

Ambuja Cements Limited

CMP : Rs 208.45

July 25, 2018

Q2 net inclines 10%

Ambuja Cement, which follows January-December period as its accounting year, has posted 27% incline in standalone net profit to Rs 499.27 crore on 6% gain in total income from operations to Rs 3016.92 crore for the second quarter ended June 2018. The growth was attributable to improved cement sales. Sales have benefited from more infrastructure projects, improved sand availability and increased government spending. Better top line, improvements in productivity and efficiency parameters helped largely mitigate the rising cost pressures particularly from power & fuel in the quarter. Operating margin declined 220 bps to 20.6%, thus, OP dropped by 4% to Rs 622.33 crore. Sales volume for the firm inclined 5.3% to 6.37 million tonne while realization decreased 12.2% to Rs 4736 per tonne.

Standalone performance for the June quarter

The company has posted 6% jump in net standalone income from operation to Rs 3016.92 crore due to rise in cement sales volumes partially offset by decrement in cement sales realisation. Sales have benefited from more infrastructure projects, improved sand availability and increased government spending. Sales volume for the firm inclined 5.3% to 6.37 million tonne while realization decreased 12.2% to Rs 4736 per tonne.

Better top line, improvements in productivity and efficiency parameters helped largely mitigate the rising cost pressures particularly from power & fuel in the quarter. Operating margin (OPM) declined by 220 bps to 20.6%, thus, OP dropped by 4% to Rs 622.33 crore.

Other income jumped 241% to Rs 191.09 crore. The interest cost rose 16% to Rs 19.20 crore. The depreciation cost shed 5% to Rs 136.40 crore. Thus the PBT rose by 20% to Rs 657.82 crore. The Tax outflow went up 3% to Rs 158.55 crore. The effective tax rate decreased 410 bps to 24.1%. Thus, net profit grew by 27% to Rs 499.27 crore.

Standalone performance for H1CY18

For the six month ended June 2018, the Company net sales rose by 9% to Rs 5879.50 crore. The OPM declined 10 bps to 19.2%. As a result, the operating profit (OP) growth was 8% at Rs 1129.43 crore.

With incline in Other income by 53% to Rs 241.81 crore, the PBIDT rose by 14% to Rs 1371.24 crore. Interest outgo declined 17% to Rs 44.93 crore and depreciation cost shrank 5% to Rs 275.65 crore, thus, PBT escalated by 22% to Rs 1050.66 crore. The Tax outflow gained 27% to Rs 279.62 crore. Thus, the net profit grew by 21% to Rs 771.04 crore.

Standalone performance for CY17

For the fiscal ended December 2017, the Company net sales inclined by 14% to Rs 10,446.85 crore. The OPM inclined 20 bps to 18.6%. The gain in OPM leads to 15% jump in the operating profit (OP) to Rs 1940.14 crore.

With decline in Other income by 30% to Rs 359.09 crore, the PBIDT grew by 4% to Rs 2299.23 crore. Interest outgo inclined 44% to Rs 107.19 crore but depreciation cost fell 33% to Rs 572.92 crore, thus, PBT grew 27% to Rs 1619.12 crore. The Tax outflow gained 6% to Rs 369.55 crore. Thus, the net profit jumped 34% to Rs 1249.57 crore.

Outlook

The company expects the economy to grow strongly in 2018 post successful GST transition and due to the various initiatives of the Government. Improved rural demand on account of government interventions such as the increase in the Minimum Support Price for Kharif crops, job creation and spending on rural and labour intensive infrastructure and expectations of a normal monsoon, combined with Government's focus on infrastructure development (roads, ports, irrigation and metro projects), affordable housing and housing for all programme is expected to create buoyancy in the construction sector which will have a positive impact on cement

INDEX DETAILS

SENSEX	36858.23
NIFTY (S&P CNX)	11132.00

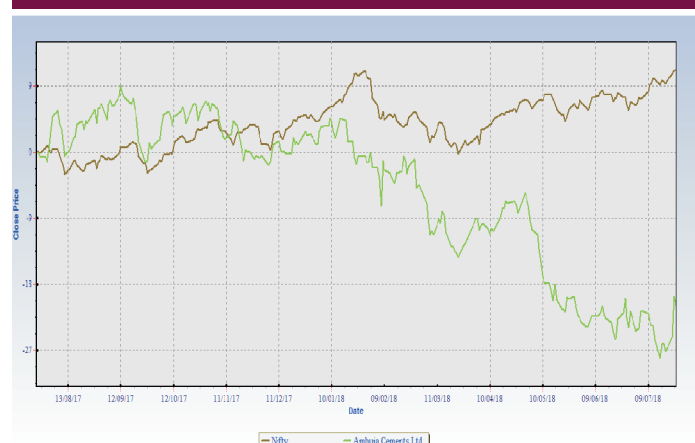
SCRIP DETAILS

Industry	Cement & Cement Products
Mkt Cap (Rs in Crore)	41599.27
Book Value (Rs)	100.59
Free Float (%)	36.89
Avg Vol Weekly (NSE)	5049565
52 Week H/L (NSE)	291.30 / 189.15
Dividend Yield (%)	1.72
BSE Code	500425
NSE Code	AMBUJACEM

SHAREHOLDING PATTERN(%)

PARTICULARS	LATEST QUARTER	PREVIOUS QUARTER
Promoters	63.11	63.11
FIIIs	16.40	16.34
DIIIs	12.69	12.86
Others	7.80	7.69
Totals	100	100

Price Comparison with Sensex



demand. However, the Company expects that increase in fuel prices and input material costs will continue in the near term. The Company is well placed to benefit from the above initiatives taken by the Government.

Ambuja Cement: Standalone Results

Particulars	Q2CY18	Q2CY17	Var %	H1CY18	H1CY17	Var %	CY17	CY16	Var %
Income from Operations	3016.92	2854.49	6	5879.5	5413.72	9	10446.85	9196.64	14
OPM (%)	20.6	22.8		19.2	19.3		18.6	18.4	
Operating Profit	622.33	651.02	-4	1129.43	1045.11	8	1940.14	1692.35	15
Other income	191.09	55.99	241	241.81	157.93	53	359.09	510.21	-30
PBIDT	813.42	707.01	15	1371.24	1203.04	14	2299.23	2202.56	4
Interest	19.2	16.5	16	44.93	54.2	-17	107.19	74.24	44
PBDT	794.22	690.51	15	1326.31	1148.84	15	2192.04	2128.32	3
Depreciation	136.4	143.89	-5	275.65	289.87	-5	572.92	848.85	-33
PBT before EO	657.82	546.62	20	1050.66	858.97	22	1619.12	1279.47	27
Exceptional Income	0	0		0	0		0	0	
PBT after EO	657.82	546.62	20	1050.66	858.97	22	1619.12	1279.47	27
Taxation	158.55	154.39	3	279.62	220.2	27	369.55	347.23	6
Net Profit after Tax	499.27	392.23	27	771.04	638.77	21	1249.57	932.24	34
EPS (Rs)*	#	#		#	#		6.3	4.7	

NOTES

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