

# Star Cement

Refer to important disclosures at the end of this report

## Near-term headwinds persist but valuations are attractive


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- Star Cement's Q1FY20 results were below estimates, with EBITDA coming in at Rs1.12bn vs. our estimate of Rs1.25bn and EBITDA/ton at Rs1,542 vs. estimate of Rs1,613 as realization declined 0.6% qoq against estimate of 1% growth qoq.
- Lower clinker sales (0.01mt vs. 0.09mt in Q1FY19) led to a sales volume decline of 9.9% yoy. Cement sales volume was up 0.8% yoy. Realization was down 1.2% yoy, whereas opex was almost flat.
- Management maintained volume growth guidance of 15% in FY20 but believes there could be downside risks if Q2 turns out to be disappointing. The cement grinding unit in Siliguri, WB, is on track and is expected to get commissioned by Q3FY20-end.
- We reduce FY20/21 EBITDA estimates by 9.9%/8.1%, considering lower realization. We prefer Star Cement due to higher profitability, return ratios, and its presence in a lucrative market. Maintain Buy with a target price of Rs135 (10x FY21E EV/EBITDA).

**Lower realization and sales volumes impact profitability:** Star Cement's results were below estimates, with EBITDA at Rs1.12bn vs. estimate of Rs1.25bn on 1) lower realization - down 0.6% qoq vs. estimate of 1% qoq growth; and 2) lower sales volume - down 9.9% yoy vs. estimate of 4% yoy decline. Higher discounts in the North East (NE) markets impacted realizations as cement prices remained flat qoq. Cement prices started to decline in the East markets from mid-May and management believes that current prices in the East region are lower than that of Mar-19. The sales volume decline of 9.9% yoy was driven by lower clinker sales (0.01mt vs. 0.09mt in Q1FY19). Excluding clinker sales, cement sales volume was up 0.8% yoy. Cement sales volume in the NE market was up 3.3% yoy, whereas there was a decline of 5.5% yoy outside the NE markets. Realization was down 1.2% yoy/0.6% qoq. Opex/ton was flat yoy although there could be an increase in energy costs going forward as Star has consumed low-cost inventory and will be dependent mostly on imported coal now. Lower realization and sales volumes have led to a 110bps yoy decline in OPM and a 5.5% yoy decline in EBITDA/ton. EBITDA was down 14.9% yoy.

**Trim estimates; attractive valuations:** We reduce FY20/21 EBITDA estimates by 9.9%/8.1%, considering lower cement prices and higher opex (coal costs). We prefer Star Cement due to its presence in the North East region that offers better growth opportunities, strong margin profile, and superior return ratios. The North East region is a lucrative market characterized by oligopolistic nature where just two players are controlling 50% of the total capacity. It has consistently delivered more than 2x EBITDA/ton vs. the average of others in our coverage universe. Valuations at 7.8x/6.9x FY20/21E EV/EBITDA appear attractive. We maintain our Buy rating with a target price of Rs135, valuing it at 10x FY21E EV/EBITDA. The key risk could be a significant increase in coal costs and a slowdown in industry demand.

Please see our sector EAP (page 8): [Emkay Alpha Portfolio – Cement & Building Materials](#)

### Financial Snapshot (Consolidated)

(Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Revenue	15,278	16,145	18,310	19,962	22,836
EBITDA	3,962	5,214	4,492	4,586	5,243
EBITDA Margin (%)	25.9	32.3	24.5	23.0	23.0
APAT	1,826	3,307	2,988	3,105	3,521
EPS (Rs)	4.4	7.9	7.1	7.4	8.4
EPS (% chg)	35.7	81.0	(9.6)	3.9	13.4
ROE (%)	16.6	25.2	18.7	16.8	16.9
P/E (x)	22.1	12.2	13.5	13.0	11.5
EV/EBITDA (x)	12.1	8.5	8.6	7.8	6.9
P/BV (x)	3.5	2.7	2.3	2.1	1.8

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
Rs 96 as of (August 1, 2019)	Rs 135 (▼) 12 months
<b>Rating</b>	<b>Upside</b>
BUY (■)	40.1 %

### Change in Estimates

EPS Chg FY20E/FY21E (%)	(16)/(11)
Target Price change (%)	(11.9)
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

EPS Estimates		
	FY20E	FY21E
Emkay	7.4	8.4
Consensus	8.2	9.3
Mean Consensus TP (12M)	Rs 142	

### Stock Details

Bloomberg Code	STRCEM IN
Face Value (Rs)	1
Shares outstanding (mn)	419
52 Week H/L	140 / 80
M Cap (Rs bn/USD bn)	40 / 0.58
Daily Avg Volume (nos.)	1,63,518
Daily Avg Turnover (US\$ mn)	0.3

### Shareholding Pattern Jun '19

Promoters	67.9%
FIIIs	1.1%
DIIIs	9.2%
Public and Others	21.8%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	(22)	(8)	3	(15)
<b>Rel. to Nifty</b>	(15)	(2)	2	(12)

### Relative price chart



Source: Bloomberg

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**Exhibit 1: Actual vs. Estimates (Q1FY20)**

(in Rs mn)	Actual	Estimate		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Sales	4,609	5,017	4,994	-8.1	-7.7	Impact of lower sales volumes and realization
EBITDA	1,121	1,250	1,221	-10.3	-8.2	Impact of lower sales volumes and realization
EBITDA margin (%)	24.3	24.9	24.4	-59bps	-12bps	
Adj. PAT	839	832	845	0.8	-0.7	In-line with estimates due to higher other income

Source: Company, Emkay Research, Bloomberg

**Exhibit 2: Quarterly Results**

Rs mn	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	YoY (%)	QoQ (%)
Revenue	5,274	5,179	3,623	4,164	5,344	4,609	-11.0%	-13.8%
Expenditure	3,830	3,862	2,935	2,945	4,076	3,487	-9.7%	-14.4%
as % of sales	73%	75%	81%	71%	76%	76%		
Consumption of RM	551	991	930	515	1,168	745	-24.9%	-36.3%
as % of sales	10%	19%	26%	12%	22%	16%		
Employee Expenses	246	268	321	300	275	298	11.4%	8.5%
as % of sales	5%	5%	9%	7%	5%	6%		
Other Expenses	3,033	2,603	1,684	2,130	2,632	2,444	-6.1%	-7.1%
as % of sales	58%	50%	46%	51%	49%	53%		
EBITDA	1,444	1,317	687	1,219	1,269	1,121	-14.9%	-11.6%
Depreciation	241	283	271	264	238	222	-21.5%	-6.8%
EBIT	1,203	1,034	416	955	1,030	899	-13.0%	-12.7%
Other Income	28	3	7	10	34	74	n/m	114.4%
Interest	89	54	33	26	31	28	-49.0%	-9.8%
PBT	1,143	983	390	939	1,034	945	-3.9%	-8.6%
Total Tax	54	68	8	102	118	106	56.0%	-10.2%
Adjusted PAT	1,088	915	382	837	916	839	-8.3%	-8.4%
Extra ordinary items	-	-	-	-	-	-		
Reported PAT	1,088	915	382	837	916	839	-8.3%	-8.4%
(Profit)/loss from JV's/Ass/MI	10	12	18	14	18	0.13	-98.9%	-99.3%
PAT after MI	1,079	903	364	823	898	839	-7.1%	-6.6%
Adjusted EPS	2.6	2.2	0.9	2.0	2.1	2.0	-7.1%	-6.6%
<b>Margins (%)</b>							<b>bps</b>	<b>bps</b>
EBIDTA	27.4	25.4	19.0	29.3	23.7	24.3	(110)	59
EBIT	22.8	20.0	11.5	22.9	19.3	19.5	(45)	23
EBT	21.7	19.0	10.8	22.6	19.3	20.5	153	116
PAT	20.6	17.7	10.5	20.1	17.1	18.2	54	107
Effective Tax rate	4.8	6.9	2.1	10.9	11.4	11.2	431	(20)

Source: Company, Emkay Research

**Exhibit 3: Operating cost analysis on per-ton basis**

Particulars (Rs/ton)	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	YoY (%)	QoQ (%)
Cement Volumes (mt)	0.81	0.81	0.56	0.65	0.84	0.73	-9.9%	-13.3%
Raw Material Consumed	678	1,228	1,674	788	1,394	1,024	-16.6%	-26.5%
Employee Expenses	303	332	577	459	328	411	23.6%	25.1%
Other Expenses	3,735	3,226	3,029	3,256	3,141	3,362	4.2%	7.1%
Total Cost	4,716	4,786	5,280	4,504	4,863	4,797	0.2%	-1.4%
<b>Realization</b>	<b>6,495</b>	<b>6,418</b>	<b>6,516</b>	<b>6,367</b>	<b>6,376</b>	<b>6,339</b>	<b>-1.2%</b>	<b>-0.6%</b>
<b>EBIDTA</b>	<b>1,779</b>	<b>1,632</b>	<b>1,236</b>	<b>1,864</b>	<b>1,513</b>	<b>1,542</b>	<b>-5.5%</b>	<b>1.9%</b>

Source: Company, Emkay Research

## Changes in estimates

We reduce sales volume estimates by 4.7%/1.7% for FY20/21E, considering lower volumes in Q1 and pressure on industry demand as per our channel checks. We also reduce realization estimates by 1%/1.5% for FY20/21E. Factoring in these changes and higher coal costs, EBITDA estimates are being reduced by 9.9%/8.1% for FY20/21E. Profit estimates are being reduced by 15.7%/10.6% for FY20/21E.

Exhibit 4: Changes in estimates

Rs mn	FY20E			FY21E		
	Earlier	Revised	Chg (%)	Earlier	Revised	Chg (%)
Sales vol (mt)	3.2	3.1	-4.7%	3.48	3.42	-1.7%
Realization (Rs/tn)	6,583	6,519	-1.0%	6,781	6,682	-1.5%
Sales	21,156	19,962	-5.6%	23,583	22,836	-3.2%
EBIDTA	5,092	4,586	-9.9%	5,707	5,243	-8.1%
EBIDTA (%)	24.1	23.0	-109	24.2	23.0	-124
Net Profit	3,681	3,105	-15.7%	3,938	3,521	-10.6%
EPS (Rs)	8.8	7.4	-15.7%	9.4	8.4	-10.6%

Source: Company, Emkay Research

Exhibit 5: Key assumptions

Key Assumptions (Rs/ton)	FY17	FY18	FY19	FY20E	FY21E
Sales volume (mt)	2.8	2.6	2.9	3.1	3.4
Realization	5,425	6,210	6,422	6,519	6,682
Raw material	1,208	1,163	1,265	1,303	1,342
Employee cost	421	413	408	411	397
Other Expense	2,345	2,628	3,207	3,617	3,733
Opex	3,975	4,205	4,880	5,330	5,472
EBITDA	1,450	2,005	1,575	1,498	1,534

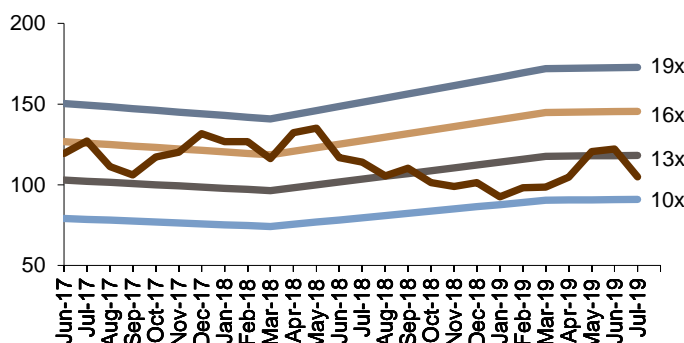
Source: Company, Emkay Research

Exhibit 6: Peer valuation

Company	Rs bn Mcap	EV/EBITDA (x)			EV/Ton (USD)			EPS (Rs)			P/E (x)		
		FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Star Cement	40.4	8.6	7.8	6.9	147	88	89	7.1	7.4	8.4	13.5	13.0	11.5
ACC*	299.7	12.5	10.5	10.2	113.5	110.9	113.2	57.3	69.9	74.2	27.3	22.3	21.0
Ambuja Cements*	399.4	14.3	12.6	12.0	130.7	131.8	133.0	6.1	6.8	7.2	33.0	29.5	28.1
India Cements	27.1	9.3	7.2	6.3	54.3	51.8	50.3	2.3	5.1	7.5	39.0	17.3	11.7
Ramco Cements	172.1	18.0	14.9	13.5	161.9	142.1	147.9	21.5	27.3	29.3	34.0	26.8	24.9
Shree Cements	702.0	25.7	19.4	16.5	249.3	231.3	216.3	324.1	381.0	436.8	73.8	52.9	46.1
Ultratech Cement	1188.6	20.6	16.1	13.7	202.7	181.5	173.2	88.5	113.1	137.9	48.9	38.3	31.4
JK Lakshmi Cement	39.1	12.9	10.5	8.9	64.9	61.1	61.8	6.8	10.3	14.5	49.1	32.2	22.9
JK Cement	74.4	11.8	10.7	9.2	127.6	138.1	135.1	34.1	51.1	47.5	28.2	18.8	20.3
Orient Cement	19.7	10.3	7.8	7.3	57.6	56.5	55.2	2.3	5.0	5.6	41.4	19.2	17.1
Prism Cement	46.5	10.9	9.9	9.1	123.8	124.9	126.1	3.1	3.9	4.5	29.6	23.5	20.4
Sanghi Industries	14.3	13.5	12.8	8.6	57.1	53.7	48.3	2.1	4.4	4.1	27.2	12.8	13.9

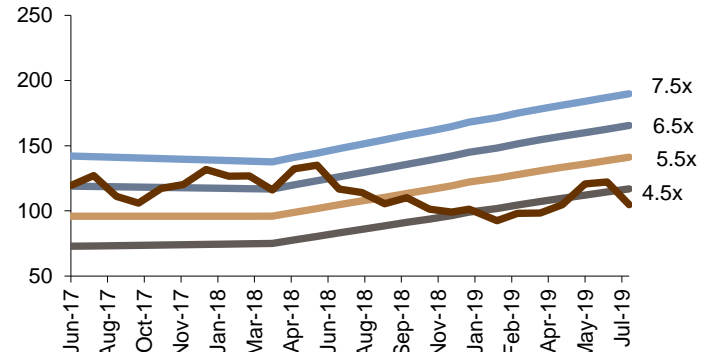
Source: Company, Emkay Research, \*Dec Ending companies

Exhibit 7: 1-yr forward P/E chart



Source: Company, Emkay Research

Exhibit 8: 1-yr forward EV/EBITDA chart



Source: Company, Emkay Research

## Con-call highlights

- **Volume details:** Clinker production was 0.62mt vs. 0.59mt in Q1FY19. Cement production from own plants stood at 0.66mt vs. 0.65mt in Q1FY19. Cement/Clinker sales volumes stood at 0.72mt/0.008mt vs. 0.71mt/0.094mt in Q1FY19. The company had reduced clinker sales as it had planned a shutdown in July 2019. However, due to monsoons, the shutdown has now been deferred to mid-August. Cement volumes in the NE markets were up 3.3% yoy, whereas there was a decline of 5.5% yoy in the markets outside the NE. Star has a 25% market share in the NE region.
- **Outlook and guidance:** Currently, the company maintains cement sales volume growth guidance of 15% yoy for FY20 with a caveat that any disappointment in Q2 growth may force it to reduce its guidance. In the quarter, demand in NE markets was flat yoy although other parts of the East region witnessed a decline of 10% yoy. Management believes that pan-India demand declined 9% yoy in Jul-19 and expects industry growth to be at 4-5% yoy in FY20 in the best case.
- **Pricing trend:** Prices in the NE markets were stable in Q1 although higher discounts (Rs3-5/bag) were offered to dealers. In the East markets, the prices started to decline from mid-May and management believes that current cement prices are lower than the levels seen in Mar-19 (all the hikes have been rolled back and there is a further drop of Rs10-15/bag).
- **Update on coal prices and coal mining:** The Supreme Court has allowed mining in Meghalaya, under a few conditions. As per the company, 3.2mt of stocks are lying over-ground which would be available for auction. This quantity of coal would suffice cement and power industry requirement in the region for the next 2-3 years. Currently, the company imports 80% of its total fuel requirement and 20% is procured from local sources (Nagaland and Eastern Coal Fields) which has an impact of Rs150-200/ton on their fuel costs. However, there will be some cost reduction, when the mining in Meghalaya commences. The company is currently sourcing coal from the US; however, it has other options of imports from Indonesia and Australia, depending on cost benefits.
- **Capex plans:** The grinding unit of 2mt in Siliguri, West Bengal, is expected to get commissioned by Q3FY20. This unit will be eligible for VAT subsidies (75% exemption) under West Bengal Industrial Policy. The clinker de-bottlenecking plans of 0.2mt in Meghalaya has been deferred as there has been a delay in the procurement of equipment. This de-bottlenecking will now be carried on during next year's shutdown. The company has also applied for environmental clearance for the 2mt clinker capacity (capex: Rs8bn) in Meghalaya which it expects to receive by Q2FY20. Civil work for this expansion will start in Q3FY19 and the commissioning will take 24-30 months. It also plans to set up a 12-15MW waste heat recovery plant (WHRS) that is expected to commission along with the new clinker unit of 2mt in Meghalaya. Capex for this project is at Rs1.25-1.5bn. The company will incur a total capex of Rs3.5-4bn in FY20.
- **Product and sales mix:** Trade sales was 82% vs. 72% in Q1FY19. PPC: OPC: PSC sales volumes mix was 72%:16%:2% vs 80%:18%:2% in Q1FY19.
- **Input prices:** Slag prices have come down to Rs900/ton vs. Rs1,200/ton in Mar-19. Fly ash prices have remained in the range of Rs300-350/ton between March and July '19.
- **Outstanding subsidies:** Outstanding subsidies are at Rs520mn which is expected to be received in Q2/Q3FY20.

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

Y/E Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
<b>Revenue</b>	<b>15,278</b>	<b>16,145</b>	<b>18,310</b>	<b>19,962</b>	<b>22,836</b>
<b>Expenditure</b>	<b>11,316</b>	<b>10,932</b>	<b>13,819</b>	<b>15,376</b>	<b>17,593</b>
<b>EBITDA</b>	<b>3,962</b>	<b>5,214</b>	<b>4,492</b>	<b>4,586</b>	<b>5,243</b>
Depreciation	1,179	1,207	1,056	1,097	1,313
<b>EBIT</b>	<b>2,783</b>	<b>4,007</b>	<b>3,435</b>	<b>3,489</b>	<b>3,930</b>
Other Income	24	44	55	77	92
Interest expenses	781	525	144	27	21
<b>PBT</b>	<b>2,027</b>	<b>3,526</b>	<b>3,346</b>	<b>3,538</b>	<b>4,001</b>
Tax	139	164	296	354	400
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	(62)	(55)	(62)	(80)	(80)
<b>Reported Net Income</b>	<b>1,826</b>	<b>3,307</b>	<b>2,988</b>	<b>3,105</b>	<b>3,521</b>
<b>Adjusted PAT</b>	<b>1,826</b>	<b>3,307</b>	<b>2,988</b>	<b>3,105</b>	<b>3,521</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Equity share capital	419	419	419	419	419
Reserves & surplus	11,040	14,344	16,817	19,202	21,736
<b>Net worth</b>	<b>11,459</b>	<b>14,763</b>	<b>17,237</b>	<b>19,622</b>	<b>22,155</b>
<b>Minority Interest</b>	<b>566</b>	<b>621</b>	<b>683</b>	<b>763</b>	<b>843</b>
<b>Loan Funds</b>	<b>8,007</b>	<b>4,324</b>	<b>513</b>	<b>397</b>	<b>317</b>
Net deferred tax liability	(1,765)	(2,329)	(2,710)	(2,710)	(2,710)
<b>Total Liabilities</b>	<b>18,267</b>	<b>17,379</b>	<b>15,723</b>	<b>18,071</b>	<b>20,605</b>
<b>Net block</b>	<b>8,632</b>	<b>7,847</b>	<b>7,223</b>	<b>6,526</b>	<b>9,213</b>
<b>Investment</b>	<b>15</b>	<b>14</b>	<b>17</b>	<b>17</b>	<b>17</b>
<b>Current Assets</b>	<b>13,842</b>	<b>14,509</b>	<b>12,275</b>	<b>12,715</b>	<b>13,309</b>
Cash & bank balance	170	224	2,134	4,928	4,401
Other Current Assets	0	0	0	0	0
<b>Current liabilities &amp; Provision</b>	<b>4,770</b>	<b>5,349</b>	<b>4,536</b>	<b>5,187</b>	<b>5,934</b>
<b>Net current assets</b>	<b>9,072</b>	<b>9,160</b>	<b>7,739</b>	<b>7,528</b>	<b>7,375</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>18,267</b>	<b>17,379</b>	<b>15,723</b>	<b>18,071</b>	<b>20,605</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>2,148</b>	<b>3,526</b>	<b>3,346</b>	<b>3,538</b>	<b>4,001</b>
Other Non-Cash items	701	527	144	48	21
Chg in working cap	(722)	(345)	3,336	3,026	(374)
<b>Operating Cashflow</b>	<b>3,000</b>	<b>4,206</b>	<b>7,150</b>	<b>7,279</b>	<b>4,469</b>
Capital expenditure	(890)	(324)	(818)	(3,657)	(4,000)
<b>Free Cash Flow</b>	<b>2,110</b>	<b>3,882</b>	<b>6,332</b>	<b>3,622</b>	<b>469</b>
Investments	(30)	26	(3)	0	0
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(894)</b>	<b>(253)</b>	<b>(766)</b>	<b>(3,580)</b>	<b>(3,908)</b>
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(1,402)	(3,407)	(3,811)	(117)	(79)
Dividend paid (incl tax)	0	0	(493)	(740)	(987)
Other Financing Cash Flow	0	0	0	0	0
<b>Financing Cashflow</b>	<b>(2,181)</b>	<b>(3,929)</b>	<b>(4,448)</b>	<b>(884)</b>	<b>(1,088)</b>
<b>Net chg in cash</b>	<b>(75)</b>	<b>24</b>	<b>1,936</b>	<b>2,815</b>	<b>(527)</b>
Opening cash position	245	201	198	2,113	4,928
<b>Closing cash position</b>	<b>170</b>	<b>224</b>	<b>2,134</b>	<b>4,928</b>	<b>4,401</b>

Source: Company, Emkay Research

**Key Ratios**

<b>Profitability (%)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20E</b>	<b>FY21E</b>
EBITDA Margin	25.9	32.3	24.5	23.0	23.0
EBIT Margin	18.2	24.8	18.8	17.5	17.2
Effective Tax Rate	6.9	4.7	8.9	10.0	10.0
Net Margin	12.4	20.8	16.7	16.0	15.8
ROCE	14.4	22.7	21.1	21.1	20.8
ROE	16.6	25.2	18.7	16.8	16.9
RoIC	14.9	23.4	23.2	31.8	36.9

<b>Per Share Data (Rs)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20E</b>	<b>FY21E</b>
EPS	4.4	7.9	7.1	7.4	8.4
CEPS	7.2	10.8	9.6	10.0	11.5
BVPS	27.3	35.2	41.1	46.8	52.8
DPS	0.0	0.0	1.0	1.5	2.0

<b>Valuations (x)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20E</b>	<b>FY21E</b>
PER	22.1	12.2	13.5	13.0	11.5
P/CEPS	13.4	8.9	10.0	9.6	8.3
P/BV	3.5	2.7	2.3	2.1	1.8
EV / Sales	3.2	2.8	2.1	1.8	1.6
EV / EBITDA	12.1	8.5	8.6	7.8	6.9
Dividend Yield (%)	0.0	0.0	1.0	1.6	2.1

<b>Gearing Ratio (x)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20E</b>	<b>FY21E</b>
Net Debt/ Equity	0.7	0.3	(0.1)	(0.2)	(0.2)
Net Debt/EBIDTA	2.0	0.8	(0.4)	(1.0)	(0.8)
Working Cap Cycle (days)	211.9	202.6	112.1	47.5	47.5

<b>Growth (%)</b>	<b>FY17</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20E</b>	<b>FY21E</b>
Revenue	(10.9)	5.7	13.4	9.0	14.4
EBITDA	(0.8)	31.6	(13.8)	2.1	14.3
EBIT	22.1	44.0	(14.3)	1.6	12.6
PAT	36.3	81.1	(9.6)	3.9	13.4

<b>Quarterly (Rs mn)</b>	<b>Q1FY19</b>	<b>Q2FY19</b>	<b>Q3FY19</b>	<b>Q4FY19</b>	<b>Q1FY20</b>
Revenue	5,179	3,623	4,164	5,344	4,609
EBITDA	1,317	687	1,219	1,269	1,121
<b>EBITDA Margin (%)</b>	<b>25.4</b>	<b>19.0</b>	<b>29.3</b>	<b>23.7</b>	<b>24.3</b>
PAT	903	364	823	898	839
<b>EPS (Rs)</b>	<b>2.2</b>	<b>0.9</b>	<b>2.0</b>	<b>2.1</b>	<b>2.0</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Jun-18</b>	<b>Sep-18</b>	<b>Dec-18</b>	<b>Mar-19</b>	<b>Jun-19</b>
Promoters	68.9	68.9	68.9	68.0	67.9
FIs	2.2	1.0	1.2	1.2	1.1
DIs	7.3	8.4	8.7	8.7	9.2
Public and Others	21.6	21.7	21.2	22.1	21.8

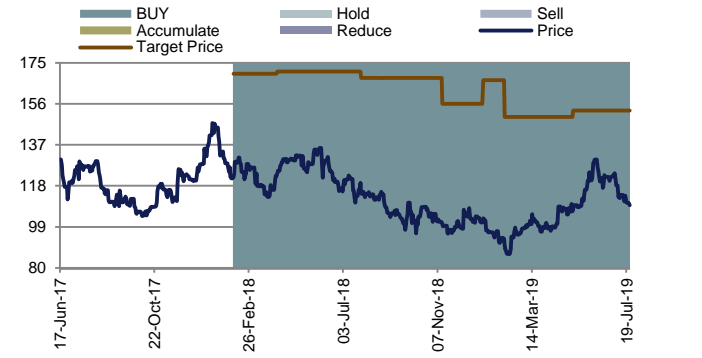
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
24-Jun-19	122	153	12m	Buy	Sanjeev Kumar Singh
08-May-19	107	153	12m	Buy	Sanjeev Kumar Singh
05-Feb-19	90	150	12m	Buy	Sanjeev Kumar Singh
07-Jan-19	103	167	12m	Buy	Sanjeev Kumar Singh
13-Nov-18	100	156	12m	Buy	Sanjeev Kumar Singh
27-Jul-18	114	168	12m	Buy	Sanjeev Kumar Singh
18-May-18	128	171	12m	Buy	Sanjeev Kumar Singh
05-Apr-18	124	171	12m	Buy	Sanjeev Kumar Singh
05-Feb-18	122	170	12m	Buy	Sanjeev Kumar Singh

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Note:

We have updated our Rating Distribution with effect from **March 20, 2019** – **Kindly refer the Disclaimer page**, however for our erstwhile recommendations till **March 19, 2019**, the rating distribution of the expected total return stands as (**Buy** – Over 25%, **Accumulate** – Over 10% , **Hold** – Upto 10%, **Reduce** – Below 10%, **Sell** – Underperforms the broad market indices or its related universe).

## Emkay Alpha Portfolio – Cement & Building Materials



### Analyst: Sanjeev Kumar Singh

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#### Sector

Cement & Building materials

#### Analyst bio

Sanjeev Kumar Singh holds an MBA and has over 10 years of experience in the Cement sector. His team currently covers 17 stocks in the Cement and Building Materials space.

#### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Cement</b>	<b>2.30</b>	<b>2.01</b>	<b>-13%</b>	<b>-29</b>	<b>100.00</b>
ACC	0.23	0.24	4%	1	10.40
Ambuja Cements	0.26	0.00	-100%	-26	0.00
Grasim Industries	0.55	0.44	-20%	-11	19.00
India Cements	0.00	0.00	NA	0	0.00
JK Cement	0.00	0.05	NA	5	2.00
JK Lakshmi Cement	0.00	0.00	NA	0	0.00
Orient Cement	0.00	0.00	NA	0	0.00
Prism Johnson	0.00	0.07	NA	7	3.00
Ramco Cements	0.16	0.17	5%	1	7.50
Sanghi Industries	0.00	0.00	NA	0	0.00
Shree Cements	0.31	0.30	-3%	-1	13.00
Star Cement	0.00	0.00	NA	0	0.00
Ultratech Cement	0.79	0.75	-6%	-5	32.50
Century Plyboards	0.00	0.00	NA	0	0.00
HSIL	0.00	0.00	NA	0	0.00
Kajaria Ceramics	0.00	0.00	NA	0	0.00
Somany Ceramics	0.00	0.00	NA	0	0.00
<b>Cash</b>	<b>0.00</b>	<b>0.29</b>	<b>NA</b>	<b>29</b>	<b>12.60</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

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

#### Sector portfolio NAV

	Base				Latest
	1-Apr-19	30-Apr-19	31-May-19	28-Jun-19	31-Jul-19
EAP - Cement	100.0	105.4	109.9	107.9	99.5
BSE200 Neutral Weighted Portfolio (ETF)	100.0	104.7	107.6	105.7	96.5

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

Source: Emkay Research

#### Please see our India EAPs:

[Emkay Alpha Portfolio – Nifty](#)

[Emkay Alpha Portfolio – SMID](#)



## Emkay Rating Distribution

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

Completed Date: 01 Aug 2019 23:54:17 (SGT)

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