

Century Plyboards

Refer to important disclosures at the end of this report

Plywood margins under pressure; maintain Hold

- Century Plyboards' (CPBI) Q4FY19 results were below our estimates. EBITDA came in at Rs637mn vs. our est. of Rs829mn. OPM stood at 10.9% vs. our est. of 13.5%. Lower revenues and profitability in its Plywood segment affected overall profits.
- The Plywood segment revenues were flat yoy due to a 34% yoy decline in sales volumes of Commercial Veneer. Plywood volumes were down 3% yoy. The segment's OPM was down 4.4pp yoy/2.2pp qoq to 10.9% due to focus on mid-end plywood (Sainik).
- The MDF segment's utilization was at 67% vs. 78% in Q3FY19 due to the plant shutdown of 15 days. OPM was down 63bps qoq. Management expects FY20 Plywood/MDF margins to be at FY19 level and a 2pp increase in the Laminates segment.
- We maintain FY20/21 estimates. The recovery in MDF/Plywood segments needs to be seen. We expect OPM to improve to 14.1%/14.5% in FY20/21E from 13.3% in FY19. Retain Hold rating on the stock with a TP of Rs193 (20x FY21E EPS).

Plywood margins under pressure: Century Plyboards' (CPBI) reported 7.2% yoy revenue growth in Q4FY19, driven by higher revenues in MDF (up 17.3% yoy), Laminates (up 16.6% yoy), and Particle board (up 27% yoy) segments. Sales volume of Plywood/Commercial Veneer was down 3% yoy/34% yoy; however, sales volume of Deco Ply was up 11% yoy. The Plywood segment EBITDA was down 39.3% yoy with an OPM decline of 6.3pp yoy. We believe that higher share of mid-income product (Sainik- 31% in FY19 vs. 29% in FY18) led to pressure on Plywood segment margins. The plant shutdown of 15 days led to lower utilization rate of 68% for MDF vs. management's target to reach 80% in Q4FY19. Management expects the utilization rate to be at 90% in FY20. MDF OPM was at 15.3%, down 63bps qoq due to lower utilization. OPM in the Laminates segment was down 3.7pp yoy (flat qoq) due to higher RM costs (increase in phenol prices). OPM in the Particle board segment was up 7.3pp yoy/4.6pp qoq, led by higher share of value-added products and higher utilization rate. EBITDA for the company was down 23.4% yoy with a 437bps decline in OPM.

Near-term challenges persist; plans capex in Particle board/MDF segments: The focus on mid-end Plywood segment has increased. The segment accounts for ~45% of the total market size. Prices in the mid-end segment is 25% lower than the premium segment. CPBI's Particle board plant (Tamil Nadu) is operating at 110% utilization rate and the company plans to increase capacity by 10% through setting up a plant in Uttar Pradesh. In the MDF segment, CPBI is planning to boost capacity by 60% at the existing location.

Recovery awaited in Plywood/MDF segments; maintain Hold: We maintain our FY20/21 estimates. We believe that higher focus on mid-end and affordable segments could put pressure on margins of its Plywood business in the near term. The recovery in its MDF segment margins could still take few more quarters. Maintain Hold rating with a TP of Rs193 (20x FY21E EPS). Key risks could be higher growth recovery in high-end Plywood segment and price improvement in the MDF segment.

Please see our sector EAP (page 9): [Emkay Alpha Portfolio – Cement & Building Materials](#)

Financial Snapshot (Standalone)

(Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Revenue	18,240	19,672	22,638	24,278	26,480
EBITDA	3,319	3,060	3,108	3,428	3,845
EBITDA Margin (%)	18.2	15.6	13.7	14.1	14.5
APAT	2,254	1,566	1,692	1,836	2,136
EPS (Rs)	10.1	7.1	7.6	8.3	9.6
EPS (% chg)	32.5	(30.5)	8.0	8.5	16.4
ROE (%)	36.4	20.3	18.7	17.6	17.9
P/E (x)	17.0	24.4	22.6	20.8	17.9
EV/EBITDA (x)	13.2	14.2	13.9	12.5	10.9
P/BV (x)	5.2	4.4	3.8	3.3	2.9

Source: Company, Emkay Research

CMP	Target Price
Rs 172 as of (5/28/2019)	Rs 193 (■) 12 months
Rating	Upside
HOLD (■)	12.1 %

Change in Estimates

EPS Chg FY20E/FY21E (%)	-/-
Target Price change (%)	NA
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

	EPS Estimates	
	FY20E	FY21E
Emkay	8.3	9.6
Consensus	9.5	11.0
Mean Consensus TP (12M)	Rs 199	

Stock Details

Bloomberg Code	CPBI IN
Face Value (Rs)	1
Shares outstanding (mn)	222
52 Week H/L	284 / 150
M Cap (Rs bn/USD bn)	38.2 / 0.53
Daily Avg Volume (nos.)	2,01,827
Daily Avg Turnover (US\$ mn)	0.5

Shareholding Pattern Mar '19

Promoters	72.7%
FIIIs	7.7%
DIIIs	7.3%
Public and Others	12.3%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(8)	1	(3)	(39)
Rel. to Nifty	(9)	(8)	(13)	(45)

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

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Exhibit 1: Actual vs. Estimates (Q4FY19)

(in Rs mn)	Actual	Estimate		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Sales	5,832	6,143	6,073	-5%	-4%	Lower-than-expected revenue growth in MDF and Plywood segment
EBITDA	637	829	831	-23%	-23%	Lower-than-expected revenue growth; higher energy expenses and forex loss
OPM (%)	10.9%	13.5%	13.7%	(258)	(277)	
PAT	342	434	441	-21%	-23%	Primarily on lower operating performance

Source: Company, Emkay Research, Bloomberg

Exhibit 2: Quarterly results summary

(YE Mar, Rs mn)	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	YoY (%)	QoQ (%)	FY18	FY19	YoY (%)
Net Sales	5,441	5,373	5,644	5,789	5,832	7.2	0.7	19,672	22,638	15.1
Expenditure	4,610	4,507	4,902	5,030	5,196	12.7	3.3	16,612	19,635	18.2
as % of sales	84.7	83.9	86.8	86.9	89.1			84.4	86.7	
Consumption of RM	2,028	2,239	2,327	2,444	2,351	15.9	-3.8	6,917	9,360	35.3
as % of sales	37.3	41.7	41.2	42.2	40.3			35.2	41.3	
Employee Cost	752	790	840	810	837	11.3	3.3	2,839	3,277	15.4
as % of sales	13.8	14.7	14.9	14.0	14.3			14.4	14.5	
Purchase of finished goods	710	515	618	644	678	-4.5	5.3	3,313	2,455	
as % of sales	13.0	9.6	10.9	11.1	11.6			16.8	10.8	
Others cost	1,119	963	1,117	1,132	1,330	18.8	17.5	3,543	4,542	28.2
as % of sales	20.6	17.9	19.8	19.6	22.8			18.0	20.1	
Loss on forex	0	0	0	0	0			0	0	
as % of sales	0.0	0.0	0.0	0.0	0.0			0.0	0.0	
EBITDA	832	865	742	759	637	-23.4	-16.2	3,060	3,004	-1.9
Depreciation	277	108	113	136	143	-48.4	5.2	810	500	-38.3
EBIT	554	757	630	623	494	-11.0	-20.8	2,250	2,504	11.3
Other Income	13	6	10	16	29	124.2	85.0	67	61	-9.5
Interest	122	134	155	62	94	-23.1	50.0	327	446	36.4
PBT	445	628	485	577	429	-3.7	-25.6	1,990	2,119	6.5
Total Tax	88	175	106	162	87	-0.9	-46.3	424	531	25.3
Adjusted PAT	357	454	378	414	342	-4.4	-17.5	1,566	1,588	1.4
Extra ordinary items	0	0	0	0	0			0	0	
Reported PAT	357	454	378	414	342	-4.4	-17.5	1,566	1,588	1.4
Adjusted EPS	1.6	2.0	1.7	1.9	1.5	-4.4	-17.5	7.0	7.1	1.4

Margins (%)						(bps)	(bps)			(bps)
EBIDTA	15.3	16.1	13.2	13.1	10.9	-437	-220	15.6	13.3	-229
EBIT	10.2	14.1	11.2	10.8	8.5	-172	-230	11.4	11.1	-38
EBT	8.2	11.7	8.6	10.0	7.4	-83	-261	10.1	9.4	-76
PAT	6.6	8.4	6.7	7.2	5.9	-71	-130	8.0	7.0	-95
Effective Tax rate	19.8	27.8	22.0	28.2	20.4	57	-782	21.3	25.1	377

Source: Emkay Research, Company

Exhibit 3: Segmental performance

(YE Mar, Rs mn)	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19	YoY (%)	QoQ (%)	FY18	FY19	YoY (%)
Net Sales	5,454	5,378	5,653	5,799	5,840	7.1	0.7	19,732	22,670	14.9
Plywood	3,230	3,179	3,224	3,143	3,235	0.1	2.9	12689	12781	0.7
Laminates	1,056	915	1,106	1,138	1,231	16.6	8.2	3867	4390	13.5
MDF	648	699	612	882	760	17.3	(13.8)	1131	2954	161.1
Particle Board	190	182	286	265	241	27.0	(8.9)	670	975	45.6
Logistics	233	304	264	250	219	(5.8)	(12.3)	997	1037	4.0
Others	98	99	160	121	154	57.2	27.2	378	534	41.5
EBITDA	857	896	774	758	666	(22.3)	(12.1)	3,118	3,094	-0.8
Plywood	520	549	500	380	315	(39.3)	(17.0)	1812	1744	-3.7
Laminates	133	86	88	102	110	(17.3)	7.9	607	386	-36.3
MDF	97	90	36	141	116	19.9	(17.3)	214	383	79.1
Particle Board	34	49	54	55	61	78.4	11.1	118	219	85.6
Logistics	87	122	89	72	52	(40.4)	(27.8)	382	334	-12.5
Others	-14	0	7	8	11	nm	35.7	-14	27	nm
EBITDA Margins (%)	15.7	16.7	13.7	13.1	11.4	(430)	(166)	15.8	13.6	-215
Plywood	16.1	17.3	15.5	12.1	9.7	(634)	(234)	14.3	13.6	-63
Laminates	12.6	9.4	8.0	9.0	8.9	(366)	(3)	15.7	8.8	-689
MDF	15.0	12.9	5.9	15.9	15.3	32	(63)	18.9	13.0	-595
Particle Board	18.1	26.6	18.9	20.8	25.4	731	456	17.6	22.4	484
Logistics	37.5	40.0	33.6	28.8	23.7	(1,379)	(510)	38.3	32.2	-609
Others	(14.6)	0.4	4.5	6.9	7.4	nm	47	(3.8)	5.1	nm
EBIT	576	906	755	815	732	26.9	(10.2)	2,381	3,208	34.7
Plywood	480	554	524	385	365	(23.9)	(5.1)	1689	1829	8.3
Laminates	107	78	75	89	96	(10.5)	8.2	525	337	-35.7
MDF	-24	46.6	-4.7	95.1	63.0	nm	(33.7)	-25	200	nm
Particle Board	-5	38	44	45	50	nm	13.0	-26	177	nm
Logistics	62	103	71	54	32	(47.8)	(39.7)	282	260	-7.8
Others	-43	86	46	148	125	nm	(15.7)	-64	405	nm
EBIT Margins (%)	10.6	16.8	13.4	14.1	12.5	196.0	-152.3	12.1	14.2	208
Plywood	14.9	17.4	16.3	12.3	11.3	-356.0	-95.2	13.3	14.3	100
Laminates	10.1	8.5	6.8	7.8	7.8	-235.7	-0.3	13.6	7.7	-589
MDF	-3.7	6.7	-0.8	10.8	8.3	nm	-248.6	-2.2	6.8	nm
Particle Board	-2.6	21.1	15.3	16.8	20.9	nm	404.4	-3.8	18.2	nm
Logistics	26.7	33.9	26.8	21.5	14.8	-1,188.0	-673.3	28.3	25.1	-321
Others	-44.3	86.1	28.9	122.3	81.1	nm	nm	-17.1	75.7	nm

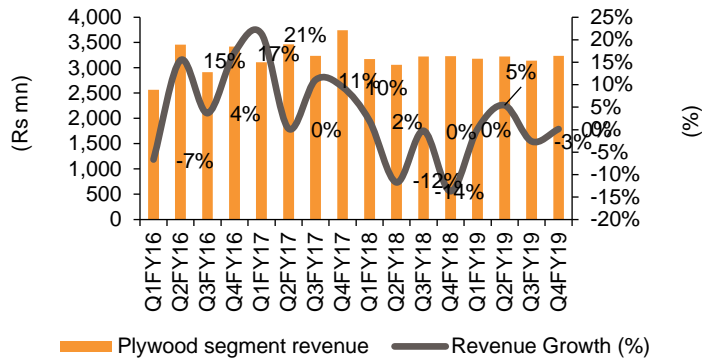
Source: Company, Emkay Research

Exhibit 4: Key Assumptions

Parameters	FY17	FY18	FY19	FY20E	FY21E
Revenues of Plywood segment (Rs mn)	13,548	12,689	12,781	13,676	14,906
Growth (yoy)	10%	-6%	1%	7%	9%
EBIT Margins of Plywood segment	15.8%	13.3%	14.3%	14.0%	14.3%
Revenues of Laminates segment (Rs mn)	4,062	3,867	4,390	4,769	5,246
Growth (yoy)	15%	-5%	14%	9%	10%
EBIT Margins of Laminates segment	12.8%	13.6%	7.7%	9.0%	9.5%

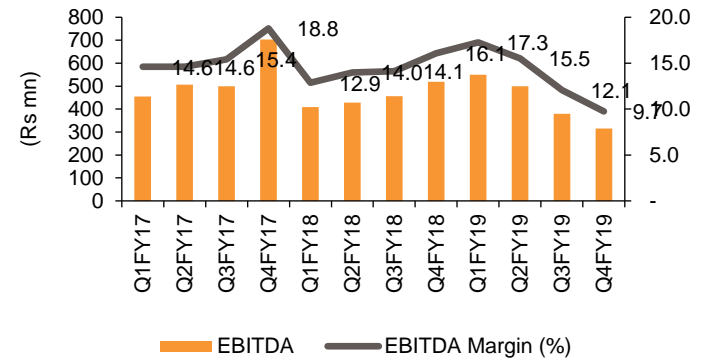
Source: Company, Emkay Research

Exhibit 5: Revenues of Plywood segment grew marginally



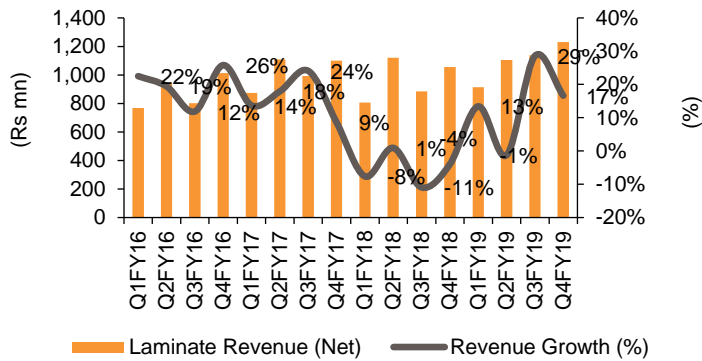
Source: Company, Emkay Research

Exhibit 6: Plywood segment margins improved sequentially



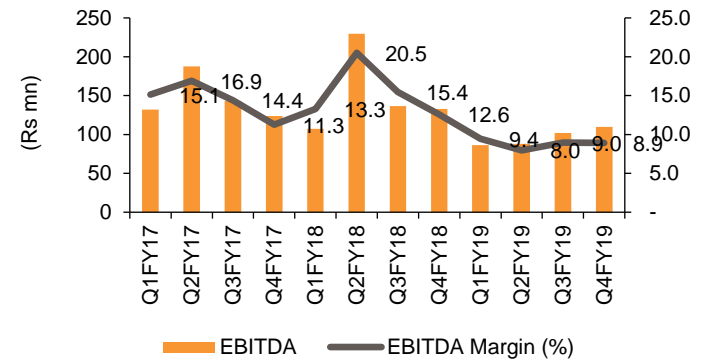
Source: Company, Emkay Research

Exhibit 7: Revenue of Laminates segment declined marginally



Source: Company, Emkay Research

Exhibit 8: Laminates margins remain under pressure



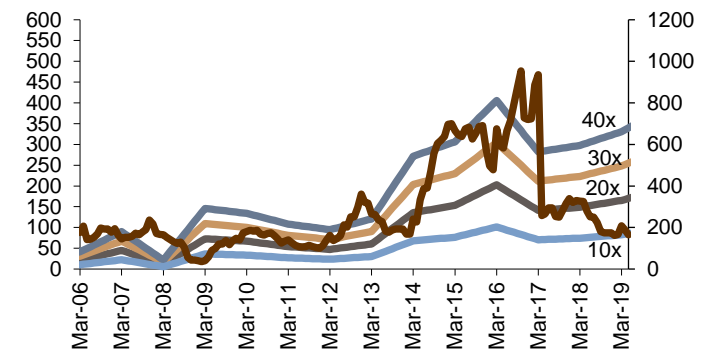
Source: Company, Emkay Research

Exhibit 9: Peer valuation

Company	Rs bn Mcap	EV/EBITDA (x)			ROCE (%)			EPS (Rs/share)			P/E (x)		
		FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E	FY19E	FY20E	FY21E
Century Plyboards	38.2	13.9	12.5	10.9	19.4	19.6	20.8	7.6	8.3	9.6	22.6	20.8	17.9
Kajaria Ceramics	99.8	22.0	16.9	14.0	20.4	24.8	26.4	13.9	19.4	23.6	45.0	32.4	26.6
Somany Ceramics	19.2	14.6	11.3	9.5	10.6	13.1	15.1	10.9	18.9	24.8	32.8	24.0	18.3
HSIL	21.6	18.4	15.5	13.2	6.1	7.2	8.0	9.7	12.0	15.1	35.1	24.9	19.8

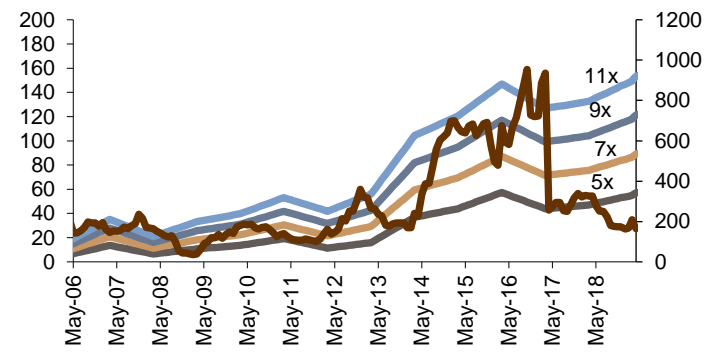
Source: Company, Emkay Research

Exhibit 10: 1-yr forward P/E chart



Source: Company, Emkay Research

Exhibit 11: 1-yr forward EV/EBITDA chart



Source: Company, Emkay Research

Conference call takeaways

- **Plywood segment:** The segment delivered lower margins at 6% vs. expectation of 9-10% due to 1) sluggish demand 2) housing products faced lower demand due to weak real-estate performance and 3) impact of elections. Of 6% volume growth, 4% was attributed by the premium brand and 2% by Sainik brand. As per the company, low-quality plywood ('Sainik' brand) has 30-40% of the market share as it is 25% cheaper than the premium plywood. All plants together are operating at 75-80% capacity. Total plywood capacity is 210k cubic meters on a standalone basis, while 240k cubic meters on a consolidated basis.
- **MDF segment:** The utilization rate in Q4FY19/FY19 was at 68%/65%. The company expects the segment to reach 90% utilization rate in FY20. Margins are expected to remain at the similar level (i.e. 15%) in FY20. According to the company, MDF is replacing low-quality Plywood as the former is 25-30% cheaper than the latter. Management expects stabilization in MDF prices in the North due to closure of 10% capacity in Punjab/Haryana and 80% utilization rate for other plants in the North.
- **CFS segment:** The company expects the segment to face stress in volume growth in FY20 1) due to excessive competition from other dominant players in the market such as All Cargo and CWC, leading to stagnation in volume growth and 2) movement at Kolkata port hindered due to bridge collapse.
- **Particle boards segment:** The company's Tamil Nadu (Chennai) capacity of 5000 cubic meters is operating at more than 100% capacity utilization rate (approx. 110%). Value-added products constitutes 75% of volumes in the Particles board segment.
- **Pricing trend:** The company has taken a marginal price hike of 1% across all its products. It does not expect any further decline in prices in the MDF segment.
- **Volume and margins outlook:** In the Laminates segment, the company expects volumes to grow by 15-20%, while margins could see a 200bps expansion in FY20. In Plywood and MDF, margins are expected to remain at current levels. Overall, the company expects double-digit revenue growth, while blended margins are expected to be higher than FY19.
- **Other expenses:** In FY19, foreign currency fluctuation losses were Rs163mn vs. Rs66mn in FY18. In Q4FY19, CSR, ad expenses and donation to political parties led to Rs150mn increase in other expenses.
- **Capex:** The company expects to incur Rs200mn capex for FY20. Further, it plans to boost MDF capacity by 400 cubic meters at Rs1.5bn capex. The MDF plant expansion is expected to get completed by Dec'20. In Particle board, the company plans to set up 500 cubic meters capacity in Uttar Pradesh at an investment of Rs1.2-1.3bn. This capacity will on-stream in 12 months once the land acquisition is completed.

Key Financials (Standalone)**Income Statement**

Y/E Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Revenue	18,240	19,672	22,638	24,278	26,480
Expenditure	14,920	16,612	19,531	20,850	22,635
EBITDA	3,319	3,060	3,108	3,428	3,845
Depreciation	524	810	500	587	610
EBIT	2,796	2,250	2,608	2,841	3,235
Other Income	226	67	61	64	67
Interest expenses	286	327	446	355	335
PBT	2,735	1,990	2,222	2,550	2,967
Tax	481	424	531	714	830
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
Reported Net Income	2,254	1,566	1,692	1,836	2,136
Adjusted PAT	2,254	1,566	1,692	1,836	2,136

Balance Sheet

Y/E Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Equity share capital	223	223	223	223	223
Reserves & surplus	6,864	8,157	9,478	10,912	12,514
Net worth	7,086	8,379	9,700	11,135	12,736
Minority Interest	0	0	0	0	0
Loan Funds	6,093	5,547	5,137	4,962	4,112
Net deferred tax liability	(689)	(690)	(615)	(615)	(615)
Total Liabilities	12,490	13,236	14,222	15,481	16,233
Net block	2,494	5,417	7,286	7,038	7,227
Investment	960	960	978	978	978
Current Assets	8,562	8,324	8,598	9,813	10,650
Cash & bank balance	538	165	226	492	468
Other Current Assets	1,886	1,377	1,233	1,666	1,832
Current liabilities & Provision	2,368	2,666	2,828	3,148	3,423
Net current assets	6,194	5,658	5,770	6,666	7,228
Misc. exp	0	0	0	0	0
Total Assets	12,490	13,236	14,222	15,481	16,233

Cash Flow

Y/E Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
PBT (Ex-Other income) (NI+Dep)	2,509	1,923	2,162	2,486	2,900
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(667)	161	25	(630)	(586)
Operating Cashflow	2,230	2,834	2,558	2,147	2,495
Capital expenditure	(2,884)	(2,092)	(1,357)	(950)	(800)
Free Cash Flow	(654)	742	1,201	1,197	1,695
Investments	(463)	0	(17)	0	0
Other Investing Cash Flow	(86)	51	(61)	(64)	(67)
Investing Cashflow	(3,208)	(1,974)	(1,374)	(950)	(800)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	2,042	(546)	(410)	(175)	(850)
Dividend paid (incl tax)	0	(267)	(267)	(401)	(534)
Other Financing Cash Flow	(430)	(94)	0	0	0
Financing Cashflow	1,326	(1,233)	(1,123)	(931)	(1,719)
Net chg in cash	348	(373)	61	266	(24)
Opening cash position	190	538	165	226	492
Closing cash position	538	165	226	492	468

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY17	FY18	FY19	FY20E	FY21E
EBITDA Margin	18.2	15.6	13.7	14.1	14.5
EBIT Margin	15.3	11.4	11.5	11.7	12.2
Effective Tax Rate	17.6	21.3	23.9	28.0	28.0
Net Margin	12.4	8.0	7.5	7.6	8.1
ROCE	27.9	18.0	19.4	19.6	20.8
ROE	36.4	20.3	18.7	17.6	17.9
RoIC	35.5	23.6	22.0	21.8	23.8

Per Share Data (Rs)	FY17	FY18	FY19	FY20E	FY21E
EPS	10.1	7.1	7.6	8.3	9.6
CEPS	12.5	10.7	9.9	10.9	12.4
BVPS	31.9	37.7	43.7	50.1	57.3
DPS	1.0	1.0	1.0	1.0	1.5

Valuations (x)	FY17	FY18	FY19	FY20E	FY21E
PER	17.0	24.4	22.6	20.8	17.9
P/CEPS	13.8	16.1	17.4	15.8	13.9
P/BV	5.2	4.4	3.8	3.3	2.9
EV / Sales	2.3	2.1	1.8	1.7	1.5
EV / EBITDA	13.2	14.2	13.9	12.5	10.9
Dividend Yield (%)	0.6	0.6	0.6	0.6	0.9

Gearing Ratio (x)	FY17	FY18	FY19	FY20E	FY21E
Net Debt/ Equity	0.8	0.6	0.5	0.4	0.3
Net Debt/EBIDTA	1.7	1.8	1.6	1.3	0.9
Working Cap Cycle (days)	113.2	101.9	89.4	92.8	93.2

Growth (%)	FY17	FY18	FY19	FY20E	FY21E
Revenue	11.5	7.9	15.1	7.2	9.1
EBITDA	17.1	(7.8)	1.5	10.3	12.2
EBIT	16.6	(19.5)	15.9	9.0	13.9
PAT	32.5	(30.5)	8.0	8.5	16.4

Quarterly (Rs mn)	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19
Revenue	5,441	5,373	5,644	5,789	5,832
EBITDA	832	865	742	759	637
EBITDA Margin (%)	15.3	16.1	13.2	13.1	10.9
PAT	357	454	378	414	342
EPS (Rs)	1.6	2.0	1.7	1.9	1.5

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Promoters	72.0	72.3	72.3	72.7	72.7
FIs	11.2	10.3	10.0	8.7	7.7
DIs	4.9	5.4	5.2	6.2	7.3
Public and Others	11.9	12.1	12.6	12.4	12.3

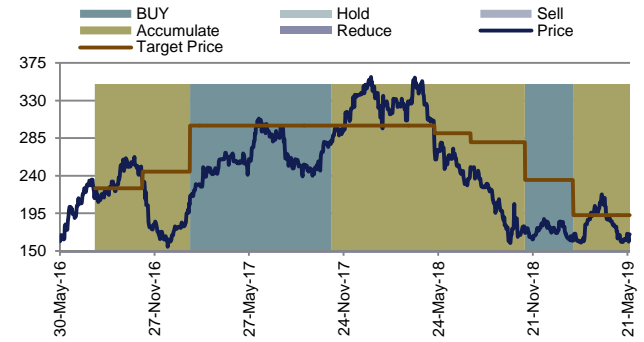
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
06-Feb-19	163	193	12m	Accumulate	Sanjeev Kumar Singh
06-Nov-18	171	235	12m	Buy	Sanjeev Kumar Singh
25-Jul-18	250	280	12m	Accumulate	Sanjeev Kumar Singh
17-May-18	269	291	12m	Accumulate	Ashit Desai
01-Nov-17	280	300	12m	Accumulate	Amit Purohit
03-Aug-17	275	300	12m	Buy	Amit Purohit
24-May-17	241	300	12m	Buy	Amit Purohit
03-Feb-17	216	300	12m	Buy	Rohan Gupta
04-Nov-16	230	245	12m	Accumulate	Rohan Gupta
05-Aug-16	224	225	12m	Accumulate	Rohan Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Note:

We have updated our Rating Distribution with effect from **March 20, 2019** – Kindly refer the Disclaimer page, however for our erstwhile recommendations till **March 19, 2019**, the rating distribution of the expected total return stands as (**Buy** – Over 25%, **Accumulate** – Over 10% , **Hold** – Upto 10%, **Reduce** – Below 10%, **Sell** – Underperforms the broad market indices or its related universe).

Emkay Alpha Portfolio – Cement & Building Materials



Analyst: Sanjeev Kumar Singh

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Sector

Cement & Building materials

Analyst bio

Sanjeev Kumar Singh holds an MBA and has over 10 years of experience in the Cement sector. His team currently covers 17 stocks in the Cement and Building Materials space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Cement	2.35	2.22	-6%	-13	100.00
ACC	0.23	0.24	7%	2	10.40
Ambuja Cements	0.27	0.00	-100%	-27	0.00
Grasim Industries	0.60	0.45	-25%	-15	19.00
India Cements	0.00	0.00	NA	0	0.00
JK Cement	0.00	0.12	NA	12	5.00
JK Lakshmi Cement	0.00	0.00	NA	0	0.00
Orient Cement	0.00	0.00	NA	0	0.00
Prism Johnson	0.00	0.00	NA	0	0.00
Ramco Cements	0.16	0.18	7%	1	7.50
Sanghi Industries	0.00	0.00	NA	0	0.00
Shree Cements	0.29	0.31	6%	2	13.00
Star Cement	0.00	0.12	NA	12	5.00
Ultratech Cement	0.80	0.76	-4%	-3	32.50
Century Plyboards	0.00	0.00	NA	0	0.00
HSIL	0.00	0.00	NA	0	0.00
Kajaria Ceramics	0.00	0.05	NA	5	2.00
Somany Ceramics	0.00	0.00	NA	0	0.00
Cash	0.00	0.13	NA	13	5.60

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base	Current	3m	6m	12m
	1-Apr-19	24-May-19			
EAP - Cement	100.0	109.2			
BSE200 Neutral Weighted Portfolio (ETF)	100.0	107.5			

*Performance measurement base date 1st April 2019

Source: Emkay Research

- In our sector EAP for Cement & Building materials, we have changed the weights to EW from UW on Apr 05, considering the news of price hikes and based on the facts that the market leaders were determined to increase prices after a long time. After ACC's Q1CY19 results on Apr 23, we have changed our weight on the company to EW from OW, considering limited upside potential.

Please see our India EAPs:

[Emkay Alpha Portfolio – India](#)

[Emkay Alpha Portfolio – India SMID](#)

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 29 May 2019 00:15:05 (SGT)

Dissemination Date: 29 May 2019 00:16:05 (SGT)

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