

Star Ferro & Cement (STAFER)

Starry performance...

- Star Ferro & Cement has reported healthy operating results for Q4FY15. The results are not comparable YoY and QoQ due to demerger of the ferro alloy division (that contributes ~12% of revenues)
- Consolidated revenues increased 33.1% YoY to ₹ 506.9 crore (I-direct estimate of ₹ 404.3 crore). The cement division revenues increased 49.5% YoY to ₹ 500.2 crore led by 44.0% YoY growth in volumes and 3.8% YoY increase in realisations
- Cement EBITDA/tonne came in at ₹ 1915/tonne vs. our estimate of ₹ 2058/tonne. At the EBIT level, the cement division reported a margin of 18.1% vs. 23% reported last year
- Due to demerger of the ferro alloys division, the debt has declined from ₹ 843 crore to ₹ 692 crore

Growth momentum to continue led by favourable environment...

Improved capacity utilisation backed by the government's thrust on infrastructure development in the North East region, better pricing power and limited capacity addition are likely to remain key drivers for growth over FY15-17E. Adequate capacity is currently in place to capture the growth opportunity. Given this scenario, we expect the cement division to grow at a CAGR of 26.1% in FY15-17E.

Value unlocking through de-merger of ferro business

The company has completed the process of de-merger of the ferro alloys division of Star Ferro & Cement (SFCL) into Shyam Century Ferrous (resulting company) with effect from April 1, 2014. The de-merger has happened in the ratio of 1:1 entitling every equity shareholder of SFCL to receive one equity share of face value ₹ 1 each of Shyam Century Ferrous (SCFL). We believe this will help the company to better focus on both businesses separately, which will unlock value over the longer term.

Financial leverage to improve led by strong operating cash flow

After doing major capacity addition during FY12-14, the company plans to achieve optimum capacity utilisation of over 80% by FY17E. This, in turn, would help the company to generate an operating cash flow of ~₹ 600 crore over the next two years, which, in turn, can be used to fund its major capex programme, going forward. At present, SFCL is adding 1.0 MT of grinding unit in West Bengal at a capex of only ~₹ 180 crore. Hence, with limited capex plans, the company is currently better placed to reduce its debt significantly over the next two years.

Robust volume growth and margins; compelling valuations

Given the company's ability to generate over 2.5x EBITDA/tonne of its peer set and capability to expand through internal accruals, we believe SFCL will trade at premium valuations despite being a midcap cement player. However, given its current capacity, we have valued the company at 8.1x FY17E EV/EBITDA (i.e. at a 30% discount to large cap player's valuations and 10% premium over midcap peer-set companies). We have arrived at a target price of ₹ 266/share, representing an upside of ~79%. It may be noted that any significant capex announcement (post FY16E) could impact the return ratios for our valuations.

Rating Matrix

Rating	: Buy
Target	: ₹ 266
Target Period	: 12-15 months
Potential Upside	: 79%

What's Changed?

Target	Unchanged
EPS FY16E	Changed from ₹ 3.7 to ₹ 7.0
EPS FY17E	Changed from ₹ 7.7 to ₹ 12.1
Rating	Unchanged

Quarterly Performance

	Q4FY15	Q4FY14*	YoY (%)	Q3FY15*	QoQ (%)
Revenue	506.9	380.8	33.1	360.9	40.5
EBITDA	154.8	118.3	30.8	120.8	28.1
EBITDA (%)	30.5	31.1	-54 bps	33.5	-294 bps
PAT	55.0	38.0	44.8	28.2	95.1

* Previous figures include ferro alloy business

Key Financials

₹ crore	FY14*	FY15*	FY16E	FY17E
Net Sales	1,171.4	1,512.7	1,723.7	2,269.7
EBITDA	254.9	449.3	581.5	770.7
Net Profit	6.1	93.7	154.9	269.0
EPS (₹)	0.3	4.2	7.0	12.1

* Previous figures include ferro alloy business

Valuation Summary

	FY14*	FY15*	FY16E	FY17E
P/E	NA	35.3	21.4	12.3
Target P/E	NA	74.3	44.9	25.9
EV / EBITDA	16.2	8.9	6.7	4.8
EV / Tonne	246.5	184.4	179.2	124.5
Price/Book value	4.8	4.9	3.6	2.9
RoCE	5.2	13.1	20.8	28.9
RoNW	0.9	13.8	17.0	23.2

* Previous figures include ferro alloy business

Stock Data

Market Capitalization	₹ 3310.4 Crore
Total Debt (FY15)	₹ 691.8 Crore
Cash and Investments (FY15)	₹ 20 Crore
EV	₹ 3982.1 Crore
52 week H/L	185 / 22
Equity capital	₹ 22.2 Crore
Face value	₹ 1
MF Holding (%)	Nil
FII Holding (%)	0.3

Price Performance (%)

Return (%)	1M	3M	6M	12M
Star Cement	(17.2)	44.3	105.9	496.3
Shree Cement	(7.5)	(8.5)	13.4	75.0
Heidelberg	(8.5)	(15.7)	(22.5)	57.2
JK Lakshmi	(8.7)	(9.6)	(14.6)	199.2

Research Analysts

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Variance analysis

	Q4FY15	Q4FY15E*	Q4FY14	YoY (%)	Q3FY15*	QoQ (%)	Comments
Total Operating Income	506.9	404.3	380.8	33.1	360.9	40.5	Cement division revenues increased 49.5% YoY. Cement division reported 44.0% YoY increase in volume and 3.8% YoY growth in realisation
Other Income	-0.9	1.0	-0.4	NA	0.8	-213.4	
Increase/Decrease in Stock	31.0	5.0	9.9	214.3	-39.0	-179.4	
Raw Material Expenses	76.4	65.0	56.9	34.3	63.8	19.9	Increase in purchase of traded goods led to increase in RM cost
Employee Expenses	22.7	26.5	21.8	4.1	26.1	-13.3	
Other Expenses	222.1	176.2	173.9	27.7	189.3	17.4	
EBITDA	154.8	131.6	118.3	30.8	120.8	28.1	
EBITDA Margin (%)	30.5	32.6	31.1	-54 bps	33.5	-294 bps	The decline in margin was due to higher RM cost (up 34.3% YoY) and other expenses (up 27.7% YoY)
Depreciation	60.0	58.6	40.72	47.3	56.5	6.1	Change in useful life of asset led to increase in depreciation
Interest	20.1	23.7	21.2	-5.2	23.7	-15.4	Demerger of ferro alloy division leads to decline in debt and, consequently, interest cost
PBT	74.1	50.3	57.8	28.1	42.2	75.7	
Total Tax	-1.9	15.1	4.3	-144.0	3.1	-161.2	
PAT	55.0	25.4	38.0	44.8	28.2	95.1	
Key Metrics							
Volume (MT)	0.81	0.60	0.56	44.0	0.58	40.0	Strong demand in NE region leads to increase in volume growth
Realisation (₹)	6,274	6,322	6,787	-7.6	6,255	0.3	
EBITDA per Tonne (₹)	1,915	2,058	2,109	-9.2	2,093	-8.5	EBITDA/tonne was lower than our estimate due to sharp jump in RM cost and other expenses

Source: Company, ICICIdirect.com Research * Previous figures include ferro alloy business

Change in estimates

(₹ Crore)	FY15E			FY16E			FY17E			Comments
	Old*	New	% Change	Old*	New	% Change	Old*	New	% Change	
Revenue	1,410.7	1,517.1	7.5	1,754.9	1,728.6	-1.5	2,315.2	2,275.0	-1.7	Cement revenues expected to increase at 26.1% CAGR over FY15-17E led by volume growth
EBITDA	426.2	449.3	5.4	492.1	581.5	18.2	644.8	770.7	19.5	
EBITDA Margin (%)	30.2	29.6	-60 bps	28.0	33.6	560 bps	27.9	33.9	602 bps	The EBITDA margin is expected to improve due to better cement realisation and de merger of less profitable ferro alloy business
PAT	64.1	93.9	46.6	82.1	154.9	88.7	170.2	269.0	58.0	
EPS (₹)	2.9	4.2	45.4	3.7	7.0	88.4	7.7	12.1	57.2	

Source: Company, ICICIdirect.com Research * Previous figures include ferro alloy business

Assumptions

	Current			Earlier			Comments		
	FY13	FY14	FY15E	FY16E	FY17E	FY15E		FY16E	FY17E
Volume (MT)	1.1	1.8	2.4	2.8	3.6	2.2	2.7	3.5	Volume is expected to improve led by capacity expansion
Realisation (₹)	6,167	6,697	6,399	6,286	6,409	6,412	6,500	6,614.9	Realisation is expected to improve due to better demand in NE region
EBITDA per Tonne (₹)	1,106	1,455	1,895	2,114	2,171	1,937.3	1,822.6	1,842.3	EBITDA/tonne to improve led by operating leverage, lower employee cost and higher realisation

Source: Company, ICICIdirect.com Research * Earlier figures include ferro alloy business

Company Analysis

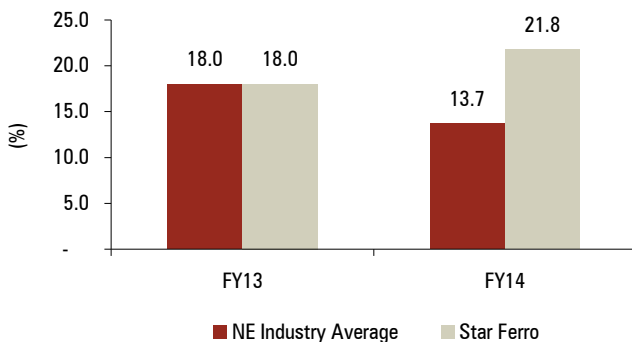
Dominant player in North-East region

At present, the Star Cement unit is the largest cement unit in the North East followed by Dalmia Bharat Cement and has a twin advantage of proximity to raw material and close proximity to the highest price-end market with ~23% market share. The company enjoys an advantage of geographical complexity and various fiscal benefits under NE industrial policy (NEIIPP 2007). This includes 100% excise exemption, 100% income tax exemption, capital investment subsidy up to 30% of the investment in plant & machinery, interest subsidy at 3% of working capital loan, transport subsidy, etc. to boost investments. As a result, it generates healthy EBITDA/tonne which is over ~2.0x of cement players at pan-India level.

Operates at healthy margins vs. its peer set

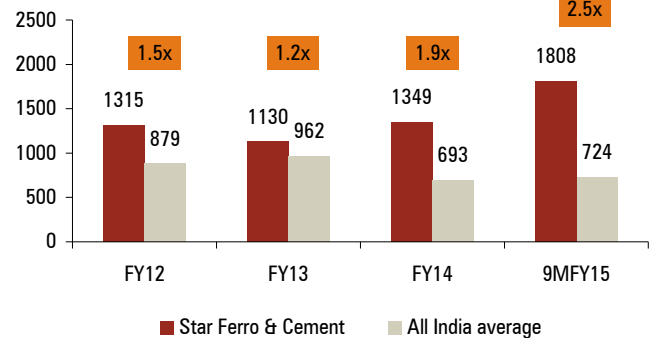
The company has constantly remained ahead of the industry in terms of margins in the past two years. This is evident from the fact that the company enjoys the advantage of its own captive limestone mines, which is situated at a close proximity of large reserves of coal at a distance of only 25 km. The unit uses state of the art dry process rotary kiln technology to manufacture high grade Ordinary Portland Cement (OPC), Pozzolana Portland Cement (PPC) required for infrastructure projects. The company has also achieved self sufficiency in terms of power requirement through setting up a 51 MW power plant.

Exhibit 1: Operating margin (%)



Source: Company, ICICIdirect.com Research

Exhibit 2: Cement EBITDA/tonne comparison

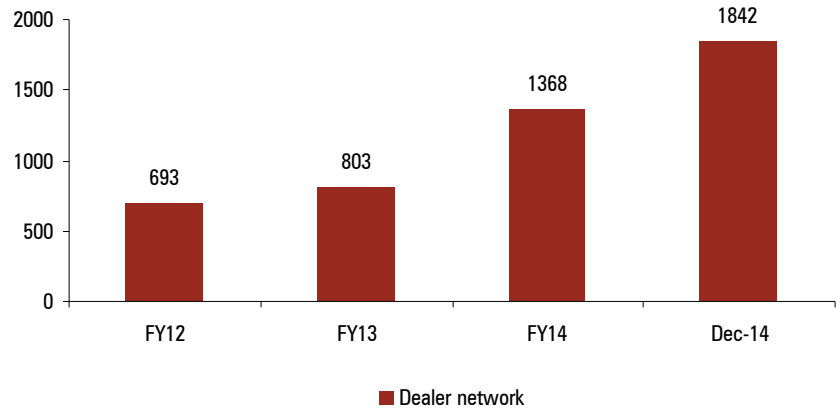


Source: Company, ICICIdirect.com Research

Focus on strengthening distribution, marketing initiatives, brand image

Despite a moderation in demand in NER in FY14, SFCL has been able to grow sales volume by 37%. This has also helped the company to gain market share from 18% to 23% in the same period. Apart from strengthening its footprint in the NER region, the company has also expanded its dealer network in the West Bengal and Bihar market. A huge marketing and visibility campaign has been put in place to have better brand visibility and top of the mind recall among users of cement in all these markets. In addition, the company is also exploring the possibility of introducing its product in the markets of neighbouring countries viz. Nepal, Bhutan and Bangladesh.

Exhibit 3: Dealer network has grown at robust rate of 38.5% in FY12-9MFY15

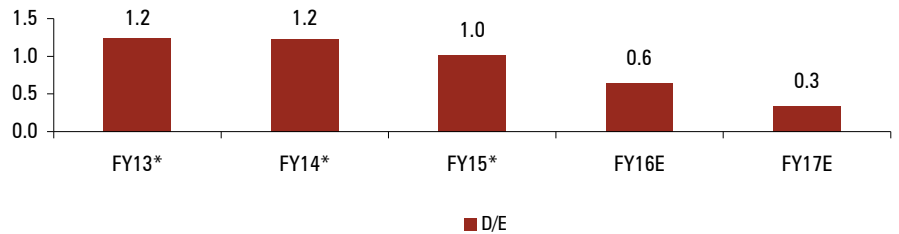


Source: Company, ICICIdirect.com Research

Financial leverage to improve led by strong operating cash flow

After doing major capacity addition during FY12-14, the company plans to achieve optimum capacity utilisation of over 80% by FY17E. This, in turn, would help the company to generate an operating cash flow of ~₹ 600 crore over the next two years, which, in turn, can be used to fund its major capex programme, going forward. At present, SFCL is adding 1.0 MT of grinding unit in West Bengal at a capex of only ~₹ 180 crore. Hence, with limited capex plans, the company is currently better placed to reduce its debt significantly over the next two years.

Exhibit 4: D/E ratio to improve, going forward...

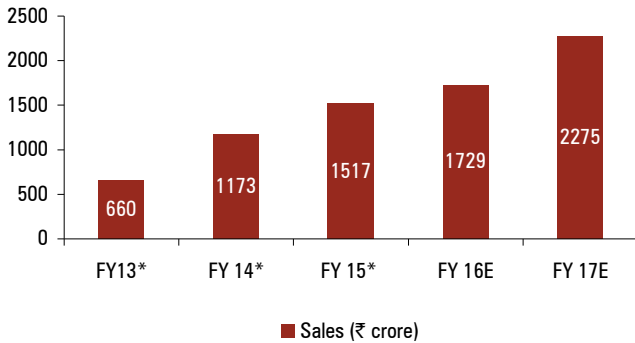


Source: Company, ICICIdirect.com Research, *Previous figures include ferro alloy business

Expect cement revenue CAGR of 26.1% during FY15-17E

The company has increased its total cement capacity from 1.27 MT in FY12 to 3.1 MT in FY14. SFCL has also taken two grinding units on hire with capacity of (800+600) tonnes per day, which is 0.46 MT. This leads to a total capacity of ~3.6 MT. Further, the company is planning to have one own grinding unit of 1.0 MT, which will be expected to be operational by October 2016. Moreover, SFCL is exploring opportunities in Bangladesh. Given this backdrop, we expect cement revenues to grow at a CAGR of 26.1% in FY15-FY17E.

Exhibit 5: Cement revenues to grow at CAGR of 26.1% during FY15-17E



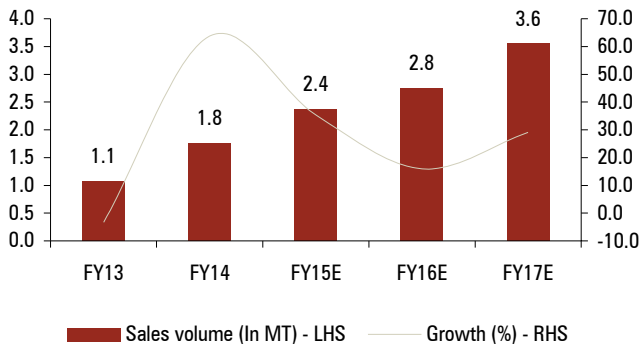
Source: Company, ICICIdirect.com Research, * Figures include ferro alloy business

Exhibit 6: Capacity addition plans (standalone)

Sr no	Location	Cement Capacity (MT)	Category	Remarks
1	Meghalaya	0.62	Integrated unit	
2	Meghalaya	0.70	Clinker unit	Q4FY13
3	Guwahati (Assam)	1.80	Grinding unit	Q4FY13
4	West Bengal	0.46	Grinding unit	On lease from Q3FY15
Total		3.58		

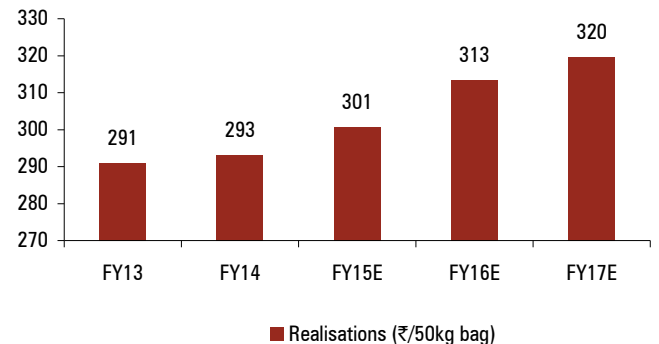
Source: Company, ICICIdirect.com Research

Exhibit 7: Volume to grow led by capacity expansion



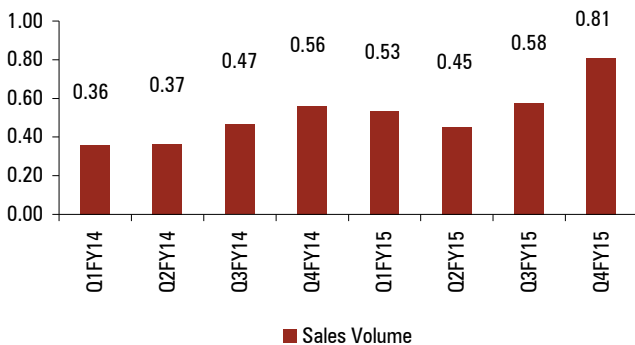
Source: Company, ICICIdirect.com Research

Exhibit 8: Realisation to pick up



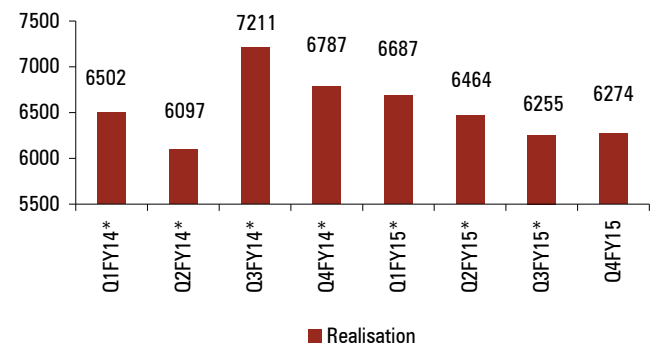
Source: Company, ICICIdirect.com Research

Exhibit 9: Q4FY15 volume at 0.81 MT...



Source: Company, ICICIdirect.com Research

Exhibit 10: ...realisation at ₹6274 during the quarter

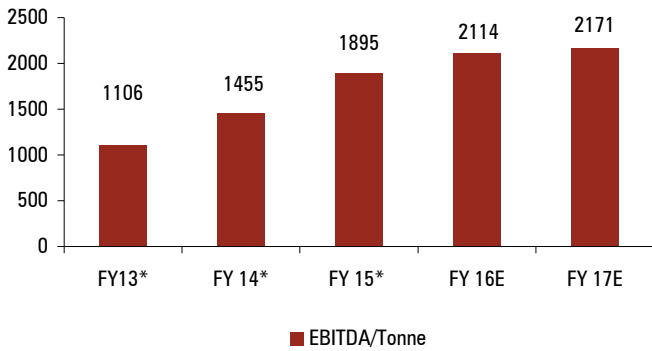


Source: Company, ICICIdirect.com Research, * Figures include ferro alloy business

Margins to improve with better utilisations & fiscal benefits

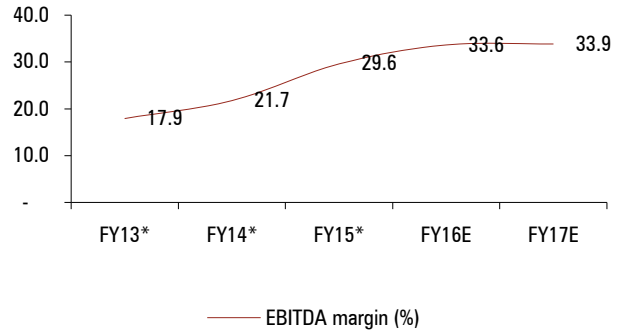
We expect EBITDA margins at 33.9% in FY17E from 21.7% in FY14 on account of an improvement in utilisation rates of the expanded capacity of the North-East plant and a healthy pricing environment.

Exhibit 11: Expect EBITDA/tonne of ₹2171 in FY17E



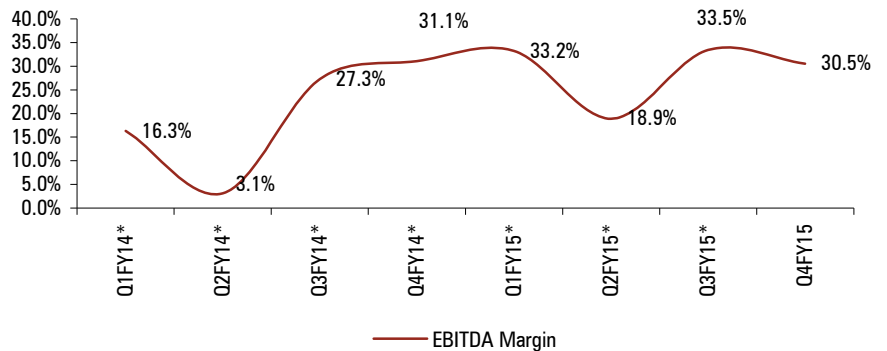
Source: Company, ICICIdirect.com Research * Previous figures include ferro alloy business

Exhibit 12: EBITDA growth trend



Source: Company, ICICIdirect.com Research * Previous figures include ferro alloy business

Exhibit 13: EBITDA margin at 30.5% in Q4FY15

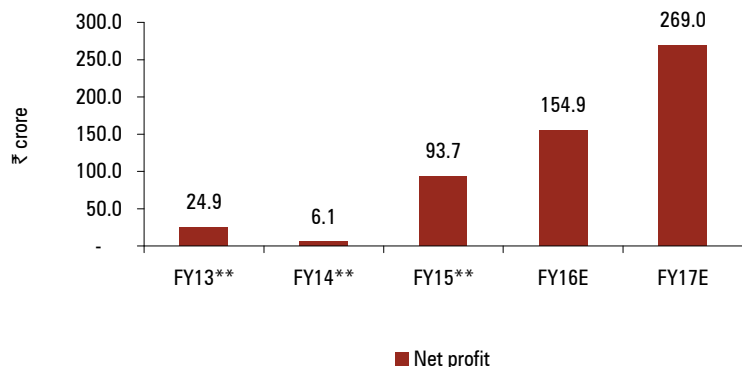


Source: Company, ICICIdirect.com Research * Previous figures include ferro alloy business

Net profit to grow 3x in next two years due to healthy demand outlook

With a sharp rise in capacity and operating leverage benefits, we expect net profit to jump 3x over next two years to ₹ 269.0 crore by FY17E.

Exhibit 14: Profitability growth trend



Source: Company, ICICIdirect.com Research * Previous figures include ferro alloy business

Valuations

A high entry barrier due to geographical complexity and limited resources for the cement industry in the NER coupled with the new government's focus towards infrastructure development augur well for Star Ferro. Being the largest player in the NER, we feel the company will continue to be the leader as it has already met its major capacity requirements over the next three to four two years. Better capacity utilisation along with export opportunities in Bangladesh are expected to lead to revenue growth and margin expansion, going forward.

We expect SFCL to witness a sharp improvement in capacity utilisation (through aggressive marketing efforts) and higher cash flow generation. With this, the debt to equity is expected to come down significantly by FY17E. As a result, the RoCE is anticipated to be over 21%. We expect the company to report cement revenue CAGR of 26.1% over the next two years (FY15-17E).

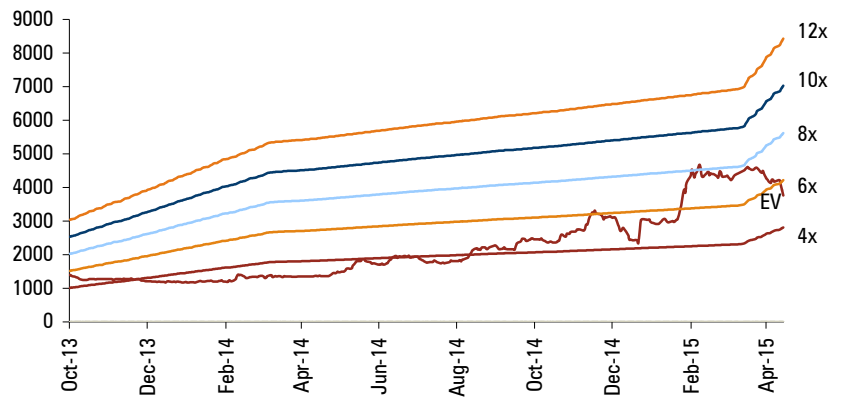
Given the company's ability to generate over 2.5x EBITDA/tonne vs. its peer set and potential to expand through internal accruals, we expect Star Ferro to remain ahead of its peers in terms of valuations. However, given its current scale of operations, we have valued the company at 8.1x FY17E EV/EBITDA vs. industry average of 11.3x (i.e. at a 30% discount to large-cap player's valuations and 10% premium over midcap peer set companies valuation), thereby arriving at a target price of ₹ 266/share, representing an upside of over 79%. It may be noted that any significant capex announcement (post FY16E) could impact the return ratios for valuations.

Exhibit 15: Key assumptions

₹ per tonne	FY13*	FY14*	FY15*	FY16E	FY17E
Sales Volume*	1.1	1.8	2.4	2.8	3.6
Net Realisation*	6167	6697	6399	6286	6409
Total Expenditure	5061	5242	4504	4171	4238
Ram material	1116	1196	1029	998	1000
Changes in Inventory	-227	-44	26	0	0
Employee cost	384	448	403	289	295
Other expenses	3788	3642	3045	2885	2943
EBITDA per Tonne	1106	1455	1895	2114	2171

Source: ICICIdirect.com Research, * Previous figures include ferro alloy business

Exhibit 16: One year forward EV/EBITDA



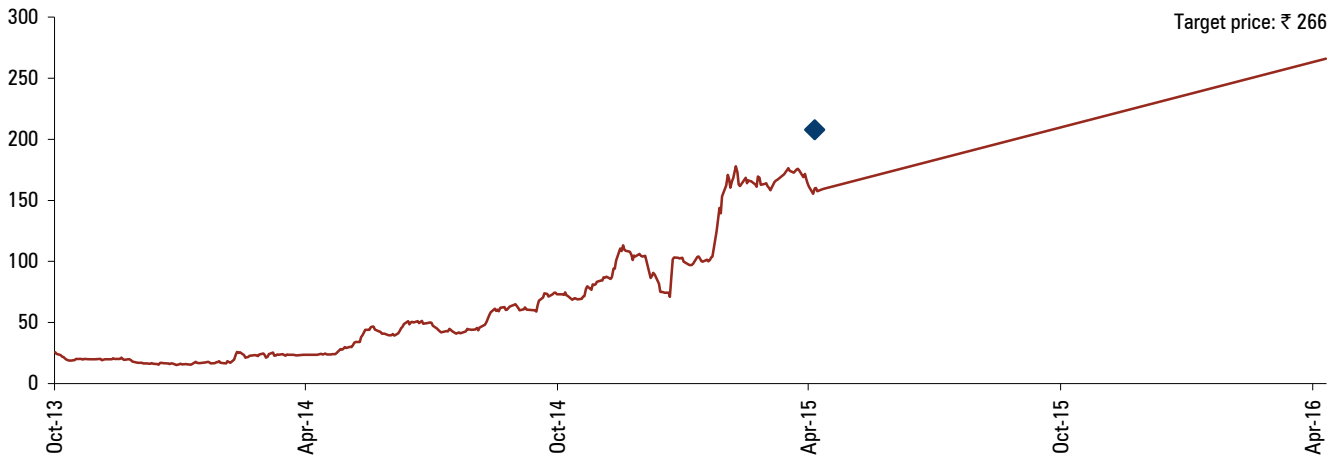
Source: Company, ICICIdirect.com Research

Exhibit 17: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/Tonne (\$)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY14*	1171.4	78.2	0.3	N.A	542.4	246.5	16	0.9	5.2
FY15*	1512.7	29.1	4.2	1,434.6	35.3	184.4	9	13.8	13.1
FY16E	1723.7	13.9	7.0	65.4	21.4	179.2	7	17.0	20.8
FY17E	2269.7	31.7	12.1	73.7	12.3	124.5	5	23.2	28.9

* Previous figures include ferro alloy business

Company snapshot



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Mar-05	Commenced operations with cement capacity of 0.40 MT and power capacity of 8 MW.
Mar-12	Increased clinker capacity from 0.80 MT to 2.60 MT, cement capacity from 1.27 MT to 3.0 MT and power capacity from 8 MW to 51 MW
Apr-15	The company has completed the process of de-merger of Ferro Alloys division of Star Ferro and Cement Ltd (SFCL) into Shyam Century Ferrous Limited

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Last filing date	% O/S	Position (m)	Change (m)
1	Bhajanka (Prem Kumar)	18-Feb-15	12.32	27.37	2.85
2	Agarwal (Sanjay)	6-Apr-15	8.78	19.5	0.0
3	Bhajanka (Sajjan)	13-Apr-15	7.48	16.6	-0.2
4	Bhajanka (Santosh)	31-Dec-14	6.77	15.1	0.0
5	Sumangal International Pvt. Ltd.	31-Dec-14	6.53	14.5	6.8
6	Agarwal (Divya)	31-Dec-14	6.52	14.5	0.0
7	Agarwal (Brij Bhushan)	31-Dec-14	4.21	9.3	0.0
8	Agarwal (Subham)	31-Dec-14	3.86	8.6	1.6
9	Sriram Vanijya Pvt. Ltd.	31-Dec-14	3.83	8.5	0.0
10	Brijdham Merchants Pvt. Ltd.	31-Dec-14	3.49	7.7	0.0

Shareholding Pattern

(in %)	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Promoter	70.88	68.91	66.99	67.00	66.48
FII	0.35	0.35	0.34	0.34	0.11
DII	0.00	0.00	0.00	0.00	0.00
Others	28.77	30.74	32.67	32.66	33.41

Source: Reuters, ICICIdirect.com Research

Recent Activity

Buys			Sells		
Investor Name	Value	Shares	Investor Name	Value	Shares
Sumangal International Pvt. Ltd.	9.59m	6.83m	Khemani (Vishnu)	-2.98m	-7.49m
Bhajanka (Prem Kumar)	7.82m	2.85m	Khemani (Sudha)	-1.36m	-3.42m
Agarwal (Subham)	2.24m	1.60m	Eskay Business Pvt. Ltd.	-0.98m	-0.70m
Agarwal (Hari Prasad)	2.15m	1.53m	Agarwal (Rajesh Kumar)	-0.47m	-0.68m
Agarwal (Hari Prasad & Others) HUF	1.06m	1.53m	Bhajanka (Sajjan)	-0.39m	-0.16m

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement ₹ Crore

(Year-end March)	FY13*	FY14*	FY15*	FY16E	FY17E
Total operating Income	657.3	1,171.4	1,512.7	1,723.7	2,269.7
Growth (%)		78.2	29.1	13.9	31.7
Raw material cost	119.4	209.6	244.0	274.3	355.0
Inc/dec in stock	-24.3	-7.8	6.2	0.0	0.0
Employees cost	41.0	78.9	95.5	79.4	104.7
Others	405.2	637.7	722.0	793.4	1044.6
Total Operating Exp.	541.3	918.4	1,067.8	1,147.1	1,504.4
EBITDA	116.1	253.0	444.9	576.6	765.3
Growth (%)		118.0	75.8	29.6	32.7
Depreciation	50.3	161.6	227.9	190.5	188.8
Interest	28.6	87.2	89.7	76.7	50.8
Other Income	3.9	4.3	5.2	5.7	6.3
PBT	41.1	8.5	132.6	315.2	532.0
Total Tax	3.7	2.7	5.2	104.9	177.2
PAT	24.8	6.1	93.7	154.9	269.0
Growth (%)		-75.3	1,434.6	65.4	73.7
Adjusted EPS (₹)	1.1	0.3	4.2	7.0	12.1

Source: Company, ICICIdirect.com Research, * Previous figures include ferro alloy business

Balance sheet ₹ Crore

(Year-end March)	FY13*	FY14*	FY15*	FY16E	FY17E
Liabilities					
Equity Capital	22.2	22.2	22.2	22.2	22.2
Reserve and Surplus	670.5	664.1	657.8	890.4	1,137.2
Total Shareholders funds	692.7	686.3	680.0	912.6	1,159.4
Total Debt	856.1	844.3	691.8	591.8	391.8
Deferred Tax Liability	84.1	77.3	94.6	94.6	94.6
Minority Interest / Others	253.8	252.9	323.1	378.4	464.3
Total Liabilities	1,886.6	1,860.7	1,789.5	1,977.4	2,110.0
Assets					
Gross Block	1,415.4	1,582.4	1,666.5	1,816.5	1,916.5
Less: Acc Depreciation	251.0	410.7	638.5	829.1	1,017.9
Net Block	1,164.5	1,171.7	1,028.0	987.5	898.7
Capital WIP	128.9	99.5	41.0	125.0	100.0
Total Fixed Assets	1,293.4	1,271.2	1,069.0	1,112.5	998.7
Investments	1.5	1.5	1.5	1.5	1.5
Inventory	150.0	175.5	109.1	124.2	163.5
Debtors	42.7	109.7	309.8	353.0	464.8
Loans and Advances	222.2	286.8	680.2	637.8	749.0
Other Current Assets	322.7	349.4	0.4	1.7	22.7
Cash	27.1	12.7	20.0	32.3	40.6
Total Current Assets	764.6	934.0	1,119.6	1,149.0	1,440.7
Creditors	72.3	148.7	77.0	87.8	115.7
Provisions	100.9	197.7	324.0	198.2	215.6
Total Current Liabilities	173.3	346.4	401.0	286.1	331.3
Net Current Assets	591.4	587.6	718.6	863.0	1,109.4
Others Assets	0.0	0.0	0.0	0.0	0.0
Application of Funds	1,886.3	1,860.3	1,789.1	1,977.0	2,109.6

Source: Company, ICICIdirect.com Research, * Previous figures include ferro alloy business

Cash flow statement ₹ Crore

(Year-end March)	FY13*	FY14*	FY15*	FY16E	FY17E
Profit after Tax	24.9	6.1	93.7	154.9	269.0
Add: Depreciation	50.3	161.6	227.9	190.5	188.8
(Inc)/dec in Current Assets	-737.5	-183.8	-178.3	-17.1	-283.3
(Inc)/(dec) in CL and Provisions	201.8	260.4	144.3	-38.3	96.0
CF from operating activities	-460.5	244.3	287.5	290.0	270.5
(Inc)/dec in Investments	-1.5	0.0	0.0	0.0	0.0
(Inc)/dec in Fixed Assets	-1,343.7	-139.5	-25.6	-234.0	-75.0
Others	337.9	-7.8	87.5	55.3	85.9
CF from investing activities	-1,007.3	-147.2	61.9	-178.7	10.9
Issue/(Buy back) of Equity	22.2	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	856.1	-11.8	-152.5	-100.0	-200.0
Dividend paid & dividend tax	0.0	-12.2	0.0	-22.2	-22.2
Inc/(dec) in Sec. premium	0.0	0.0	0.0	99.9	0.0
Others	-28.6	-87.5	-89.7	-76.7	-50.8
CF from financing activities	849.6	-111.5	-242.2	-99.0	-273.0
Net Cash flow	-618.2	-14.4	107.2	12.3	8.3
Opening Cash	645.2	27.1	12.7	20.0	32.3
Closing Cash	27.1	12.7	119.9	32.3	40.6

Source: Company, ICICIdirect.com Research, * Previous figures include ferro alloy business

Key ratios

(Year-end March)	FY13*	FY14*	FY15*	FY16E	FY17E
Per share data (₹)					
EPS	1.1	0.3	4.2	7.0	12.1
Cash EPS	3.4	7.5	14.5	15.5	20.6
BV	31.2	30.9	30.6	41.1	52.2
DPS	0.0	0.5	0.0	1.0	1.0
Cash Per Share	1.2	0.6	0.9	1.5	1.8
Operating Ratios (%)					
EBITDA Margin	18.0	21.8	29.7	33.7	34.0
PBT / Total Operating income	6.3	0.6	8.7	18.3	23.4
PAT Margin	3.8	0.5	6.2	9.0	11.9
Inventory days	83.3	54.7	26.3	26.3	26.3
Debtor days	23.7	34.2	74.8	74.8	74.8
Creditor days	40.2	46.3	18.6	18.6	18.6
Return Ratios (%)					
RoE	3.6	0.9	13.8	17.0	23.2
RoCE	3.8	5.2	13.1	20.8	28.9
RoIC	3.9	5.3	12.8	21.5	29.6
Valuation Ratios (x)					
P/E	132.9	542.4	35.3	21.4	12.3
EV / EBITDA	35.0	16.2	8.9	6.7	4.8
EV / Net Sales	6.3	3.5	2.6	2.2	1.6
Market Cap / Sales	5.0	2.8	2.2	1.9	1.5
Price to Book Value	4.8	4.8	4.9	3.6	2.9
Solvency Ratios					
Debt/EBITDA	7.2	3.3	1.5	1.0	0.5
Debt / Equity	1.2	1.2	1.0	0.6	0.3
Current Ratio	4.4	2.7	2.8	4.0	4.3
Quick Ratio	3.5	2.2	2.5	3.6	3.9

Source: Company, ICICIdirect.com Research, * Previous figures include ferro alloy business

ICICIdirect.com coverage universe (Cement)

Company	CMP			M Cap (₹ Cr)	EV/EBITDA (x)				EV/Tonne (\$)				RoCE (%)			RoE (%)				
	(₹)	TP(₹)	Rating		FY14	FY15E	FY16E	FY17E	FY14	FY15E	FY16E	FY17E	FY14	FY15E	FY16E	FY17E	FY14	FY15E	FY16E	FY17E
ACC*	1452	1738	Hold	27,283	18.1	20.5	13.8	10.9	135	140	119	116	9.9	8.3	10.9	13.0	14.0	14.1	10.9	13.2
Ambuja Cement*	231	257	Hold	35,799	20.1	16.2	16.2	13.2	164	164	166	156	11.4	14.0	12.4	13.1	13.6	14.8	12.0	12.5
UltraTech Cem	2679	3180	Buy	73,509	20.6	19.7	14.5	11.1	219	204	173	166	11.7	11.0	13.8	17.0	12.5	10.7	12.9	15.3
Shree Cement ^	10128	11,200	Hold	35,245	26.0	26.4	18.9	15.9	284	284	233	211	61.4	6.7	11.2	12.4	16.7	9.5	13.7	14.4
Heidelberg Cem	71	105	Buy	1,607	33.0	10.3	11.5	9.5	88	86	86	86	-0.5	6.2	6.1	8.0	-4.9	5.1	4.9	8.1
India Cement	90	127	Buy	2,765	10.3	8.6	6.7	5.5	66	61	66	58	3.9	5.8	8.8	9.4	-0.9	-0.5	3.8	4.8
JK Cement	601	718	Hold	4,203	5.5	6.0	7.4	11.7	126	89	94	86	5.2	6.3	4.4	10.9	5.2	6.3	4.4	10.9
JK Lakshmi Cem	343	458	Buy	4,037	16.9	14.7	10.9	7.8	128	98	92	82	6.1	7.8	9.6	13.4	7.1	9.6	12.6	15.7
Mangalam Cem	237	277	Buy	633	20.2	12.3	7.3	5.3	48	49	48	47	2.1	5.7	9.9	13.9	5.8	4.6	8.4	12.3
SFCL	149	266	Buy	3,310	16.2	8.9	6.7	4.8	247	184	179	125	5.2	13.1	20.8	28.9	0.9	13.8	17.0	23.2

Source: Company, ICICIdirect.com Research

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