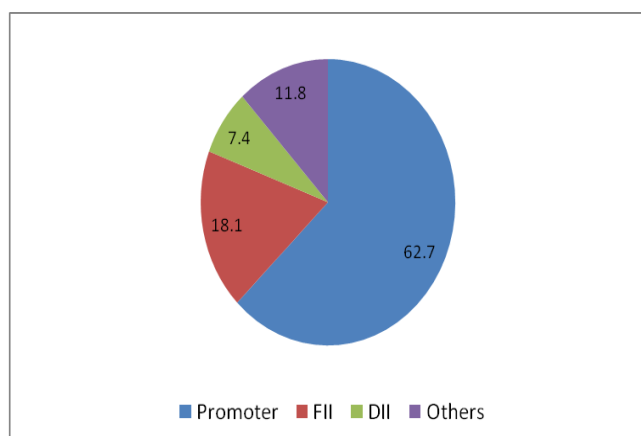


**Ultratech Cement****Accumulate** Target Price: Rs 3,102

Value Parameters -	
BSE Code	532528
NSE Symbol	ULTRACEMCO
CMP	Rs 2,885
Face Value	Rs 10
52 Week High/Low	3,399/2,530
Market Cap (Rs cr)	75,935
EPS (Rs) (FY15)	76.5
PE ratio (x)	37

Shareholding Pattern % (Dec' 15)**Company Overview:**

UltraTech Cement (a subsidiary of the Aditya Birla Group) is the largest manufacturer of grey cement, Ready Mix Concrete (RMC) and white cement in India. It is also one of the leading cement producers globally. Its operations span across India, UAE, Bahrain, Bangladesh and Sri Lanka. UltraTech Cement is also India's largest exporter of cement reaching out to meet the demand in countries around the Indian Ocean and the Middle East. UltraTech Cement provides a range of products that cater to the various aspects of construction, from foundation to finish. These include:

- Ordinary Portland Cement, Portland Blast Furnace Slag Cement and Portland Pozzalana Cement under grey cement
- White cement, WallCare putty and white cement based products under Birla White

- Ready Mix Concrete and a range of specialty concretes with specific functional properties under UltraTech Concrete
- AAC blocks, waterproofing solutions, grouting solutions and plastering solutions under UltraTech Building Products

Investment Rationale

Ultratech Cement Ltd. has consistently outperformed the industry. The company has strong capacity utilization & sound operating efficiency. The company's revenue grew at CAGR of 8% for the period FY 12-15 & is expected to continue to grow robustly. The company utilizes organic as well inorganic strategies to grow. Recently the company acquired Jaypee Associates cement division having capacity of 22.4 million tonne. The consolidated capacity for the company will go up to 90.7 million tonne. With this deal the company will achieve wide-spread presence across the country with newer markets of Satna, UP East, Himachal Pradesh and Coastal Andhra where it does not have a presence as of now. The budget 2016 brought in various positive amendments for the infrastructure sector: the government has allocated Rs 97,000 Crores for the development of roads & highways; provided incentives for affordable housing projects & incremental spending by the government to develop smart cities. All this factors are likely to act as a catalyst for further of the cement industry as well as the company.

Valuations

We have assigned an EV/EBITDA multiple of 17x to its FY17E and have arrived at fair value of Rs 3,102 per share. We have **ACCUMULATE** rating on the stock.



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**Arihant is Forbes Asia's '200 Best under a \$Billion' Company
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