026</b>	<b>5,111</b>	<b>4,066</b>	<b>5,549</b>	<b>7,492</b>	<b>24.3</b>	<b>35.0</b>	<b>17,199</b>	<b>22,218</b>	<b>29.2</b>
<b>Expenditure</b>	<b>4,982</b>	<b>4,184</b>	<b>3,349</b>	<b>4,874</b>	<b>6,359</b>	<b>27.6</b>	<b>30.5</b>	<b>13,873</b>	<b>18,766</b>	<b>35.3</b>
Total RM	1,466	1,381	668	1,550	2,137	45.8	37.9	4,032	5,736	42.3
Staff cost	361	344	422	417	411	13.8	(1.4)	1,313	1,594	21.3
Other expenditure	3,156	2,460	2,259	2,907	3,811	20.7	31.1	8,528	11,436	34.1
<b>EBITDA</b>	<b>1,044</b>	<b>927</b>	<b>717</b>	<b>675</b>	<b>1,134</b>	<b>8.6</b>	<b>67.9</b>	<b>3,326</b>	<b>3,453</b>	<b>3.8</b>
Depreciation	277	255	295	315	351	26.7	11.4	900	1,216	35.2
<b>EBIT</b>	<b>767</b>	<b>672</b>	<b>422</b>	<b>360</b>	<b>782</b>	<b>2.0</b>	<b>117.4</b>	<b>2,426</b>	<b>2,236</b>	<b>(7.8)</b>
Other Income	83	85	87	70	92	10.4	30.6	282	334	18.3
Interest	16	18	68	24	24	44.7	(1.3)	70	133	90.9
<b>PBT</b>	<b>833</b>	<b>738</b>	<b>442</b>	<b>406</b>	<b>851</b>	<b>2.0</b>	<b>109.3</b>	<b>2,638</b>	<b>2,437</b>	<b>(7.7)</b>
Total Tax	20	58	(24)	(32)	(34)	NA	NA	121	(31)	(125.7)
<b>Adjusted PAT</b>	<b>813</b>	<b>680</b>	<b>465</b>	<b>438</b>	<b>884</b>	<b>8.7</b>	<b>101.8</b>	<b>2,517</b>	<b>2,468</b>	<b>(2.0)</b>
(Profit)/loss from JV's/Ass/MI	40	-	-	-	-			-	-	
<b>PAT after MI</b>	<b>853</b>	<b>680</b>	<b>465</b>	<b>438</b>	<b>884</b>	<b>3.7</b>	<b>101.8</b>	<b>2,517</b>	<b>2,468</b>	<b>(2.0)</b>
Extra ordinary items	-	-	-	-	-			(646)	-	
<b>Reported PAT</b>	<b>853</b>	<b>680</b>	<b>465</b>	<b>438</b>	<b>884</b>	<b>3.7</b>	<b>101.8</b>	<b>1,871</b>	<b>2,468</b>	<b>31.9</b>
<b>Adjusted EPS (Rs)</b>	<b>2.1</b>	<b>1.6</b>	<b>1.1</b>	<b>1.1</b>	<b>2.1</b>	<b>3.7</b>	<b>101.8</b>	<b>6.0</b>	<b>5.9</b>	<b>(2.0)</b>

Margins (%)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY (bps)	QoQ (bps)	FY21	FY22	YoY (bps)
<b>EBIDTA</b>	<b>17.3</b>	<b>18.1</b>	<b>17.6</b>	<b>12.2</b>	<b>15.1</b>	<b>(219)</b>	<b>296</b>	<b>19.3</b>	<b>15.5</b>	<b>(380)</b>
EBIT	12.7	13.1	10.4	6.5	10.4	(228)	396	14.1	10.1	(404)
EBT	13.8	14.4	10.9	7.3	11.4	(248)	403	15.3	11.0	(437)
PAT	13.5	13.3	11.4	7.9	11.8	(170)	390	14.6	11.1	(353)
Effective Tax rate	2.4	7.9	(5.4)	(7.9)	(4.0)			4.6	(1.3)	

Source: Company, Emkay Research

Exhibit 11: Quarterly analysis on per-ton basis

Rs/ton	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	YoY (%)	QoQ (%)	FY21	FY22	YoY (%)
Volumes (mt)	0.91	0.76	0.62	0.87	1.15	27.3	31.9	2.65	3.40	28.7
<b>Blended Realization</b>	<b>6,651</b>	<b>6,725</b>	<b>6,588</b>	<b>6,349</b>	<b>6,498</b>	<b>(2.3)</b>	<b>2.4</b>	<b>6,500</b>	<b>6,527</b>	<b>0.4</b>
Raw Material	1,618	1,817	1,082	1,774	1,854	14.6	4.5	1,524	1,685	10.6
Staff cost	398	452	684	477	356	(10.5)	(25.3)	496	468	(5.7)
Other expenditure	3,483	3,237	3,661	3,326	3,305	(5.1)	(0.6)	3,223	3,360	4.2
<b>Operating cost</b>	<b>5,499</b>	<b>5,506</b>	<b>5,427</b>	<b>5,576</b>	<b>5,515</b>	<b>0.3</b>	<b>(1.1)</b>	<b>5,243</b>	<b>5,513</b>	<b>5.1</b>
<b>EBITDA/ ton</b>	<b>1,152</b>	<b>1,220</b>	<b>1,162</b>	<b>772</b>	<b>983</b>	<b>(14.7)</b>	<b>27.3</b>	<b>1,257</b>	<b>1,014</b>	<b>(19.3)</b>

Source: Company, Emkay Research

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## Exhibit 12: We broadly maintain our estimates

(Rs mn)	FY23E			FY24E		
	Old	New	% chg	Old	New	% chg
Revenues	23,382	24,281	3.8	25,627	26,236	2.4
<b>EBITDA</b>	<b>3,248</b>	<b>3,283</b>	<b>1.1</b>	<b>3,973</b>	<b>3,997</b>	<b>0.6</b>
PAT	1,799	1,732	(3.7)	2,278	2,199	(3.5)

Source: Emkay Research

## Annual Analysis

## Exhibit 13: Annual financial highlights

Key Assumptions	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E	CAGR (%)	
									FY18-22	FY22-25E
Capacity (mt)	4.3	4.3	4.3	5.7	5.7	5.7	5.7	6.2	7.3	2.8
Volumes (mt)	2.6	2.7	2.9	2.6	3.4	3.6	3.9	4.3	7.2	8.4
Utilization (%)	60	63	67	46	60	63	68	70		
Blended Realization (Rs/ton)	6,243	6,747	6,389	6,500	6,523	6,725	6,791	6,960	1.1	2.2
<b>EBITDA (Rs/ton)</b>	<b>2,026</b>	<b>1,660</b>	<b>1,369</b>	<b>1,258</b>	<b>1,014</b>	<b>910</b>	<b>1,035</b>	<b>1,070</b>	<b>(15.9)</b>	<b>1.8</b>
<b>P&amp;L (Rs bn.)</b>										
Revenue	16	18	18	17	22	24	26	30	8.3	10.7
<b>EBITDA</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>(9.8)</b>	<b>10.3</b>
Adj. Net Profit	3	3	3	3	2	2	2	3	(5.6)	1.2
<b>Balance Sheet (Rs bn.)</b>										
Equity	15	17	19	21	22	23	25	27		
<b>Net cash</b>	<b>(4)</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>3</b>		
<b>Cash Flow (Rs bn)</b>										
OCF before WC change	5	4	4	2	3	3	3	4		
Change in WC	0	3	1	1	1	(0)	(0)	(1)		
Capex	(0)	(1)	(2)	(1)	(2)	(2)	(2)	(6)		
<b>FCF</b>	<b>4</b>	<b>6</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>(0)</b>	<b>0</b>	<b>(3)</b>		
<b>Return ratios (%)- post tax</b>										
RoE	22.9	18.7	15.9	12.8	11.6	7.7	9.1	9.8		
RoCE	17.7	16.3	15.4	12.8	12.2	8.1	9.3	10.0		
<b>RoIC</b>	<b>18.4</b>	<b>17.9</b>	<b>18.0</b>	<b>15.8</b>	<b>15.2</b>	<b>10.2</b>	<b>13.4</b>	<b>16.1</b>		
<b>Valuations (x)</b>										
PE					14.9	21.2	16.7	14.3		
<b>EV/EBITDA</b>					<b>9.3</b>	<b>9.5</b>	<b>7.8</b>	<b>6.7</b>		
EV/ton					75	73	73	66		

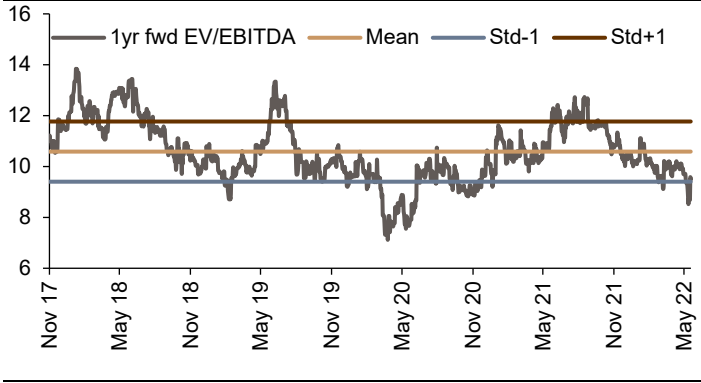
Source: Company, Emkay Research

## Exhibit 14: Annual analysis on per-ton basis

Rs/ton	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
<b>Blended realization</b>	<b>6,243</b>	<b>6,747</b>	<b>6,389</b>	<b>6,500</b>	<b>6,523</b>	<b>6,725</b>	<b>6,791</b>	<b>6,960</b>
<b>% YoY</b>	<b>(0.7)</b>	<b>8.1</b>	<b>(5.3)</b>	<b>1.7</b>	<b>0.3</b>	<b>3.1</b>	<b>1.0</b>	<b>2.5</b>
Raw materials consumed	1,176	1,614	1,396	1,525	1,685	1,730	1,713	1,764
Power & fuel costs	840	956	1,257	1,280	1,225	1,384	1,356	1,397
Freight costs	1,126	1,341	1,226	1,202	1,255	1,349	1,322	1,361
Staff costs	417	430	439	497	468	468	464	438
Other expenses	690	765	713	743	880	889	905	934
<b>Operating Cost</b>	<b>4,249</b>	<b>5,107</b>	<b>5,031</b>	<b>5,247</b>	<b>5,513</b>	<b>5,820</b>	<b>5,760</b>	<b>5,894</b>
<b>% YoY</b>	<b>(11.8)</b>	<b>20.2</b>	<b>(1.5)</b>	<b>4.3</b>	<b>5.1</b>	<b>5.6</b>	<b>(1.0)</b>	<b>2.3</b>
Other operating income	32	20	11	5	4	4	5	4
<b>Blended EBITDA</b>	<b>2,026</b>	<b>1,660</b>	<b>1,369</b>	<b>1,258</b>	<b>1,014</b>	<b>910</b>	<b>1,035</b>	<b>1,070</b>
<b>% YoY</b>	<b>35.7</b>	<b>(18.1)</b>	<b>(17.5)</b>	<b>(8.1)</b>	<b>(19.4)</b>	<b>(10.3)</b>	<b>13.8</b>	<b>3.4</b>

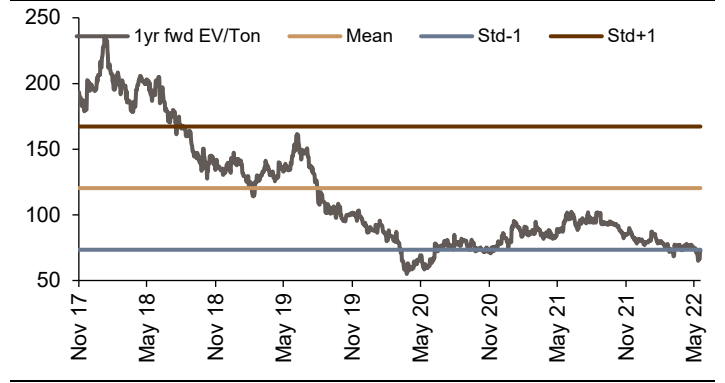
Source: Company, Emkay Research

**Exhibit 15: 1-year forward EV/EBITDA**



Source: Bloomberg, Emkay Research

**Exhibit 16: 1-year forward EV/ton (USD)**



Source: Bloomberg, Emkay Research

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

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>17,199</b>	<b>22,218</b>	<b>24,281</b>	<b>26,236</b>	<b>30,158</b>
<b>Expenditure</b>	<b>13,873</b>	<b>18,766</b>	<b>20,999</b>	<b>22,239</b>	<b>25,523</b>
<b>EBITDA</b>	<b>3,326</b>	<b>3,453</b>	<b>3,283</b>	<b>3,997</b>	<b>4,635</b>
Depreciation	900	1,216	1,309	1,350	1,431
<b>EBIT</b>	<b>2,426</b>	<b>2,236</b>	<b>1,973</b>	<b>2,647</b>	<b>3,204</b>
Other Income	282	334	352	366	288
Interest expenses	70	133	105	70	66
<b>PBT</b>	<b>2,638</b>	<b>2,437</b>	<b>2,221</b>	<b>2,943</b>	<b>3,425</b>
Tax	121	(31)	489	745	867
Extraordinary Items	(646)	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>1,871</b>	<b>2,468</b>	<b>1,732</b>	<b>2,199</b>	<b>2,559</b>
<b>Adjusted PAT</b>	<b>2,517</b>	<b>2,468</b>	<b>1,732</b>	<b>2,199</b>	<b>2,559</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	412	404	404	404	404
Reserves & surplus	20,329	21,280	22,753	24,622	26,796
<b>Net worth</b>	<b>20,742</b>	<b>21,684</b>	<b>23,157</b>	<b>25,026</b>	<b>27,201</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>153</b>	<b>76</b>	<b>76</b>	<b>76</b>	<b>76</b>
Net deferred tax liability	0	0	0	0	0
<b>Total Liabilities</b>	<b>20,895</b>	<b>21,761</b>	<b>23,233</b>	<b>25,102</b>	<b>27,277</b>
<b>Net block</b>	<b>8,203</b>	<b>9,180</b>	<b>8,628</b>	<b>7,534</b>	<b>7,882</b>
<b>Investment</b>	<b>17</b>	<b>1,637</b>	<b>1,637</b>	<b>1,637</b>	<b>637</b>
<b>Current Assets</b>	<b>16,136</b>	<b>15,588</b>	<b>17,186</b>	<b>18,543</b>	<b>18,287</b>
Cash & bank balance	4,904	3,847	3,891	4,304	2,312
Other Current Assets	27	100	100	100	100
<b>Current liabilities &amp; Provision</b>	<b>4,727</b>	<b>5,690</b>	<b>6,763</b>	<b>7,307</b>	<b>8,400</b>
<b>Net current assets</b>	<b>11,409</b>	<b>9,898</b>	<b>10,424</b>	<b>11,235</b>	<b>9,887</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>20,895</b>	<b>21,761</b>	<b>23,233</b>	<b>25,102</b>	<b>27,277</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>2,356</b>	<b>2,103</b>	<b>1,869</b>	<b>2,577</b>	<b>3,138</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	749	527	(481)	(399)	(644)
<b>Operating Cashflow</b>	<b>3,253</b>	<b>4,011</b>	<b>2,313</b>	<b>2,853</b>	<b>3,125</b>
Capital expenditure	(1,061)	(1,973)	(2,257)	(2,407)	(5,954)
<b>Free Cash Flow</b>	<b>2,192</b>	<b>2,037</b>	<b>57</b>	<b>447</b>	<b>(2,829)</b>
Investments	(1)	(1,620)	0	0	1,000
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(780)</b>	<b>(3,260)</b>	<b>(1,904)</b>	<b>(2,040)</b>	<b>(4,666)</b>
Equity Capital Raised	0	(1,237)	0	0	0
Loans Taken / (Repaid)	6	(77)	0	0	0
Dividend paid (incl tax)	0	0	(260)	(330)	(384)
Other Financing Cash Flow	(345)	(360)	0	0	0
<b>Financing Cashflow</b>	<b>(408)</b>	<b>(1,808)</b>	<b>(364)</b>	<b>(400)</b>	<b>(450)</b>
<b>Net chg in cash</b>	<b>2,065</b>	<b>(1,057)</b>	<b>45</b>	<b>413</b>	<b>(1,992)</b>
Opening cash position	2,838	4,904	3,847	3,891	4,304
<b>Closing cash position</b>	<b>4,904</b>	<b>3,847</b>	<b>3,891</b>	<b>4,304</b>	<b>2,312</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	19.3	15.5	13.5	15.2	15.4
EBIT Margin	14.1	10.1	8.1	10.1	10.6
Effective Tax Rate	4.6	(1.3)	22.0	25.3	25.3
Net Margin	14.6	11.1	7.1	8.4	8.5
ROCE	13.4	12.0	10.3	12.5	13.3
ROE	12.8	11.6	7.7	9.1	9.8
RoIC	16.0	15.1	10.1	13.3	16.0

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	6.1	6.1	4.3	5.4	6.3
CEPS	8.3	9.1	7.5	8.8	9.9
BVPS	50.3	53.7	57.3	61.9	67.3
DPS	0.0	0.0	0.6	0.8	0.9

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
PER	14.9	14.9	21.2	16.7	14.3
P/CEPS	11.0	10.0	12.1	10.3	9.2
P/BV	1.8	1.7	1.6	1.5	1.3
EV / Sales	1.9	1.4	1.3	1.2	1.1
EV / EBITDA	10.5	9.3	9.5	7.8	6.7
Dividend Yield (%)	0.0	0.0	0.7	0.9	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	(0.2)	(0.2)	(0.2)	(0.2)	(0.1)
Net Debt/EBIDTA	(1.4)	(1.6)	(1.7)	(1.5)	(0.6)
Working Cap Cycle (days)	138.1	99.4	98.2	96.4	91.7

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	(6.7)	29.2	9.3	8.0	14.9
EBITDA	(15.7)	3.8	(4.9)	21.8	16.0
EBIT	(19.5)	(7.8)	(11.7)	34.1	21.0
PAT	(34.5)	31.9	(29.8)	26.9	16.4

<b>Quarterly (Rs mn)</b>	<b>Q4FY21</b>	<b>Q1FY22</b>	<b>Q2FY22</b>	<b>Q3FY22</b>	<b>Q4FY22</b>
Revenue	6,026	5,111	4,066	5,549	7,4292
EBITDA	1,044	927	717	675	1,134
<b>EBITDA Margin (%)</b>	<b>17.3</b>	<b>18.1</b>	<b>17.6</b>	<b>12.2</b>	<b>15.1</b>
PAT	853	680	465	438	884
<b>EPS (Rs)</b>	<b>2.1</b>	<b>1.6</b>	<b>1.1</b>	<b>1.1</b>	<b>2.1</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	67.1	66.2	66.9	67.1	67.3
FII	0.1	0.1	0.1	0.2	0.2
DII	7.9	7.9	6.5	6.3	6.1
Public and Others	24.9	25.8	26.5	26.4	26.3

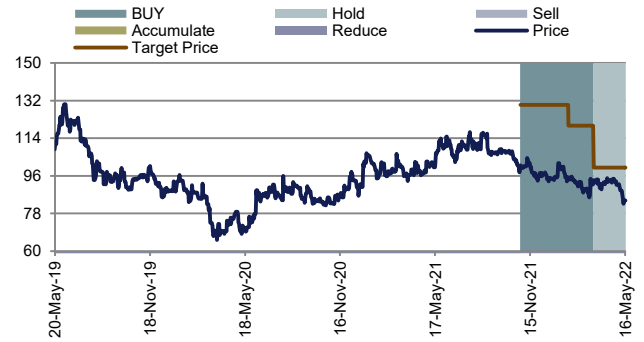
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
16-Mar-22	94	100	12m	Hold	Dharmesh Shah
27-Jan-22	94	120	12m	Buy	Dharmesh Shah
31-Dec-21	95	130	12m	Buy	Dharmesh Shah
02-Dec-21	96	130	12m	Buy	Dharmesh Shah
02-Nov-21	100	130	12m	Buy	Dharmesh Shah
27-Oct-21	101	130	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>2.26</b>	<b>2.26</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>	
ACC	0.20	0.22	12%	2	9.77	0
Ambuja Cements	0.28	0.30	5%	1	13.19	0
Birla Corporation	0.00	0.00	NA	0	0.00	0
Dalmia Bharat	0.12	0.06	-50%	-6	2.71	0
Grasim Industries*	0.59	0.59	0%	0	26.25	0
JK Cement	0.00	0.00	NA	0	0.00	0
Ramco Cements	0.09	0.03	-63%	-6	1.52	0
Shree Cements	0.23	0.24	5%	1	10.47	0
Star Cement	0.00	0.00	NA	0	0.00	0
Ultratech Cement	0.74	0.81	10%	7	36.08	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	18-May-21	16-Nov-21	15-Feb-22	18-Apr-22	17-May-22
EAP - Cement & Building Materials	100.0	155.2	187.4	171.3	165.3	151.0
BSE200 Neutral Weighted Portfolio (ETF)	100.0	150.0	180.9	165.1	158.7	144.5

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

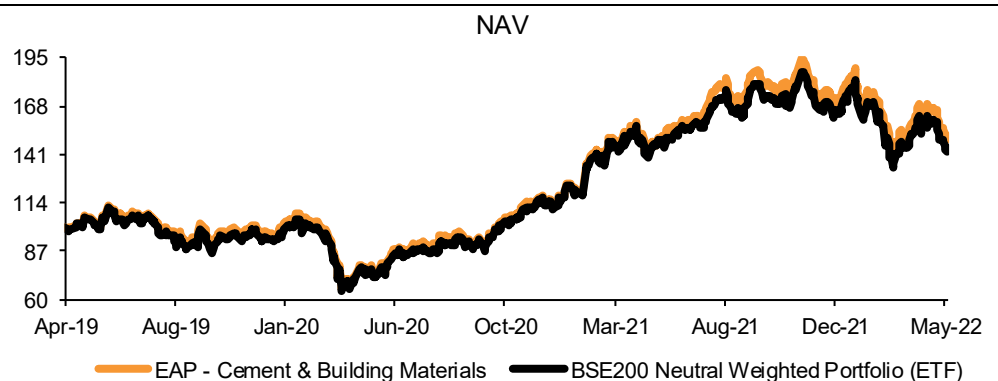
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Cement & Building Materials	-8.6%	-11.8%	-19.4%	-2.7%
BSE200 Neutral Weighted Portfolio (ETF)	-8.9%	-12.5%	-20.1%	-3.7%

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”

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

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