

February 9, 2018

Heidelberg Cement (HEICEM)

₹161

Pick-up in infra drives volumes...

- Heidelberg Cement's results were broadly above our estimates. Revenues increased 24.8% YoY to ₹ 483.9 crore (above I-direct estimate of ₹ 442.8 crore) led by 16.5% YoY rise in volumes to 1.2 MT (vs. I-direct estimate of 1.1 MT) driven by resolution of sand mining issue and higher infra spending. Further, realisation increased 7.1% YoY at ₹ 3,976/t (vs. I-direct estimate of ₹ 4,062/t)
- On the margin front, the EBITDA margin increased 550 bps YoY to 15.6% (vs. I-direct estimate of 17.3%) in Q3FY18 mainly led by 2.5% YoY decline in power & fuel expenses and operating leverage benefit. EBITDA/tonne increased 65.5% YoY to ₹ 620/t (vs. I-direct estimate of ₹ 703/t)
- Adjusted PAT increased from ₹ 10.0 crore to ₹ 32.9 crore (vs. I-direct estimate of ₹ 25.7 crore) in Q3FY18

Rising cement demand to drive utilisation

With improved availability of sand in the company's area of operation, Heidelberg reported healthy volume growth in Q3FY18. Going forward, we expect the healthy trend in volume growth to continue mainly led by higher government spending in construction of roads and affordable housing. This coupled with the absence of new capacity addition in the central region is expected to keep utilisation healthy. Further, consolidation of cement capacity in the region is expected to bring pricing discipline in the region. Consequently, we expect realisation to remain elevated over the next couple of years.

WHRMS, operating leverage to drive margins

We expect improving utilisation (from 83% in FY17 to 94% in FY19E) to lead to operating leverage benefit of ~₹ 25-30/t. Further, the 12 MW waste heat recovery plant commissioned by the company will help the company reduce power cost by ~10-20/t and lower dependence on grid power. This coupled with higher realisation is expected to drive EBITDA/t from ₹ 556/t in FY17 to ₹ 724/t in FY19E.

Absence of capacity addition, higher cashflow to help reduce debt

With limited capex (due to no major capacity addition) and improving margins, we expect the company to generate free cash flow of ~₹ 480 crore over the next two years. We believe a significant portion of this will be used to reduce debt. As a result, we expect the debt to equity to decline to 0.5x in FY19E from 0.9x in FY17.

Improved sand availability, macro tailwind key positives; upgrade to BUY

The central region is expected to witness healthy growth in volumes and realisation led by strong growth in demand and absence of new capacity addition. Further, higher government spending and improved availability of sand in the company's area of operation is expected to further drive cement demand. Consequently, we expect the company to report revenue growth of 11.0% CARG in FY17-19E. Also, we expect the EBITDA margin to improve 290 bps in FY17-19E mainly led by operating leverage benefit and cost efficiency. Further, steady cash flow is expected to help reduce debt in FY17-19E. Considering this, we upgrade the stock from HOLD to **BUY** and revise our target price upwards to ₹ 180 (i.e. valuing at 12.5x FY19E EV/EBITDA, \$142/tonne on capacity of 5.4 MT).

Rating matrix	
Rating	: Buy
Target	: ₹ 180
Target Period	: 15-18 months
Potential Upside	: 12%

What's Changed?	
Target	Changed from ₹ 166 to ₹ 180
EPS FY18E	Changed from ₹ 5.2 to ₹ 5.4
EPS FY19E	Changed from ₹ 7.2 to ₹ 7.7
Rating	Changed from Hold to Buy

Quarterly Performance					
	Q3FY18	Q3FY17	YoY (%)	Q2FY18	QoQ (%)
Revenue	483.9	387.8	24.8	420.0	15.2
EBITDA	75.4	39.1	92.8	87.4	-13.7
EBITDA (%)	15.6	10.1	550 bps	20.8	-522 bps
PAT	32.9	10.0	229.4	33.2	-0.9

Key Financials				
	FY16	FY17	FY18E	FY19E
Net Sales	1628.1	1687.6	1852.1	2080.2
EBITDA	211.0	249.0	312.6	369.1
Net Profit	35.4	76.2	121.8	174.3
EPS (₹)	1.6	3.4	5.4	7.7

Valuation summary				
	FY16	FY17	FY18E	FY19E
PE (x)	103.3	48.0	30.0	21.0
Target PE (x)	115.3	53.5	33.5	23.4
EV to EBITDA (x)	23.0	18.1	13.9	11.3
EV/Tonne(US\$)	150	139	134	129
Price to book (x)	4.1	3.8	3.5	3.3
RoNW (%)	4.0	7.9	11.8	15.7
RoCE (%)	5.3	8.2	11.7	15.5

Stock data	
Particular	Amount
Mcap	₹ 3655 crore
Debt (FY17)	₹ 863 crore
Cash & Invest (FY17)	₹ 14 crore
EV	₹ 4504 crore
52 week H/L	₹ 190 / 109
Equity cap	₹ 226.6 crore
Face value	₹ 10

Price performance (%)				
	1M	3M	6M	12M
Heidelberg Cem	-3.9	9.7	29.2	21.9
India Cement	-17.7	-7.8	-16.5	-1.7
JK Cement	-9.4	1.7	0.5	23.8
JK Lakshmi Cem	-7.0	-3.9	-4.8	8.1

Research Analyst

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Variance analysis

	Q3FY18	Q3FY18E	Q3FY17	YoY (%)	Q2FY18	QoQ (%)	Comments
Net Sales	483.9	442.8	387.8	24.8	420.0	15.2	Improving cement demand and low base last year drove revenues
Other Incomes	17.9	8.2	15.9	12.7	8.2	118.8	
Raw Material Expenses	92.5	89.6	73.5	25.9	81.4	391.3	
Employee Expenses	28.8	30.0	27.4	5.1	29.3	-1.5	
Change in stock	28.1	0.0	12.8	119.7	-13.8	NA	
Power and fuel	100.9	114.2	103.5	-2.5	108.4	-7.0	We believe the commissioning of WHRMS helped in reducing power cost
Freight	73.7	63.6	56.5	30.5	61.3	20.3	
Others	84.5	68.7	75.1	12.5	66.0	27.9	
EBITDA	75.4	76.7	39.1	92.8	87.4	-13.7	
EBITDA Margin (%)	15.6	17.3	10.1	550 bps	20.8	-522 bps	Operating leverage benefit and lower power cost led to rise in EBITDA margins
Interest	18.6	18.8	22.2	-16.0	18.8	-1.1	
Depreciation	25.3	26.3	24.6	2.8	25.5	-0.9	
PBT	49.4	39.7	-6.8	-823.6	51.3	-3.6	
Total Tax	16.5	14.0	-1.8	-1,038.1	18.1	-8.6	
Reported PAT	32.9	25.7	-5.1	LP	16.3	-0.9	Higher other income and lower interest expenses led to increase in PAT
Adjusted PAT	32.9	25.7	10.0	229.4	33.2	-0.9	

Key Metrics

Volume (MT)	1.22	1.09	1.05	16.5	1.06	14.8	Resolution of sand mining issue and pick-up in infra led to healthy volume growth
Realisation (₹)	3,976	4,062	3,711	7.1	3,962	0.3	
EBITDA per Tonne (₹)	620	703	374	65.5	825	-24.8	Power cost rationalisation and lower base led to higher EBITDA/t

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	FY18E			FY19E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,857.6	1,908.3	2.7	2,069.0	2,145.2	3.7	We expect revenues to increase at CAGR of 11% in FY17-19E
EBITDA	304.4	312.6	2.7	354.3	369.1	4.2	We expect EBITDA margin to improve led by cost rationalisation and
EBITDA Margin (%)	16.4	16.4	-1 bps	17.1	17.2	8 bps	operating leverage benefit
PAT	117.4	121.8	3.7	163.2	174.3	6.8	Reduction in debt to drive profitability
EPS (₹)	5.2	5.4	3.7	7.2	7.7	6.8	

Source: Company, ICICIdirect.com Research

Assumptions

	Current			Earlier			Comments	
	FY15	FY16	FY17	FY18E	FY19E	FY18E		FY19E
Volume (MT)	5.3	4.4	4.5	4.7	5.1	4.6	4.9	Higher government spending and revival in rural economy are expected to drive volumes over the next two years
Realisation (₹)	3,809	3,667	3,771	3,960	4,079	3,952	4,071	
EBITDA per Tonne (₹)	547	474	556	668	724	668	719	We expect EBITDA/tonne of ₹ 724 in FY19E

Source: Company, ICICIdirect.com Research

Company Analysis

Substantial portion of company's revenues from central region

Heidelberg Cement India sells ~94% of total cement volumes in the central region, a favourable region in India considering the demand-supply scenario. The company sells the rest of the volume in the western and southern regions. Its share in the central region had gone up from 75% to over 94% led by capacity expansion in CY13. With no major capacity addition, we believe it will likely remain a central regional player.

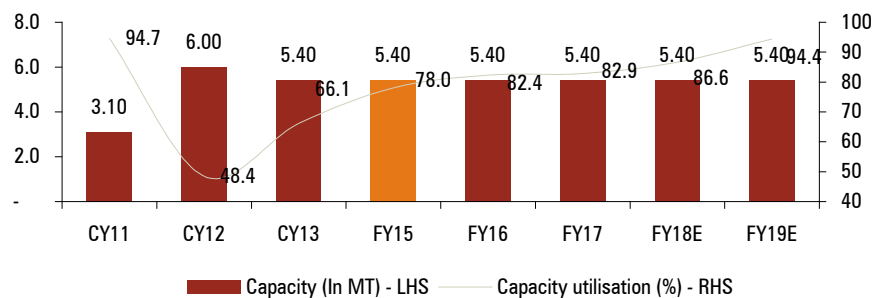
Improving macro to keep utilisation healthy

The government's focus on construction of roads (83,677 km to be built in the next five years) and affordable housing (~2.2 crore houses to be built over the next two or three years) bodes well for cement demand. This coupled with the absence of new capacity addition in the central region is expected to keep utilisation healthy. Further, consolidation of cement capacity in the region is expected to bring pricing discipline in the region. Consequently, we expect realisation to remain elevated in the next couple of years.

Cost efficiency to drive margins...

The company doubled its cement capacity to 6 MT from 3 MT in CY13 at a total capex of ₹ 1,570 crore. However, due to subdued demand, these major expansions took a heavy toll on its profitability with the company reporting a net loss of ₹ 41 crore in CY13 (vs. net profit of ₹ 31 crore in CY12) led by high interest and depreciation. However, with improving utilisation along with stabilisation of new capacity, its margins have improved. Consequently, we expect margins to improve in coming years.

Exhibit 1: Revival in demand to drive utilisation



Source: Company, ICICIdirect.com Research

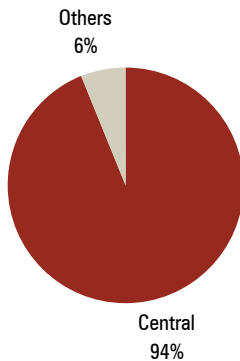
Healthy free cash flow generation to help reduce debt significantly

With limited capex (due to no major capacity addition) and improving margins, we expect the company to generate free cash flow of ~₹ 480 crore over the next two years. We believe a significant portion of this will be used to reduce debt. As a result, we expect the debt to equity to decline to 0.5x in FY19E from 0.9x in FY17.

Large global promoter

Heidelberg's Indian operations have the support of the rich experience of the German promoter (Heidelberg AG), a Germany-based company, which is one of the world's largest cement manufacturers with consolidated revenue of over €15 billion in 2016. This, we believe, would provide huge potential to grow inorganically over the longer run.

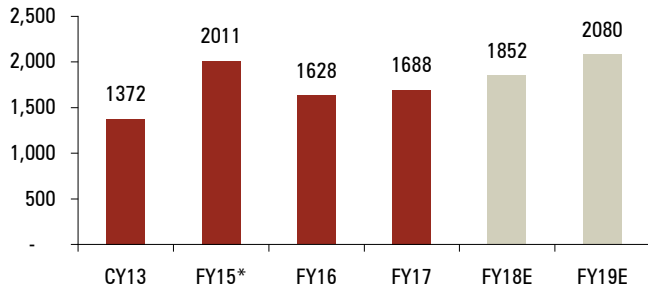
Regional presence



Improvement in realisation and utilisation to drive revenues

Utilisation has improved from 66.1% in CY13 to 83% in FY17. Going forward, we expect utilisation to further improve to 94% in FY19E. We expect volumes to grow at a CAGR of 6.8% in FY17-19E led by increased government spending and resolution of sand mining issue. Further, we expect pricing to improve in the central region. Consequently, we expect sales to increase at a CAGR of 11% over FY17-19E.

Exhibit 2: Expect revenue at ₹ 2,080 crore by FY19E



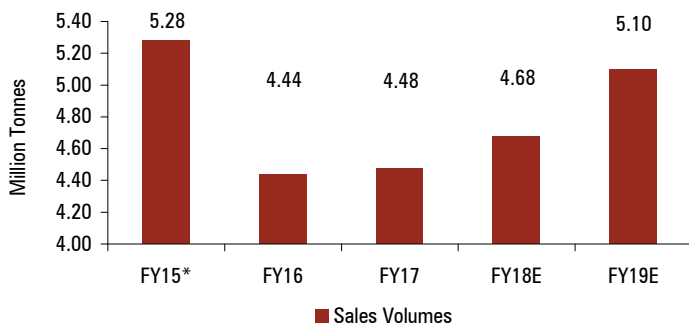
Source: Company, ICICIdirect.com Research *15 months period

Exhibit 3: Cement capacity

	State	Region	MT
Ammasandra, Tumkur	Karnataka	South	0.7
Village Imlai, Damoh	Madhya Pradesh	Central	2.0
Village Madora, Jhansi	Uttar Pradesh	Central	2.7
Gadab, Taluka Pen, Raigad	Maharashtra	West	0.7
Total Capacity			5.4

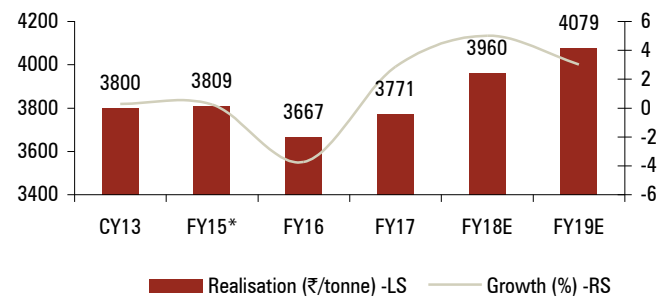
Source: Company, ICICIdirect.com Research

Exhibit 4: Volume expected at 5.1 MT by FY19E



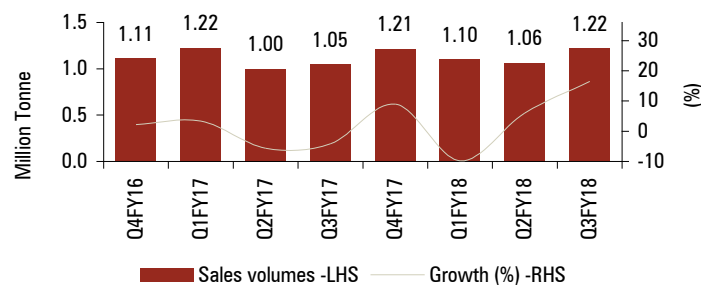
Source: Company, ICICIdirect.com Research

Exhibit 5: Realisation to improve in FY17-19E



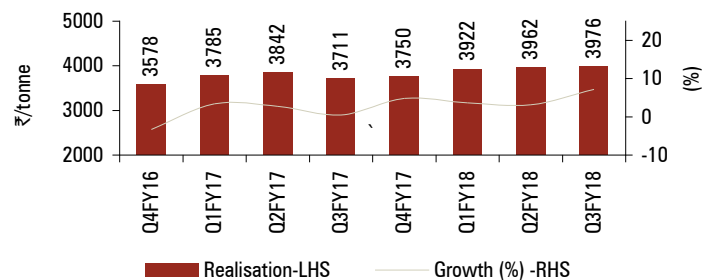
Source: Company, ICICIdirect.com Research

Exhibit 6: Q3FY18 volumes were up 16.5% YoY



Source: Company, ICICIdirect.com Research

Exhibit 7: Q3FY18 realisation increases 7.1% YoY



Source: Company, ICICIdirect.com Research

Margins to improve, going forward, on economies of scale

Higher utilisation and steps like overhead belt conveyor & WHRMS will drive cost downwards, going forward. Consequently, we expect margins to improve ~290 bps in FY17-19E.

Exhibit 8: Expect EBITDA/tonne of ₹ 724/tonne in FY19E

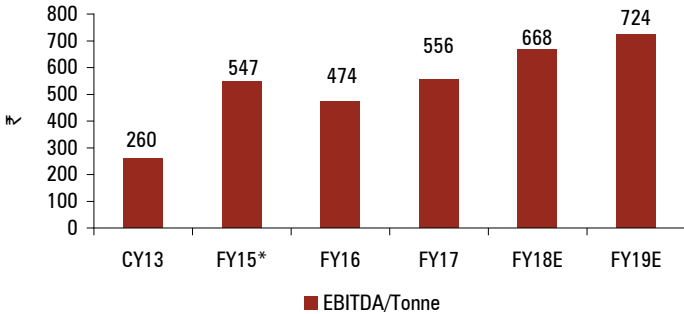
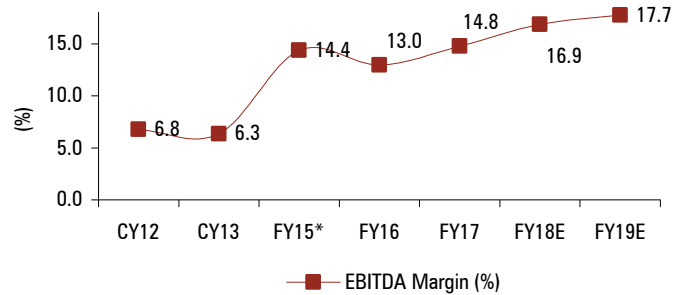


Exhibit 9: Margins to improve led by improvement in utilisation



Source: Company, ICICIdirect.com Research

Source: Company, ICICIdirect.com Research

Exhibit 10: Q3FY18 EBITDA per tonne at ₹ 620

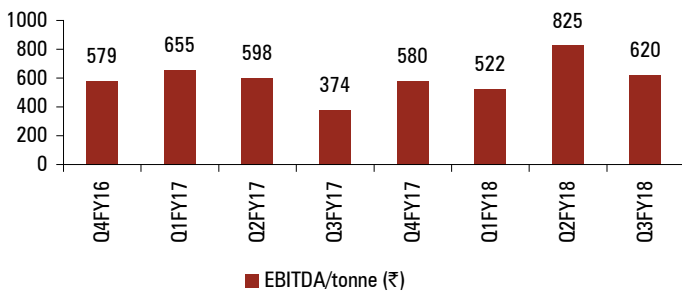
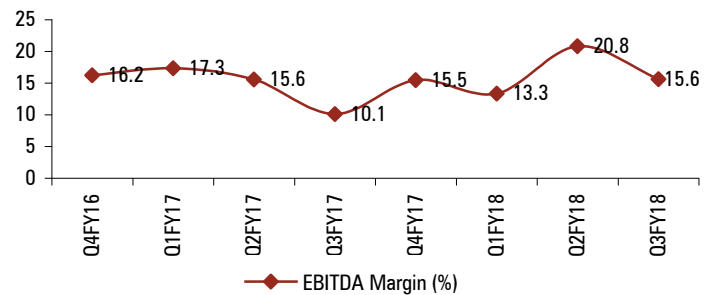


Exhibit 11: Pick-up in margins expected, going forward, led by improvement in capacity utilisation, cost efficiency



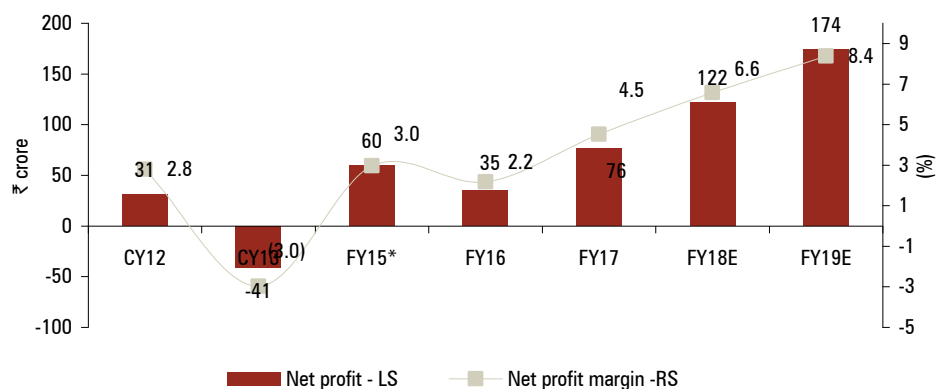
Source: Company, ICICIdirect.com Research

Source: Company, ICICIdirect.com Research

Net profit to increase at a CAGR of 51.2% over FY17-19E

After witnessing a loss in CY13, mainly due to higher interest cost on debt due to expansion, we expect the company to report CAGR of 51.2% over FY17-19E mainly led by lower debt.

Exhibit 12: Profitability trend



Source: Company, ICICIdirect.com Research

Outlook and valuations

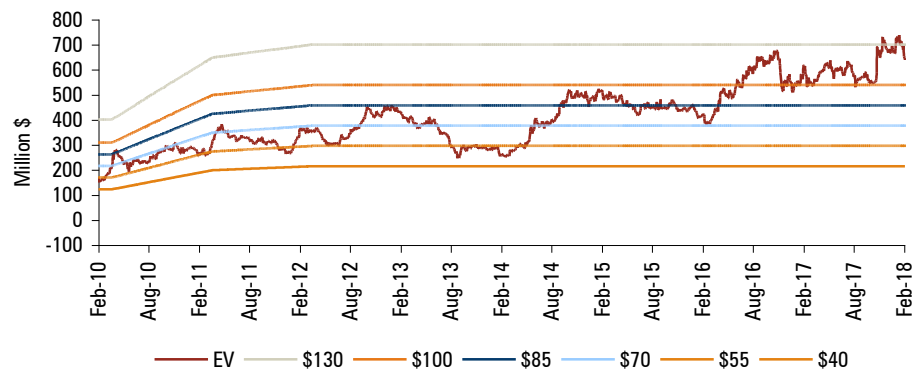
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Exhibit 13: Assumptions

₹ per tonne	CY13	FY15*	FY16	FY17E	FY18E	FY19E
Sales Volume (mtpa)	3.6	5.3	4.4	4.5	4.7	5.1
Net Realisation	3800	3809	3667	3771	3960	4079
Total Expenditure	3540	3262	3193	3215	3294	3355
Stock Adjustment	-77	-52	-21	77	60	60
Raw material	1043	841	772	728	810	825
Power & Fuel	1077	1065	1018	959	901	900
Employees	288	253	238	256	253	280
Freight	580	519	523	535	590	590
Others	630	636	663	659	680	700
EBITDA per Tonne	260	547	474	556	666	724

Source: Company, ICICIdirect.com Research * 15 months

Exhibit 14: One year forward EV/Tonne



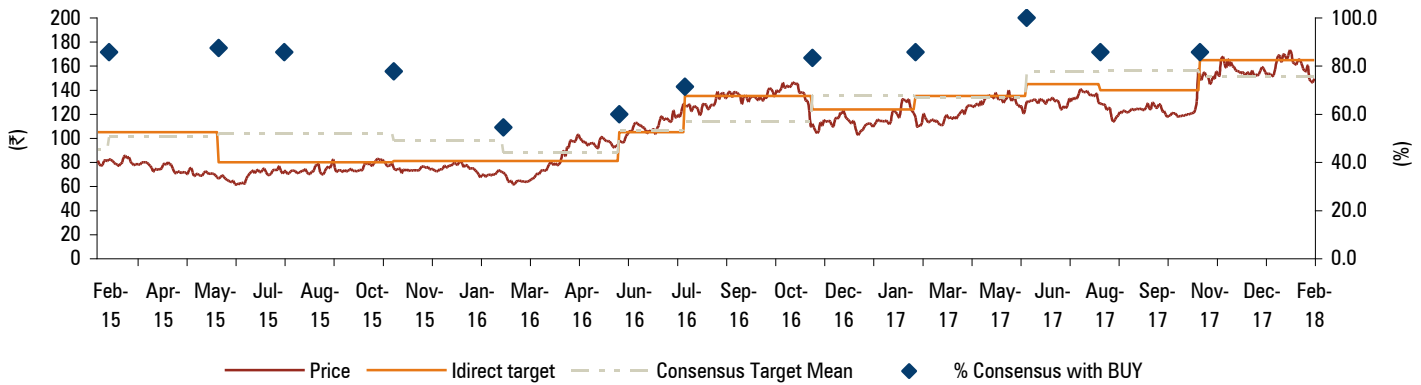
Source: Company, ICICIdirect.com Research

Exhibit 15: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/Tonne (\$)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	1628.1	-19.0	1.6	-40.6	103.3	150	23.0	4.0	5.3
FY17	1687.6	3.7	3.4	115.3	48.0	139	18.1	7.9	8.2
FY18E	1852.1	9.7	5.4	59.8	30.0	134	13.9	11.8	11.7
FY19E	2080.2	12.3	7.7	43.1	21.0	129	11.3	15.7	15.5

Source: Company, ICICIdirect.com Research

Recommendation history vs. consensus estimate



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
May-08	Board approves amalgamation of Indorama Cement and Heidelberg Cement India with Mysore Cements. Total capacity of the merged entity stands at 3.07 MTPA
Jul-08	The Securities and Appellate Tribunal (SAT) dismisses the Securities and Exchange Board of India's (Sebi) directive on the structure of Heidelberg's open offer for Mysore Cement shares, which involved a non-compete fee for promoters. Thus, it clears the way for an open offer
Oct-09	The board of HeidelbergCement India approves setting up of an expansion project at its plants at Damoh (Madhya Pradesh) and Jhansi (Uttar Pradesh) to increase cement production capacity from the existing 1.8 MTPA to 4.7 MTPA
Jun-10	The board of HeidelbergCement India approves increasing the cement production at Raigad unit of the company in Maharashtra by 0.625 MTPA
Feb-13	HeidelbergCement India successfully completes and commissions the expansion project at Damoh (MP). This comprises increase of clinker manufacturing capacity at its unit Narsingarh, district Damoh from 1.2 to 3.1 MTPA and increase of cement capacity at Imlai, district Damoh from 1.0 to 2.0 MTPA
Feb-13	Board approves setting up of a waste heat recover based power generation plant at its clinkerisation unit at Narsingarh, district Damoh (MP). The proposed plant will produce approximately 12.15 MW of power
Jan-14	HeidelbergCement India Ltd completes the sale and transfer of its cement grinding facility at Raigad, Maharashtra to JSW Steel on a slump sale basis in accordance with business transfer agreement executed between the company and JSW Steel on October 5, 2013
Feb-16	Commissions 12 MW WHRMS

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Heidelbergcement AG	30-Sep-17	69.4	157.2	0.0
2	Stewart Investors	30-Sep-17	4.1	9.4	0.0
3	First State Investments (Singapore)	31-Dec-17	2.7	6.2	0.0
4	Sundaram Asset Management Company Limited	31-Dec-17	2.1	4.6	0.0
5	Life Insurance Corporation of India	30-Sep-17	1.6	3.6	0.0
6	J.P. Morgan Asset Management (Hong Kong) Ltd.	30-Sep-17	1.3	3.0	0.0
7	HDFC Standard Life Insurance Company Limited	30-Sep-17	1.3	3.0	0.0
8	Aditya Birla Sun Life AMC Limited	31-Dec-17	1.3	2.9	0.0
9	Caisse de Depot et Placement du Quebec	30-Sep-17	1.2	2.8	0.0
10	Alquity Investment Management Ltd.	31-Dec-17	1.1	2.5	0.0

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17
Promoter	69.39	69.39	69.39	69.39	69.39
FII	10.06	11.36	11.57	11.71	11.33
DII	8.55	7.04	6.72	6.42	6.32
Others	12.00	12.21	12.32	12.48	12.96

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
BlackRock Institutional Trust Company, N.A.	0.0	0.0	Old Mutual Global Investors (UK) Limited	-1.2	-0.5
BlackRock Advisors (UK) Limited	0.0	0.0	Tata Asset Management Limited	-0.7	-0.4
			Dimensional Fund Advisors, L.P.	-0.1	0.0
			Mellon Capital Management Corporation	0.0	0.0
			JPMorgan Asset Management U.K. Limited	0.0	0.0

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY16*	FY17	FY18E	FY19E	
Total operating Income	1,628.1	1,687.6	1,852.1	2,080.2	
Growth (%)	-19.0	3.7	9.7	12.3	
Raw material	333.4	360.7	405.9	451.4	
Power & Fuel	452.0	429.3	421.2	459.0	
Employees	105.0	114.8	118.2	142.8	
Freight	232.4	239.2	276.0	300.9	
Others	294.3	294.7	318.2	357.0	
Total Operating Exp.	1,417.2	1,438.6	1,539.5	1,711.1	
EBITDA	211.0	249.0	312.6	369.1	
Growth (%)	-27.0	18.0	25.5	18.1	
Depreciation	99.8	99.2	108.1	112.1	
Interest	108.5	89.8	75.8	60.3	
Other Income	42.7	53.5	56.3	65.0	
Exceptional items	0.0	0.0	0.0	0.0	
PBT	45.4	113.6	184.9	261.7	
Total Tax	10.0	37.4	63.1	87.4	
PAT	35.4	76.2	121.8	174.3	
Growth (%)	-40.6	115.3	59.8	43.1	
EPS (₹)	1.6	3.4	5.4	7.7	

Source: ICICIdirect.com Research * FY15 was 15months and FY16 is 12 months hence there is higher decline in sales

Balance sheet		₹ Crore			
(Year-end March)	FY16*	FY17	FY18E	FY19E	
Liabilities					
Equity Capital	226.6	226.6	226.6	226.6	
Reserve and Surplus	668.3	740.3	809.1	884.0	
Total Shareholders funds	894.9	967.0	1,035.7	1,110.6	
Total Debt	1,236.4	917.9	772.9	602.9	
Deferred Tax Liability	41.9	53.0	53.0	53.0	
Minority Interest / Others	0.0	0.0	0.0	0.0	
Total Liabilities	2,173.3	1,937.9	1,861.6	1,766.6	
Assets					
Gross Block	2,874.5	2,949.6	3,060.9	3,170.9	
Less: Acc Depreciation	973.4	1,072.5	1,180.6	1,292.7	
Net Block	1,901.2	1,877.1	1,880.3	1,878.2	
Capital WIP	56.1	6.3	0.0	0.0	
Total Fixed Assets	1,957.2	1,883.4	1,880.3	1,878.2	
Investments	0.0	0.0	0.0	0.0	
Inventory	178.2	139.6	209.5	182.6	
Debtors	25.8	12.6	29.0	17.7	
Loans and Advances	350.0	299.5	256.1	201.5	
Other Current Assets	95.7	58.4	52.7	55.4	
Cash	7.8	14.2	37.9	28.6	
Total Current Assets	657.4	524.3	585.3	485.9	
Creditors	234.1	253.7	355.2	351.5	
Provisions	207.2	216.1	248.7	246.0	
Total Current Liabilities	441.3	469.8	603.9	597.5	
Net Current Assets	216.1	54.5	-18.6	-111.6	
Application of Funds	2,173.3	1,937.9	1,861.6	1,766.6	

Source: Company, ICICIdirect.com Research

Cash flow statement		₹ Crore			
(Year-end March)	FY16*	FY17	FY18E	FY19E	
Profit after Tax	35.4	76.2	121.8	174.3	
Add: Depreciation	99.8	99.2	108.1	112.1	
(Inc)/dec in Current Assets	102.7	139.5	-37.3	90.1	
Inc/(dec) in CL and Provisions	-513.8	28.5	134.1	-6.4	
CF from operating activities	-276.0	343.4	326.7	370.0	
(Inc)/dec in Investments	0.0	0.0	0.0	0.0	
(Inc)/dec in Fixed Assets	-135.8	-25.3	-105.0	-110.0	
Others	5.4	33.9	0.0	0.0	
CF from investing activities	-130.4	8.7	-105.0	-110.0	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	279.9	-341.4	-145.0	-170.0	
Dividend paid & dividend tax	0.0	-53.0	-53.0	-53.0	
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0	
Others	-12.0	48.8	0.0	-46.3	
CF from financing activities	267.9	-345.6	-198.0	-269.3	
Net Cash flow	-138.4	6.4	23.7	-9.3	
Opening Cash	146.2	7.8	14.2	37.9	
Closing Cash	7.8	14.2	37.9	28.6	

Source: Company, ICICIdirect.com Research

Key ratios		₹ Crore			
(Year-end March)	FY16*	FY17	FY18E	FY19E	
Per share data (₹)					
EPS	1.6	3.4	5.4	7.7	
Cash EPS	6.0	7.7	10.1	12.6	
BV	39	43	46	49	
DPS	0.0	2.0	2.0	2.0	
Cash Per Share	0.3	0.6	1.7	1.3	
Operating Ratios (%)					
EBITDA Margin	13.0	14.8	16.9	17.7	
PAT Margin	2.2	4.5	6.6	8.4	
Inventory days	41.4	34.4	34.4	34.4	
Debtor days	5.0	4.1	4.1	4.1	
Creditor days	109.6	52.7	60.0	62.0	
Return Ratios (%)					
RoE	4.0	7.9	11.8	15.7	
RoCE	5.3	8.2	11.7	15.5	
RoIC	5.3	7.8	11.2	14.8	
Valuation Ratios (x)					
P/E	103.3	48.0	30.0	21.0	
EV / EBITDA	23.0	18.1	13.9	11.3	
EV / Net Sales	3.0	2.7	2.3	2.0	
Market Cap / Sales	2.2	2.2	2.0	1.8	
Price to Book Value	4.1	3.8	3.5	3.3	
Solvency Ratios					
Debt/EBITDA	5.7	3.5	2.3	1.5	
Debt / Equity	1.3	0.9	0.7	0.5	
Current Ratio	1.5	1.1	1.0	0.8	
Quick Ratio	1.5	1.1	0.9	0.8	

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(₹)			FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E
ACC*	1,692	2100	Buy	31,799	40.2	49.3	63.9	19.2	15.6	13.5	163	142	142	14.2	16.0	16.8	10.0	12.0	12.6
Ambuja Cement*	262	315	Buy	52,024	5.0	5.8	7.2	21.9	19.8	15.2	183	171	171	10.3	11.7	14.9	7.2	8.3	10.1
UltraTech Cem	4,158	5000	Buy	114,096	96.3	93.9	142.1	22.8	22.1	15.1	263	231	221	12.4	9.5	14.1	11.1	10.1	13.7
Shree Cement	16,983	20500	Hold	59,101	384.8	399.2	499.1	23.3	22.0	16.7	343	330	267	13.0	15.3	16.5	17.4	15.5	16.6
Heidelberg Cem	161	180	Buy	3,648	3.4	5.4	7.7	18.1	13.9	11.3	139	134	129	8.2	11.7	15.5	7.9	11.8	15.7
India Cement	161	215	Buy	4,946	5.4	3.6	8.6	9.1	10.4	8.1	85	84	81	7.5	6.1	8.4	3.3	2.1	4.9
JK Cement	1,039	1235	Buy	7,266	37.1	49.5	57.4	14.7	13.0	11.7	131	118	112	12.6	13.2	13.5	14.5	15.8	15.9
JK Lakshmi Cem	418	460	Buy	4,920	7.0	7.9	20.5	17.8	14.2	9.8	93	84	78	7.5	9.9	14.9	5.9	6.4	14.2
Mangalam Cem	371	415	Buy	990	12.9	19.3	34.2	11.9	8.8	6.4	56	53	50	10.2	13.6	17.8	6.8	9.3	14.3
Star Cement	130	150	Buy	5,393	4.1	6.2	5.7	14.9	11.0	11.4	257	248	194	13.8	19.6	16.8	14.0	21.4	15.2
Ramco Cement	727	822	Buy	17,308	27.3	25.1	30.1	15.8	16.9	14.0	187.9	190.3	177.2	12.7	10.4	11.9	17.4	14.8	15.7

Source: Company, ICICIdirect.com Research

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