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Fauji Cement: 1H FY21 preview...

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Fauji Cements (FCCL) to announce its 1HFY21 results on Feb 17, 2021. We expect FCCL to report EPS of Rs1.3/sh (FY20: Re 0.35). FCCL reported 1QFY21 EPS of Re 0.5/sh.

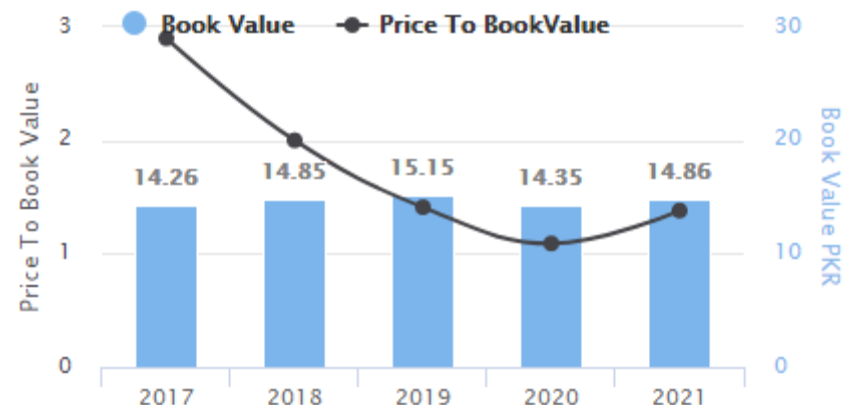
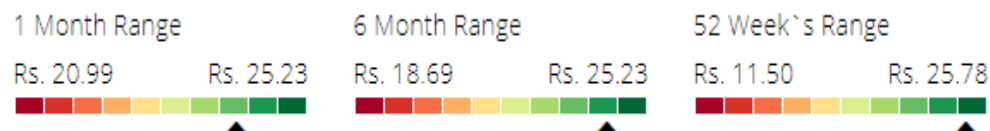
We also expect FCCL to pay token cash dividend in lieu of earnings. FCCL yields FY21 PE of 8.6x and also dividend yield of 8%.

### Dispatches increasing albeit ...

FCCL reported 1HFY21 dispatches of 1.7mn tons as against 1.6mn tons reported in same period last year. In December 2020 alone, FCCL reported cement dispatches of 273k tons – which is in line with their capacity. We see cement bag dispatches increasing in northern zone which is also all time high. Hence FCCL is also in favorable situation if it gets better retention price above Rs327/50kg bag.

Ticker	FCCL
Price	24.10
52 week hi	25.78
52 week lo	11.5
Avg Vol.	6.6mn
Beta	1.45
BV exp.	Rs 15.0
EV/share	Rs 27.0

Faisal Shaji  
[Researchdesk@scstrade.com](mailto:Researchdesk@scstrade.com)  
111 111 721



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- (Target Price, if any/Current Price - 1) < -10% Negative*
- less than 10% (Target Price, if any/Current Price -1) Hold*

*- The time duration is the financial reporting period of Subject Company.*

### *Valuation method*

*Following research techniques adopted to calculate target price/recommendation*

*Price to earnings & Price to Book, EV-EBITDA multiple*

*Discounted Cash flows or Dividend Discount Model or Enterprise Value*