

May 27, 2016

₹ 93

India Cement (INDCEM)

Decline in power & fuel cost drives margins...

- India Cement's (ICL) results were in line with our expectation. Q4FY16 revenues increased 11.9% YoY to ₹ 1,147.1 crore (in line with I-direct estimate: ₹ 1,154.3 crore) led by 18.0% YoY increase in volumes (driven by pick-up in demand from AP and Telangana) while realisation declined 3.9% YoY
- Cement EBITDA/tonne increased 2.3% YoY to ₹ 844/tonne (vs. I-direct estimate of ₹ 811) led by lower power & fuel cost
- Net profit increased 39.9% YoY to ₹ 51.2 crore led by decline in interest (down 12.8% YoY) and depreciation expenses (down 11.4% YoY)
- For the full year, revenues declined 4.4% YoY to ₹ 4,226.9 crore. Net profit was at ₹ 137.9 crore. The company recommended a dividend of ₹ 1 per share

Improving demand from IHB, infrastructure projects to drive growth

ICL reported strong volume growth (~18.0% YoY) in Q4FY16 after 10 quarters of consecutive decline in volumes mainly led by a pick-up in demand. Going forward, we expect the company to register strong growth in revenues mainly led by increase in demand from individual house builders, Tamil Nadu housing scheme for poor and pick-up in infra spend in AP & Telangana. Considering this, we expect volumes to grow at a CAGR of 5.4% in FY16-18E.

Improving operating efficiency by increasing pet coke, setting up of power plant and higher capex

The company is one of the least efficient players in the industry. Its power cost per tonne (₹ 1,247) was 25% higher than industry in FY15. However, ICL has taken initiatives to improve power and fuel cost by increasing pet coke consumption to 34% of overall requirement, helping in reducing power cost per tonne by 12.5% YoY. Further, the company is planning to increase pet coke usage to 60-65%. In addition, ICL has installed captive power plant of 50 MW at Vishnupuram in Andhra Pradesh, which is expected to stabilise from FY17E. The plant will cater to the requirement of cement plants in Andhra Pradesh. Further, the company is investing ₹ 250 crore in FY17E to improve efficiency of its cement plants. Considering this, we expect margins to improve 67 bps to 19.2% over FY16-18E.

Improving cash flow, reduction in debt key positive

ICL has reduced its debt by ~ ₹ 286 crore to ₹ 2,955 crore mainly due to improvement in margins and lower working capital outflow. Going forward, we expect debt to further reduce by ₹ 440 crore to ₹ 2,535 crore in FY18E mainly led by improving cash flow and working capital efficiency. Given this, we expect debt to equity to improve from 0.8x in FY16 to 0.6x in FY18E.

Better financial performance, attractive valuation prompt us to upgrade stock

With better realisations in the south and improved outlook on the demand side on verge of formation of new state, we expect utilisations to improve from here on. Further, we expect cost rationalisation led by better fuel mix, installation power plant in AP and improving efficiency of plants to drive margins. In addition, with improving cash flow we expect debt to reduce over the next two years. Further, the stock is trading at attractive valuation of US\$58/t. Considering this, we upgrade the stock from HOLD to **BUY** with a revised target price of ₹ 105 (i.e EV/EBITDA of 6x and EV/tonne of US\$62).

Rating matrix		
Rating	:	Buy
Target	:	₹ 105
Target Period	:	12-15 months
Potential Upside	:	13%

What's changed?		
Target	Changed from ₹ 80 to ₹ 105	
EPS FY17E	Unchanged	
EPS FY18E	Unchanged	
Rating	Changed from Hold to Buy	

Quarterly performance					
	Q4FY16	Q4FY15	YoY (%)	Q3FY16	QoQ (%)
Revenue	1,147.1	1,025.0	11.9	929.6	23.4
EBITDA	211.5	182.2	16.1	146.3	44.6
EBITDA (%)	18.4	17.8	66 bps	15.7	270 bps
PAT	51.2	36.6	39.9	5.5	826.0

Key financials				
₹ Crore	FY15	FY16	FY17E*	FY18E*
Net Sales	4,418.8	4,226.9	4,508.8	4,892.7
EBITDA	677.8	781.3	829.5	937.2
Net Profit	29.4	137.9	174.5	256.4
EPS (₹)	1.0	4.5	5.7	8.3

* excludes revenues from IPL

Valuation summary				
	FY15	FY16	FY17E*	FY18E*
P/E	97.5	20.8	16.4	11.2
Target P/E	109.6	23.4	18.5	12.6
EV/EBITDA	9.0	7.5	6.8	5.7
EV/Tonne(\$)	66	63	61	58
P/BV	0.8	0.8	0.8	0.7
RoNW (%)	0.8	3.8	4.6	6.4
RoCE (%)	6.1	8.5	8.8	10.3

Stock data	
Particular	Amount
Mcap	₹ 2869 crore
Debt (FY16)	₹ 2955 crore
Cash & Invest (FY16)	₹ 4 crore
EV	₹ 5821 crore
52 week H/L	₹ 103 / 64
Equity cap	₹ 307.2 crore
Face value	₹ 10

Price performance				
	1M	3M	6M	12M
Heidelberg Cem	1.0	52.5	32.1	38.4
India Cement	0.3	33.2	5.6	-1.1
JK Cement	-2.0	23.1	-7.5	-0.9
JK Lakshmi Cem	-5.5	29.4	-1.7	1.7

Research Analyst	
Rashesh Shah	rashes.shah@icicisecurities.com
Devang Bhatt	devang.bhatt@icicisecurities.com

Variance analysis

	Q4FY16	Q4FY16E	Q4FY15	YoY (%)	Q3FY16	QoQ (%)	Comments
Total Operating Income	1147.1	1154.3	1025.0	11.9	929.6	23.4	The increase in revenues was mainly due to rise in volumes (led by pick-up in demand from AP and Telangana) while realisation declined 3.9% YoY
Other Income	7.0	5.0	18.1	-61.2	7.4	-5.8	
Raw Material Expenses	199.2	197.1	152.1	31.0	155.3	28.2	
Employee Expenses	93.3	91.0	84.8	9.9	73.8	26.4	
Stock Adjustment	-23.2	0.0	-7.9	NA	14.4	N.A	
Power & Fuel	258.9	250.2	273.5	-5.4	202.9	27.6	The decline in power & fuel cost on a YoY basis was due to higher pet coke usage (coal:pet coke mix 66:34)
Freight cost	234.4	244.8	207.7	12.9	194.6	20.5	
Others	173.2	157.6	132.6	30.6	142.3	21.7	
EBITDA	211.5	213.6	182.2	16.1	146.3	44.6	
EBITDA Margin (%)	18.4	18.5	17.8	66 bps	15.7	270 bps	Margin improvement was mainly due to lower power & fuel cost
Interest	91.3	93.9	104.7	-12.8	90.6	0.8	
Depreciation	52.2	55.3	59.0	-11.4	55.2	-5.4	Fall in depreciation charge was due to a change in rate of depreciation
PBT	75.0	69.3	36.6	104.9	8.0	840.8	
Total Tax	23.8	21.2	0.0	NA	2.4	874.2	
PAT	51.2	48.1	36.6	39.9	5.5	826.0	Lower depreciation and interest expenses led the company to report higher net profit during the quarter

Key Metrics							
Volume (MT)	2.47	2.39	2.09	18.0	1.94	27.5	Pick-up in demand from AP and Telangana helped drive volume growth
Realisation (₹)	4,610	4,749	4,799	-3.9	4,709	-2.1	
Cement EBITDA per Tonne (₹)	844	811	825	2.3	732	15.3	Lower power & fuel cost per tonne led to higher EBITDA/tonne

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	FY17E*			FY18E*			Comments
	Old	New	% Change	Old	New	% Change	
Revenue*	4,553.9	4,508.8	-1.0	N.A	4,892.7	N.A	We have kept our revenue estimate unchanged
EBITDA	855.8	829.5	-3.1	N.A	937.2	N.A	
EBITDA Margin (%)	18.8	18.4	-40 bps	N.A	19.2	N.A	Margins are expected to improve 67 bps to 19.6% over FY16-18E
PAT	176.1	174.5	-0.9	N.A	256.4	N.A	Reduction in debt to positively impact PAT
EPS (₹)	5.7	5.7	-0.9	N.A	8.3	N.A	

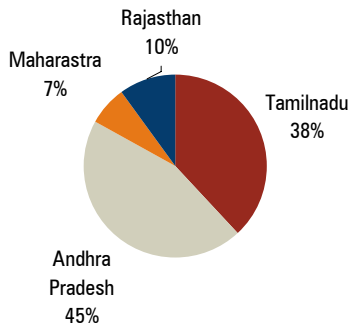
Source: Company, ICICIdirect.com Research *Revised estimates are excluding revenue from IPL business which has been transferred to Trust.

Assumptions

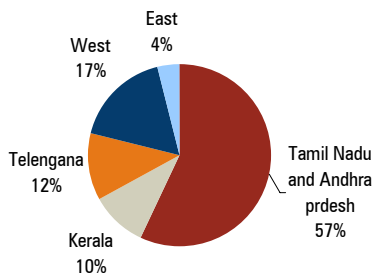
	Current				Earlier				Comments
	FY13	FY14	FY15	FY16	FY17E	FY18E	FY16E	FY17E	
Volume (MT)	10.1	10.0	9.1	8.7	9.1	9.6	8.3	8.9	We expect volume to increase at a CAGR of 5.4% over FY16-18E
Cement Realisation (₹)	4,362	4,183	4,605	4,810	4,904	5,011	4,866	5,027	
Cement EBITDA per Tonne (₹)	783	289	500	832	844	901	835	882	Expect EBITDA/tonne to improve to ₹ 901 in FY18E from ₹ 832 in FY16

Source: Company, ICICIdirect.com Research

Capacity spread



Sales mix



Company Analysis

Largest manufacturer of cement in South India

India Cement is the largest cement manufacturer in the southern region with an installed capacity of 13.1 MTPA in the southern region. While 1.1 MTPA of capacity is in Maharashtra, 1.5 MTPA of capacity is in Banswara, Rajasthan. Out of total revenue, ~85-90% of sales come from the southern region for the company. Due to excess capacity in the southern region, the company is vulnerable to the demand supply mismatch of the southern region. Going ahead, after the resolution of Telangana issue in the region, we expect demand to improve from here on. However, given the additional capacity, the utilisation level is unlikely to exceed ~68-69% till FY17-18E, which will limit the volume growth for the company.

Exhibit 1: Demand supply dynamics of South India

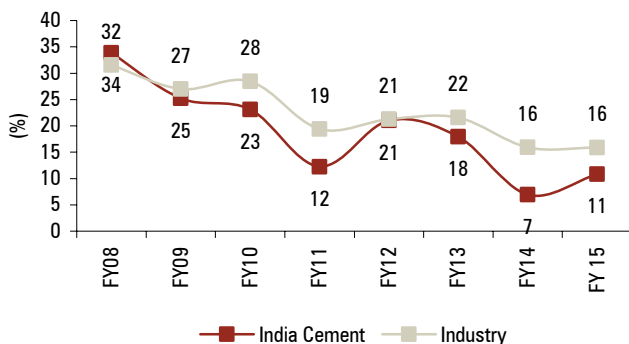
Million tonnes	FY09	FY10	FY11	FY12	FY13	FY14P	FY15E
Effective Capacity	67.0	83.0	101.5	110.0	119.0	123	128.0
Production	59.7	63.0	66.0	67.2	68.3	69	73.0
Capacity Utilisation (%)	89.1	75.9	65.0	61.1	57.4	56	57.0
Consumption	59.7	62.9	66.0	67.2	68.3	69	71.5
Consumption Growth(%)	10.4	5.4	4.9	1.8	1.6	1	3.9
Surplus/Deficit	7.3	20.1	35.5	42.8	50.7	54	56.5

Source: ICICIdirect.com Research

Improving operating efficiency to drive margins

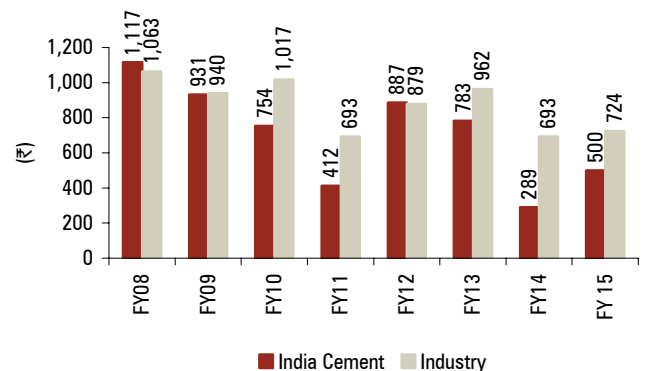
The company is one of the least efficient players in the industry. Its power cost per tonne (₹ 1,247) was 25% higher than the industry in FY15. However, the company has taken initiatives to improve power and fuel cost by increasing pet coke consumption to 34% of overall requirement, which has helped in reducing power cost per tonne by 12.5% YoY. In addition, the company has installed captive power plant of 50 MW at Vishnupuram in Andhra Pradesh which is expected to stabilise from FY17E. The plant will cater to the requirement of cement plants in Andhra Pradesh. Further, the company is investing ₹ 250 crore in FY17E to improve efficiency of its cement plants. Considering this we expect margins to improve 67 bps to 19.2% over FY16-18E.

Exhibit 2: EBITDA margin compared to industry



Source: Company, ICICIdirect.com Research

Exhibit 3: EBITDA/tonne compared to industry



Source: Company, ICICIdirect.com Research

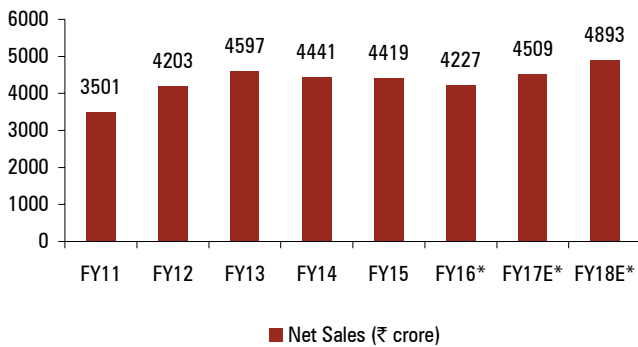
Improving cash flow, reduction in debt a key positive

ICL has reduced its debt by ~ ₹ 286 crore to ₹ 2,955 crore mainly due to improvement in margins and lower working capital outflow. Going forward, we expect debt to further reduce by ₹ 440 crore to ₹ 2,535 crore mainly led by improving cash flow and working capital efficiency. Given this, we expect debt to equity to improve from 0.8x in FY16 to 0.6x in FY18E.

Expect revenue CAGR of 7.6% in FY16-18E

Revenues have grown at a CAGR of 3.8% in FY11-16 while in FY12-14, the growth was lower at 2.8% led by a slowdown in AP coupled with higher cement capacity. Going forward, with the resolution of the Telangana issue and a strong focus towards infrastructure development by the government, we expect revenue to grow at a CAGR of 7.6% in FY16-18E on account of an improvement in capacity utilisation.

Exhibit 4: Expect revenue CAGR of 7.6% during FY16-18E



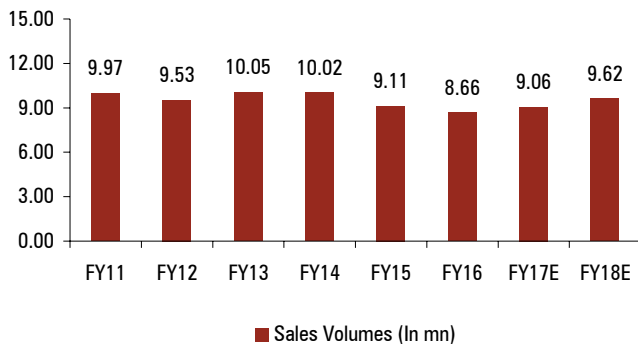
Source: Company, ICICIdirect.com Research *Ex-IPL revenues

Exhibit 5: Capacity addition plans

	State	Region	MT
Sankarnagar, Tirunelveli	Tamilnadu	South	2.1
Sankari, Salem	Tamilnadu	South	0.9
Dalavoi, Ariyalur	Tamilnadu	South	1.9
Vallur Village, Tiruvallur	Tamilnadu	South	1.1
Chilamakur, Kadapa	Andhra Pradesh	South	1.5
Yerraguntla, Kadapa	Andhra Pradesh	South	0.7
Vishnupuram, Nalgonda	Andhra Pradesh	South	2.5
Malkapur, Ranga Reddy	Andhra Pradesh	South	2.4
Parli Vajinath, Beed	Maharashtra	West	1.1
banswara	Rajasthan	North	1.5
Total			15.7

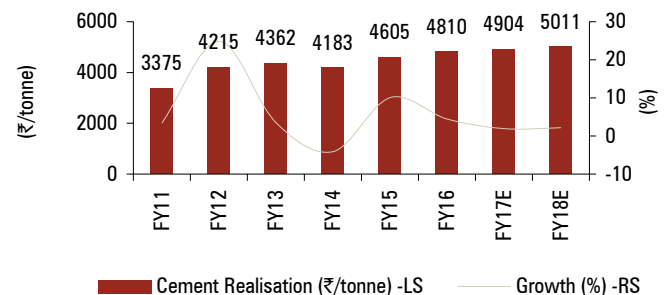
Source: Company, ICICIdirect.com Research

Exhibit 6: Volume trend



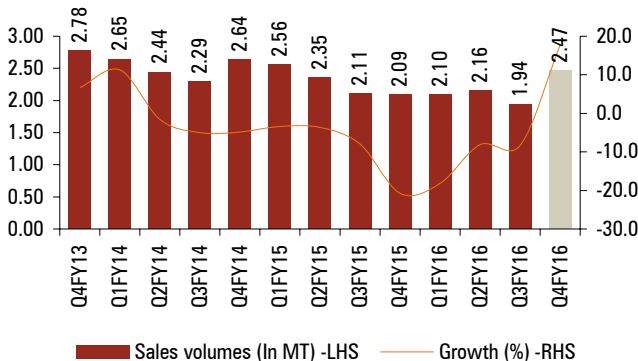
Source: Company, ICICIdirect.com Research

Exhibit 7: Realisation to grow at CAGR of 2.1% during FY16-18E



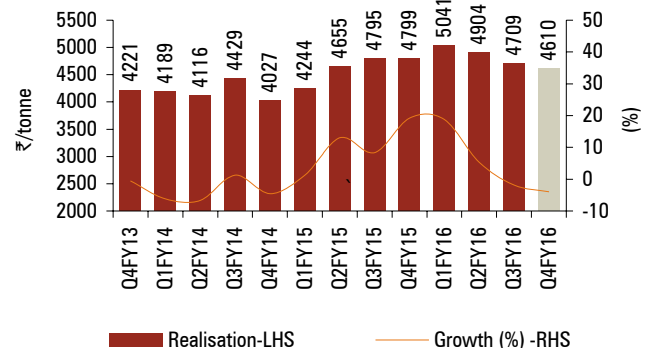
Source: Company, ICICIdirect.com Research

Exhibit 8: Q4FY16 volumes increase 18.0% YoY



Source: Company, ICICIdirect.com Research

Exhibit 9: Realisation declines 3.9% YoY to ₹ 4,610/tonne

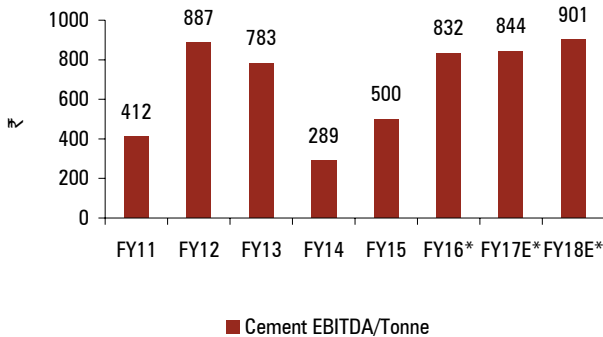


Source: Company, ICICIdirect.com Research

Margins to improve gradually, going forward

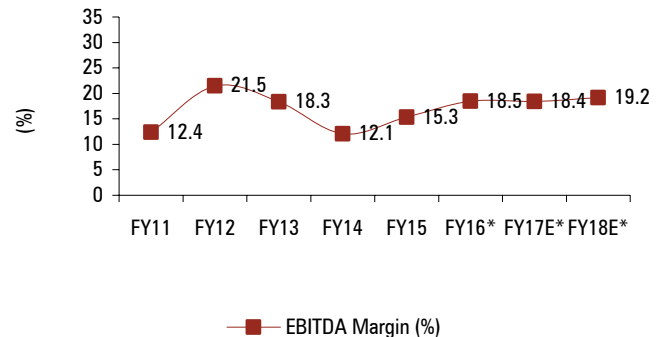
We expect margins to improve gradually during our forecast period of FY16-18E led by healthy realisations, cost rationalisation and higher utilisation.

Exhibit 10: Expect EBITDA/tonne of ₹ 901 in FY18E



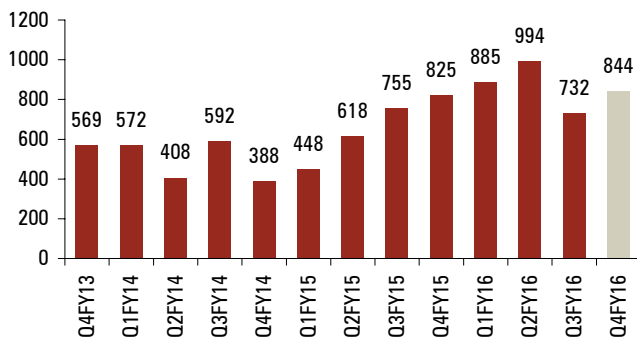
Source: Company, ICICIdirect.com Research

Exhibit 11: Margins to improve gradually



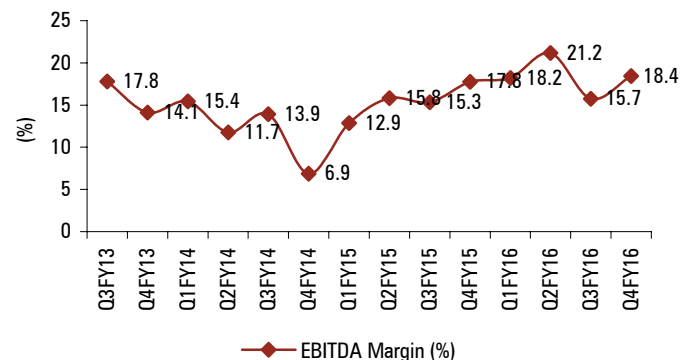
Source: Company, ICICIdirect.com Research

Exhibit 12: Q4FY16 cement EBITDA at ₹ 844/t



Source: Company, ICICIdirect.com Research

Exhibit 13: Margin trend (%)

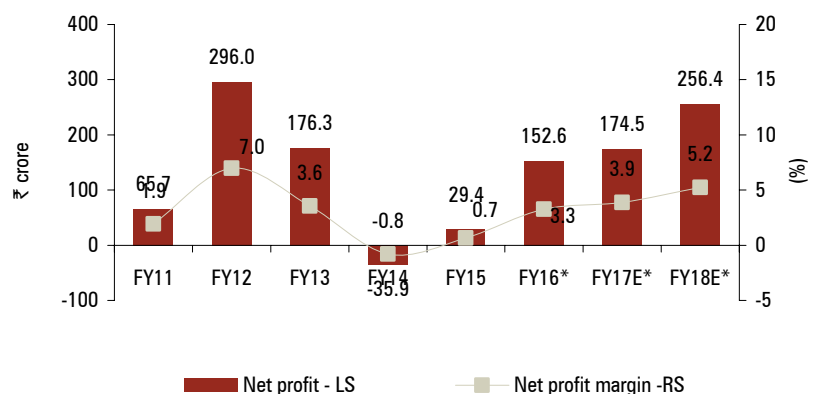


Source: Company, ICICIdirect.com Research

Expect net margins to improve during FY16-18E

After reporting a loss in FY14, we expect net margins to improve to 5.2% in FY18E from 3.3% in FY16. Overall, we expect the company to report a net profit of ₹ 256.4 crore during FY18E from a loss of ₹ 35.9 crore in FY14.

Exhibit 14: Profitability trend



Source: Company, ICICIdirect.com Research

Outlook and valuation

With better realisations in the south and improved outlook on the demand side on verge of formation of new state, we expect utilisations to improve from here on. Further, we expect cost rationalisation led by better fuel mix, installation power plant in AP and improving efficiency of plants to drive margins. In addition, with improving cash flow we expect debt to reduce over the next two years. Further, the stock is trading at attractive valuation of US\$58/t. Considering this, we upgrade the stock from HOLD to **BUY** with a revised target price of ₹ 105 (i.e. EV/EBITDA of 6x and EV/tonne of US\$62).

Exhibit 15: Key assumptions

₹ per tonne (Blended)	FY13	FY14	FY15	FY16E	FY17E	FY18E
Realisation	4362	4183	4605	4810	4904	5011
Total Expenditure	3579	3894	4106	3978	4060	4110
Stock Adj	-19	-31	38	-11	0	0
Raw material	575	604	685	783	800	810
Power & fuel	1249	1273	1247	1090	1110	1125
Employee	332	350	349	393	380	380
Freight	954	1007	1046	1005	1050	1075
Others	489	691	741	718	720	720
EBITDA per Tonne	783	289	500	832	844	901

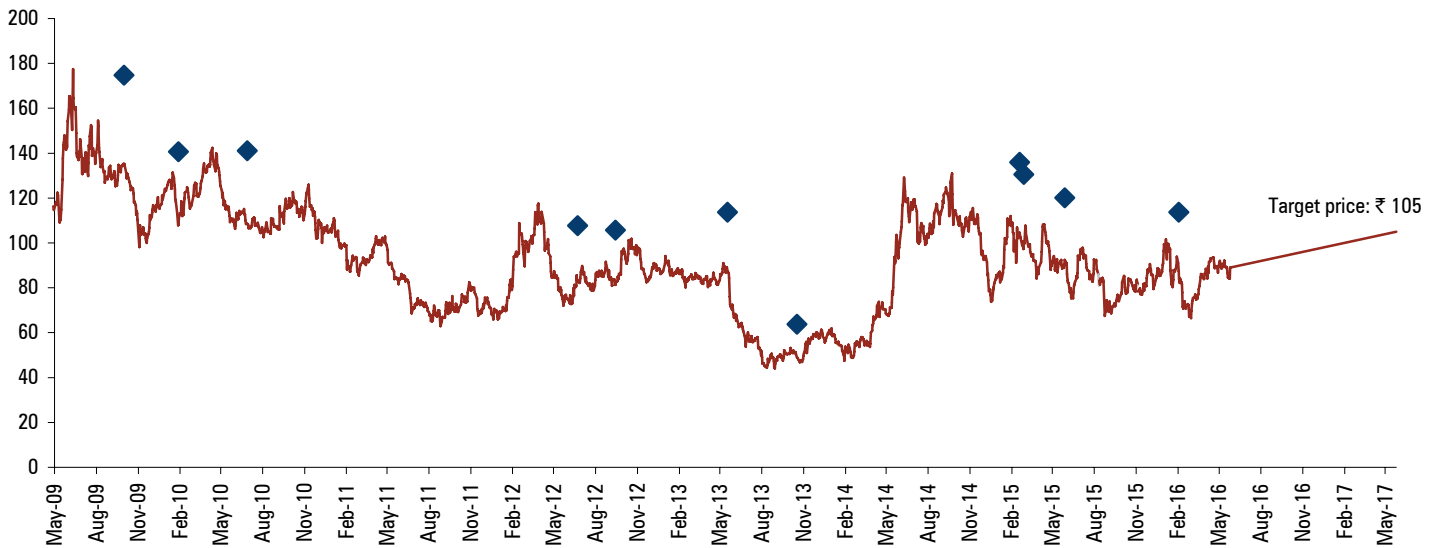
Source: ICICIdirect.com Research

Exhibit 16: Valuations

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	EV/Tonne (x)	RoNW (%)	RoCE (%)
FY15	4418.8	-0.5	1.0	NA	97.5	9.0	66	0.8	6.1
FY16	4226.9	-4.3	4.5	368.7	20.8	7.5	63	3.8	8.5
FY17E	4508.8	6.7	5.7	26.5	16.4	6.8	61	4.6	8.8
FY18E	4892.7	8.5	8.3	47.0	11.2	5.7	58	6.4	10.3

Source: Company, ICICIdirect.com Research

Company snapshot



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Feb-09	Completes and commences commercial production of 1 MT grinding plant at Parli (Maharashtra). The company's subsidiary, namely, Trishul Concrete Products Ltd gets completed and commences commercial production of 1 lakh cubic metre ready mix concrete plant at Hyderabad (Andhra Pradesh)
Apr-09	The company upgrades capacity of kiln I to 3000 TPD (1700 TPD) at Vishnupuram
Sep-09	Announces plans to set up two 50 MW power plant in Shankar Nagar, Tamil Nadu and Andhra Pradesh with total capex of ₹ 500 crore
Jan-10	ICL Financial Services (ICLFS), the company's wholly-owned subsidiary, acquires 60.89% (including shares acquired under open offer) equity share capital in Indo Zinc (IZL). Consequently, IZL became a subsidiary of ICLFS and ultimate subsidiary of the company. The company set up PT. Coromandel Minerals Resources as subsidiary in Indonesia for acquiring coal concessions
Jun-10	Completes upgradation of capacity at Chilamakur to 4500 tonnes per day
Jun-12	CCI fines company with penalty of ₹ 187.5 crore on alleged cartelisation
Sep-12	COMPAT serves notice to CCI in cement cartelisation case
May-13	COMPAT directs cement companies to pay 10% penalty
Oct-13	Supreme Court bars company promoter N Srinivasan from taking charge as BCCI President till investigation gets completed in IPL probe
Feb-15	Company transfers IPL division into separate subsidiary company Chennai Super Kings Cricket (CSKC)
Feb-15	Trinetra Cement and Trishul Concrete Products amalgamated with India Cements
May-15	CARE downgrades India Cements' long term bank facilities from 'CARE A-' to 'CARE A+' and short-term facilities from 'CARE A1' to 'CARE A2+'
Feb-16	CARE downgrades India Cements' long term bank facilities from 'CARE A-' to 'CARE BBB+' and short-term facilities from 'CARE A2+' to 'CARE A2'

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	EWS Finance & Investments Ltd.	31-Mar-16	9.0	27.6	0.0
2	Prince Holdings Madras Pvt. Ltd.	31-Mar-16	8.3	25.5	0.0
3	Subramanian (Vidya)	31-Mar-16	6.5	20.0	0.0
4	Life Insurance Corporation of India	31-Mar-16	6.1	18.6	0.0
5	Trishul Investments Pvt. Ltd.	31-Mar-16	5.7	17.5	0.0
6	AfrAsia Capital Management Ltd	31-Mar-16	5.0	15.4	0.0
7	Anna Investments Pvt. Ltd.	31-Mar-16	4.2	13.0	0.0
8	The Boston Company Asset Management, LLC	31-Mar-16	4.1	12.6	0.9
9	Dimensional Fund Advisors, L.P.	29-Feb-16	3.5	10.7	6.7
10	Reliance Capital Asset Management Ltd.	31-Mar-16	3.5	10.6	1.0

Source: Reuters, ICICIdirect.com Research

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Dimensional Fund Advisors, L.P.	6.49	6.66	Damani (Radhakishan S)	-3.53	-2.71
Macquarie Investment Management Ltd.	6.54	4.47	HSBC Global Asset Management (Hong Kong) Limited	-2.07	-1.54
Deutsche Bank AG	5.19	3.98	Birla Sun Life Asset Management Company Ltd.	-1.05	-0.78
Norges Bank Investment Management (NBIM)	2.35	1.60	Morgan Stanley Investment Management Inc. (US)	-0.17	-0.14
Reliance Capital Asset Management Ltd.	1.30	1.00	Citigroup Inc	-0.19	-0.13

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement					₹ Crore				
(Year-end March)	FY15	FY16	FY17E	FY18E					
Total operating Income	4,418.8	4,226.9	4,508.8	4,892.7					
Growth (%)	-0.5	-4.3	6.7	8.5					
Raw material cost	658.7	668.7	725.0	779.6					
Employee Expenses	318.2	340.4	344.4	365.7					
Power, Oil & Fuel	1136.4	944.6	1005.9	1082.7					
Freight cost	953.1	870.3	951.5	1034.6					
Other Expenses	674.8	621.7	652.5	692.9					
Total Operating Exp.	3,741.1	3,445.6	3,679.3	3,955.6					
EBITDA	677.8	781.3	829.5	937.2					
Growth (%)	26.2	15.3	6.2	13.0					
Depreciation	257.9	218.0	250.7	262.7					
Interest	419.6	370.4	344.4	316.9					
Other Income	29.1	22.2	28.0	28.0					
Exceptional items	0.0	14.7	0.0	0.0					
PBT	29.4	200.4	262.4	385.6					
Total Tax	0.0	62.5	87.9	129.2					
PAT	29.4	137.9	174.5	256.4					
Adjusted PAT	29.4	152.6	174.5	256.4					
Growth (%)	-182.1	418.6	14.4	47.0					
EPS (₹)	1.0	4.5	5.7	8.3					

Source: Company, ICICIdirect.com Research

Cash flow statement					₹ Crore				
(Year-end March)	FY15	FY16	FY17E	FY18E					
Profit after Tax	29.4	137.9	174.5	256.4					
Add: Depreciation	257.9	218.0	250.7	262.7					
(Inc)/dec in Current Assets	478.3	-96.2	-17.1	-113.8					
Inc/(dec) in CL and Provisions	-629.1	124.8	79.4	116.4					
CF from operating activities	136.5	384.4	487.6	521.7					
(Inc)/dec in Investments	-639.7	0.5	0.0	0.0					
(Inc)/dec in Fixed Assets	329.8	-45.5	-250.0	-250.0					
Others	0.0	29.2	0.0	0.0					
CF from investing activities	-309.9	-15.7	-250.0	-250.0					
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0					
Inc/(dec) in loan funds	461.8	-286.3	-200.0	-220.0					
Dividend paid & dividend tax	0.0	-36.1	-36.1	-36.1					
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0					
Others	-287.6	-46.6	0.0	0.0					
CF from financing activities	174.2	-369.0	-236.1	-256.1					
Net Cash flow	0.8	-0.2	1.5	15.6					
Opening Cash	3.1	3.9	3.7	5.2					
Closing Cash	3.9	3.7	5.2	20.8					

Source: Company, ICICIdirect.com Research

Balance sheet					₹ Crore				
(Year-end March)	FY15	FY16	FY17E	FY18E					
Liabilities									
Equity Capital	307.2	307.2	307.2	307.2					
Reserve and Surplus	3,285.9	3,341.1	3,479.5	3,699.8					
Total Shareholders funds	3,593.1	3,648.3	3,786.7	4,007.0					
Total Debt	3,241.5	2,955.2	2,755.2	2,535.2					
Deferred Tax Liability	329.7	358.9	358.9	358.9					
Minority Interest / Others	0.0	0.0	0.0	0.0					
Total Liabilities	7,164.3	6,962.5	6,900.8	6,901.2					
Assets									
Gross Block	6,533.8	6,579.3	6,974.3	7,224.3					
Less: Acc Depreciation	3,158.9	3,377.0	3,627.7	3,890.4					
Net Block	3,374.9	3,202.3	3,346.6	3,333.9					
Capital WIP	300.0	300.0	155.0	155.0					
Total Fixed Assets	3,674.9	3,502.3	3,501.6	3,488.9					
Investments	1,585.2	1,584.7	1,584.7	1,584.7					
Inventory	606.9	595.3	590.6	642.6					
Debtors	466.1	513.4	547.2	593.8					
Loans and Advances	1,974.4	2,035.0	2,022.9	2,038.1					
Other Current Assets	0.0	0.0	0.0	0.0					
Cash	3.9	3.7	5.2	20.8					
Total Current Assets	3,051.3	3,147.3	3,165.9	3,295.3					
Creditors	1,088.3	1,157.1	1,234.0	1,339.1					
Provisions	58.8	114.8	117.2	128.6					
Total Current Liabilities	1,147.1	1,271.8	1,351.3	1,467.7					
Net Current Assets	1,904.3	1,875.5	1,814.6	1,827.6					
Application of Funds	7,164.3	6,962.5	6,900.9	6,901.2					

Source: Company, ICICIdirect.com Research

Key ratios									
(Year-end March)	FY15	FY16	FY17E	FY18E					
Per share data (₹)									
Adjusted EPS	1.0	4.5	5.7	8.3					
Cash EPS	9.4	11.6	13.8	16.9					
BV	117.0	118.8	123.3	130.4					
DPS	0.0	1.0	1.0	1.0					
Cash Per Share	0.1	0.1	0.2	0.7					
Operating Ratios (%)									
EBITDA Margin	15.3	18.5	18.4	19.2					
PAT Margin	0.7	3.3	3.9	5.2					
Inventory days	47.8	51.9	48.0	46.0					
Debtor days	38.5	44.3	44.3	44.3					
Creditor days	89.9	99.9	99.9	99.9					
Return Ratios (%)									
RoE	0.8	4.2	4.6	6.4					
RoCE	6.3	8.4	8.8	10.2					
RoIC	6.1	8.5	8.6	10.0					
Valuation Ratios (x)									
P/E	97.5	20.8	16.4	11.2					
EV / EBITDA	9.0	7.5	6.8	5.7					
EV / Net Sales	1.4	1.4	1.2	1.1					
Market Cap / Sales	0.6	0.7	0.6	0.6					
Price to Book Value	0.8	0.8	0.8	0.7					
Solvency Ratios									
Debt/EBITDA	4.8	3.8	3.3	2.7					
Debt / Equity	0.9	0.8	0.7	0.6					
Current Ratio	2.7	2.5	2.3	2.2					
Quick Ratio	2.7	2.5	2.3	2.2					

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (Cement)

Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)			EV/EBITDA (x)			EV/Tonne (\$)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)			FY16E	FY17E	FY18E	FY16E	FY17E	FY18E	FY16E	FY17E	FY18E	FY16E	FY17E	FY18E	FY16E	FY17E	FY18E
ACC*	1504	1550	Hold	28,266	31.3	57.8	66.3	23.1	16.4	14.2	147	128	127	6.0	10.5	11.4	7.0	12.0	12.6
Ambuja Cement*	227	236	Hold	34,875	5.2	7.2	7.8	20.8	16.1	14.8	164	144	147	7.9	11.5	12.2	7.8	10.4	10.7
UltraTech Cem	3238	3800	Buy	88,494	79.2	99.3	119.7	20.5	16.9	14.5	219	203	200	12.0	13.3	15.7	10.5	11.5	12.9
Shree Cement	13215	11300	Buy	45,988	130.7	131.5	135.5	35.5	27.6	27.2	263	264	0	5.9	6.5	6.3	8.0	7.6	7.3
Heidelberg Cem	97	105	Hold	2,379	1.7	2.9	4.9	14.1	10.5	8.7	92	90	89	7.1	10.7	12.9	4.3	6.9	10.5
India Cement	93	105	Buy	2,869	4.5	5.7	8.3	7.5	6.8	5.7	63	61	58	8.4	8.8	10.2	4.2	4.6	6.4
JK Cement	600	486	Hold	4,196	-1.3	41.7	47.1	18.9	9.6	7.3	85	99	81	4.9	14.0	14.1	-0.6	15.6	15.2
JK Lakshmi Cem	347	405	Buy	4,072	0.5	5.7	12.9	21.0	14.3	10.2	114	96	85	3.4	7.0	11.2	0.5	4.9	10.0
Mangalam Cem	249	310	Buy	665	0.0	19.2	28.0	28.4	7.4	5.6	51	43	39	1.3	12.5	15.3	NA	9.7	12.5
SFCL	110	135	Buy	2,420	4.1	6.4	8.9	8.0	6.2	5.0	169	167	126	12.0	16.0	19.1	12.3	16.3	19.0

* CY14E, CY15E, CY16E

Source: Company, ICICIdirect.com Research

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

**ICICIdirect.com Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No. 7, MIDC,
Andheri (East)
Mumbai – 400 093**

research@icicidirect.com

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