

In line with expectations

27th Jan, 2015

CMP: Rs.3,143
Target Price: Rs.3,430
Recommendation: HOLD

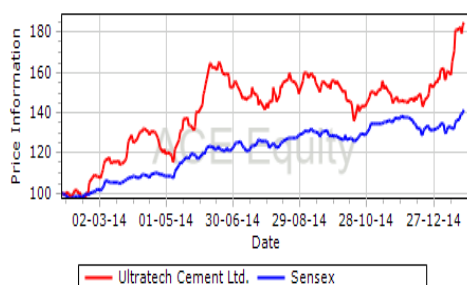
Stock Info

BSE Group	A
BSE Code	532528
NSE Symbol	ULTRACEMCO
Bloomberg	UTCEM .IN
Reuters	ULTC.BO
BSE Sensex	29,279
NSE Nifty	8,836

Market Info

Market Capital	Rs. 86,248 cr
Equity Capital	Rs. 274cr
Avg. Trading Vol	2,73,950
52 Wk High/ Low	3,196/1,652
Face Value	10

Shareholding Pattern (%)	(Dec 2014)
Promoters	61.7
Domestic Institutions	5.9
Foreign Institutions	19.5
Non Promoters Corp.	4.4
Public & Others	8.5
Govt. Holdings	-



Ultratech's (ULTC) 3QFY15 numbers were largely in line with the estimates largely driven by increased volume. During the quarter standalone sales volume increased by 8.2% to 10.5 MT while blended realizations increased by 6.0%. EBITDA margins increased by 58 bps to 17.1% on YoY basis, this is largely attributed to increase in realizations and lower raw material cost. EBITDA per ton increased to Rs. 885 from Rs. 820 on YoY basis.

ULTCs standalone revenue came in at Rs 5,601 cr vs. Rs. 4,818 crs, a growth of 16.3% on YoY basis. However, PAT declined by 1.5% to Rs 364 crs because of higher interest cost and higher taxes.

The Company's on-going capex is on track and capacity post expansion will increase to 71 MTPA by 2016. During the quarter ULTC acquired 2 plants of Jaiprakash with combined clinker capacity of 5.3 MTPA and cement capacity of 4.9 MTPA together with Thermal power plant capacity of 180 MW for a consideration of Rs 5,325 crs. With this the Company's total cement capacity in India stands at 65.1 Mnt and the total power capacity (including WHRS) at 913 MW. This caters to around 80 % of the Company's power requirement.

Outlook: ULTC volumes are expected to grow at a CAGR of 15% over next 2 years (partly attributed to acquisition of Jaypee cement). Prices are also expected to firm up as demand for cement from infrastructure projects are slated to rise exponentially. We are very positive on the prospects of the sector.

Valuations:

We expect revival in investment cycle over long term, however, over short to medium term issues like weak demand and excess capacity will continue to hit earnings of the company. We forecast ULTC's EBITDA margins to increase to 23.7% from the current level of 18.6% over next two year on the back of expected strong pricing environment and lower transportation cost. We continue to value stock using EV/EBITDA(x) and have ascribed EV/EBITDA(x) of 12x to its FY16E EBITDA. Our fair value for Ultratech comes at Rs. 3,430 per share. **We recommend 'HOLD' rating on the stock.**

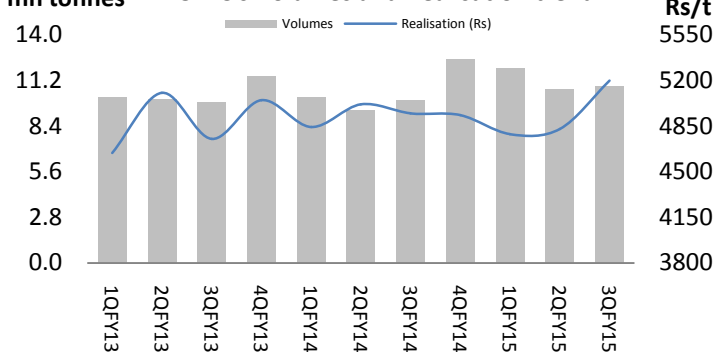
Financials:

Y/E March, (Rs in Cr)	FY13	FY14	FY15E	FY16E
Net Revenue	21,319	21,652	26,289	32,126
EBITDA	4,839	4,035	5,405	7,604
Adj PAT	2,678	2,206	2,723	4,174
Adj EPS	97.7	80.5	99.4	152.1
EPS Growth (%)	11.4	-17.6	23.5	98.9
RONW (%)	18	13	14	17
P/E (x)	32.2	39.1	31.6	20.7
EV/EBITDA (x)	18.4	16.9	11.8	9.7

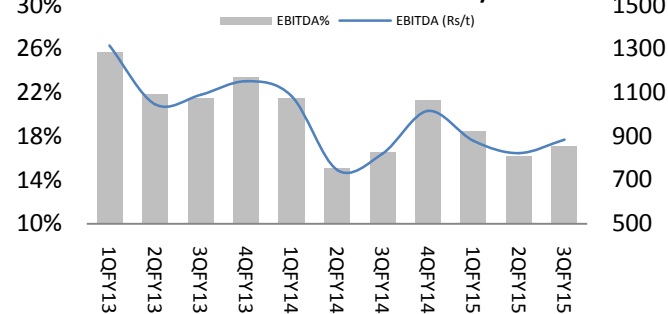


	4QFY12	1QFY13	2QFY13	3QFY13	4QFY13	1QFY14	2QFY14	3QFY14	4QFY14	1QFY15	2QFY15	3QFY15
Volumes	11.7	10.2	10.0	9.9	11.4	10.1	9.4	10.0	12.5	12.0	10.7	10.8
Realisation (Rs)	4645	5105	4752	5049	4842	5018	4947	4934	4788	4829	5200	5228
EBITDA%	24%	26%	22%	21%	23%	22%	15%	17%	21%	18%	16%	17%
EBITDA (Rs/t)	1148	1316	1047	1090	1152	1085	747	820	1016	879	823	885

ULTC's Volumes and Realisation trend



ULTC's EBITDA% and EBITDA/t trend



Valuations:

	FY15	FY16
EV/EBITDA	12	12
EBITDA	5405	7604
EV	64857	91248
net Debt	3603	2546
CWIP	5405	5405
Market Cap	60678	94107
No shares	27	27
Share price	2214	3430
CMP	3143	3143
Upside	-29%	9%

3QFY15 Results (Standalone)

Rs in Crore	3QFY15	3QFY14	YOY (%)	2QFY15	QoQ (%)
Net Sales	5601	4818	16.3	5429	3.2
Expenditure	4644	4022	15.5	4552	2.0
EBITDA	957	796	20.3	877	9.2
EBITDA Margins (%)	17%	17%		16%	
Other Income	33	68	-51.9	74	-55.8
Interest	154	90	70.2	143	7.4
Depreciation	278	264	5.2	302	-8.0
PBT	558	509	9.6	505	10.4
Tax	193	139	39.1	95	102.8
Tax rate (%)	35%	27%		19%	
PAT after extraordinary items	364	370	-1.5	410	-11.1
Net Profit Margin (%)	7%	8%		8%	
EPS (Rs)	13.3	13.5	-1.5	15.0	-11.1



Profit & Loss Statement (Consolidated)				
Y/E March (Rs Cr)	FY13	FY14	FY15E	FY16E
Net Sales	21,319	21,652	26,289	32,126
% Chg	10.8	1.6	21.4	22.2
Total Expenditure	16,480	17,617	20,884	23,322
% chg	9.6	6.9	18.5	11.7
EBITDA	4,839	4,035	5,405	7,604
EBITDA Margin %	22.7	18.6	20.6	23.7
Other Income	304	323	406	483
Depreciation	1,023	1,139	1,349	1,458
EBIT	4,120	3,219	4,462	6,629
Interest	252	361	575	577
PBT bfr excep Items	3,867	2,858	3,887	6,052
Exceptional Items	-	-	-	-
PBT after EI	3,867	2,858	3,887	6,052
Tax Provisions	1,179	645	1,157	1,872
PAT before MI	2,688	2,213	2,730	4,180
MI & Profot from Associate	(10)	(7)	(7)	(7)
Reported PAT	2,678	2,206	2,723	4,174
PAT %	12.6	10.2	10.4	13.0

Cash Flow Statement (Consolidated)				
Y/E March (Rs Cr)	FY13	FY14	FY15E	FY16E
PBT	3867	2858	3887	7302
Oper. Profit Before Work. Cap.	4848	4107	5382	8851
Changes in WC	-481	926	-342	-634
Cash generated frm Operation	4367	5033	5040	8217
Direct Tax Paid	-729	-653	-1157	-1872
Net Cash From Oper. Act	3638	4381	3883	6346
Net Cash From Investing Act	-4407	-3293	-5171	-3107
Cash flow from Financing Act	715	-639	-401	-328
Net increase in cash & Equip	-54	389	-1177	2911
Opening Cash Balance	214	185	573	-603
On account of Ammalgamation	25	0	0	0
Closing Cash Balance	185	348	404	454

BS(Consolidated)				
	FY13	FY14	FY15E	FY16E
Shareholders' funds	15230	17182	19150	24285
Share capital	274	274	274	274
Reserves and Surplus	14955	16908	18876	24010
Minority Interest	78	17	17	17
Non-current liabilities	7215	8462	8349	8790
Long-term borrowings	5169	6021	5623	6185
Deferred Tax Liabilities (Net)	1910	2300	1910	1910
Other Long term liabilities	2	2	2	2
Long-term provisions	135	139	216	263
Current liabilities	7067	6533	9068	9522
Short-term borrowings	1227	985	1892	1850
Trade payables	2338	2587	2976	3067
Other current liabilities	2553	2106	3243	3238
Short-term provisions	949	855	957	1367
Assets+Equity	29590	32193	36584	42614
Net Fixed assets	14316	19311	23173	28245
Capital work-in-progress	3601	2175	5501	6501
Goodwill on Consolidation	734	967	734	734
Non-current investments (Long Term)	1582	1133	1582	1582
Deferred tax assets (net)	8	9	8	8
Long-term loans and advances	1066	1271	1398	1538
Current assets	8283	9502	9689	10507
Cash and Cash Equivalents	185	348	404	454
Total Assets	29590	32193	36584	42614

Key Ratios (Consolidated)				
Y/E March (Rs Cr)	FY13	FY14	FY15E	FY16E
Per Share data (Rs)				
EPS	98	80	99	152
Cash EPS	135	122	149	205
DPS	9.0	9.0	9.0	9.0
Book value	555	627	699	885
Operating, Returns Ratio				
Debt/ Equity (X)	0.5	0.4	0.4	0.4
Current Ratio (X)	1.2	1.5	1.1	1.1
RoE (%)	18	13	14	17
RoCE (%)	14	10	12	16
Dividend Yield (%)	0.3	0.3	0.3	0.3
Valuation Ratio (X)				
P/E	32.2	39.1	31.6	20.7
P/BV	5.7	5.0	4.5	3.6
EV/ Sales	4.2	3.1	2.7	2.3
EV/EBITDA	18.4	16.9	11.8	9.7



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Stock Rating Scale

	Absolute Return
BUY	>20
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	<-5%

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