

Hold with a Short Term Target 235/-

A seasonally slow quarter for the Industry where the company has increased revenues and shown stronger profitability

Financial Highlights

- Reported EPS of 3.49 vs our estimates of 3 along with a 9% increase in revenues YoY
- The company reported its highest ever
 - ◆ Quarterly Revenue
 - ◆ Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)
 - ◆ Profit after Tax (PAT)
- Increase in raw material and fuel prices were partially offset by lower freight & forwarding expenses.
- PAT Margins have improved 405bps from 9.5% to 13.6%
- CONTINUES TO WORK ON NET NEGATIVE WORKING CAPITAL

Industry Highlight and Future Outlook

- ★ Total estimated installed cement capacity at 480 Mn T as on Jun' 19
- ★ Trailing Twelve Month volume growth at 11% driven by growth in Infra and Housing
- ★ While the last FY ended on high utilisation of over 70% FY 20 utilisations have been low.
- ★ We estimate the industry to continue to grow at the current or even a higher rate owing to the
 - Stable Govt Spending in Infra
 - Planned Govt Spending on the Water Initiatives
 - Lower Interest Rates
 - Stability of Crude