

Bloomberg Code	UTCEM IN
No of share O/S (in crs)	28.87
Market Cap (in Rs. Crs)	2,05,699
Face Value (in Rs.)	10.00
Dividend Yield (%)	0.52
52 Wk High/Low (Rs.)	8,071/4,440

**Shareholding (%)**

Promoters	59.96
Institutional	30.99
Public	8.91
Total	100.00

**Revenue growth of 15.7% YoY to Rs 12,017 cr; Net Profit at Rs 1,314 cr marked by YoY growth of 12.6%**

**Key Highlights**

Ultratech Cement Ltd (UTCEM) reported a revenue of Rs. 12,017 cr in Q2FY22, a QoQ and YoY growth of 1.6% and 15.7%, respectively. Revenue growth was supported by a higher sales volume, which rose by 0.5% on a QoQ basis and 7.9% on a YoY basis to 21.6 mn tons in Q2FY22. UTCEM's clinker to cement conversion ratio was flat QoQ but improved from 102 to 103 on a YoY basis. The volume of premium products grew 14% YoY. The company commissioned 12MW WHRS and 21MW Solar Power taking the total WHRS capacity to 137 MW and total Renewable Power capacity to 169 MW

**Profitability**

On a YoY basis, EBITDA per tonne fell by 18.3% QoQ and 7.1% YoY to Rs. 1,254. EBITDA fell QoQ by 17.9% but rose 0.6% YoY to Rs 2,715 cr in Q2FY22. EBITDA margin contracted 540bps QoQ and 340 bps YoY to 22.6%. In YoY terms, logistics cost increased by 7% led by a 21% increase in diesel prices. This was partially mitigated by improved efficiency. Raw Material cost increased 3% due to an increase in slag, gypsum and HSD prices. Energy cost increased by 17% due to an increase in imported fuel prices. The company reduced power consumption by 4% and Green power mix stood at 13.7%. Other costs increased by 25% due to a 20% increase in packing costs.

Interest expense fell by 35.7% YoY which aided the increase in Net Profit (-22.8% QoQ, +12.6% YoY) to Rs 1,314 cr. Net Profit margin contracted by 350 bps QoQ and 30 bps YoY to 10.9%.



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***Concall Highlights***

- Ultratech's alternative fuel as a percentage of total fuel reached 4.4%. Efforts are being made to continuously increase this level.
- The company has taken price hikes to combat higher coal and pet coke prices.
- In India, the company witnessed an 8% volume growth in grey cement and 17% in white cement.
- It commissioned 1.2MT brownfield expansion in the Bengal and Bihar units. This is part of the 3.2MT target for the current FY.
- Next in line is the 2MT phase II expansion in the Bara grinding unit which is expected to be commissioned by the end of FY22.
- It generated operating cash flow of Rs 1,750 cr, a large part of which was used in the ongoing capex plans.
- In H1FY22, the company has incurred a capex of Rs 2,300 cr and is expected to end the year with Rs 4,000-5,000 cr of capex, all funded through internal accruals only.
- During the quarter, the company trimmed its treasury surplus to Rs 7,600 cr and retired Rs 5,200 cr of long term debt. With rising sales volume and expansions coming on stream, the reduction in net debt is expected to pick up pace.
- There is pressure on fuel supply and cost, however the rising cost will be compensated by increase in cement prices.

***Valuation***

UTCEM is currently trading at FY23 forward EV/EBITDA of 15.2x.

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# Financial Summary

The revenue for the quarter came in at Rs. 12,017 cr registering a YoY growth of 15.7%

Power Cost, Employee Cost and Freight Cost increased by 36.6%, 20.0% and 16.3% YoY

EBITDA for Q2FY22 grew at 0.6% YoY to Rs. 2,715 cr

The net profit for Q2FY22 came in at Rs. 1,314 cr which is an increase of 12.6% on a YoY basis mainly due to lower interest expense

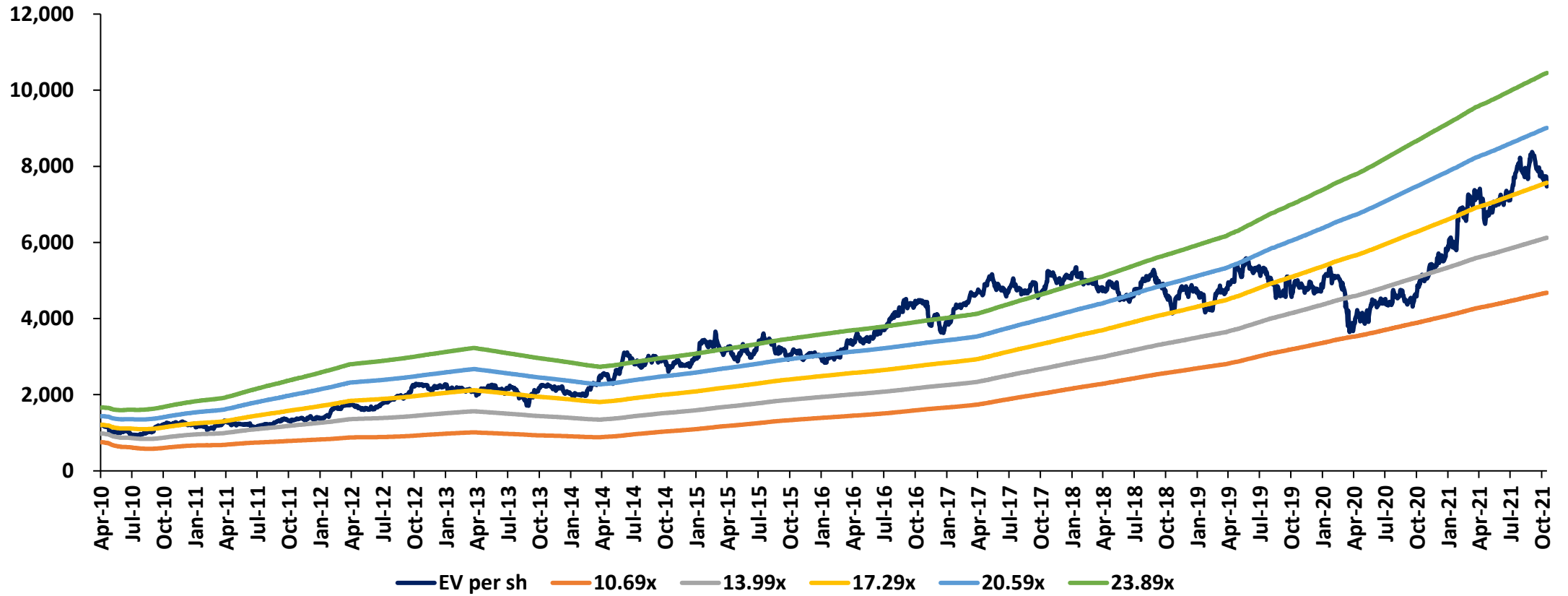
Figures are in Rs Cr	Q2FY22	Q2FY21	YoY(%)	Q1FY22	QoQ(%)	FY20	FY21	YoY (%)
Revenue from Operations	12,017	10,387	15.7	11,830	1.6	42,430	44,726	5.4
Raw Material Cost	1,730	1,676	3.2	1,451	19.3	6,518	7,086	8.7
<b>Raw Material Cost to Sales %</b>	<b>14.4</b>	<b>16.1</b>		<b>12.3</b>		<b>14.6</b>	<b>15.8</b>	
Electricity, Power & Fuel Cost	2,520	1,845	36.6	2,427	3.8	8,517	8,331	-2.2
<b>Electricity, Power &amp; Fuel Cost to Sales %</b>	<b>21.0</b>	<b>17.8</b>		<b>20.5</b>		<b>20.1</b>	<b>18.6</b>	
<b>COGS %</b>	<b>35.4</b>	<b>33.9</b>		<b>32.8</b>		<b>35.4</b>	<b>34.5</b>	
Employee Cost	680	566	20.0	585	16.2	2,520	2,353	-6.6
<b>Employee Cost to Sales %</b>	<b>5.7</b>	<b>5.5</b>		<b>4.9</b>		<b>5.9</b>	<b>5.3</b>	
Selling & Distribution Expenses	2,673	2,300	16.3	2,648	0.9	9,733	10,043	3.2
<b>Selling &amp; Distribution Expenses to Sales %</b>	<b>22.2</b>	<b>22.1</b>		<b>22.4</b>		<b>21.8</b>	<b>22.5</b>	
Other Expenses	1,699	1,303	30.4	1,411	20.4	5,895	5,345	-9.3
<b>Other Expense to Sales %</b>	<b>14.1</b>	<b>12.5</b>		<b>11.9</b>		<b>13.2</b>	<b>11.9</b>	
EBIDTA	2,715	2,698	0.6	3,307	-17.9	9,247	11,568	25.1
<b>EBITDA Margin %</b>	<b>22.6</b>	<b>26.0</b>		<b>28.0</b>		<b>20.7</b>	<b>25.9</b>	
Depreciation	677	677	0.0	660	2.7	2,723	2,700	-0.8
Interest	230	358	-35.7	326	-29.5	1,992	1,486	-25.4
Other Income	140	135	3.8	205	-31.6	651	734	12.8
<b>Other Income to Sales %</b>	<b>1.2</b>	<b>1.3</b>		<b>1.7</b>		<b>1.5</b>	<b>1.6</b>	
Exceptional Items	0	65		0		0	260.7	
PBT	1,947	1,733	12.4	2,526	-22.9	5,184	7,855	51.5
<b>PBT Margin %</b>	<b>16.2</b>	<b>16.7</b>		<b>21.4</b>		<b>12.2</b>	<b>17.6</b>	
<b>Tax Rate %</b>	<b>32.7</b>	<b>32.7</b>		<b>32.7</b>		<b>-11.0</b>	<b>32.3</b>	
PAT	1,310	1,167	12.3	1,699	-22.9	5,752	5,317	-7.6
<b>PAT Margin %</b>	<b>10.9</b>	<b>11.2</b>		<b>14.4</b>		<b>12.9</b>	<b>11.9</b>	
Shares of Associates / Minortiy Interest	3	-1		3		3	3	
Net Profit	1,314	1,166	12.6	1,703	-22.8	5,755	5,320	-7.6
<b>Net Profit Margin %</b>	<b>10.9</b>	<b>11.2</b>		<b>14.4</b>		<b>12.9</b>	<b>11.9</b>	
Equity Capital	288.7	288.6				289	289	
Adjusted EPS	45.5	40.4				199.4	184.3	
Shareholder Funds	46,163	40,461				39,044	44,175	
BV per Share	1,599.2	1,401.7				1,352.7	1,530.4	
Net Debt	8,462	21,610				16,981	6,717	
Net Debt to Equity	0.2	0.5				0.4	0.2	
Net Debt to EBITDA	0.7	3.1				1.8	0.6	
RoE	2.8	2.9				14.7	12.0	
P/E	32.3	34.8				35.7	38.7	
P/B	4.5	5.1				5.3	4.7	
EV/EBITDA	16.7	32.5				24.1	18.4	

# Financial Summary

Figures are in Rs	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	FY19	FY20	FY21
Sales volume (mnt)	20.9	21.4	14.7	20.1	23.9	27.8	21.5	21.6	85.8	82.5	86.4
<i>YoY Growth</i>	<i>-4.0%</i>	<i>-16.0%</i>	<i>-31.6%</i>	<i>7.3%</i>	<i>14.3%</i>	<i>29.6%</i>	<i>47.0%</i>	<i>7.9%</i>	<i>32.8%</i>	<i>-3.9%</i>	<i>4.8%</i>
Revenue (Rs Cr)	10,439	10,854	7,634	10,424	12,262	14,406	11,830	12,017	41,609	42,430	44,726
Revenue per Tonne (in Rs)	4,995	5,063	5,211	5,197	5,135	5,186	5,495	5,553	4,850	5,146	5,178
<i>YoY Growth</i>	<i>4.1%</i>	<i>4.4%</i>	<i>-2.3%</i>	<i>0.0%</i>	<i>2.8%</i>	<i>2.4%</i>	<i>5.4%</i>	<i>6.9%</i>	<i>1.1%</i>	<i>6.1%</i>	<i>0.6%</i>
Raw Material Cost (Rs Cr)	1,848	1,527	1,187	1,692	1,794	2,412	1,451	1,730	6,983	6,518	7,086
RM Cost per Tonne (in Rs)	884	712	810	844	751	868	674	799	814	791	820
<i>YoY Growth</i>	<i>8.1%</i>	<i>-21.7%</i>	<i>10.6%</i>	<i>0.2%</i>	<i>-15.0%</i>	<i>21.9%</i>	<i>-16.9%</i>	<i>-5.2%</i>	<i>-0.6%</i>	<i>-2.9%</i>	<i>3.8%</i>
Power & Fuel Cost (Rs Cr)	2,054	2,136	1,371	1,855	2,402	2,704	2,427	2,520	9,436	8,517	8,331
Power & Fuel Cost per Tonne (in Rs)	983	996	936	925	1,006	973	1,127	1,165	1,100	1,033	965
<i>YoY Growth</i>	<i>-13.8%</i>	<i>-1.7%</i>	<i>-14.5%</i>	<i>-12.9%</i>	<i>2.4%</i>	<i>-2.3%</i>	<i>20.5%</i>	<i>25.9%</i>	<i>12.2%</i>	<i>-6.1%</i>	<i>-6.6%</i>
Gross Profit (Rs Cr)	6,538	7,191	5,076	6,877	8,066	9,290	7,952	7,767	25,190	27,395	29,309
Gross Profit per Tonne (Rs Cr)	3,128	3,354	3,465	3,428	3,378	3,344	3,693	3,589	2,936	3,323	3,393
<i>YoY Growth</i>	<i>10.1%</i>	<i>14.7%</i>	<i>-1.1%</i>	<i>4.0%</i>	<i>8.0%</i>	<i>-0.3%</i>	<i>6.6%</i>	<i>4.7%</i>	<i>-2.0%</i>	<i>13.2%</i>	<i>2.1%</i>
Employee Cost (Rs Cr)	622	658	560	569	610	614	585	680	2,291	2,520	2,353
Employee Cost per Tonne (in Rs)	298	307	383	284	256	221	272	314	267	306	272
<i>YoY Growth</i>	<i>8.5%</i>	<i>38.5%</i>	<i>37.5%</i>	<i>-17.6%</i>	<i>-14.2%</i>	<i>-28.0%</i>	<i>-29.0%</i>	<i>10.7%</i>	<i>-4.7%</i>	<i>14.5%</i>	<i>-10.9%</i>
Other Expense (Rs Cr)	3,937	4,088	2,441	3,600	4,361	4,986	1,411	1,699	15,552	15,628	15,388
Other Expense per Tonne (in Rs)	1,884	1,907	1,666	1,795	1,826	1,795	656	785	1,813	1,895	1,782
<i>YoY Growth</i>	<i>2.7%</i>	<i>11.7%</i>	<i>-9.9%</i>	<i>-7.9%</i>	<i>-3.1%</i>	<i>-5.9%</i>	<i>-60.6%</i>	<i>-56.2%</i>	<i>2.7%</i>	<i>4.6%</i>	<i>-6.0%</i>
EBITDA (Rs Cr)	1,978	2,445	2,075	2,709	3,094	3,690	3,307	2,715	7,347	9,247	11,568
EBITDA per Tonne (in Rs)	947	1,140	1,416	1,350	1,296	1,328	1,536	1,254	856	1,122	1,339
<i>YoY Growth</i>	<i>29.2%</i>	<i>14.5%</i>	<i>2.8%</i>	<i>34.6%</i>	<i>36.9%</i>	<i>16.5%</i>	<i>8.5%</i>	<i>-7.1%</i>	<i>-10.0%</i>	<i>31.0%</i>	<i>19.4%</i>

# 1 year forward valuation band chart

### 1 year forward EV/EBITDA band chart



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