



Improvement in EBITDA per Ton!

20th July, 2016

CMP:	Rs.3,508
Target Price:	Rs.3,724
Recommendation:	HOLD

Stock Info

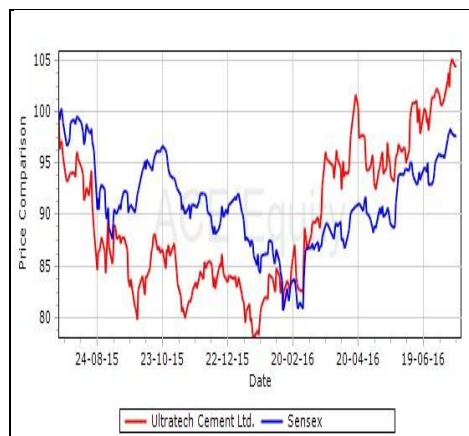
BSE Group	A
BSE Code	532528
NSE Symbol	ULTRACEMCO
Bloomberg	UTCEM .IN
Reuters	ULTC.BO
BSE Sensex	27,787
NSE Nifty	8,528

Market Info

Market Capital	Rs. 96,215 cr
Equity Capital	Rs. 274cr
Avg. Trading Vol.	3,04,730
52 Wk High/ Low	3,600/2,581
Face Value	Rs 10

Shareholding Pattern (%)	(Jun. 2016)
Promoters	62.3
Domestic Institutions	6.8
Foreign Institutions	19.6
Public & Others	11.3

Price Chart:



For the quarter Q1 FY 17 Ultratech Cement’s standalone sales volume improved by 3% to 12.6 mnt while on consolidated basis it grew by 6% to 14.1 mnt. While blended realizations increased sequentially by 3% to Rs. 4,683 per ton, they were down by 2% as compared to same quarter of previous year.

ULTCs standalone revenue came in at Rs 6,182 cr vs. Rs. 5,948 cr, a growth of 4% on YoY basis. On consolidated basis the revenue for the quarter was Rs 6,538 cr vs. Rs 6,281 cr YoY. EBITDA margins expanded by 4% to 23% on YoY basis on account of higher sales volume and lower cost. Though tax rate increased to 31%, profit after tax for the quarter improved by 29% YoY on consolidated basis to Rs 780 cr. Standalone PAT stood at Rs. 775 cr.

Raw material cost remained range bound at Rs 448/t on back of improved clinker cement conversion ratio and raw mix optimization. Waste heat recovery system share stood to 6%, a change of 3% YoY. Pet coke consumption went up to 74% rising from 70% sequentially. Increase in domestic pet coke prices was negated due to low cost inventory. Share of imported coal reduced to 18% from 21% sequentially while that of indigenous coal dropped to 8% from 9% sequentially. Energy cost declined by 24% YoY & witnessed no surge sequentially despite increase in fuel prices. Logistics improved 4% YoY on account of reduced lead distance and gain in rail freight due to withdrawal of busy season charge for May & Jun ’16. The impact of imported fuel price rise will get reflected in Q2 FY 17.

Outlook & Valuations:

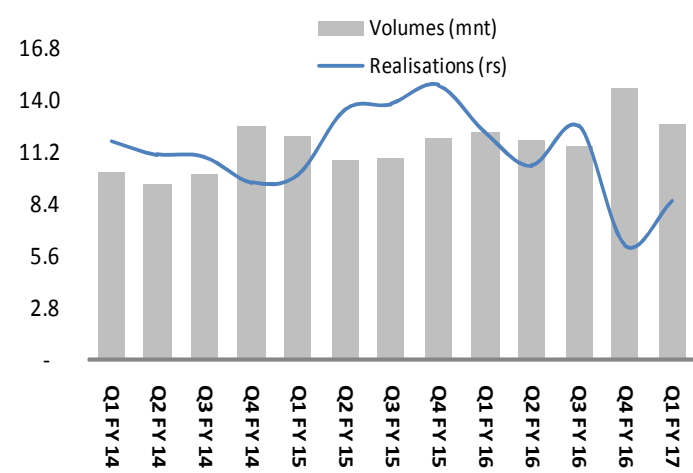
Rural housing demand remained a key growth driver. Demand from road segment provided thrust for growth & other infrastructure demand was maintained with speedy project clearances by government. However, meaningful demand is yet to come from the west and Tamil Nadu and Kerala stay sluggish. Strong demand in AP seen arising from Amravati project. We have valued the stock using EV/EBITDA(x) and have ascribed EV/EBITDA of 18(x) to its FY17E EBITDA & arrived at fair value of Rs. 3,724 per share. We have ‘**HOLD**’ rating on the stock.

Financial Snapshot (Rs Cr)	FY14	FY15	FY16	FY17E
Net Revenue	21,652	24,340	25,552	27,614
EBITDA	4,035	4,425	4,891	5,799
PAT	2,206	2,098	2,287	2,823
EPS	80.4	76.5	83.3	102.9
RoE	13.6	11.6	11.4	12.7
P/E (x)	27.2	37.6	38.8	34.1
EV/EBITDA (x)	16.3	18.9	18.6	17.0

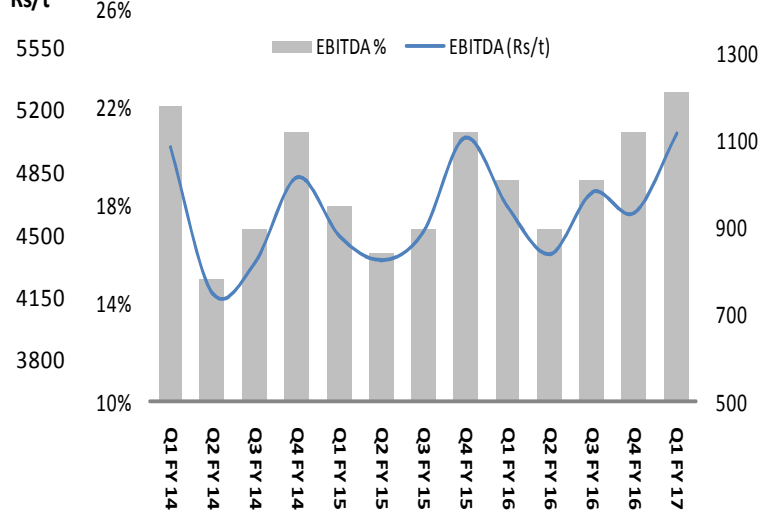


	Q1 FY 14	Q2 FY 14	Q3 FY 14	Q4 FY 14	Q1 FY 15	Q2 FY 15	Q3 FY 15	Q4 FY 15	Q1 FY 16	Q2 FY 16	Q3 FY 16	Q4 FY 16	Q1 FY 17
Volumes (mnt)	10.1	9.4	10.0	12.5	12.0	10.7	10.8	11.9	12.2	11.8	11.5	14.5	12.6
Realisations (rs)	5018	4947	4934	4788	4829	5200	5228	5335	5073	4883	5104	4438	4683
EBITDA %	22%	15%	17%	21%	18%	16%	17%	21%	19%	17%	19%	21%	23%
EBITDA (Rs/t)	1085	747	820	1016	879	823	885	1106	947	836	979	932	1117

ULTC's Volumes and Realisation trend



ULTC's EBITDA% and EBITDA/t trend



Valuations:

	FY14	FY15	FY16	FY17E
EV/EBITDA	16.3	18.9	18.6	18.0
EBITDA	4035	4425	4891	5799
EV	65647	83592	91054	104380
Debt	6021	4993	4720	3130
Cash	348	371	2272	960
Market Cap	59975	78970	88607	102210
No shares	27.4	27.4	27.4	27.4
CMP				3508
Target				3724
Upside				6%

Rs in Crore	Q1 FY17	Q1 FY16	YOY (%)
Net Sales	6590	6341	3.9
Expenditure	5114	5139	-0.5
EBITDA	1475	1202	22.7
EBITDA Margins (%)	23%	19%	
Other Income	151	100	51.7
Interest	180	150	20.2
Depreciation	323	304	6.2
PBT	1124	848	32.5
Tax	344	244	40.8
Tax rate (%)	31%	29%	
Net Profit	780	604	29.2
Net Profit Margin (%)	12%	10%	
EPS (Rs)	28.4	22.0	29.2

Source: - Company Data Ace Equity, Arianth Research



Profit & Loss Statement (Consolidated)				
Y/E March (Rs Cr)	FY14	FY15	FY16	FY17E
Net Sales	21652	24340	25552	27614
% Chg	2	12	5	8
Total Expenditure	17616	19915	20661	21815
EBITDA	4035	4425	4891	5799
EBITDA Margin %	19	18	19	21
Depreciation	1139	1203	1368	1479
EBIT	2896	3222	3522	4320
Interest	361	587	560	615
Other Income	322	350	218	330
PBT	2858	2986	3181	4035
Tax Provisions	645	884	892	1211
PAT before MI	2213	2102	2288	2825
MI & Profit from Associate	-7	-4	-2	-2
Net Profit	2206	2098	2287	2823

Cash Flow Statement (Consolidated)				
Y/E March (Rs Cr)	FY14	FY15	FY16	FY17E
PBT	2858	2986	3181	4035
Changes in WC	76	-104	424	-354
Cashflow from Oper. Act.	3455	4190	4498	2497
Cashflow from Investing Act.	-2396	-2166	-1693	-1800
Cash flow from Financing Act.	-949	-2110	-844	-1890
Net increase in cash & Eq.	110	-86	1961	-1193
Opening Cash Balance	185	151	88	2097
On account of Amalgamation	54	22	48	49
Closing Cash Balance	348	88	2097	953

BS(Consolidated)				
	FY14	FY15	FY16	FY17E
Shareholders' funds	17182	19041	21058	23529
Share capital	274	274	274	274
Reserves and Surplus	16903	18758	20771	23255
Minority Interest	17	18	15	16
Non-current liabilities	8461	7974	8155	6326
Long-term borrowings	6021	4993	4720	3130
Deferred Tax Liabilities (Net)	2290	2786	3222	2968
Other Long term liabilities	2	17	16	18
Long-term provisions	148	178	198	210
Current liabilities	6525	11020	11527	11672
Short-term borrowings	985	2564	2476	2855
Trade payables	2591	1711	1749	2655
Other current liabilities	2106	5595	6347	5009
Short-term provisions	844	1150	956	1152
Total Liabilities	32185	38053	40757	41543
Net Fixed assets	18100	23343	25150	25171
Capital work-in-progress	2183	2250	1303	1285
Non-current investments (Long Term)	1133	1977	2370	1974
Long-term loans and advances	1276	1801	1771	2032
Total Non-Current Assets	22694	29393	30782	30378
Current assets	9491	8660	9975	11165
Current investments in MF	3729	2523	2028	3690
Inventories	2580	2949	2615	3227
Trade receivables	1632	1659	1927	1900
Cash and Cash Equivalents	348	371	2272	960
Short-term loans and advances	1181	1141	1103	1381
Total Assets	32185	38053	40757	41543

Key Ratios (Consolidated)				
Y/E March (Rs Cr)	FY14	FY15	FY16	FY17E
Per Share data (Rs)				
EPS	80	76	83	103
Dividend per share	9.0	9.0	9.4	10.3
Book value per share	626	694	767	857
Operating, Returns Ratio				
Debt/ Equity (X)	0.4	0.3	0.2	0.1
Current Ratio (X)	1.5	0.8	0.9	1.0
RoE (%)	14	12	11	13
Valuation Ratio (X)				
P/E	27.2	37.6	38.8	34.1
P/BV	3.5	4.1	4.2	4.1
EV/ Sales	3.0	3.4	3.6	3.6
EV/EBITDA	16.3	18.9	18.6	17.0

**Arihant Research Desk**

E. research@arihantcapital.com
T. 022-42254800

Head Office

#1011, Solitaire Corporate park,
Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road,
Chakala, Andheri (E).
Mumbai - 400093
Tel: (91-22) 42254800
Fax: (91-22) 42254880

Registered Office

E-5 Ratlam Kothi
Indore - 452003, (M.P.)
Tel: (91-731) 3016100
Fax: (91-731) 3016199

Stock Rating Scale

	Absolute Return
Buy	> 20%
Accumulate	12% to 20%
Hold	5% to 12%
Neutral	-5% to 5%
Reduce	< -5%

Research Analyst Registration No.

INH000002764

Contact

SMS: 'Arihant' to 56677

Websitewww.arihantcapital.com**Email Id**research@arihantcapital.com**Disclaimer:**

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