

SHREE CEMENT LIMITED

CMP : Rs 17,117.40

July 30 ,2018

Q1 Net shrinks 36% on weak operational performance

Shree Cement has registered 36% drop in net profit to Rs 279.48 crore in spite of 19% jump in total income from operation to Rs 3,069.91 crore for first quarter ended June 2018. Jump in operating expenses by 34% to Rs 2,494.70 crore (due to higher freight and power cost as percent of net sales), resulted in the contraction in OPM by 890 bps to 18.7%. Thus, operating profit declined by 19% to Rs 575.21 crore.

Performance for the quarter ended June 2018

Total income from operation (including the power segment revenue) inclined 19% to Rs 3,069.91 crore for the quarter ended June 2018. The gain in topline was due to jump in revenue from cement segment by 2% to Rs 2,869.45 crore (85% of total revenue) and gain in power business segment revenue by 44% to Rs 510.47 crore (15% of total revenue).

The Operating Margin (OPM) contracted by 890 bps to 18.7%. The reduction in OPM was due to jump in freight & forwarding expenses by 310 bps to 27.7% and power & fuel cost by 520 bps to 23% as percentage to sales and net of stock adjustments. As a result, the operating profit dropped 19% to Rs 575.21 crore.

The other income sank by 4% to Rs 93.63 crore. The interest cost gained 71% to Rs 56.19 crore and depreciation went up 32% to Rs 305.53 crore. The PBT, as a result, declined 44% to Rs 307.12 crore. The net tax expenses decreased 74% to Rs 27.64 crore. The effective tax rate for the quarter decreased to 9% from 19.5% corresponding previous quarter. Thus, the Net profit dropped 36% to Rs 279.48 crore.

Annual Financial Performance

For the financial year ended March 2018 (FY 2018), total revenue (including the power segment revenue) inclined 14% to Rs 9,833.10 crore. The gain in topline was due to jump in revenue from cement segment by 7% to Rs 9,726.52 crore (87% of total revenue) while power business segment revenue was flat at Rs 1450.07 crore (13% of total revenue).

OPM reduced by 410 bps to 25.1%, thus, OP slid by 2% at Rs 2,472.78 crore. Other income grew by 8% to Rs 389.05 crore. The interest cost rose 5% to Rs 135.27 crore. The depreciation went down 26% to Rs 899.40 crore. Thus, the PBT increased 19% to Rs 1,827.16 crore. With jump in the tax outgo by 131% to Rs 442.98 crore, the net profit grew by 3% to Rs 1384.18 crore.

INDEX DETAILS

SENSEX	37494.40
NIFTY (S&P CNX)	11319.55

SCRIP DETAILS

Industry	Cement & Cement Products
Mkt Cap (Rs in Crore)	59837.53
Book Value (Rs)	2553.63
Free Float (%)	35.21
Avg Vol Weekly (NSE)	42945
52 Week H/L (NSE)	19842.30 / 15015.15
Dividend Yield (%)	0.29
BSE Code	500387
NSE Code	SHREECEM

SHAREHOLDING PATTERN(%)

PARTICULARS	LATEST QUARTER	PREVIOUS QUARTER
Promoters	64.79	64.79
FIIs	12.77	12.82
DIIIs	6.61	6.35
Others	15.83	16.04
Totals	100	100

Price Comparison with Sensex



Shree Cement: Results

Particulars	Q1FY19	Q1FY18	Var %	FY18	FY17	Var %
Income from Operations	3069.91	2576.93	19	9833.1	8594.3	14
OPM (%)	18.7	27.7		25.1	29.2	
Operating Profit	575.21	713.26	-19	2472.78	2513.17	-2
Other income	93.63	97.39	-4	389.05	361.77	8
PBIDT	668.84	810.65	-17	2861.83	2874.94	0
Interest	56.19	32.9	71	135.27	129.42	5
PBDT	612.65	777.75	-21	2726.56	2745.52	-1
Depreciation	305.53	231.15	32	899.4	1214.71	-26
PBT before EO	307.12	546.6	-44	1827.16	1530.81	19
Exceptional Income/Expenses	0	0		0	0	
PBT after EO	307.12	546.6	-44	1827.16	1530.81	19
Taxation	27.64	106.49	-74	442.98	191.7	131
Net Profit	279.48	440.11	-36	1384.18	1339.11	3
EPS (Rs)*	#	#		397.3	384.4	

Shree Cement: Segment Results

Particulars	Q1FY19	Q1FY18	Var (%)	% to Total	FY18	FY17	Var (%)	% to Total
Segment Revenue								
Cement	2869.45	2807.61	2	85	9726.52	9089.25	7	87
Power	510.47	355.67	44	15	1450.07	1455.89	0	13
Total Revenue	3379.92	3163.28	7	100	11176.59	10545.14	6	100
Less: Inter Segment Revenue	310.01	259.92			1017.06	883.48		
Net sales	3069.91	2903.36	6		10159.53	9661.66	5	
Segment Results (Profit before Finance Cost, Exceptional Items & Taxes)								
Cement	60.02	313.22	-81	22	959	574.58	67	354
Power	210.77	172.34	22	78	672.54	740.91	-9	248
Total	270.79	485.56	-44	100	1631.54	1315.49	24	603
Finance Costs	56.19	32.9	71		135.27	129.42	5	
Exceptional Items	0	0			0	0		
Other Unallocated expenditure / (Income)	-92.52	-93.94	`		-330.89	-344.74	`	
Profit before Tax	307.12	546.6	-44		1827.16	1530.81	19	
Capital Employed (Segment Assets-Segment Liabilities)								
Cement	6487.25	4381.02	48	71	5459.01	3848.15	42	59
Power	796.84	395.47	101	9	461.08	358	29	5
Unallocated Capital Employed*	1904.63	3357.12	-43	21	2659.93	3592.76	-26	29
TOTAL	9188.72	8133.61	13	100	8580.02	7798.91	10	93

NOTES

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