

# Shree Cements

Refer to important disclosures at the end of this report

## Lower-than-expected realization dents margins

- Shree Cement's (Shree's) standalone Q2FY23 EBITDA declined 42% YoY/36% QoQ to Rs5.2bn, logging 14-15% below consensus' and our estimates, owing to lesser-than-expected realization led by lower power revenues. Blended EBITDA/ton declined 51% YoY/36% QoQ to Rs701 (Emkay est.: Rs825).
- The Board has appointed Neeraj Akhoury (erstwhile MD & CEO of Ambuja Cement) as the MD of the company w.e.f. 14-Oct-2022 for five years, subject to approvals from members of the company.
- Shree has planned growth capex of Rs73bn over the next three years which will be mainly for ongoing projects, such as the 3.5mt/3mt integrated cement plants at Rajasthan/Andhra Pradesh, the 3mt grinding unit at West Bengal, and a 106MW solar power plant. After completion of such projects, the company's domestic capacity will reach 53mt/56mt by FY24/FY25 vs. 46.4mt currently.
- Factoring-in the Q2FY23 miss, we cut our EBITDA by 9% for FY23E, while we marginally trim estimates by 1-2% for FY24-25; we revise our Sep-23 TP to Rs23,300/share (from Rs23,550). Our DCF-based TP implies one-year forward EV/E of 15x. Maintain Buy.
- Standalone revenue increased 18% YoY to Rs37.8bn.** Cement plus clinker volumes increased by 18% YoY/stayed flat QoQ, to 7.5mt, in line with our estimate, while blended realization declined 10% QoQ to Rs5,071 vs. our estimate of a 5% QoQ decline; this was mainly due to: 1) lesser-than-expected power revenues; 2) lower trade mix; and 3) higher clinker sales. The trade mix declined 500bps QoQ to 79% in Q2FY23.
- Standalone EBITDA declined 42% YoY/36% QoQ to Rs5.2bn.** Total cost/ton rose 20% YoY/declined ~3% QoQ, to Rs4,369 vs. our estimate of flat QoQ numbers due to lower-than-expected input cost. Cost/ton is likely to peak out in Q2; however, meaningful reduction would be witnessed Q4FY23 onwards, in our view. Depreciation increased 45% YoY/11% QoQ to Rs3.6bn. Accordingly, PAT declined 67% YoY/40% QoQ to Rs1.9bn in Q2FY23.
- Consolidated EBITDA declined 41% YoY/32% QoQ to Rs5.4bn.** The company's UAE subsidiary's EBITDA declined 13% YoY to Rs197mn vs loss of Rs180mn in Q1FY23.
- In H1FY23, consolidated FCF generation stood at negative Rs8.1bn,** post working capital blockage of Rs5.2bn and capex spend of Rs14.6bn. Accordingly, net cash declined by Rs1.4bn to Rs71.7bn, post dividend payment of Rs1.6bn.
- Management has planned growth capex of Rs73bn over the next three years.** Capex is mainly for ongoing projects such as: 1) 3.8mt clinker and 3.5mt cement capacities in Nawalgarh, Rajasthan, at Rs35bn and to be commissioned by Mar-24; 2) 3mt cement grinding unit at Rs7.5bn in West Bengal, to commence by Jun-23; 3) 1.5mt clinker and 3mt cement capacities in Guntur, Andhra Pradesh, at a capex of Rs25bn, and to be commissioned by Dec-24; and 4) a 106MW solar power plant at Rs5bn. After completion of the ongoing projects, Company's domestic capacity will reach 53mt/56mt by FY24/FY25 vs. 46.4mt currently.
- Management reiterates achieving the 80mt capacity target by FY30 (7% CAGR),** by adding capacities in favorable markets and exploring newer geographies with nil/low cannibalization from the existing plant. Additionally, the Board has approved the change in designation of HM Bangur, from MD to Chairman, w.e.f. 15-Oct-22 for the remaining period of his current tenure, i.e. up to Mar-26, subject to approval from members.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Cement & Building Materials \(Page 7\)](#)

### Financial Snapshot (Consolidated)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	1,34,763	1,50,096	1,74,656	2,01,469	2,40,636
EBITDA	40,514	37,079	31,251	44,273	57,149
EBITDA Margin (%)	30.1	24.7	17.9	22.0	23.7
APAT	22,859	23,319	14,926	24,757	33,167
EPS (Rs)	633.6	646.3	413.7	686.2	919.2
EPS (% chg)	48.8	2.0	(36.0)	65.9	34.0
ROE (%)	16.0	14.2	8.3	12.6	15.1
P/E (x)	33.4	32.8	51.2	30.9	23.0
EV/EBITDA (x)	18.0	18.8	22.1	15.6	11.9
P/BV (x)	5.0	4.4	4.1	3.7	3.3

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
<b>Rs 21,189</b> as of (October 14, 2022)	<b>Rs 23,300 (▼)</b> 12 months
<b>Rating</b>	<b>Upside</b>
<b>BUY (■)</b>	<b>10.0 %</b>

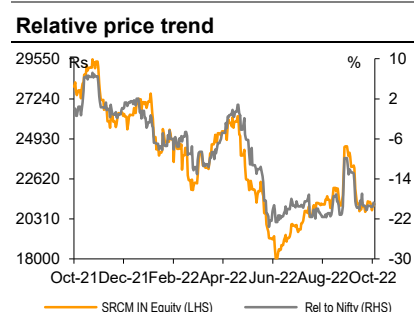
<b>Change in Estimates</b>	
EPS Chg FY23E/FY24E (%)	(21)/(4)
Target Price change (%)	(1.1)
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus		
EPS Estimates		
	FY23E	FY24E
Emkay	413.7	686.2
Consensus	500.2	718.6
Mean Consensus TP (12M)	Rs 21,636	

<b>Stock Details</b>	
Bloomberg Code	SRCM IN
Face Value (Rs)	10
Shares outstanding (mn)	36
52 Week H/L	29,825 / 17,865
M Cap (Rs bn/USD bn)	764 / 9.28
Daily Avg Volume (nos.)	86,130
Daily Avg Turnover (USD mn)	23.3

<b>Shareholding Pattern Jun '22</b>	
Promoters	62.6%
FIIIs	11.9%
DIIIs	11.2%
Public and Others	14.4%

<b>Price Performance</b>				
(%)	<b>1M</b>	<b>3M</b>	<b>6M</b>	<b>12M</b>
<b>Absolute</b>	(12)	8	(16)	(24)
<b>Rel. to Nifty</b>	(8)	-	(15)	(19)



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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**Exhibit 1: Actual vs. Estimates (Q2FY23)**

Standalone (Rs mn)	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Sales	37,809	39,534	38,226	(4.4)	(1.1)	Led by lesser-than-expected realization (owing to lower power revenues)
<b>EBITDA</b>	<b>5,230</b>	<b>6,147</b>	<b>6,047</b>	<b>(14.9)</b>	<b>(13.5)</b>	<b>Due to a lower revenue offset to an extent, by lower cost</b>
Adj. PAT	1,896	2,703	2,535	(29.9)	(25.2)	Owing to lower EBITDA and higher depreciation
Volume (mt)	7.5	7.4		0.1		
Blended Realization (Rs/ton)	5,071	5,308		(4.5)		
EBITDA (Rs/ton)	701	825		(15.0)		

Source: Bloomberg, Emkay Research

**Exhibit 2: Standalone quarterly table**

(Rs mn)	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	YoY (%)	QoQ (%)	H1FY22	H1FY23	YoY (%)
<b>Revenue</b>	<b>32,059</b>	<b>35,518</b>	<b>40,988</b>	<b>42,027</b>	<b>37,809</b>	<b>17.9</b>	<b>(10.0)</b>	<b>66,554</b>	<b>79,836</b>	<b>20.0</b>
<b>Expenditure</b>	<b>23,077</b>	<b>27,262</b>	<b>31,882</b>	<b>33,839</b>	<b>32,579</b>	<b>41.2</b>	<b>(3.7)</b>	<b>47,437</b>	<b>66,417</b>	<b>40.0</b>
Total RM	2,086	3,857	3,530	1,759	3,697	77.2	110.1	3,999	5,456	36.4
Power & Fuel	6,283	8,079	10,728	14,424	12,270	95.3	(14.9)	12,807	26,693	108.4
Freight	7,064	7,616	9,413	9,035	8,561	21.2	(5.2)	15,386	17,595	14.4
Staff cost	2,026	1,965	1,967	2,174	2,097	3.5	(3.6)	4,140	4,270	3.1
Other expenditure	5,618	5,745	6,245	6,447	5,955	6.0	(7.6)	11,104	12,403	11.7
<b>EBITDA</b>	<b>8,982</b>	<b>8,255</b>	<b>9,106</b>	<b>8,188</b>	<b>5,230</b>	<b>(41.8)</b>	<b>(36.1)</b>	<b>19,117</b>	<b>13,419</b>	<b>(29.8)</b>
Depreciation	2,505	2,521	3,013	3,279	3,628	44.8	10.6	4,830	6,907	43.0
<b>EBIT</b>	<b>6,477</b>	<b>5,734</b>	<b>6,093</b>	<b>4,909</b>	<b>1,602</b>	<b>(75.3)</b>	<b>(67.4)</b>	<b>14,287</b>	<b>6,511</b>	<b>(54.4)</b>
Other Income	1,500	1,101	1,381	(216)*	1,566	4.4	NA	2,891	1,350	(53.3)
Interest	556	551	536	573	676	21.6	17.8	1,091	1,249	14.5
<b>PBT</b>	<b>7,420</b>	<b>6,284</b>	<b>6,938</b>	<b>4,120</b>	<b>2,493</b>	<b>(66.4)</b>	<b>(39.5)</b>	<b>16,087</b>	<b>6,612</b>	<b>(58.9)</b>
Total Tax	1,643	1,364	486	964	597	(63.7)	(38.1)	3,693	1,561	(57.7)
<b>Adjusted PAT</b>	<b>5,777</b>	<b>4,920</b>	<b>6,452</b>	<b>3,156</b>	<b>1,896</b>	<b>(67.2)</b>	<b>(39.9)</b>	<b>12,394</b>	<b>5,051</b>	<b>(59.2)</b>
(Profit)/loss from JV's								-	-	
<b>PAT after MI</b>	<b>5,777</b>	<b>4,920</b>	<b>6,452</b>	<b>3,156</b>	<b>1,896</b>	<b>(67.2)</b>	<b>(39.9)</b>	<b>12,394</b>	<b>5,051</b>	<b>(59.2)</b>
Extra ordinary items	-	-	-	-	-			-	-	
<b>Reported PAT</b>	<b>5,777</b>	<b>4,920</b>	<b>6,452</b>	<b>3,156</b>	<b>1,896</b>	<b>(67.2)</b>	<b>(39.9)</b>	<b>12,394</b>	<b>5,051</b>	<b>(59.2)</b>
<b>Adjusted EPS (Rs)</b>	<b>160.1</b>	<b>136.4</b>	<b>178.8</b>	<b>87.5</b>	<b>52.5</b>	<b>(67.2)</b>	<b>(39.9)</b>	<b>343.5</b>	<b>140.0</b>	<b>(59.2)</b>

Source: Company, Emkay Research; \*loss of Rs960mn on investment at fair value

**Exhibit 3: Standalone quarterly per-ton analysis**

(Rs/ton)	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	YoY (%)	QoQ (%)	H1FY22	H1FY23	YoY (%)
<b>Cement volumes (mt)</b>	<b>6.3</b>	<b>6.6</b>	<b>8.0</b>	<b>7.5</b>	<b>7.5</b>	<b>18.0</b>	<b>(0.6)</b>	<b>13.2</b>	<b>15.0</b>	<b>13.7</b>
<b>Blended Realization</b>	<b>5,073</b>	<b>5,422</b>	<b>5,105</b>	<b>5,602</b>	<b>5,071</b>	<b>(0.1)</b>	<b>(9.5)</b>	<b>5,058</b>	<b>5,337</b>	<b>5.5</b>
Raw Material	330	589	440	234	496	50.1	111.4	304	365	20.0
Power & Fuel	994	1,233	1,336	1,923	1,646	65.4	(14.4)	973	1,785	83.4
Freight	1,118	1,162	1,172	1,204	1,148	2.7	(4.7)	1,169	1,176	0.6
Staff cost	321	300	245	290	281	(12.3)	(3.0)	315	285	(9.3)
Other expenditure	889	877	778	859	799	(10.2)	(7.1)	844	829	(1.7)
<b>Operating cost</b>	<b>3,651</b>	<b>4,162</b>	<b>3,971</b>	<b>4,511</b>	<b>4,369</b>	<b>19.6</b>	<b>(3.1)</b>	<b>3,605</b>	<b>4,440</b>	<b>23.2</b>
<b>EBITDA/ton</b>	<b>1,421</b>	<b>1,260</b>	<b>1,134</b>	<b>1,091</b>	<b>701</b>	<b>(50.7)</b>	<b>(35.7)</b>	<b>1,453</b>	<b>897</b>	<b>(38.3)</b>

Source: Company, Emkay Research;

**Exhibit 4: Consolidated quarterly table**

(Rs mn)	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	YoY (%)	QoQ (%)	H1FY22	H1FY23	YoY (%)
<b>Revenue</b>	<b>33,734</b>	<b>36,371</b>	<b>43,642</b>	<b>44,149</b>	<b>40,380</b>	<b>19.7</b>	<b>(8.5)</b>	<b>70,082</b>	<b>84,529</b>	<b>20.6</b>
<b>Expenditure</b>	<b>24,524</b>	<b>27,919</b>	<b>34,455</b>	<b>36,140</b>	<b>34,953</b>	<b>42.5</b>	<b>(3.3)</b>	<b>50,643</b>	<b>71,093</b>	<b>40.4</b>
Total RM	1,846	2,640	3,622	2,499	3,804	106.1	52.2	4,120	6,303	53.0
Power & Fuel	7,268	9,140	12,667	15,137	13,778	89.6	(9.0)	14,395	28,915	100.9
Freight	7,141	7,887	9,580	9,145	8,684	21.6	(5.0)	15,523	17,829	14.9
Staff cost	2,295	2,232	2,212	2,434	2,382	3.8	(2.1)	4,691	4,816	2.7
Other expenditure	5,975	6,020	6,374	6,925	6,305	5.5	(9.0)	11,914	13,229	11.0
<b>EBITDA</b>	<b>9,210</b>	<b>8,452</b>	<b>9,188</b>	<b>8,008</b>	<b>5,428</b>	<b>(41.1)</b>	<b>(32.2)</b>	<b>19,439</b>	<b>13,436</b>	<b>(30.9)</b>
Depreciation	2,903	2,853	2,967	3,497	3,956	36.3	13.1	5,639	7,453	32.2
<b>EBIT</b>	<b>6,306</b>	<b>5,599</b>	<b>6,221</b>	<b>4,512</b>	<b>1,471</b>	<b>(76.7)</b>	<b>(67.4)</b>	<b>13,801</b>	<b>5,983</b>	<b>(56.6)</b>
Other Income	1,536	1,139	1,374	(201)	1,593	3.8	NA	2,947	1,392	(52.7)
Interest	556	539	522	554	660	18.8	19.1	1,100	1,214	10.4
<b>PBT</b>	<b>7,287</b>	<b>6,198</b>	<b>7,072</b>	<b>3,756</b>	<b>2,405</b>	<b>(67.0)</b>	<b>(36.0)</b>	<b>15,647</b>	<b>6,161</b>	<b>(60.6)</b>
Total Tax	1,647	1,371	482	968	572	(65.3)	(40.9)	3,699	1,540	(58.4)
<b>Adjusted PAT</b>	<b>5,639</b>	<b>4,827</b>	<b>6,591</b>	<b>2,789</b>	<b>1,832</b>	<b>(67.5)</b>	<b>(34.3)</b>	<b>11,948</b>	<b>4,621</b>	<b>(61.3)</b>
(Profit)/loss from JV's/Ass/MI	11	7	18	(6)	(1)	NA	NA	21	(8)	NA
<b>PAT after MI</b>	<b>5,628</b>	<b>4,820</b>	<b>6,572</b>	<b>2,795</b>	<b>1,834</b>	<b>(67.4)</b>	<b>(34.4)</b>	<b>11,927</b>	<b>4,629</b>	<b>(61.2)</b>
Extra ordinary items	-	-	-	-	-			-	-	
<b>Reported PAT</b>	<b>5,628</b>	<b>4,820</b>	<b>6,572</b>	<b>2,795</b>	<b>1,834</b>	<b>(67.4)</b>	<b>(34.4)</b>	<b>11,927</b>	<b>4,629</b>	<b>(61.2)</b>
<b>Adjusted EPS (Rs)</b>	<b>156.0</b>	<b>133.6</b>	<b>182.2</b>	<b>77.5</b>	<b>50.8</b>	<b>(67.4)</b>	<b>(34.4)</b>	<b>330.6</b>	<b>128.3</b>	<b>(61.2)</b>

Source: Company, Emkay Research

**Exhibit 5: We have deducted FY23 EBITDA estimates by 9% and FY24-FY25 EBITDA estimates by 1-2%**

Y/E Mar (Rs mn)	FY23E			FY24E			FY25E		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	1,79,818	1,74,656	(2.9)	2,07,313	2,01,469	(2.8)	2,47,709	2,40,636	(2.9)
<b>EBITDA</b>	<b>34,491</b>	<b>31,251</b>	<b>(9.4)</b>	<b>45,187</b>	<b>44,273</b>	<b>(2.0)</b>	<b>57,792</b>	<b>57,149</b>	<b>(1.1)</b>
PAT	18,825	14,926	(20.7)	25,675	24,757	(3.6)	33,854	33,167	(2.0)

Source: Emkay Research

**Exhibit 6: Maintain BUY, with TP of Rs23,300/share, based on Sep-24E EV/E**

EV/E method, backed by DCF analysis	
Sep-24E EBITDA (Rs bn)	51
EV/E (x)	15
<b>Enterprise Value (Rs bn)</b>	<b>759</b>
Net cash (Sep-23E, Rs bn)	81
<b>Equity value (Rs bn)</b>	<b>841</b>
No. of shares (mn)	36.1
<b>Sep-23 Target Price (Rs)</b>	<b>23,300</b>

Source: Emkay Research

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

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>1,34,763</b>	<b>1,50,096</b>	<b>1,74,656</b>	<b>2,01,469</b>	<b>2,40,636</b>
<b>Expenditure</b>	<b>94,250</b>	<b>1,13,016</b>	<b>1,43,405</b>	<b>1,57,196</b>	<b>1,83,487</b>
<b>EBITDA</b>	<b>40,514</b>	<b>37,079</b>	<b>31,251</b>	<b>44,273</b>	<b>57,149</b>
Depreciation	12,623	11,459	15,498	18,815	22,519
<b>EBIT</b>	<b>27,890</b>	<b>25,621</b>	<b>15,753</b>	<b>25,458</b>	<b>34,631</b>
Other Income	4,663	5,459	4,046	5,364	5,824
Interest expenses	2,513	2,161	2,521	1,866	1,680
<b>PBT</b>	<b>30,041</b>	<b>28,918</b>	<b>17,278</b>	<b>28,956</b>	<b>38,774</b>
Tax	7,145	5,552	2,304	4,150	5,557
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	(37)	(47)	(48)	(49)	(50)
<b>Reported Net Income</b>	<b>22,859</b>	<b>23,319</b>	<b>14,926</b>	<b>24,757</b>	<b>33,167</b>
<b>Adjusted PAT</b>	<b>22,859</b>	<b>23,319</b>	<b>14,926</b>	<b>24,757</b>	<b>33,167</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	361	361	361	361	361
Reserves & surplus	1,53,613	1,74,242	1,86,183	2,05,989	2,32,522
<b>Net worth</b>	<b>1,53,974</b>	<b>1,74,603</b>	<b>1,86,544</b>	<b>2,06,349</b>	<b>2,32,883</b>
<b>Minority Interest</b>	<b>512</b>	<b>503</b>	<b>513</b>	<b>523</b>	<b>534</b>
<b>Loan Funds</b>	<b>23,403</b>	<b>20,142</b>	<b>20,142</b>	<b>18,142</b>	<b>16,142</b>
Net deferred tax liability	(7,861)	(6,744)	(6,386)	(5,795)	(5,057)
<b>Total Liabilities</b>	<b>1,70,027</b>	<b>1,88,504</b>	<b>2,00,813</b>	<b>2,19,219</b>	<b>2,44,501</b>
<b>Net block</b>	<b>62,163</b>	<b>72,822</b>	<b>84,883</b>	<b>93,339</b>	<b>1,06,875</b>
<b>Investment</b>	<b>85,005</b>	<b>90,326</b>	<b>90,326</b>	<b>90,326</b>	<b>90,326</b>
<b>Current Assets</b>	<b>50,138</b>	<b>57,061</b>	<b>61,978</b>	<b>74,193</b>	<b>88,321</b>
Cash & bank balance	7,084	2,897	3,747	12,141	22,165
Other Current Assets	519	519	519	519	519
<b>Current liabilities &amp; Provision</b>	<b>37,244</b>	<b>42,241</b>	<b>44,392</b>	<b>46,655</b>	<b>49,038</b>
<b>Net current assets</b>	<b>12,895</b>	<b>14,820</b>	<b>17,586</b>	<b>27,538</b>	<b>39,283</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>1,70,027</b>	<b>1,88,504</b>	<b>2,00,813</b>	<b>2,19,219</b>	<b>2,44,501</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>30,041</b>	<b>23,413</b>	<b>13,184</b>	<b>23,543</b>	<b>32,900</b>
Other Non-Cash items	(4,396)	1,118	(346)	(290)	(388)
Chg in working cap	9,208	(6,112)	(1,916)	(1,557)	(1,721)
<b>Operating Cashflow</b>	<b>42,538</b>	<b>26,487</b>	<b>26,638</b>	<b>38,227</b>	<b>49,432</b>
Capital expenditure	(11,291)	(22,689)	(25,040)	(27,270)	(36,055)
<b>Free Cash Flow</b>	<b>31,247</b>	<b>3,798</b>	<b>1,597</b>	<b>10,957</b>	<b>13,377</b>
Investments	(20,227)	(5,321)	0	0	0
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(29,335)</b>	<b>(22,551)</b>	<b>(20,994)</b>	<b>(21,906)</b>	<b>(30,231)</b>
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(9,610)	(3,261)	0	(2,000)	(2,000)
Dividend paid (incl tax)	(111)	(1,624)	(2,985)	(4,951)	(6,633)
Other Financing Cash Flow	0	(1,077)	714	891	1,136
<b>Financing Cashflow</b>	<b>(12,261)</b>	<b>(8,122)</b>	<b>(4,793)</b>	<b>(7,927)</b>	<b>(9,177)</b>
<b>Net chg in cash</b>	<b>941</b>	<b>(4,187)</b>	<b>851</b>	<b>8,394</b>	<b>10,024</b>
Opening cash position	6,142	7,084	2,897	3,747	12,141
<b>Closing cash position</b>	<b>7,084</b>	<b>2,897</b>	<b>3,747</b>	<b>12,141</b>	<b>22,165</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	30.1	24.7	17.9	22.0	23.7
EBIT Margin	20.7	17.1	9.0	12.6	14.4
Effective Tax Rate	23.8	19.2	13.3	14.3	14.3
Net Margin	17.0	15.6	8.6	12.3	13.8
ROCE	19.9	17.3	10.2	14.7	17.4
ROE	16.0	14.2	8.3	12.6	15.1
RoIC	29.8	27.1	14.9	21.0	25.5

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	633.6	646.3	413.7	686.2	919.2
CEPS	983.4	963.9	843.3	1,207.6	1,543.4
BVPS	4,267.6	4,839.3	5,170.3	5,719.2	6,454.6
DPS	60.0	45.0	82.7	137.2	183.8

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
PER	33.4	32.8	51.2	30.9	23.0
P/CEPS	21.5	22.0	25.1	17.5	13.7
P/BV	5.0	4.4	4.1	3.7	3.3
EV / Sales	5.2	4.6	4.0	3.4	2.8
EV / EBITDA	18.0	18.8	22.1	15.6	11.9
Dividend Yield (%)	0.3	0.2	0.4	0.6	0.9

<b>Gearing Ratio (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Net Debt/ Equity	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Net Debt/EBITDA	(1.7)	(1.9)	(2.3)	(1.9)	(1.7)
Working Cap Cycle (days)	15.7	29.0	28.9	27.9	26.0

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	4.7	11.4	16.4	15.4	19.4
EBITDA	7.8	(8.5)	(15.7)	41.7	29.1
EBIT	42.9	(8.1)	(38.5)	61.6	36.0
PAT	48.8	2.0	(36.0)	65.9	34.0

<b>Quarterly (Rs mn)</b>	<b>Q1FY22</b>	<b>Q2FY22</b>	<b>Q3FY22</b>	<b>Q4FY22</b>	<b>Q1FY23</b>
Revenue	34,495	32,059	35,518	40,988	42,027
EBITDA	10,135	8,982	8,255	9,106	8,188
<b>EBITDA Margin (%)</b>	<b>29.4</b>	<b>28.0</b>	<b>23.2</b>	<b>22.2</b>	<b>19.5</b>
PAT	6,617	5,777	4,920	6,452	3,156
<b>EPS (Rs)</b>	<b>183.4</b>	<b>160.1</b>	<b>136.4</b>	<b>178.8</b>	<b>87.5</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Jun-21</b>	<b>Sep-21</b>	<b>Dec-21</b>	<b>Mar-22</b>	<b>Jun-22</b>
Promoters	62.6	62.6	62.6	62.6	62.6
FII	13.0	13.5	13.1	12.2	11.9
DII	10.5	10.1	10.5	11.2	11.2
Public and Others	14.0	13.8	13.9	14.1	14.4

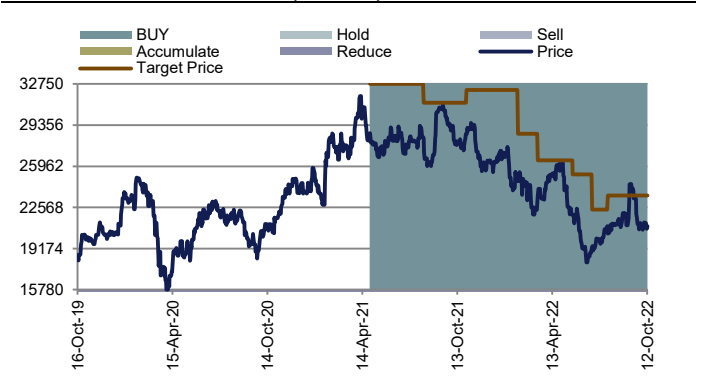
Source: Capitaline

## RECOMMENDATION HISTORY (Rs/share)

Date	Closing Price	TP	Period	Rating	Analyst
04-Oct-22	21,010	23,550	12m	Buy	Dharmesh Shah
04-Sep-22	21,088	23,550	12m	Buy	Dharmesh Shah
28-Jul-22	20,415	23,550	12m	Buy	Dharmesh Shah
12-Jul-22	19,962	22,400	12m	Buy	Dharmesh Shah
04-Jul-22	19,292	22,400	12m	Buy	Dharmesh Shah
28-Jun-22	19,237	22,400	12m	Buy	Dharmesh Shah
22-May-22	22,001	25,300	12m	Buy	Dharmesh Shah
16-Mar-22	23,595	26,450	12m	Buy	Dharmesh Shah
06-Feb-22	24,724	28,650	12m	Buy	Dharmesh Shah
31-Dec-21	26,987	32,250	12m	Buy	Dharmesh Shah
02-Dec-21	26,290	32,250	12m	Buy	Dharmesh Shah
30-Oct-21	28,635	32,250	12m	Buy	Dharmesh Shah
15-Sep-21	31,040	31,200	12m	Buy	Dharmesh Shah
05-Sep-21	30,441	31,200	12m	Buy	Dharmesh Shah
09-Aug-21	28,273	31,200	12m	Buy	Dharmesh Shah
06-Aug-21	28,387	32,750	12m	Buy	Dharmesh Shah
06-Jun-21	28,154	32,750	12m	Buy	Dharmesh Shah
22-May-21	27,623	32,750	12m	Buy	Dharmesh Shah
28-Apr-21	28,688	32,750	12m	Buy	Dharmesh Shah

Source: Company, Emkay Research

## RECOMMENDATION HISTORY (Rs/share)



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Cement & Building Materials



### Analyst: Dharmesh Shah

#### Contact Details

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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>2.19</b>	<b>2.19</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>	
ACC	0.19	0.19	0%	0	8.54	0
Ambuja Cements	0.36	0.35	-2%	-1	16.10	0
Birla Corporation	0.00	0.00	NA	0	0.00	0
Dalmia Bharat	0.12	0.08	-30%	-4	3.83	0
Grasim Industries*	0.62	0.62	0%	0	28.30	0
JK Cement	0.00	0.04	NA	4	1.94	0
Ramco Cements	0.00	0.00	NA	0	0.00	0
Shree Cements	0.20	0.20	0%	0	9.22	0
Star Cement	0.00	0.00	NA	0	0.00	0
<b>Ultratech Cement</b>	<b>0.70</b>	<b>0.70</b>	<b>0%</b>	<b>0</b>	<b>32.06</b>	<b>0</b>
<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	13-Oct-21	13-Apr-22	13-Jul-22	13-Sep-22	13-Oct-22
EAP - Cement & Building Materials	100.0	177.4	167.5	144.4	177.1	162.5
BSE200 Neutral Weighted Portfolio (ETF)	100.0	170.8	160.8	138.3	169.9	157.1

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

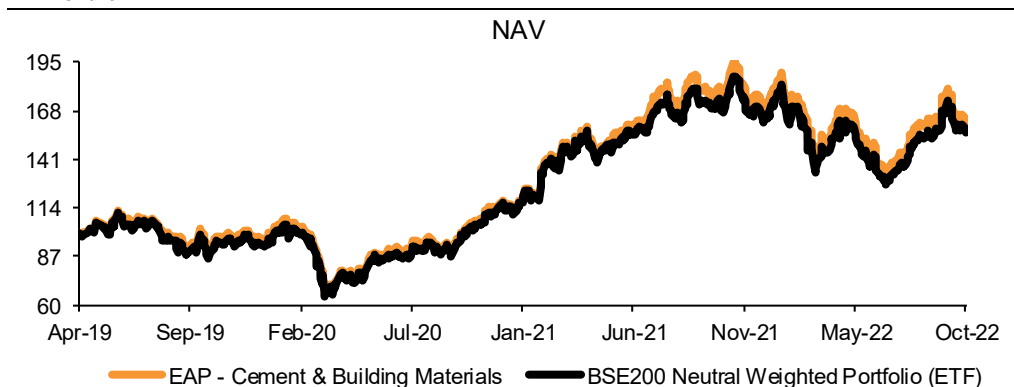
Source: Emkay Research

### Price Performance (%)

	1m	3m	6m	12m
EAP - Cement & Building Materials	-8.2%	12.6%	-2.9%	-8.4%
BSE200 Neutral Weighted Portfolio (ETF)	-7.5%	13.6%	-2.3%	-8.0%

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%

Completed Date: 15 Oct 2022 19:22:21 (SGT)

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