INVasset Corporate Insights



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India's Best Performing and Most Customer Centric PMS

UltraTech Cement: An Industry Titan's Comprehensive Overview

UltraTech Cement boasts a commanding presence in India's cement industry with an installed capacity of 114 million tones per annum (mtpa) and a utilization rate of 77%. The company operates through a vast infrastructure comprising 23 integrated plants, 27 grinding units, and several other facilities, showcasing its extensive manufacturing capabilities.

Leadership and Legacy: As India's largest and the world's third-largest cement company (excluding China), UltraTech Cement holds a unique position. It stands out as the only non-Chinese cement producer with over 100 MnTPA capacity in a single country, underlining its global leadership status.

Brand Powerhouse: The company's portfolio includes renowned brands like UltraTech Cement, UltraTech Concrete, and Birla White Cement. These brands cover a wide range of products, highlighting UltraTech's diversity and market adaptability.

Distribution Dynamo: UltraTech's distribution network is a testament to its market reach, with around 30,000 dealers, 64,000 retailers, and numerous other touchpoints, ensuring its products are widely accessible across markets.

Global Footprint: UltraTech's operations span India, UAE, Bahrain, and Sri Lanka, with significant capacities in each region. Despite its extensive international presence, foreign operations contribute to around 4% of its total revenues, demonstrating its strong domestic focus.

Innovation and Ingenuity: The company's commitment to research and development is evident from its patented products and processes. With significant investments in R&D, UltraTech is at the forefront of developing advanced concrete solutions, reinforcing its innovation-driven approach.

Commitment to Sustainability: UltraTech is advancing towards sustainable operations, aiming to increase its green power usage significantly by FY25. The company's emphasis on Waste Heat Recovery Systems and solar energy underscores its commitment to environmental stewardship.

Strategic Acquisitions and Divestments: Recent years have seen UltraTech actively reshaping its portfolio through acquisitions and divestments, such as the purchase of National Limestone Co. and the sale of its China and Bangladesh operations, reflecting its strategic business decisions.

Expansion and Growth: The company's aggressive expansion plans include substantial capacity additions and the inauguration of new facilities. These initiatives are set to enhance UltraTech's production capabilities and market presence, reinforcing its industry dominance.

UltraTech Cement exemplifies a dynamic and forward-looking enterprise, marked by its expansive operations, strategic growth initiatives, and unwavering commitment to sustainability and innovation, positioning itself as a cornerstone of the cement industry.

Stock Data	
CMP (20-03-2024)	9485.90
52 Week High/Low	10,526/7098
Face Value	10.00
Market Cap (In Crs)	2,74,214
Enterprise Value (In Crs)	2,85,266
NSE	ULTRACEMCO
BSE	532538
Bloomberg	UTCEM:IN
Sector	Cement

Shareholding Pattern (in %)		
	DEC 23	SEPT 23
Promoter	59.96	59.96
FII	18.20	16.65
DII	13.68	15.04
Public	7.95	8.11

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	-1.28	8.47	27.71
Ultratech Cement	-4.22	9.93	30.10

Key Ratios	
P/E	42.08
P/S	3.97
P/B	4.89
Debt To Equity	0.20
ROE	9.63
ROCE	12.9
Dividend Yield	0.40

Q3 FY 24 Result Update

Q3 FY24 Result Comparison (In Rs Cr)					
	Q3 FY24	Q2 FY24	Q3 FY23	QOQ	YOY
Sales	16,740	16,012	15,521	4.55%	7.85%
EBITDA	3,400	2,722	2,465	24.91%	37.93%
EBIT	2,617	1,924	1,742	36.02%	50.23%
Net Profit	1,775	1,280	1,063	38.67%	66.98%
EPS	61.55	44.39	36.66	38.66%	67.89%

Result Highlights

UltraTech Cement's Q3 FY24 Financial Highlights

Sales Growth: Solid Performance Amidst Market Challenges: UltraTech Cement has successfully navigated the competitive landscape to post a significant sales figure of ₹16,740 crores in the third quarter of fiscal year 2024, marking a notable 7.85% growth compared to the same period in the previous year. This growth is a testament to the company's strong market position and the effectiveness of its business strategies. The quarterly increase of 4.55% from the second quarter's sales underlines a consistent upward trajectory in the company's sales performance, despite market fluctuations.

EBITDA: Exceptional Operational Proficiency: The company's earnings before interest, taxes, depreciation, and amortization (EBITDA) reached an impressive ₹3,400 crores, a clear indication of its exceptional operational proficiency and successful cost management strategies. The year-over-year growth of 37.93% alongside the quarter-over-quarter boost of 24.91% reflects the company's focus on operational excellence and cost-efficiency, which has significantly contributed to this improved profitability measure.

EBIT: Operational Excellence and Profitability: UltraTech's earnings before interest and taxes (EBIT) have shown a remarkable upward movement, touching ₹2,617 crores, which showcases an extraordinary year-over-year improvement of 50.23% and a 36.02% growth over the previous quarter. This substantial increase is indicative of UltraTech Cement's excellent operational management, which has efficiently transformed sales revenue into profit before the deduction of interest and tax expenses.

Net Profit: Demonstrating Robust Financial Health The net profit narrative for UltraTech Cement is particularly compelling, with the company reporting a profit of ₹1,775 crores. This figure represents an impressive year-over-year increase of 66.98% and a 38.67% rise from the preceding quarter. The significant boost in net profit highlights the company's robust financial health and the effectiveness of its strategies in increasing profitability and enhancing shareholder value.

EPS: Indicative of Increasing Shareholder Value UltraTech Cement's earnings per share (EPS) have risen to 61.55, reflecting a considerable year-over-year increase of 67.89% and a quarter-over-quarter improvement of 38.66%. This remarkable growth in EPS is an important indicator of the company's increasing profitability on a per-share basis, which bodes well for investor confidence and the company's standing in the stock market.

Conclusion: The detailed analysis of UltraTech Cement's financial results for the third quarter of FY24 showcases a company that is not only growing in terms of sales and profitability but also demonstrating exceptional operational efficiency and strategic acumen. These financial metrics collectively paint a picture of a company that is solidifying its market leadership and delivering substantial value to its shareholders.

Concall Highlights

Regional Rundown and Key Growth Indicators: In the third quarter of fiscal year 2024, UltraTech Cement observed mixed signals across different Indian regions. The North faced some contraction in the housing sector, attributed to the National Green Tribunal's restrictions and delays in the kharif crop cycle, alongside labor shortages due to elections. Despite this, infrastructure projects like the Delhi-Amritsar-Katra Road helped buoy the region's growth. The Central zone showed a strong upward trend in infrastructure and housing, supported by key projects like the Kanpur Metro. The East, too, witnessed housing growth, with the exception of Bihar, but faced demand issues for commercial projects during festive seasons. In contrast, the West demonstrated consistent expansion across housing and commercial sectors, with Maharashtra's infrastructure uplifted by projects like the Mumbai Metro. The South continued its growth trajectory, driven by substantial infrastructure projects, although details on the housing segment were not specified. These regional developments, despite some headwinds, underscore UltraTech Cement's adeptness at harnessing a range of growth drivers within the subcontinent.

Q3 Glows with Record Numbers and Sustainable Advances: In Q3, UltraTech Cement notched several achievements, starting with a 5% YOY increase in domestic sales volume, enjoying a robust capacity utilization of 77%. The operating EBITDA per metric ton for its India Operations escalated impressively by 34% YOY and 27% QOQ, indicating heightened profitability. A milestone was set with the highest ever Profit After Tax clocking in at Rs 1,777 Crores, marking a 68% increase over the previous year and a 39% rise from the last quarter. The company made a strategic move into Jharkhand through the acquisition of a 0.54 MTPA grinding capacity from Burnpur Cement Limited, expanding its geographical footprint. Its commitment to sustainability was evident with a Green Power Mix of 24.1%, showing a 21% YOY improvement, which included a significant contribution from Waste Heat Recovery Systems (WHRS) and Renewable Energy (RE). Rural sales, which account for a significant 64% of trade, also grew by 5% for the quarter. Furthermore, the company strengthened its retail presence by increasing UltraTech Building Solutions (UBS) outlets to 3,609, which now contribute to 26% of the trade sales volume, highlighting UltraTech's expanding market reach and focus on sustainable growth.

A Closer Look at Q3 FY24 Sales Volume: UltraTech Cement has demonstrated solid growth in sales volume during Q3 FY24 across various categories. The domestic grey cement saw a steady year-on-year increase of 5%, totaling 25.44 million tons, while also experiencing a slight quarterly uptick of 1%. In a robust show of international demand, the company's export and clinker sales jumped significantly by 30% YOY, despite a 12% QOQ decrease. The white cement category enjoyed an 18% growth compared to the previous year and an impressive 14% rise over the last quarter. Overall, sales volume in India reflected a consistent 5% YOY growth, reaching 26.06 million tons with a 2% increase from the previous quarter. Notably, the overseas market for grey cement also showed remarkable year-on-year growth of 20%, with a substantial 17% rise since the last quarter. The consolidated sales volume for the company stood at 27.32 million tons, marking a 6% year-on-year growth and a 2% growth over the last quarter, indicating UltraTech's expanding footprint and resilience in a dynamic market.

Revenue Streams Reflect Robust Growth in Q3 Fy24: UltraTech Cement's revenue report for Q3 FY24 depicts a solid performance across its product range. Domestically, grey cement remained the company's backbone, generating ₹13,989 crores and achieving a 7% YOY growth along with a 4% rise from the previous quarter. The white cement division also shone with a 13% year-on-year increase, surging ahead with an 11% quarterly growth. ReadyMix Concrete (RMC) stood out with an impressive 29% growth compared to the same quarter last year and maintained an 11% QOQ growth, reflecting the increasing demand for premixed concrete solutions. International ventures in grey cement recorded a healthy 14% YOY revenue growth, complemented by a 9% increase from the last quarter. However, the 'Others' category faced a downturn, with a 20% year-on-year decrease and a 10% fall since the last quarter. In totality, the consolidated revenues for UltraTech Cement ascended to ₹16,487 crores, marking an 8% growth YOY and a 5% advancement over the last quarter, showcasing the company's financial resilience and strategic market expansions.

EBITDA and PAT Soar in Q3 Fy24: UltraTech Cement has exhibited exceptional profitability in Q3 FY24, with its EBITDA reaching ₹3,395 crores, a notable 38% YOY increase, and a significant QOQ rise of 25%. This financial metric is crucial as it serves as an indicator of the company's operational profitability before non-operating expenses and capital structure impacts. Equally impressive is the PAT, which saw a record 68% growth from the same quarter last year, soaring to ₹1,777 crores. The QOQ increase of 39% further underscores UltraTech Cement's robust earning capacity and financial health. These figures not only reflect the company's financial acumen but also its ability to grow profit margins and deliver increased value to shareholders amidst dynamic market.

A Tale of Ascending Profits and Prudent Management: UltraTech Cement's operational performance in Q3 FY24 showcases a strong fiscal position with consolidated net sales increasing from ₹15,299 crores in Q3 FY23 to ₹16,487 crores in Q3 FY24, while India operations alone rose from ₹14,755 crores to ₹15,882 crores in the same period. Total income, which combines net sales, operating income, and other income, saw an overall rise, indicating robust revenue streams. On the expense front, while there was a noticeable increase in raw materials and logistics costs, changes in inventory showed a positive trend with a lesser decrease compared to the previous year. Employee costs and other expenses also saw a moderate uptick. Despite these rises, the company managed its power and fuel expenses effectively, with a decrease noted in consolidated operations. The resultant EBITDA for both consolidated and India operations painted a picture of prosperity, with significant jumps to ₹3,395 crores and ₹3,288 crores, respectively. The operating EBITDA per ton also saw a healthy increase, underscoring UltraTech's ability to enhance profitability while controlling costs in a challenging economic landscape.

Strengthening Figures in Q3 Fy24: UltraTech Cement's financial statement for Q3 FY24 reflects robust growth and sound financial health. The company achieved a notable increase in net sales, escalating to ₹16,487 crores on a consolidated level, up from ₹15,299 crores in the same quarter of the previous year. This increase also reflected in its India operations, with net sales rising from ₹14,755 crores to ₹15,882 crores year-on-year. EBITDA saw a substantial hike, standing at ₹3,395 crores consolidated, representing a significant improvement from the previous year's ₹2,462 crores. In India, EBITDA improved to ₹3,288 crores from ₹2,340 crores. Finance costs and tax expenses rose, indicating higher costs associated with leveraging and tax obligations, while depreciation and amortization remained a stable figure of natural asset wear and value distribution over time. After accounting for these expenses, Profit After Tax (PAT) surged to ₹1,777 crores on a consolidated basis and ₹1,711 crores for India operations, showcasing excellent profit retention. Lastly, earnings per share (EPS) increased, highlighting a promising return for shareholders, with consolidated EPS rising to ₹223 from ₹169, complementing the company's overall financial success.

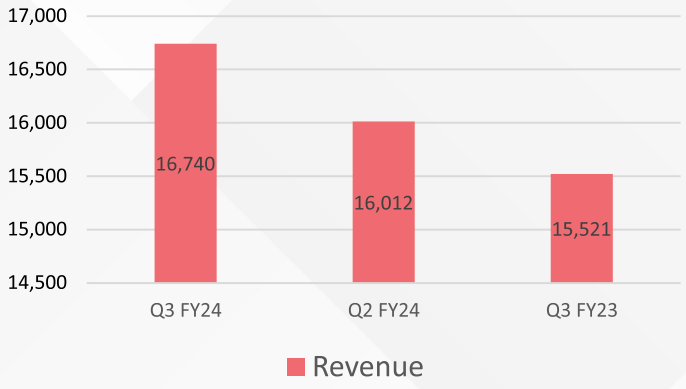
Steady in the Middle East, Shifts in Lanka: UltraTech Cement's Q3 FY24 overseas operations show a stable increase in the Middle East with net sales climbing from 207 million AED in Q3 FY23 to 240 million AED in Q3 FY24. This region also saw a growth in EBITDA from 37 million AED to 50 million AED, and a positive rise in Profit After Tax (PAT) from 21 million AED to 27 million AED. In contrast, Lanka experienced a decrease in net sales from 5,574 million SLR in Q3 FY23 to 4,361 million SLR in Q3 FY24, with total income reducing correspondingly. There was a significant shift in EBITDA, turning negative, reflecting a challenging fiscal environment, and PAT also saw a drastic decrease, highlighting possible operational or market challenges in the region. The financials suggest robust performance and effective cost management in the Middle East while indicating a need for strategic review or market adaptation in Lanka.

A Snapshot of the Fiscal Year-End Financials: As the financial year drew to a close on 31st December 2023, UltraTech Cement's financial position was marked by strength and growth. The consolidated total assets stood at ₹69,946 crores, reflecting an increase from ₹63,335 crores at the end of March 2023. This growth was supported by a significant rise in net fixed assets and investments in subsidiaries, associates, and joint ventures. The company's net working capital saw an improvement, turning positive compared to a deficit in March, indicative of more efficient asset management. Shareholder's equity also saw an uptick, contributing to a sturdy equity base of ₹58,033 crores. While gross debt rose slightly, net debt decreased substantially due to an increase in treasury surplus, showcasing UltraTech's adept financial management and its commitment to maintaining a solid balance sheet. This financial robustness was mirrored in the India operations, with total assets increasing and net debt decreasing, ensuring a well-balanced sheet that positions the company for continued growth and investment.

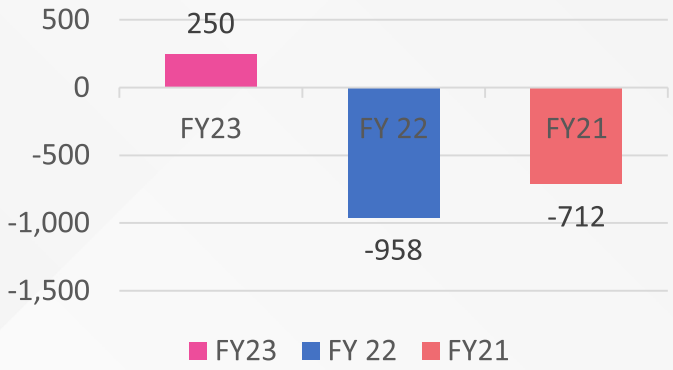
Strategic Expansion: UltraTech Cement is poised to significantly boost its production capacity from 133 MTPA to 157.4 MTPA by FY25, with further growth anticipated by FY27 to 179.3 MTPA. This expansive growth is well-distributed across India, with the largest increases in the North and Central regions. This strategic scaling up is aimed to cater to the burgeoning demand for cement amidst India's economic growth and to cement UltraTech's dominant position in the market.

UltraTech's Strategic Growth Blueprint: UltraTech's planned expansion is set to solidify its leadership in the cement sector, with its current capacity of 133 Mtpa expected to rise to 157.4 Mtpa by FY25 thanks to Phase II expansions. The growth momentum continues with Phase III expansions anticipated to further increase capacity by 21.9 Mtpa, targeting an overall capacity of 179.3 Mtpa by FY27. The expansion is strategically spread across various regions, with the East poised for the largest increase, suggesting a keen focus on tapping into regional demand. This expansive strategy underscores UltraTech's foresight in building for a demand-driven future while cementing its market dominance.

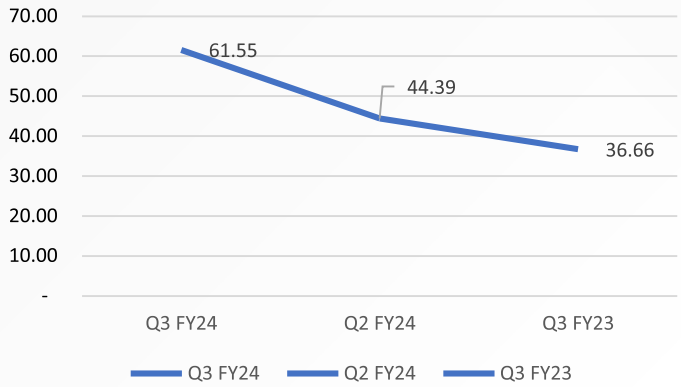
Revenue (In Cr)



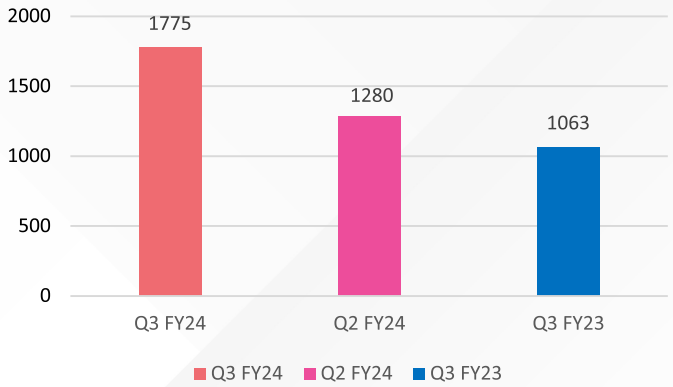
Cashflow (In Cr)



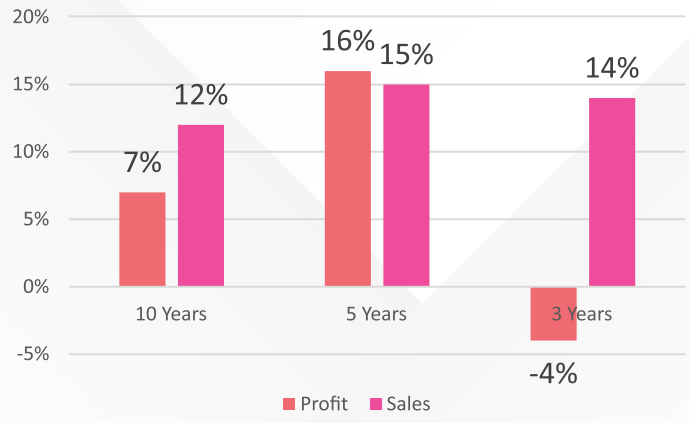
EPS



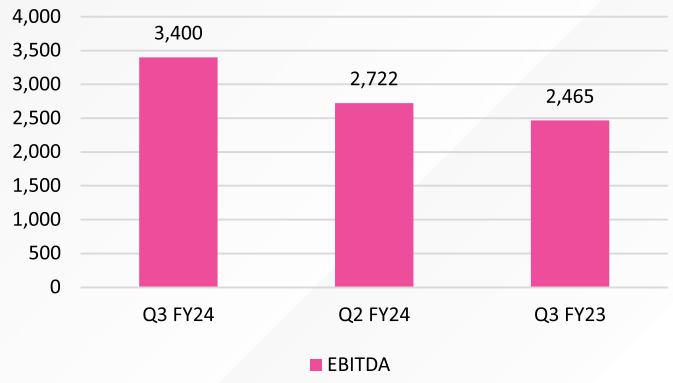
PAT (In Cr)



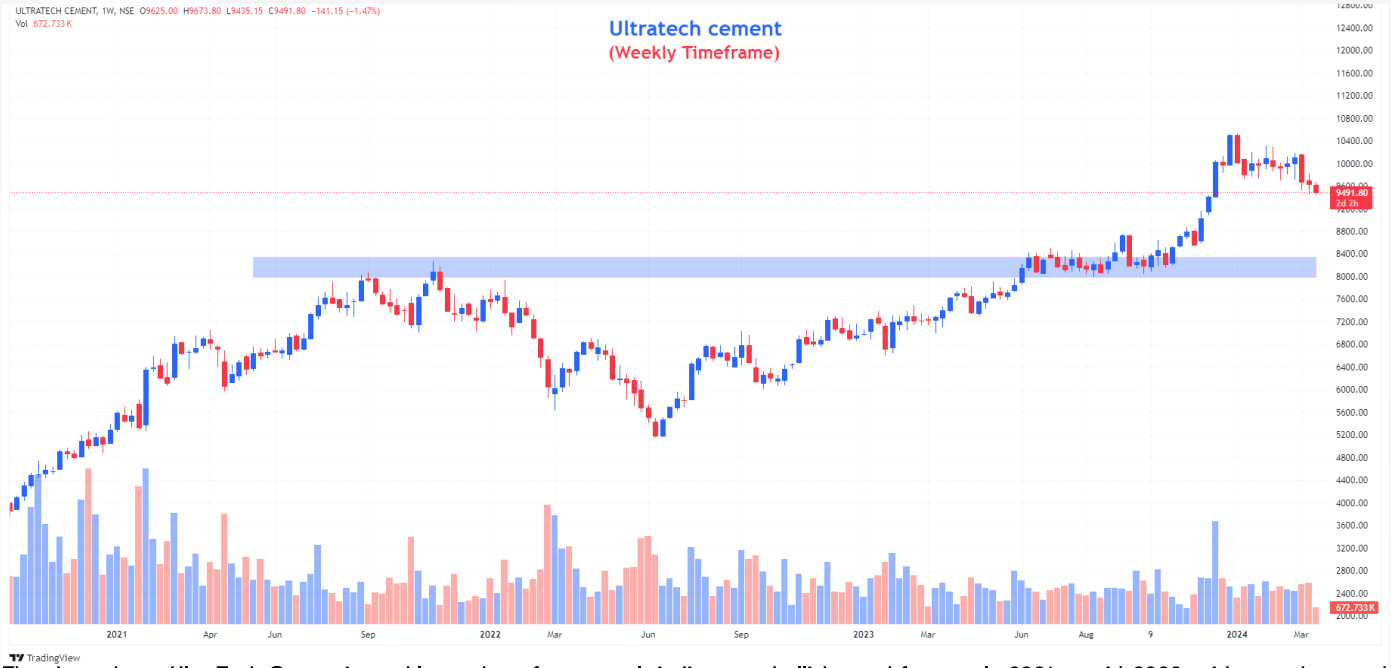
Compounded Growth (In %)



EBITDA (In Cr)



Technical Outlook



The chart shows UltraTech Cement's weekly stock performance. It indicates a bullish trend from early 2021 to mid-2022, with a peak around September 2021. This is followed by a bearish phase until mid-2022. The price then recovered and surged, reaching new highs by early 2023. However, there's been a recent pullback. Volume varied, with notable spikes during significant price changes. The chart suggests a volatile but generally upward trend over the past three years.

For Ultratech Cement, both Simple Moving Averages (SMA) and Exponential Moving Averages (EMA) show a decline as the duration increases, indicating a recent drop in stock prices. The SMA values range from 9597.6 (5-day) to 8931.6 (200-day), while EMA values range from 9582.3 (5-day) to 9021.11 (200-day).

The Relative Strength Index (RSI) presents a daily reading of 37.71, suggesting the stock is not in an oversold territory, and a weekly reading of 51.91, which points to a more neutral market sentiment.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	9597.6	9582.3
10	9645.4	9657.9
20	9809.2	9752.3
50	9898.3	9788.4
100	9590.1	9547.9
200	8931.6	9021.11

Pivot Levels : FIBONACCI		
R1 9562.08	Pivot 9498.62	S1 9389.78
R2 9670.92		S2 9326.32
R3 9734.38		S3 9217.48

	Daily	Weekly
Relative Strength Index (RSI)	37.71	51.91

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