

Outlook

Cement demand should remain strong in the June quarter, but activity is likely to dip as we head into the monsoon season. The current cement demand is growing only by 10% whereas the production and capacities are increasing faster. However, the medium term outlook for demand remains positive on the back of growth in infrastructure. Input cost of coal has seen an upward trend in recent months, which, if sustained, could put pressure on operating margins in the medium term. With its newly commissioned production facilities, Ambuja is well positioned to take advantage of the same

Recommendation & Valuation

At CMP of Rs 120.1, the stock is fairly valued at TTM PE of 13.6. Looking at the near demand supply dynamics of the industry and also keeping in mind that we are fast approaching towards end of the busy season, we recommend **SELL** on the counter.

Result Update



Kyon ki bhaiya, sabse bada rupaiya.

(Rs. In Cr.)

Ambuja Cements Ltd.	Q1FY10	Q1FY09	% Chg.	Q1FY10	Q4FY09	% Chg.	FY200912	FY200812	% Chg.
Net Sales	1990.2	1845.6	7.8	1990.2	1771.0	12.4	7076.9	6220.3	13.8
Other operational Income	28.6	17.0	67.9	28.6	16.8	70.5	104.6	61.4	70.3
Total Oper. Income(TOI)	2018.8	1862.7	8.4	2018.8	1787.7	12.9	7181.5	6281.7	14.3
Raw Materials Cons.-	183.3	187.5	-2.2	183.3	322.1	-43.1	964.4	581.9	65.7
% to TOI	9.1%	10.1%	-	9.1%	18.0%	-	13.4%	9.3%	-
Stock adj. (-)Inc / (+)Dec-	49.5	77.0	-35.7	49.5	7.3	582.4	49.4	-62.6	LP
% to TOI	2.5%	4.1%	-	2.5%	0.4%	-	0.7%	-1.0%	-
Net Raw Mat adj. for stock	232.9	264.5	-12.0	232.9	329.4	-29.3	1013.9	519.3	95.3
% to TOI	11.5%	14.2%	-	11.5%	18.4%	-	14.1%	8.3%	-
Other expenses	1057.5	1000.6	5.7	1057.5	930.7	13.6	3923.3	3692.6	6.3
% to TOI	52.4%	53.7%	-	52.4%	52.1%	-	54.6%	58.8%	-
Contribution Net_Sales	728.4	597.6	21.9	728.4	527.6	38.1	2244.3	2069.9	8.4
Personnel	77.2	57.7	33.7	77.2	78.4	-1.5	272.8	266.1	2.5
% to TOI	3.8%	3.1%	-	3.8%	4.4%	-	3.8%	4.2%	-
Total expenditure	1367.5	1322.8	3.4	1367.5	1338.5	2.2	5210.0	4477.9	16.4
Operating Profit	651.3	539.8	20.6	651.3	449.2	45.0	1971.5	1803.8	9.3
% to TOI	32.3%	29.0%	-	32.3%	25.1%	-	27.5%	28.7%	-
Non-Operating Income	26.0	24.6	5.7	26.0	39.5	-34.3	151.2	149.5	1.2
Interest	10.8	5.2	106.1	10.8	5.5	94.9	22.4	32.1	-30.0
Exceptional Items	20.1		-	20.1	0.0	Infinity		308.3	
Gross Profit	686.5	559.2	22.8	686.5	483.2	42.1	2100.3	2229.6	-5.8
Depreciation	76.7	68.6	11.8	76.7	86.0	-10.8	297.0	259.8	14.3
PBT before Extra-ord	609.8	490.5	24.3	609.8	397.2	53.5	1803.3	1969.8	-8.5
% to TOI	30.2%	26.3%	-	30.2%	22.2%	-	25.1%	31.4%	-
Extraordinary Items			-		0.0	0.0			-
PBT	609.8	490.5	24.3	609.8	397.2	53.5	1803.3	1969.8	-8.5
Tax Rate	24.2%	31.9%	-	24.2%	39.3%	-	32.4%	28.8%	-
Prov. for Tax	147.6	156.5	-5.7	147.6	156.0	-5.4	584.9	567.6	3.1
% to TOI	7.3%	8.4%	-	7.3%	8.7%	-	8.1%	9.0%	-
Profit after Tax	462.2	334.1	38.4	462.2	241.2	91.6	1218.4	1402.3	-13.1
% to TOI	22.9%	17.9%	-	22.9%	13.5%	-	17.0%	22.3%	-
Face Value	2.0	2.0	0.0	2.0	2.0		2.0	2.0	0.0
Equity Share capital	304.7	304.5	0.1	304.7	304.7	0.0	304.7	304.5	0.1
EPS (Rs.)	3.0	2.2	38.3	3.0	1.6	91.8	8.0	9.2	-13.2
CEPS (Rs.)	3.5	2.6	33.7	3.5	2.2	64.7	10.0	10.9	-8.9

Source: ACE Equity

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