

# Research Report

## Ultratech Cement Limited



Prepared By-

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# About

UltraTech Cement Limited is the cement flagship company of the Aditya Birla Group. A USD 8.4 billion building solutions powerhouse, UltraTech is the largest manufacturer of grey cement and ready mix concrete (RMC) and one of the largest manufacturers of white cement in India. It is the third largest cement producer in the world, excluding China. UltraTech is the only cement company globally (outside of China) to have 100+ MTPA of cement manufacturing capacity in a single country. The Company's business operations span UAE, Bahrain, Sri Lanka and India.

## Key Products

- Grey cement products,
- White cement products,
- Ready mix concrete solutions,
- Waterproofing products,
- Dry mix mortars
- UltraTech Crack Filler

## Synopsis of Financials

- Increase in sales due to higher revenue from contracts with customers, including the sale of manufactured products, traded products, and services..
- Capex of INR2,000 crores in the current year, aiming for INR8,000-9,000 crores for the full year.
- Renewable power capacity expected to reach 40-45% by the end of this year and 60% by '26, '27.

## Stock data (as 26th July 2024)

Nifty Price	: 24,834.85
52 week High (in Rs.)	: 12,078
52 week Low (in Rs.)	: 7,941
Market Cap. (in Crore)	: 3,36,780
NSE Code	: <u>ULTRACEMCO</u>

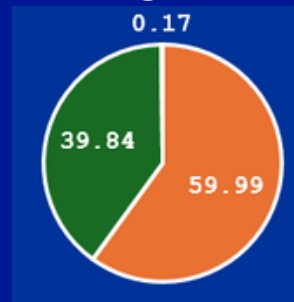
## Stock data



-NIFTY50

- UltraTech Cement Limited

## Shareholding Pattern (March 2024)



-PUBLIC GROUP

-PROMOTER GROUP

-Employee Trust

## Financial Summary

Particulars	March 2024	March 2023	March 2022
Sales	70,908	63,240	52,599
Sales Growth %	12.13%	20.23%	17.60%
Expenses	57,940	52,620	41,084
Operating Profit	12,969	10,620	11,514
OPM %	18%	17%	22%
Net Profit	7,004	5,073	7,334
EPS in Rs	242.65	175.41	254.42

# Quarterly Results

Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	
Sales	13,893	15,521	18,662	17,737	16,012	16,740	20,419	18,070
Expenses	12,028	13,185	15,340	14,688	13,461	13,485	16,305	15,030
Operating Profit	1,865	2,336	3,322	3,049	2,551	3,255	4,114	3,039
OPM %	13%	15%	18%	17%	16%	19%	20%	17%
Other Income	146	130	123	177	171	146	73	201
Interest	200	215	191	211	234	262	261	256
Depreciation	708	723	762	749	798	783	815	843
Profit before tax	1,103	1,527	2,492	2,267	1,690	2,355	3,111	2,142
Tax %	31%	30%	33%	25%	24%	25%	27%	21%
Net Profit	759	1,063	1,670	1,690	1,280	1,775	2,259	1,695

Source: Screener

## Key Ratios

Sr. No.	Ratio	Numerator Description	Denominator Description	For The Year Ended		Variance %	Reason for variance
				March 31, 2024	March 31, 2023 (Restated)		
1	Current Ratio (in times)	Current Assets	Current Liabilities excluding Current Borrowings	0.99	1.06	(7)%	
2	Debt-Equity Ratio (in times)	Total Debt	Equity	0.14	0.16	(13)%	
3	Debt Service Coverage Ratio (in times)	Profit for the year+ Finance Costs + Depreciation and Amortisation Expense + Loss/ (Gain) on sale of fixed assets	Gross Interest + Lease Payment + Repayment of Long Term Debt excluding pre-payments	5.29	7.34	(28)%	Ratio has changed on account of higher repayment of Long term Debt as compared to previous year
4	Return on Equity Ratio (in %)	Profit for the year	Average Net worth	12%	10%	20%	Ratio has changed on account of increase in PAT by 51% as compared to previous year
5	Inventory Turnover Ratio (in times)	Sale of Products and Services	Average Inventory	9.44	10.39	(9)%	
6	Trade Receivables turnover Ratio (in times)	Sale of Products and Services	Average Trade Receivable	20.04	20.29	(1)%	
7	Trade Payables turnover Ratio (in times)	Cost of Sales	Average Trade Payable	7.54	8.37	(10)%	

Source: Annual Report

# Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	289	289	289
Reserves	59,939	54,036	50,147
Borrowings	11,403	11,058	11,299
Other Liabilities	29,167	25,998	22,077
Total Liabilities	1,00,797	91,380	83,811
Fixed Assets	62,878	59,579	55,488
CWIP	6,811	4,040	4,785
Investments	8,249	7,297	6,336
Other Assets	22,859	20,464	17,203
Total Assets	1,00,797	91,380	83,811

# Synopsis Quarter Results

## Con-Call Q1 FY'24: Key Highlights

### Demand and Capacity Utilization:

- Rural demand grew by 9% in Q1, while infra was slow but expected to pick up.
- New or resurgence of construction activities seen in states like Bihar and Andhra Pradesh.
- Overall capacity utilization in the country around 76% after eliminating inefficient capacity.
- UltraTech ended last financial year with a capacity utilization of 85%.

### Operational Efficiency and Cost Reduction:

- UltraTech consumed 1.5 million tons of alternate fuel last year, with plans to increase.
- The company consumed 33.6 million tons of fly ash and slag, significantly higher than some competitors' overall capacity.
- Logistics cost efficiency program initiated, reducing lead distance and saving INR45 per ton of cement.
- Continuous ramping up of Waste Heat Recovery Systems (WHRS) capacity.
- 23 megawatts of WHRS commissioned in the quarter, ending with 301 megawatts.

### Financial Investments and Expansion Plans:

- Non-controlling financial investment made in India Cement.
- Expansion plans on track, with greenfield projects in Andhra Pradesh progressing well.
- WHRS capacity to reach 60% by the end of '26, '27.

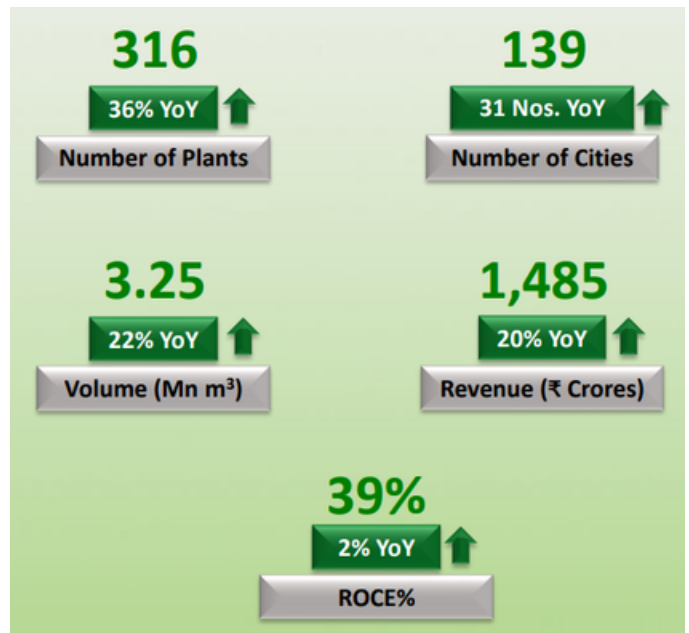
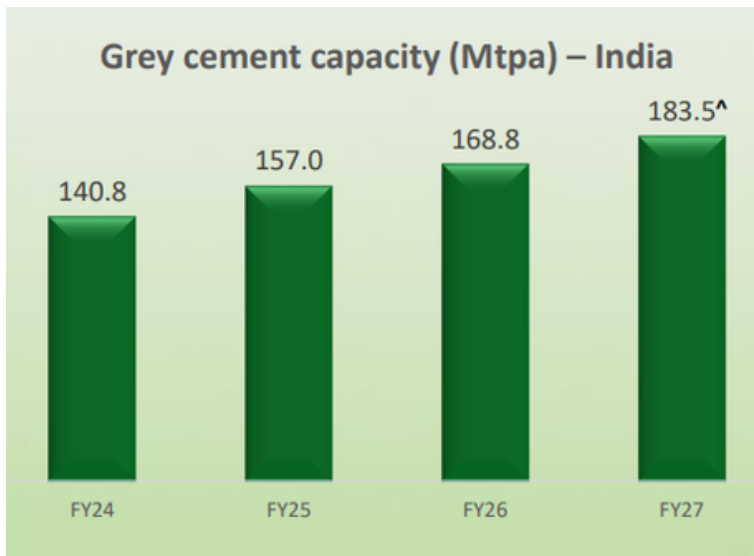
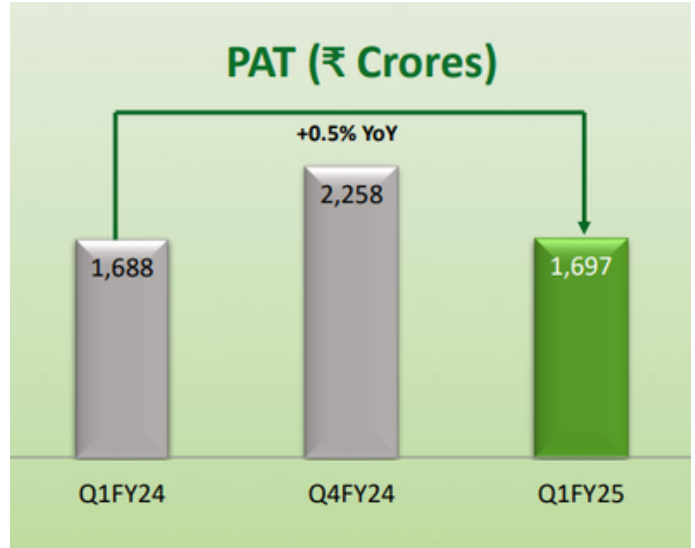
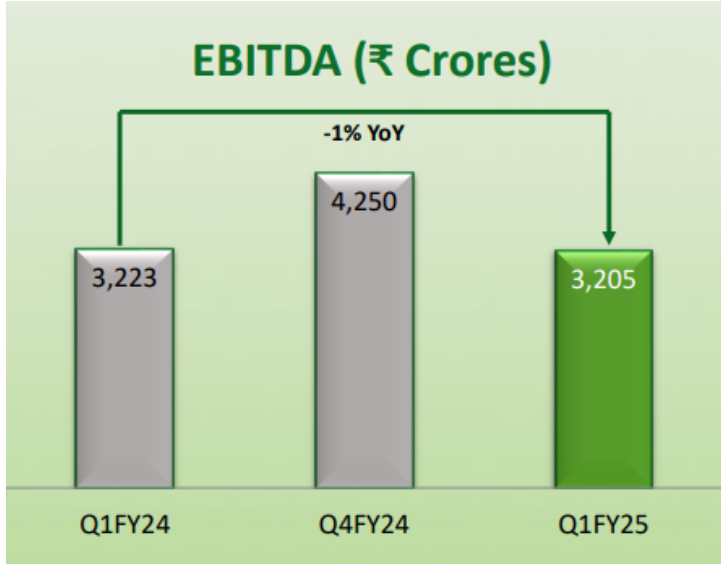
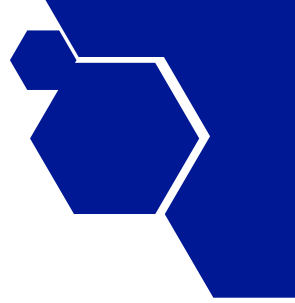
### Industry Trends and Price Realization:

- Grey cement realization has been drifting lower, impacted by capacity additions in the industry.
- Price realization softer in July, with a decline of about 1.5% over Q1 average.
- Industry growth expected to be around 7-8%, with UltraTech aiming for double-digit growth for the full year.
- Price improvements anticipated in the second half of the year.

### Challenges and Opportunities:

- Uncertainty regarding future price improvements due to industry dynamics.
- Land acquisition and regulatory approvals remain challenging.
- Upgradation of older plants possible based on return on investment.

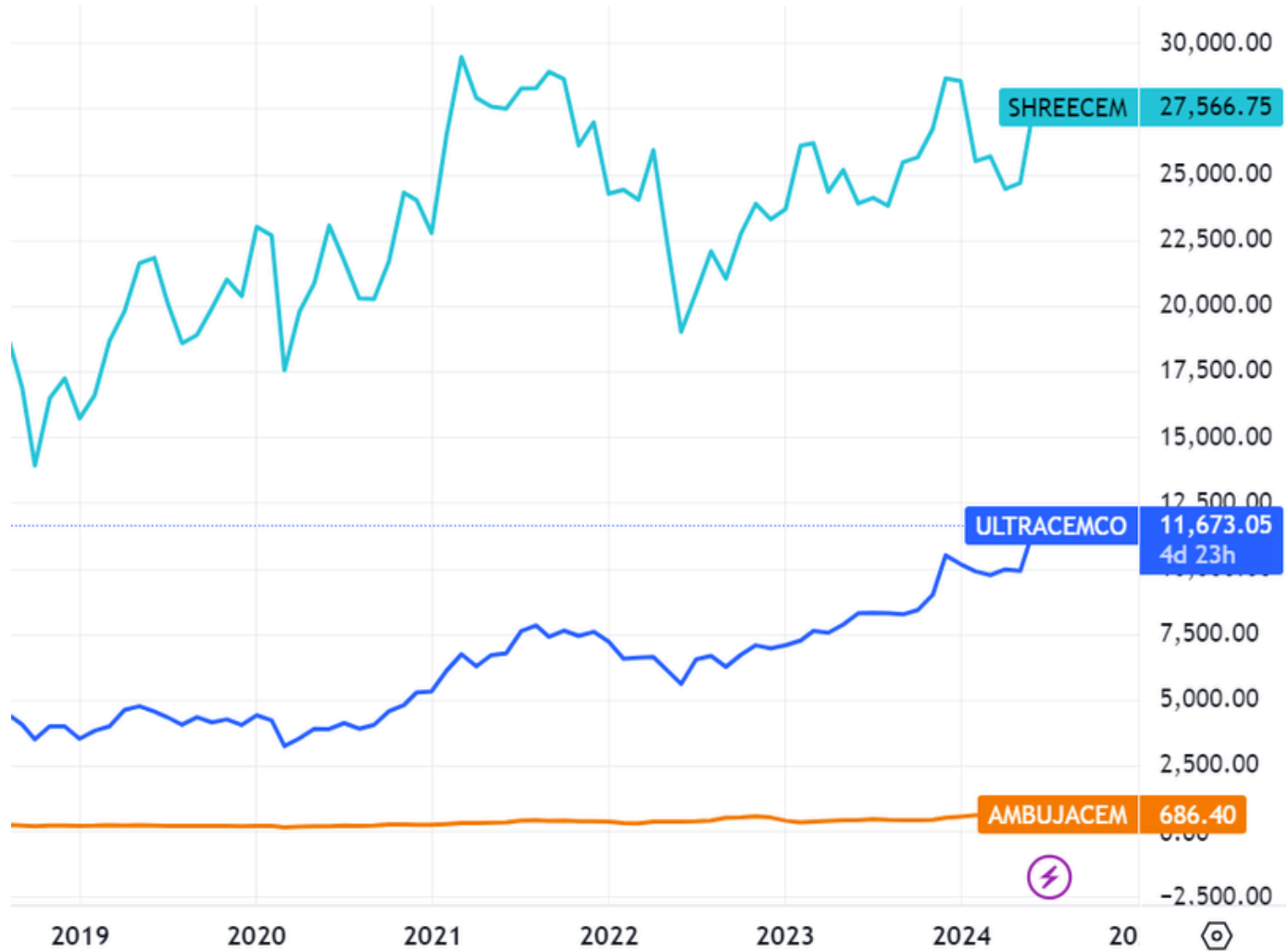
# Revenue Highlights



# Peer Comparison



## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	UltraTech Cem.	11673.05	47.87	336780.01	0.60	1695.22	-1.12	18069.56	1.87	15.12
2.	Ambuja Cements	686.40	50.02	169056.29	0.29	1525.78	24.34	8893.99	11.65	14.05
3.	Shree Cement	27659.30	41.46	99804.26	0.38	675.75	28.50	5432.81	6.52	14.76
4.	ACC	2613.60	22.76	49057.26	0.29	944.84	158.23	5408.72	12.90	17.27
5.	J K Cements	4392.70	39.56	33934.30	0.34	184.82	50.38	2807.57	1.63	15.80

Source: Screener



# Final Outlook

**ULTRACEMCO: BUY | LTP: 11,673**

Ultratech Cement offers a compelling investment opportunity for long-term investors. Despite facing challenges in the current year, the company maintains a healthy dividend payout of 21.8% and is trading at a relatively low book value of 4.77 times, indicating potential undervaluation. While its return on equity over the last 3 years has been low at 12.3%, Ultratech Cement's strategic focus on sustainability, capacity expansion, and adaptability to market dynamics positions it for growth. These factors, coupled with its market positioning, suggest that investing in Ultratech Cement shares for the long term could yield favorable returns. UltraTech Cement crossed ₹3 lakh crore market capitalisation. Japanese brokerage firm Nomura upgraded UltraTech Cement stock from 'neutral' to 'buy' and raised the target price to ₹11,500 apiece. UltraTech Cement share price may rise another 16% led by market share gains. UltraTech Cement's timely capacity expansion and increase in capacity utilization has helped the company gain considerable market share.