

CMP: INR 81

Rating: Accumulate

Target Price: INR 93

Stock Info

BSE	502180
NSE	SHREDIGCEM
Bloomberg	DIGV IN
Routers	SRDC.BO
Sector	Cement
Face Value (INR)	10
Equity Capital (INR mn)	1,440
Mkt Cap (INR mn)	11814
52W H/L (INR)	87/57

Shareholding Pattern %

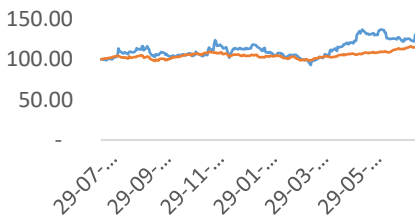
(As on September 2023)

Promoters	55.62
Public & Others	44.38

Stock

Performance (%)	1m	3m	12m
Digijay	2.98	13.08	32.11
Nifty 50	3.55	8.75	16.05

Shree Digvijay Cement Price Chart



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Anupama Bhootra

Shree Digvijay Cement Company Limited (SDCCL) reported weak set of numbers in Q1FY24 and were below our estimate on all front.

Revenues at INR 192cr up by 19.3% YoY/-1.5% QoQ; Volumes at 3.30lakh tons vs 2.87 lakh tons in Q1FY23 up by 15% YoY/-0.9% QOQ.

EBITDA at INR 32cr flattish on a yearly basis and down by -22% QoQ; margins at 16.7% contracted by 321 bps YoY

PAT at INR 17cr flattish on a yearly basis and down by -29% QoQ

EBITDA/t at INR 983/t down by -12.8% YoY/-20% QoQ, down due to cost pressures and flattish realizations.

Demand As per the management the good demand across its operating regions, the loss in volume was due to the Biparjoy cyclone in the month of June.

Realization This quarter the demand was good but in spite of that the realizations were under pressure and most of the markets could not take price hikes.

Cost pressures continued in Q1FY24 also, the power and fuel cost which has declined substantially in the last 2 quarters, and the benefit of that will flow in coming quarters.

Capacity: Digvijay board has approved capacity expansion plans, the company plans to add 3mtpa and this additional capacity will be available from Oct 2024. The company would need to do a capex of INR 250cr.

Outlook The company witnessed good demand both in rural & urban areas in all the segments but prices remained weak, the company had a marginal loss in volumes due to Biparjoy cyclone. Cost pressures continued and fuel price benefits expected to flow in, in coming quarters. We value stock at EV/EBITDA multiple of 8.1x and we have a target price of INR 93.

	Q1FY24	Q4FY23	Q1FY23	YOY	QOQ
Particulars					
Sales Volume (Lac tonne)	3.3	3.33	2.87	15.0%	-0.9%
Sales in Lakhs	19,295	19,520	16,122	19.7%	-1.2%
Realization/tonne	5847	5862	5617	4.1%	-0.3%
EBIDTA in lakhs	3,070	3,816	3,107	-1.2%	-19.5%
EBIDTA/tonne	930.3	1145.9	1082.6	-14.1%	-18.8%

Q1FY24 Results

INR lakh Consolidated	Q1FY24	Q4FY23	Q1FY23	YOY	QOQ
Net Revenue	19,295	19,520	16,122	19.7%	-1.2%
Operating Costs	13,552	13,195	10,580	28.1%	2.7%
Employee cost	1,025	836	1,014	1.1%	22.6%
Other Expenses	1,648	1,673	1,421	16.0%	-1.5%
EBITDA	3,070	3,816	3,107	-1.2%	-19.5%
<i>EBITDA margin %</i>	<i>15.9%</i>	<i>19.5%</i>	<i>19.3%</i>	<i>-364</i>	<i>-336</i>
Depreciation	896	895	882	1.6%	0.1%
EBIT	2,174	2,921	2,225	-2.3%	-25.6%
Other Income	177	291	131	35.3%	-39.2%
Finance cost	67	1	40	68.0%	4769.6%
Exceptional Item		-	-		
PBT	2,284	3,211	2,316	-1.4%	-28.9%
Tax Expense	558	766	600		
Effective tax rate %	24.4%	23.9%	25.9%		
PAT	1,726	2,445	1,716	0.6%	-29.4%
<i>PAT margin %</i>	<i>8.9%</i>	<i>12.5%</i>	<i>10.6%</i>	<i>-358</i>	<i>-170</i>
EPS (INR)	13.40	13.56	11.20		

Financial Statement

Income Statement

Y/E March (Rs Mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenues	6,293	7,267	8,476	9,885	11,529
<i>Change (%)</i>	25.2%	15.5%	16.6%	16.6%	16.6%
Cost of Goods Sold	4,122	5,130	5,856	6,865	8,049
Employee costs	378	389	509	594	692
Other expenses	625	737	848	989	1,153
Total operating Expense	5,125	6,257	7,213	8,448	9,894
EBITDA	1,168	1,011	1,263	1,438	1,635
Other Income	43	70	85	99	115
Depreciation	314	353	167	186	224
Interest	15	13	14	14	14
PBT	882	715	1,166	1,336	1,513
Extra-ordinary	0	0	0	0	0
PBT after ext-ord.	882	715	1,166	1,336	1,513
Tax	329	134	292	334	378
PAT	554	581	875	1,002	1,135
<i>Change (%)</i>	2.5%	5.0%	50.5%	14.6%	13.2%

Balance Sheet

Y/E March (Rs Mn)	FY22	FY23	FY24E	FY25E	FY26E
Sources of Funds					
Share Capital	1,440	1,452	1,452	1,452	1,452
Reserves & Surplus	1,682	1,798	2,673	3,675	4,809
Net Worth	3,122	3,250	4,125	5,127	6,261
Long term debt	0	0	0	0	0
Short term debt	351	628	716	840	984
Total Debt	351	628	716	840	984
Deffered Tax Liability	0	4	4	4	4
Long term Provision	152	118	118	118	118
Other Long term Liability	1	0	0	0	0
Trade Payable	626	628	716	840	984
Other current Liability	198	216	216	216	216
Short Term Provision	38	48	48	48	48
Capital Employed	4,624	4,683	5,645	6,771	8,050
Application of Funds					
Net Block	1,843	1,696	1,729	1,943	2,520
Deffered Tax Asset	0	4	4	4	4
Other Non-Current Assets	466	407	407	407	407
Non Currebt Assets	2,309	2,106	2,140	2,354	2,930
Debtors	134	217	253	294	343
Inventories	1,267	1,154	1,797	2,107	2,470
Cash & bank balance	833	1,080	1,331	1,891	2,181
Loans & advances & other CA	81	125	125	125	125
Total current assets	2,315	2,576	3,505	4,417	5,120
Total Assets	4,624	4,683	5,645	6,771	8,050

Financial Statement

Cash Flow Statement

Y/E March (Rs Mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	882	715	1,166	1,336	1,513
Depreciation	314	353	167	186	224
Interest & others	-20	13	14	14	14
Cash flow before WC changes	1,186	1,019	1,348	1,536	1,751
(Inc)/dec in working capital	-374	974	-590	-228	-267
Operating CF after WC changes	812	1,030	758	1,308	1,483
Less: Taxes	-239	-167	-292	-334	-378
Operating cash flow	573	863	466	974	1,105
(Inc)/dec in F.A + CWIP	-354	-207	-201	-400	-800
(Pur)/sale of investment	0				
Cash flow from investing	-399	-367	-201	-400	-800
Free cash flow (FCF)	219	464	266	574	305
Loan raised/(repaid)	-	-2	0	0	0
Equity raised	28	19	0	0	0
Interest & others	-16	-10	-14	-14	-14
Dividend	-284	-284	-284	-284	-284
Cash flow from financing activities	-560	-498	-14	-14	-14
Net inc/(dec) in cash	-386	-2	251	560	291
Opening balance of cash	514	128	127	378	938
Closing balance of cash	128	127	378	938	1,229

Source: Company, Arianth Research

Key Ratios

Y/E March (Rs Mn)	FY22	FY23	FY24E	FY25E	FY26E
Per share (Rs)					
EPS	3.8	4.0	6.1	7.0	7.9
CEPS	6.0	6.5	7.2	8.3	9.4
BVPS	21.7	22.4	28.4	35.3	43.1
Valuation (x)					
P/E	18.7	17.8	11.8	10.3	9.1
P/CEPS	11.9	11.1	9.9	8.7	7.6
P/BV	3.3	3.2	2.5	2.0	1.7
EV/EBITDA	8.1	10.1	7.9	0.0	0.0
Margin Ratios					
Gross Margin	34.5%	29.4%	30.9%	30.5%	30.2%
EBIDTA Margin	18.6%	13.9%	14.9%	14.5%	14.2%
PAT Margin	8.8%	8.0%	10.3%	10.1%	9.8%
Return Ratios (%)					
ROE	17.7%	17.9%	21.2%	19.5%	18.1%
ROCE	24.6%	17.0%	24.5%	22.8%	21.3%
Leverage Ratio (%)					
Total D/E	0.1	0.2	0.1	0.1	0.1
Turnover Ratios					
Asset Turnover (x)	1.4	1.6	1.5	1.5	1.4

Source: Company, Arianth Research

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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