

Gujarat Ambuja Cements

Quarterly Flash

CMP :	Rs. 115	Target Price :	-	As per report dated	Date :	April 23, 2007
SENSEX :	13928	Recommendation :	NR	5-Feb-07		

Views:

Actuals v/s ARG Est. Above Estimates

Actuals v/s Consensus Est. Above Estimates

Absolute Performance Good

Comments:

Topline

Revenue were in line with the estimates enabled by a volume growth of 4% yoy (merged entity). Net realisations for the quarter were at ~ Rs 3,304 per ton compared to Rs 2569 in corresponding quarter last year and Rs 3226 in Q4CY06.

Operating Profit

Higher than the estimates on the back of better realisations and lower power & fuel costs. EBITDA per ton rose to an all time high of ~ Rs 1,297 per ton compared to Rs 885 in similar quarter last year and Rs 1163 in Q4CY06.

Net Profit

Robust profitability aided by a higher operating profit. Extraordinary income pertained to profit recognised on account of stake sale in Ambuja Cement India to the Holcim group. Tax for the quarter includes additional tax (Rs 350mn) charged on extraordinary profit.

Key Data

Bloomberg Code :	GAMB IN Equity
Reuters Code :	GACM.BO
BSE Code :	500425
NSE Code :	GUJAMBCEM
52-Week Range(H/L) :	150/77
Market Cap (Rs mn) :	174,438
Shares O/S (mn) :	1,520.7
Free Float (mn) :	1,025.1
3m Avg. Volume :	1,848,682
Face Value :	2

Financials (Rs. mn)

Y/E	ARG Estimate			
	Jun-05	Dec-06	Dec-07	Dec-08
Net sales	25,999	48,479	58,404	61,757
Operating profit	7,241	17,608	22,233	21,574
Operating margins (%)	27.9	36.3	38.1	34.9
PAT	4,683	13,401	15,243	14,334
PAT margins (%)	18.0	27.6	26.1	23.2
FDEPS (Rs.)	3.5	9.2	10.0	9.4
PER (x)	33.2	12.5	11.5	12.2
P/B (x)	1.4	1.0	0.8	0.7
EV/ EBITDA (x)	21.4	9.5	7.5	8.0
Dividend Yield (%)	1.2	2.9	3.5	3.5
ROCE (%)	14.4	36.5	38.3	31.7
ROE (%)	22.4	47.4	39.2	30.8

Impact on-

Financial Forecast : Maintained

Target Price : Rs 124

Recommendation : Under performer

Quarterly Performance (Rs. mn)	1QCY06*	2QCY06	3QCY06	4QCY06*	1QCY07*		Growth (%)		Variance Rs mn
					Actual	Estimate	YoY	QoQ	
Net Sales	10,740	11,342	9,841	13,291	14,338	14,381	33.5	7.9	(42)
- Operating expenses	7,041	6,909	6,285	8,500	8,708	9,050	23.7	2.4	(343)
Operating profit	3,700	4,433	3,556	4,791	5,631	5,330	52.2	17.5	301
Operating margin (%)	34.4	39.1	36.1	36.0	39.3	37.1			220 bps
+ Other income	213	(100)	258	403	257	400	20.6	(36.3)	(143)
EBITDA	3,912	4,334	3,814	5,193	5,887	5,730	50.5	13.4	157
EBITDA margin (%)	36.4	38.2	38.8	39.1	41.1	39.8			121 bps
- Depreciation	566	497	500	572	598	572	5.6	4.5	26
- Interest expense	110	123	85	45	18	50	(83.8)	(60.1)	(32)
PBT	3,236	3,714	3,230	4,576	5,271	5,108	62.9	15.2	163
- Taxes	(534)	675	783	1,199	1,772	1,428	(431.7)	47.8	344
PAT	3,770	3,039	2,447	3,378	3,500	3,680	(7.2)	3.6	(180)
+ Extra-ordinary income/(expense)	358	-	-	-	2,408	-	-	-	2,408
Net profit	4,128	3,039	2,447	3,378	5,907	3,680	43	75	2,227

* Includes the numbers of merged entity, Ambuja Cement Eastern

Disclaimer: This note is to be read in conjunction with the disclaimer note as mentioned in the mail.

Recommendation Guide: Buy >30%; Outperformer (OP): 20 to 30%; Market Performer (MP): 10 to 20%; Under-Performer (UP): 0 to 10%; Sell: <0%; Not Rated (NR)