

Star Cement (STACEM)

₹ 100

Mixed performance...

- Star Cement reported a mixed set of Q2FY19 numbers. While revenues and PAT were above our estimates, EBITDA was below our estimate. PAT was higher due to lower interest & tax expenses
- Revenues increased 28.7% YoY to ₹ 362.9 crore (above I-direct estimate of ₹ 342.5 crore) mainly led by volume growth of 27% YoY to 0.56 MT (in line with I-direct estimate: 0.55 MT) as last year volumes got impacted due to floods in the NER region
- EBITDA margins declined from 27.6% in Q2FY18 to 19.1% (below I-direct estimate of 23.2%) mainly led by cessation of transport subsidy and higher RM costs (up 66.6% YoY). The company had to purchase additional clinker of 30K MT from outside due to extended plant shutdown. The resultant EBITDA/tonne declined 29.8% YoY to ₹ 1,248/t (vs. I-direct estimate of ₹ 1,442/t)
- However, lower interest, depreciation led to 41% YoY growth in net profit for the quarter

Star Cement key beneficiary of higher infra spends in north east...

Under the Bharatmala project, 7000 km is expected to be constructed in the North East region (NER), in airports ₹ 5,000 crore investment is expected in NER over the next 10 years while Indian Railways aims to invest ₹ 40,000 crore to connect capital cities of the five NER states. This coupled with increased allocation of low cost housing under Pradhan Mantri Awas Yojana – Gramin Scheme is expected to boost cement demand growth in NER (expected to grow at ~8% CAGR over the next three years). Star Cement (SCL) is the largest cement player in the NER with over 22% market share. Hence, we expect SCL to be a key beneficiary of this upcoming growth in NER and capacity expansion (1.5 MT GU at Siliguri and 0.4 MT debottlenecking of clinker) will further boost Star Cement's volume growth in FY18-20E.

Cost rationalisation, re-alignment of regions to drive margins

In Q2FY19, the company witnessed a dip in margins from 27.6% to 19.1% mainly led by end of transport subsidy (~350/t) from January 2018. We believe margins of 25-26% will be the new normal for the company in coming years. In order to reduce the blow of transport subsidy the company is aiming to increase near market sales (NER region) and reduce long distance market (in the eastern region). We believe this will help lower lead distance and help lower the net impact by ~₹ 80-100/t. Further, we expect improving utilisation, sourcing of coal at lower cost and increase in truck load capacity to further boost margins.

Receipt of subsidy enables company to halve its debt...

The company is entitled to receive ~₹ 710 crore of subsidies from the government. A substantial portion of subsidy was received in FY18, which has enabled the company to reduce its debt from ₹ 672 crore to ₹ 332 crore. We believe the receipt of balance subsidy of ₹ 400 crore will make the company debt free while fuel expansion plans will act as a key trigger.

Margins to remain under pressure in near term; maintain HOLD

Star Cement (SCL) is the largest cement player in the NER with over 22% market share. Hence, we expect SCL to be a key beneficiary of this upcoming growth in NER region. However, cessation of transport subsidy, higher power cost and increase in other expenses is expected to keep margins under pressure. Hence, we maintain **HOLD** rating with a revised target price of ₹ 110 (i.e. 8.5x FY20E EV/EBITDA).

Rating Matrix	
Rating	: Hold
Target	: ₹ 110
Target Period	: 12-15 Months
Potential Upside	: 10%

What's Changed?	
Target	Changed from ₹125 to ₹110
EPS FY19E	Changed from ₹ 6.6 to ₹ 7.1
EPS FY20E	Changed from ₹ 7.2 to ₹ 7.5
Rating	Unchanged

Quarterly Performance					
	Q2FY19	Q2FY18	YoY (%)	Q1FY19	QoQ (%)
Revenue	362.9	281.9	28.7	518.2	-30.0
EBITDA	69.4	77.9	-10.9	132.0	-47.4
EBITDA (%)	19.1	27.6	-850 bps	25.5	-636 bps
PAT	36.4	25.8	41.3	90.3	-59.7

Key Financials				
₹ crore	FY17	FY18	FY19E	FY20E
Net Sales	1,530.2	1,618.9	1,952.6	2,161.1
EBITDA	410.8	525.7	509.1	563.2
Net Profit	194.8	330.7	298.4	312.7
EPS (₹)	4.6	7.9	7.1	7.5

Valuation Summary				
	FY17	FY18	FY19E	FY20E
P/E	21.5	12.7	14.0	13.4
Target P/E	23.7	13.9	15.5	14.7
EV / EBITDA	11.8	8.6	8.6	7.6
EV / Tonne	218.2	202.9	187.9	182.2
Price/Book value	3.7	2.8	2.4	2.1
RoCE	15.6	21.6	19.4	20.3
RoNW	17.0	22.4	17.3	15.7

Stock Data	
Market Capitalization	₹ 4192 Crore
Total Debt (FY18)	₹ 332 crore
Cash and Investments (FY18)	₹ 19.8 Crore
EV	₹ 4504 crore
52 week H/L	151 / 102
Equity capital	₹ 41.9 Crore
Face value	₹ 1

Price Performance (%)				
Return (%)	1M	3M	6M	12M
Star Cement	(3.0)	(10.6)	(9.3)	(8.5)
Shree Cement	11.9	0.5	(3.7)	(0.6)
Heidelberg	11.1	0.8	(6.6)	12.3
JK Lakshmi	2.4	(20.1)	(22.4)	(30.1)

Research Analysts	
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Variance analysis

	Q2FY19	Q2FY19E	Q2FY18	YoY (%)	Q1FY19	QoQ (%)	Comments
Total Operating Income*	362.9	342.5	281.9	28.7	518.2	-30.0	Low base in last year and higher volume growth drove revenues in the quarter
Raw Material Expenses	113.0	73.6	67.8	66.6	108.0	4.7	
Employee Expenses	32.1	18.3	26.8	19.5	26.8	19.6	
Other Expenses	148.5	171.4	109.3	35.8	251.4	-41.0	The cessation of transport subsidy and higher coal cost led to higher other expenses in the quarter
EBITDA	69.4	79.3	77.9	-10.9	132.0	-47.4	
EBITDA Margin (%)	19.1	23.2	27.6	-850 bps	25.5	-636 bps	EBITDA margins have come down mainly on account of discontinuance of transportation subsidy and RM costs. RM cost were higher as the company had to purchase the clinker from outside due to extended plant shutdown
Depreciation	27.1	28.3	32.6	-16.8	28.3	-4.1	
Interest	3.3	5.4	14.1	-76.9	5.4	-39.8	
PBT	39.0	45.6	31.1	25.2	98.3	-60.3	
Total Tax	0.8	11.4	4.9	-83.4	6.8	-88.1	
Minority Interest	1.8	1.1	0.5	258.0	1.2	NA	
PAT after MI	36.4	33.1	25.8	41.3	90.3	-59.7	PAT growth was on account of reduction in depreciation (-16.8%) and tax expense(-83.4%)
Key Metrics							
Volume (MT)	0.56	0.55	0.44	26.9	0.81	-31.1	Higher clinker sales and better demand in NER led to higher volumes in the quarter
Realisation (₹)	6,527	6,228	6,436	1.4	6,422	1.6	
EBITDA per Tonne (₹)	1,248	1,442	1,778	-29.8	1,636	-23.7	Discontinuance of transportation subsidy led to a fall in OPM margins during the quarter

Source: Company, ICICI Direct Research

Change in estimates

(₹ Crore)	FY19E			FY20E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue*	1,896.2	1,952.6	3.0	2,097.7	2,161.1	3.0	Robust demand in the NER to drive revenues over FY18-20E
EBITDA	483.8	509.1	5.2	547.6	563.2	2.8	
EBITDA Margin (%)	25.5	26.1	56 bps	26.1	26.1	-5 bps	We expect EBITDA margins to stabilise at 26.0% in FY20E
PAT	270.4	298.4	10.4	301.5	312.7	3.7	
EPS (₹)	6.6	7.1	7.9	7.5	7.5	-0.5	

Source: Company, ICICI Direct Research

Assumptions

	Current					Earlier			Comments
	FY15	FY16	FY17	FY18	FY19E	FY20E	FY19E	FY20E	
Volume (MT)	2.3	2.6	2.8	2.6	3.0	3.3	2.9	3.20	Capacity expansion and focus of company on trade segment to drive volumes
Realisation (₹)	6,182	6,453	6,164	6,175	6,512	6,552	6,416	6,448	
EBITDA per Tonne (₹)	1,880	1,482	1,449	2,014	1,698	1,707	1,666	1,698	Post cessation of transport subsidy, we expect EBITDA/t to stabilise at ~₹ 1700/t

Source: Company, ICICI Direct Research

Key highlights of conference call

- Star Cement during Q2FY19 sold 5.48 LT of cement and 0.08 LT of clinker with north-east sales growing 27%
- Cement revenues can be broken into 81% PPC, 17% OPC and balance as slag, with 83% of revenues coming from the trade segment
- Total installed cement capacity in the NE region is ~9.5MT. The management expects FY19 to end with demand of 9 MT
- Impact of cessation of transport subsidy, which ended in January 2018, would be ₹ 300-350 per ton
- During the quarter, one of the plant shutdowns got extended to 72 days, a month higher than normal shutdown thereby affecting the production. As a result, the company had purchased 30000 tons from outside, which further caused a reduction in margins
- Post the shutdown for maintenance capex, the company's clinker capacity would increase by 0.2 MT to 2.8 MT while the grinding capacity was at 4.3 MT
- The company is setting up a 2 MT grinding plant in Siliguri for which it would spend ₹ 100-150 crore in FY19, and may discontinue the grinding plant that it had leased in that region. However, the management has no plans to discontinue the Durgapur leased plant
- The planned capacity would be operational in the latter half of H2FY20
- The railway siding project in Guwahati involving a capex of ~ ₹ 18 crore would be completed by February 2019
- The company is entitled to receive a subsidy of ₹ 400 crore out of which the management expects ₹ 115 crore to be received in FY19

Company Analysis

Dominant player in North-East region

Under the Bharatmala project, 7000 km is expected to be constructed in North-East region (NER). In airports, ₹ 5,000 crore investment is expected in NER over the next 10 years while Indian Railways aims to invest ₹ 40,000 crore to connect capital cities of the five NER states. This coupled with increased allocation of low cost housing under Pradhan Mantri Awas Yojana – Gramin Scheme is expected to boost cement demand growth in NER (expected to grow at ~7% CAGR in the next three years). Star Cement (SCL) is the largest cement player in the NER with over 22% market share. Hence, we expect SCL to be a key beneficiary of this upcoming growth in NER while capacity expansion will further boost Star Cement’s volume growth in FY18-20E.

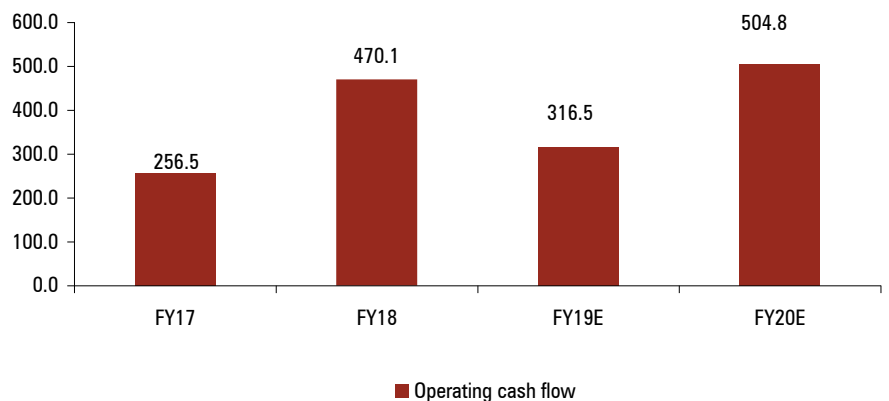
Transport subsidy ends but re-alignment of markets to provide some breather...

In Q1FY19, the company witnessed a dip in margins from 37.1% to 25.5% mainly led by the end of transport subsidy (~350/t) from January 2018. We believe margins of 25-26% will be the new normal for the company in coming years. However, in order to reduce the blow of transport subsidy the company is aiming to increase near market sales (NER region) and reduce long distance market (in the eastern region). We believe this will help lower lead distance and help lower the net impact by ~80-100/t. Further, we expect improving utilisation to drive operating leverage benefit for the company to further boost margins.

Receipt of subsidy to help company in expansion plans

The company is entitled to receive ~₹ 700 crore of subsidy from the government. A substantial portion of the subsidy has been received in FY18, which has enabled the company to reduce its debt from ₹ 672 crore to ₹ 331 crore. We believe the receipt of entire subsidy could help make the company debt free, fuel expansion plans and act as a key trigger.

Exhibit 1: Operating cash flow trend

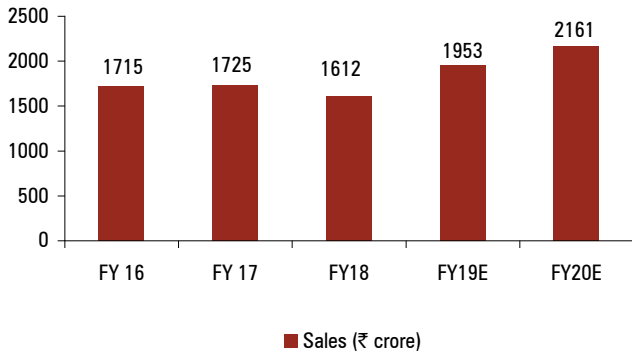


Source: Company, ICICI Direct Research

Expect cement revenue CAGR of 15.8% during FY18-20E

The company has increased its total cement capacity from 1.27 MT in FY12 to 3.6 MT in FY16. SCL has also taken three grinding units on hire with total capacity of 0.76 MT. This leads to a total capacity of ~4.4 MT. Moreover, SCL, through de-bottlenecking, is expected to further increase its capacity by 0.4 MT by FY19E and set up a split grinding unit at Siliguri (~1.5 MT) by FY20E. Given this backdrop, we expect cement revenues to grow at a CAGR of 15.8% in FY18-20E.

Exhibit 2: Cement revenues to grow at CAGR of 15.8% during FY18-20E



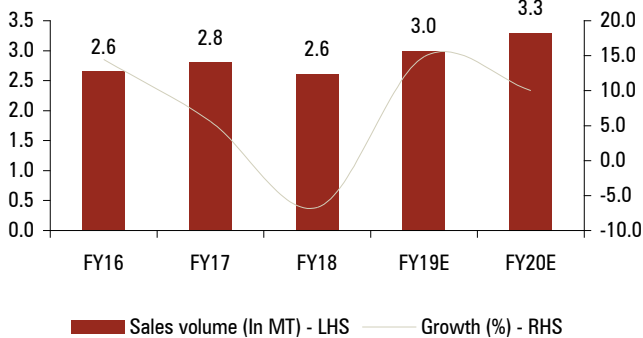
Source: Company, ICICI Direct Research

Exhibit 3: Capacity addition plans

Sr no	Cement Capacity (MT)	Category	Remarks
1	Clinker	2.6	
2	Cement	4.4	Includes 0.7 MT hired grinding unit
3	Clinker debottlenecking	0.4	FY19E
4	Cement grinding unit	1.5	FY20E
Total Cement Capacity		6.3	FY20E

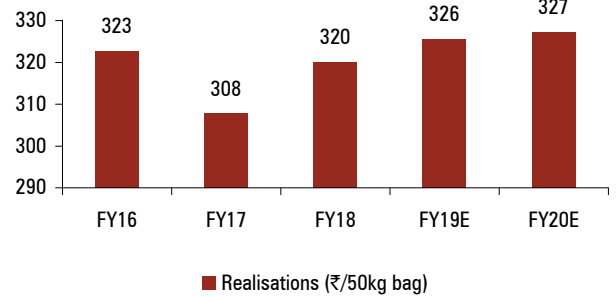
Source: Company, ICICI Direct Research

Exhibit 4: Volume to grow led by capacity expansion



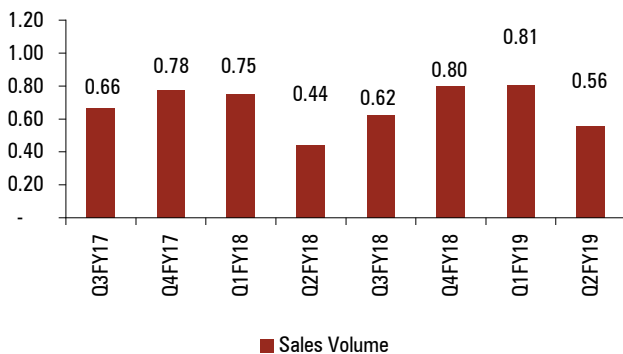
Source: Company, ICICI Direct Research

Exhibit 5: Realisation trend



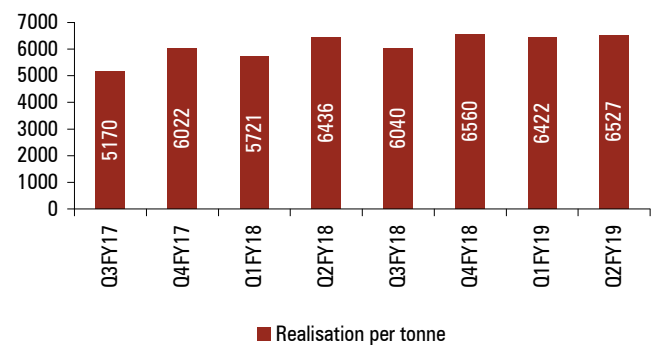
Source: Company, ICICI Direct Research

Exhibit 6: Q2FY19 volume grows 27% YoY to 0.56 MT...



Source: Company, ICICI Direct Research

Exhibit 7: Quarterly realisation trend

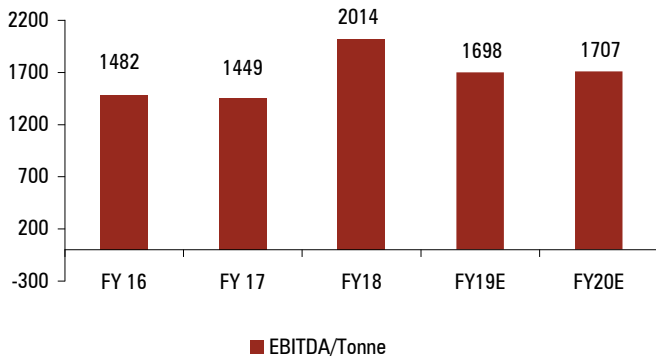


Source: Company, ICICI Direct Research

Margins to stabilise at 26.0% in FY20E

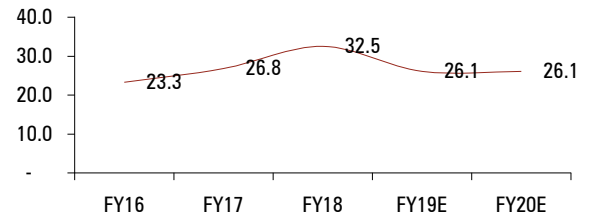
We expect margins to stabilise at 26% in FY20E led by the absence of transport subsidy.

Exhibit 8: Expect EBITDA/tonne of ₹ 1,707 in FY20E



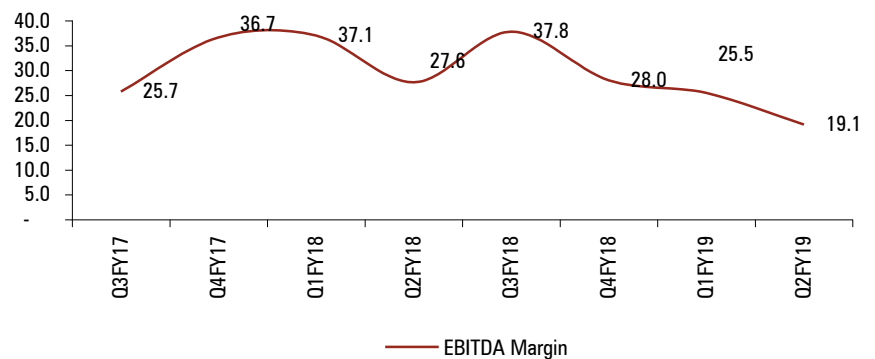
Source: Company, ICICI Direct Research

Exhibit 9: EBITDA growth trend



Source: Company, ICICI Direct Research

Exhibit 10: EBITDA margin at 19.1% in Q2FY19

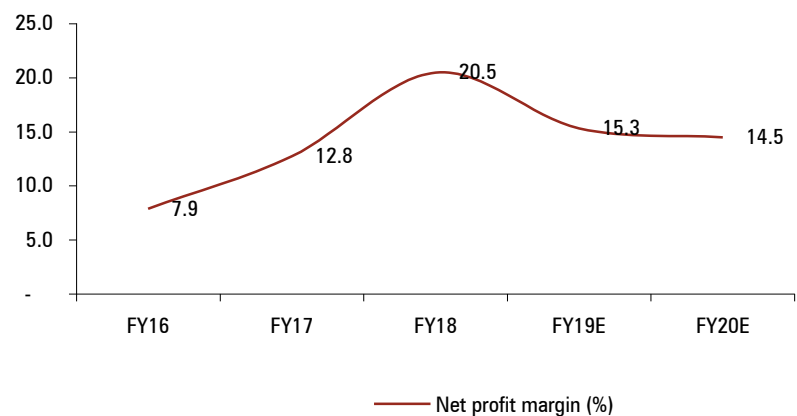


Source: Company, ICICI Direct Research

Net profit margins to improve led by fall in the interest cost

With withdrawal of transportation subsidy, net profit margins would come down to 15.3% in FY19E from 20.5% reported in FY18. The same would likely stabilise at 14.5% in FY20E.

Exhibit 11: Profitability growth trend



Source: Company, ICICI Direct Research

Outlook & Valuation

Considering the government's focus on developing infrastructure in NER region and revival in demand from individual house builders, we expect cement demand in the NER region to grow at a CAGR of 8.0% over the next three years. Star Cement (SCL) is the largest cement player in the NER with over 22% market share. Hence, we expect SCL to be a key beneficiary of this upcoming growth in the NER region resulting in revenue CAGR of 14.1% in FY18-20E. However, cessation of transport subsidy, higher power cost and increase in sales & promotion expenses are expected to keep margins under pressure. Hence, we maintain **HOLD** rating with a revised target price of ₹ 110 (i.e. 8.5x FY20E EV/EBITDA).

Exhibit 12: Key assumptions

₹ per tonne	FY16	FY17	FY18E	FY19E	FY20E
Sales Volume	2.6	2.8	2.6	3.0	3.3
Net Realisation*	6453	6164	6175	6512	6552
Total Expenditure	4971	4715	4160	4814	4845
Raw material	1361	1524	1152	1555	1450
Changes in Inventory	-119	-43	0	0	0
Employee cost	435	424	411	469	470
Other expenses	3330	2810	2597	2790	2925
EBITDA per Tonne	1482	1449	2014	1698	1707

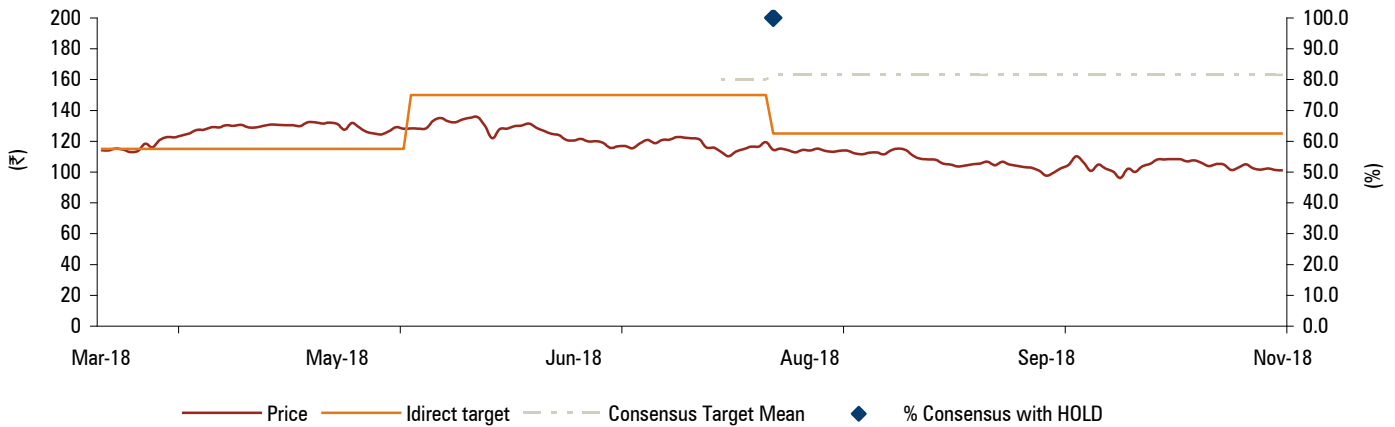
Source: ICICI Direct Research,

Exhibit 13: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/Tonne (\$)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY17	1530.2	(10.8)	4.6	45.3	21.5	204.6	11.8	17.0	15.6
FY18	1618.9	5.8	7.9	69.7	12.7	190.2	8.6	22.4	21.6
FY19E	1952.6	20.6	7.1	-9.8	14.0	176.2	8.6	17.3	19.4
FY20E	2161.1	10.7	7.5	4.8	13.4	170.9	7.6	15.7	20.3

Source: Company, ICICI Direct Research

Recommendation history* vs. consensus estimates



Source: Bloomberg, Company, ICICI Direct Research, * Limited stock history due to reverse merger of Star Ferro & Cement with Star Cement

Key events

Date	Event
Mar-05	Commences operations with cement capacity of 0.40 MT and power capacity of 8 MW
Mar-12	Increases 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	Completes process of de-merger of ferro alloys division of Star Ferro and Cement (SFCL) into Shyam Century Ferrous Ltd
Oct-15	Hires 0.46 MT grinding unit in West Bengal
Oct-16	Hires 0.3 MT grinding unit in West Bengal
Mar-17	Commissions 0.4 MT capacity

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Last filing date	% O/S	Position (m)	Change (m)
1	Bhajanka (Sajjan)	30-Jun-18	0.1	46.9	0.00
2	Bhajanka (Prem Kumar)	30-Jun-18	0.1	37.8	0.00
3	Chamaria (Rajendra)	30-Jun-18	0.1	21.8	0.00
4	Agarwal (Divya)	30-Jun-18	0.0	19.3	0.00
5	Bhajanka (Santosh)	30-Jun-18	0.0	18.4	0.00
6	SBI Funds Management Pvt. Ltd.	30-Jun-18	0.0	18.3	0.45
7	Agarwal (Sanjay)	30-Jun-18	0.0	16.9	0.00
8	Agarwal (Subham)	30-Jun-18	0.0	14.4	0.01
9	Sriram Vanijya Pvt. Ltd.	30-Jun-18	0.0	11.3	0.00
10	Agarwal (Brij Bhushan)	30-Jun-18	0.0	11.1	0.00

Shareholding Pattern

(in %)	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
Promoter	74.61	73.25	68.89	68.89	68.88
FII	0.39	1.96	1.93	2.19	1.00
DII	1.62	2.68	7.25	7.33	8.39
Others	23.38	22.11	21.93	21.59	21.73

Source: Reuters, ICICI Direct Research

Recent Activity

Buys			Sells		
Investor Name	Value	Shares	Investor Name	Value	Shares
Agarwal (Amit)	1.49	1.00	Chamaria (Vinay) HUF	-0.10	-0.07
SBI Funds Management Pvt. Ltd.	0.77	0.45	Agarwal (Sheetij)	-0.04	-0.02
Chamaria (Vinay)	0.59	0.39	Gupta (Sanjay Kumar)	-0.03	-0.02
Agarwal (Pushpa)	0.56	0.38	Wells Capital Management Inc.	0.00	0.00
Shah (Jagadish Prasad)	0.38	0.23			

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement ₹ Crore

(Year-end March)	FY17	FY18	FY19E	FY20E
Total operating Income	1,530.2	1,618.9	1,952.6	2,161.1
Growth (%)	-10.8	5.8	20.6	10.7
Raw material cost	340.3	269.7	466.3	478.2
Inc/dec in stock	0.0	0.0	0.0	0.0
Employees cost	118.6	107.4	140.7	155.0
Others	660.6	716.1	836.5	964.7
Total Operating Exp.	1,119.5	1,093.2	1,443.5	1,597.9
EBITDA	410.8	525.7	509.1	563.2
Growth (%)	2.9	28.0	-3.2	10.6
Depreciation	117.9	120.7	115.5	115.5
Interest	78.0	52.5	19.6	16.5
Other Income	0.0	0.0	0.0	0.0
PBT	214.9	352.6	374.1	431.2
Total Tax	13.9	16.4	66.8	107.8
PAT	194.8	330.7	298.4	312.7
Growth (%)	45.3	69.7	-9.8	4.8
Adjusted EPS (₹)	4.6	7.9	7.1	7.5

Source: Company, ICICI Direct Research

Cash flow statement ₹ Crore

(Year-end March)	FY17	FY18	FY19E	FY20E
Profit after Tax	194.8	330.7	298.4	312.7
Add: Depreciation	117.9	120.7	115.5	115.5
(Inc)/dec in Current Assets	-68.5	-123.4	-214.4	-6.4
Inc/(dec) in CL and Provisions	12.2	142.1	117.0	82.9
CF from operating activities	256.5	470.1	316.5	504.8
(Inc)/dec in Investments	0.1	0.0	0.0	0.0
(Inc)/dec in Fixed Assets	-67.9	-22.9	-149.3	-315.0
Others	66.3	-54.7	8.8	10.7
CF from investing activities	-1.5	-77.5	-140.4	-304.3
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-76.9	-340.5	-100.0	-100.0
Dividend paid & dividend tax	0.0	-50.6	-50.6	-50.6
Inc/(dec) in Sec. premium	-103.7	50.5	0.0	0.0
Others	-78.0	-52.5	-19.6	-16.5
CF from financing activities	-258.6	-393.0	-170.1	-167.0
Net Cash flow	-3.6	-0.3	5.9	33.4
Opening Cash	23.8	20.1	19.8	25.7
Closing Cash	20.1	19.8	25.7	59.1

Source: Company, ICICI Direct Research

Balance sheet ₹ Crore

(Year-end March)	FY17	FY18	FY19E	FY20E
Liabilities				
Equity Capital	41.9	41.9	41.9	41.9
Reserve and Surplus	1,104.5	1,435.2	1,683.0	1,945.2
Total Shareholders funds	1,146.4	1,477.1	1,725.0	1,987.2
Total Debt	672.2	331.7	231.7	131.7
Deferred Tax Liability	170.3	110.2	110.2	110.2
Minority Interest / Others	56.6	62.1	70.9	81.6
Total Liabilities	2,045.5	1,981.1	2,137.8	2,310.6
Assets				
Gross Block	1,787.1	1,829.1	1,979.1	2,329.1
Less: Acc Depreciation	923.8	1,044.5	1,160.0	1,275.4
Net Block	863.2	784.5	819.1	1,053.6
Capital WIP	54.9	35.7	35.0	0.0
Total Fixed Assets	918.1	820.3	854.1	1,053.6
Investments	1.5	1.4	1.4	1.4
Inventory	161.2	294.6	355.9	393.9
Debtors	137.8	146.5	176.9	195.7
Loans and Advances	1,008.0	978.3	975.1	863.4
Other Current Assets	233.6	244.7	370.5	431.7
Cash	20.1	19.8	25.7	59.1
Total Current Assets	1,560.8	1,683.8	1,904.1	1,943.9
Creditors	93.8	188.9	228.2	252.5
Provisions	341.4	335.9	394.1	436.2
Total Current Liabilities	435.2	524.8	622.2	688.7
Net Current Assets	1,125.6	1,159.0	1,281.9	1,255.2
Others Assets	0.0	0.0	0.0	0.0
Application of Funds	2,045.1	1,980.7	2,137.4	2,310.2

Source: Company, ICICI Direct Research

Key ratios

(Year-end March)	FY17	FY18	FY19E	FY20E
Per share data (₹)				
EPS	4.6	7.9	7.1	7.5
Cash EPS	7.5	10.8	9.9	10.2
BV	27.3	35.2	41.1	47.4
DPS	0.0	1.0	0.0	0.0
Cash Per Share	0.5	0.5	0.6	1.4
Operating Ratios (%)				
EBITDA Margin	26.9	32.6	26.1	26.1
PBT / Total Operating income	14.1	21.8	19.2	20.0
PAT Margin	12.8	20.5	15.3	14.5
Inventory days	38.5	66.6	66.6	66.6
Debtor days	32.9	33.1	33.1	33.1
Creditor days	22.4	42.7	42.7	42.7
Return Ratios (%)				
RoE	17.0	22.4	17.3	15.7
RoCE	15.6	21.6	19.4	20.3
RoIC	14.9	21.0	19.0	19.9
Valuation Ratios (x)				
P/E	21.5	12.7	14.0	13.4
EV / EBITDA	11.8	8.6	8.6	7.6
EV / Net Sales	3.2	2.8	2.3	2.0
Market Cap / Sales	2.7	2.6	2.1	1.9
Price to Book Value	3.7	2.8	2.4	2.1
Solvency Ratios				
Debt/EBITDA	1.6	0.6	0.5	0.2
Debt / Equity	0.6	0.2	0.1	0.1
Current Ratio	3.6	3.2	3.1	2.8
Quick Ratio	3.2	2.6	2.5	2.3

Source: Company, ICICI Direct Research

ICICI Direct Research coverage universe (Cement)

Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)			EV/EBITDA (x)			EV/Tonne (\$)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)			FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
ACC*	1,454	1,750	Buy	27,326	35.0	49.2	49.9	15.8	15.1	11.3	125	116	112	14.0	14.2	18.4	9.9	9.7	12.8
Ambuja Cement*	205	231	Buy	40,746	6.3	6.3	8.1	13.7	13.4	10.6	134	136	134	11.3	12.4	16.4	8.6	8.4	10.8
UltraTech Cem	3,813	4400	Buy	104,629	89.6	106.5	160.1	20.2	17.2	12.6	221	208	196	10.0	11.5	15.4	9.5	10.3	13.5
Shree Cement	15,375	16,900	Hold	53,505	397.8	373.0	541.5	22.2	21.8	16.1	271	228	198	15.3	13.2	17.6	15.6	13.2	16.5
Heidelberg Cem	150	165	Buy	3,390	5.9	9.0	10.6	11.8	8.8	7.6	122	121	113	14.8	21.1	24.2	12.8	17.5	18.1
India Cement	91	120	Buy	2,806	3.3	3.8	7.0	8.6	8.1	7.2	64	63	62	5.1	5.4	6.2	1.9	2.2	4.0
JK Cement	690	759	Hold	4,825	48.9	50.2	60.3	8.7	9.2	8.4	79	78	80	14.6	12.6	13.3	16.7	14.5	15.3
JK Lakshmi Cem	267	375	Buy	3,143	7.1	8.3	15.2	11.3	10.4	7.9	62	57	56	8.8	9.4	12.8	5.8	6.3	10.5
Mangalam Cem	214	250	Hold	571	4.3	1.1	8.0	10.5	13.5	9.4	38	42	42	7.2	5.0	8.3	2.2	0.6	4.0
Star Cement	100	110	Hold	4,192	7.9	7.1	7.5	8.6	8.6	7.6	203	188	182	21.6	19.4	20.3	22.4	17.3	15.7
Ramco Cement	603	760	Buy	14,362	23.5	25.5	34.5	13.9	13.1	9.9	155	149	124	10.4	9.9	12.2	13.7	13.6	16.2
Sagar Cement	670	750	Buy	1,367	12.9	20.0	28.8	11.8	10.2	8.6	69	58	39	8.1	9.4	10.9	3.4	5.0	6.7

Source: Company, ICICI Direct Research

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