

BUY
 TP: Rs 12,972 | ▲ 15%

ULTRATECH CEMENT

Cement

20 July 2024

Firmly on growth path; maintain BUY

- Higher single digit volume growth with 80%+ capacity utilisation aids UTCEM’s revenue growth despite realisation dent in a challenging Q1
- Other expenses drag cost savings, to normalise for residual FY25, EBITDA/tonne maintained at ~Rs 900/t
- Revise FY26E EBITDA/EPS by 3%. Value UTCEM at 17x (earlier 16x) EV/EBITDA and raise TP to Rs 12,974 (vs Rs 11,510). Retain BUY rating

Milind Raginwar
 research@bobcaps.in

Healthy volume in a weak quarter aids revenue gains: UTCEM reported ~2% YoY (-12% QoQ) revenue growth to Rs 175bn in Q1FY25 backed by healthy volume growth of ~7% to 30.5mn tonnes on a high base. The capacity utilisation at ~81% was the highlight in a challenging Q1FY25 marred by weak demand. Effectively, realisations adjusted to Rs40/t and incentives fell by 6%/3% YoY/QoQ to Rs 5,036/t.

Cost savings restricted due to non-recurring higher other expense: Operating cost/tonne fell 3% YoY (flat QoQ) in Q1 to Rs 4,865/t limiting the impact of the decline in realisations. Fuel cost (raw material adjusted) fell 10%3% YoY/QoQ to Rs 2,408/t, with blended fuel consumption cost staying flat QoQ at US\$ 149/t, down 16% YoY. Logistics cost/t fell 4%/1% YoY/QoQ at Rs 1,361/t as lead distance fell by 16km YoY. Other expenses rose 36%/20% YoY/QoQ to ~Rs 26.3bn owing to non-recurring expenses of Rs 3bn without which operating cost/t would have been down by ~7% mitigating the entire realisation loss.

Expansion on course: UTCEM’s Phase-II and -III expansion of 24.4mt and 21.9mt are on schedule, which will take capacity to 157.4mt by FY25 and add a further 21.9mt by FY27 (clinker capacity addition expected at 10mt-12mt). Capex guidance for FY24/FY25 are ~Rs8bn/~Rs 90bn. The total capex commitment of Rs 300bn stays intact in FY25/FY26/FY27. The proposed transaction for Kesoram Industries (KSI) has received Competition Commission of India (CCI) approval. Following mandatory procedure, UTCEM plans to merge KSI with effect from 1 April 2024.

Valuation outlook: We retain FY25 EBITDA/EPS estimates while upgrading FY26 EBITDA/EPS estimates by 3% each backed by strong operating performance. We introduce FY27E earnings with EBTIDA/EPS estimates of Rs 224bn/Rs 453.8. Our FY24-FY27 EBITDA/PAT CAGR is baked in at 18%/23%. Given effective cost management, healthy growth and a strong balance sheet, we now value UTCEM at 17x 1-year forward EV/EBITDA (16x earlier) to arrive at a TP of Rs 12,974 (from Rs 11,510) and maintain our BUY rating on the stock. Despite aggressive capex the balance sheet remains strong and is the key, in addition to strong growth backed by effective EBITDA margins assisted by strong operating efficiencies.

Key changes

| Target | Rating |
|--------|--------|
| ▲ | ◀ ▶ |

| | |
|------------------|--------------------|
| Ticker/Price | UTCEM IN/Rs 11,258 |
| Market cap | US\$ 39.5bn |
| Free float | 40% |
| 3M ADV | US\$ 59.9mn |
| 52wk high/low | Rs 12,078/Rs 7,988 |
| Promoter/FPI/DII | 60%/15%/17% |

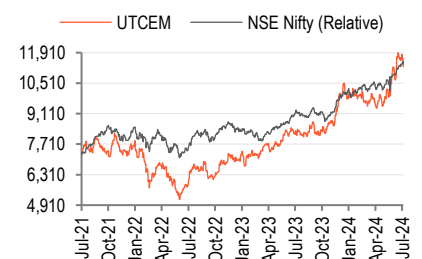
Source: NSE | Price as of 19 Jul 2024

Key financials

| Y/E 31 Mar | FY24P | FY25E | FY26E |
|-------------------------|----------|----------|----------|
| Total revenue (Rs mn) | 6,86,406 | 7,66,364 | 9,02,211 |
| EBITDA (Rs mn) | 1,35,678 | 1,61,210 | 2,04,324 |
| Adj. net profit (Rs mn) | 69,769 | 88,708 | 1,17,059 |
| Adj. EPS (Rs) | 241.7 | 307.3 | 405.5 |
| Consensus EPS (Rs) | 241.7 | 305.0 | 381.0 |
| Adj. ROAE (%) | 12.4 | 14.1 | 16.2 |
| Adj. P/E (x) | 46.6 | 36.6 | 27.8 |
| EV/EBITDA (x) | 23.7 | 19.9 | 15.9 |
| Adj. EPS growth (%) | 41.9 | 27.1 | 32.0 |

Source: Company, Bloomberg, BOBCAPS Research | P – Provisional

Stock performance



Source: NSE



Fig 1 – Earnings call highlights

| Parameter | Q1FY25 | Q4FY24 | Our view |
|--------------------------|---|---|--|
| Volumes and realisations | <p>Management indicated that Indian industry grew at ~3-3.5% in Q1FY25 while UTCEM beat industry growth. Demand may hover at ~7-8% in FY25 after early moderation and will stay at higher single digits. UTCEM's trade volume was 68% in 1QFY25 and blended cement sale was 71%.</p> <p>Moderation of cement prices was across regions in 1Q. 2Q prices are 1.5% lower than the average price of 1QFY25 and management expects a pick-up in prices in 2H.</p> | <p>Management indicated that Indian industry grew at ~9% in FY24 and 7-8% in 4QFY24. Demand may hover at ~7-9% in FY25 after early moderation and will stay in the higher single digits. UTCEM trade volume was 65% in 4QFY24 and premium product mix was 23.9% of trade sales, higher by 17% YoY.</p> <p>The All-India capacity utilisation increased by ~200bps to 71%. UTCEM achieved capacity utilisation of ~85% in FY24, thus consistently making inroads into the market.</p> <p>Moderation of cement prices was across regions in 4Q in addition to the decline in 3QFY24. However, in 1QFY25, prices showed healthy revival except in North and West India (on a higher base).</p> | <p>FY25 demand is likely to be back-ended due to elections and monsoon quarter in the 1H. Effectively, pricing softness may continue for the short term.</p> <p>UTCEM maintaining higher capacity utilisation despite the demand weakness is commendable.</p> |
| Margins | <p>Management expects overall cost savings of Rs 300 per tonne in the next two years. It expects fuel costs to moderate further post 3QFY25 after utilising full high-cost inventory. Fuel cost during Q1FY25 was ~2.00/kcal (vs ~2.03/kcal in Q4FY24). Blended cost of fuel consumed in Q1FY25 was US\$ 149/t flat vs 4QFY24 and UTCEM is expected to reach further lower levels by FY25-end after the use of high-end inventory.</p> | <p>Management expects overall cost savings of Rs100-300 per tonne in the next one to three years. It expects fuel cost to moderate further post 3QFY25 after utilising its full high-cost inventory. Fuel cost during Q4FY24 was ~2.03/kcal (vs ~2.048/kcal in Q3FY24). Blended cost of fuel consumed in Q4FY24 was US\$ 150/t flat vs 3QFY24 and UTCEM is expected to reach ~US\$ 130/t by 4QFY25</p> | <p>Management has guided for cost savings of Rs100-300 per tonne incrementally, contributed by better clinker conversion ratio, higher usage of green energy and logistic cost savings. Any better-than-expected cost savings will add to higher EBITDA/t.</p> <p>We expect UTCEM beating guidance in cost savings helping it to maintain higher utilisation levels even if prices stay range bound.</p> |
| Capacity | <p>No major change in UTCEM's capacity expansion plans till FY27 as organic expansions to continue as per earlier guidance.</p> <p>The Kesoram Industries-proposed transaction has received Competition Commission of India approval. UTCEM plans to merge KSI assets w.e.f 1 April 2024 following completion of mandatory procedures.</p> | <p>The 21.9mtpa Phase III plan is expected to be completed by FY27. Phase II & III are on track and there is no change in schedule.</p> <p>The organic expansion plans are on track. The Kesoram Industries-proposed transaction has received Competition Commission of India approval. UTCEM plans to merge the KSI assets and is awaiting approval from the Securities Exchange Board of India and stock exchanges, following which the scheme will be submitted to the National Company Law Tribunal.</p> <p>Effectively, the Hotgi grinding unit expansion in Maharashtra is currently on hold.</p> | <p>Capacity expansion plans are on schedule. Both organic and inorganic growth would imply UTCEM is on track to reach 200mn tonnes by FY28.</p> |
| Capex | <p>Capex will be ~Rs 300bn, spread over FY25/FY26/FY27. The capex guidance for FY25/FY26 is ~Rs 80bn/90bn.</p> <p>This includes the outlay for inorganic growth following the acquisition of Kesoram Industries' cement assets.</p> <p>The capex commitment is intact though cash outflow may change.</p> | <p>The capex will be ~Rs 324bn, spread over FY25/FY26/FY27. The capex guidance for FY25 is Rs 95bn followed by Rs 100bn/Rs 110bn in FY26/FY27.</p> <p>This includes the outlay for inorganic growth following the acquisition of Kesoram Industries' cement assets.</p> | <p>Despite aggressive capital expenditure plans, healthy cash flows and sharp focus on maintaining balance sheet health have been sustained.</p> |

Source: Company, BOBCAPS Research

Fig 2 – Key quarterly metrics

| Parameter | Q1FY25 | Q1FY24 | YoY (%) | Q4FY24 | QoQ (%) |
|-----------------------------|--------|--------|---------|--------|---------|
| Volumes (mn mt) | 30.5 | 28.6 | 6.5 | 33.4 | (8.7) |
| Cement realisations (Rs/mt) | 5,036 | 5,352 | (5.9) | 5,193 | (3.0) |
| Operating costs (Rs/mt)* | 4,865 | 5,013 | (2.9) | 4,729 | 2.9 |
| EBITDA/t (Rs) | 891 | 1,017 | (12.4) | 1,204 | (26.1) |

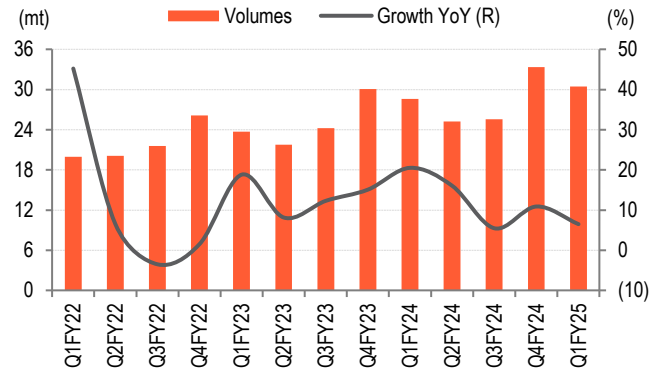
Source: Company, BOBCAPS Research | *Aggregate cost

Fig 3 – Quarterly performance

| (Rs mn) | Q1FY25 | Q1FY24 | YoY (%) | Q4FY24 | QoQ (%) |
|---------------------------------|-----------------|-----------------|---------------|-----------------|---------------|
| Net Sales | 1,75,324 | 1,72,452 | 1.7 | 1,98,059 | (11.5) |
| Expenditure | | | | | |
| Change in stock | (159) | (321) | (50.5) | 4,692 | (103.4) |
| Raw material | 25,820 | 23,844 | 8.3 | 26,631 | (3.0) |
| Purchased products | 4,300 | 8,676 | (50.4) | 4,848 | (11.3) |
| Power & fuel | 43,378 | 44,794 | (3.2) | 46,626 | (7.0) |
| Freight | 41,465 | 40,458 | 2.5 | 45,876 | (9.6) |
| Employee costs | 7,055 | 6,610 | 6.7 | 7,197 | (2.0) |
| Other expenses | 26,338 | 19,305 | 36.4 | 21,986 | 19.8 |
| Total Operating Expenses | 1,48,197 | 1,43,366 | 3.4 | 1,57,857 | (6.1) |
| EBITDA | 27,128 | 29,086 | (6.7) | 40,202 | (32.5) |
| EBITDA margin (%) | 15.5 | 16.9 | (139bps) | 20.3 | (483bps) |
| Other Income | 1,789 | 2,582 | (30.7) | 1,542 | 16.0 |
| Interest | 2,204 | 1,911 | 15.4 | 2,268 | (2.8) |
| Depreciation | 8,142 | 6,820 | 19.4 | 7,857 | 3.6 |
| PBT | 18,570 | 22,937 | (19.0) | 31,619 | (41.3) |
| Non-recurring items | 325 | 0 | 0.0 | (720) | 0.0 |
| PBT (after non-recurring items) | 18,895 | 22,937 | (17.6) | 30,899 | (38.8) |
| Tax | 4,495 | 5,882 | (23.6) | 8,380 | (46.4) |
| Reported PAT | 14,400 | 17,055 | (15.6) | 22,520 | (36.1) |
| Adjusted PAT | 14,075 | 17,055 | (17.5) | 23,240 | (39.4) |
| NPM (%) | 8.0 | 9.9 | (186bps) | 11.7 | (371bps) |
| Adjusted EPS (Rs) | 48.8 | 59.1 | (17.5) | 80.5 | (39.4) |

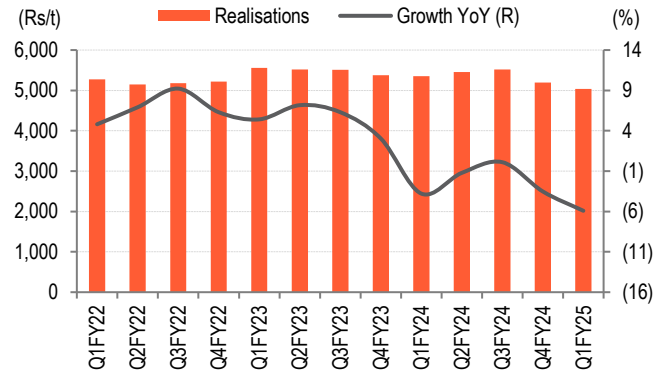
Source: Company, BOBCAPS Research

Fig 4 – Volume growth though tepid likely to be ahead of industry



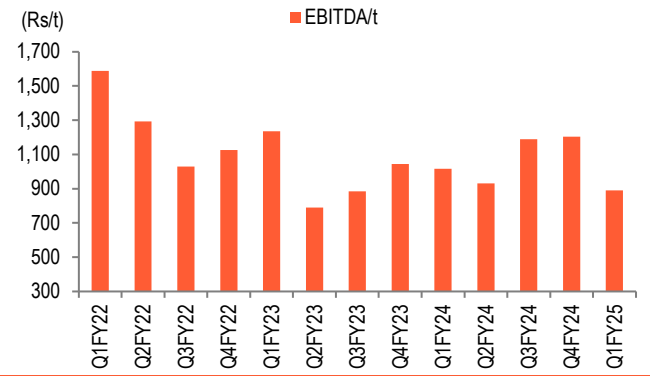
Source: Company, BOBCAPS Research

Fig 5 – Realisation under pressure as demand slackens



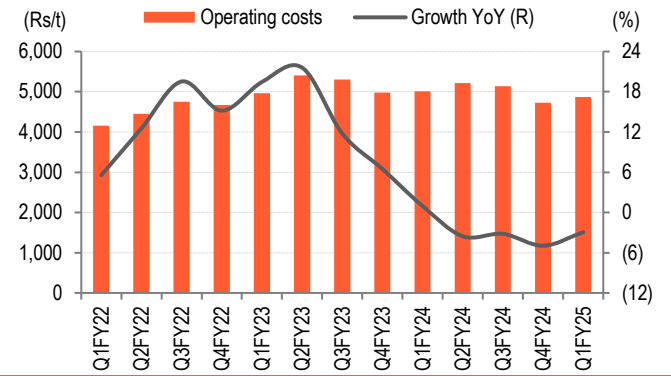
Source: Company, BOBCAPS Research

Fig 6 – EBITDA/tonne aided by focus on cost savings, further room for improvement



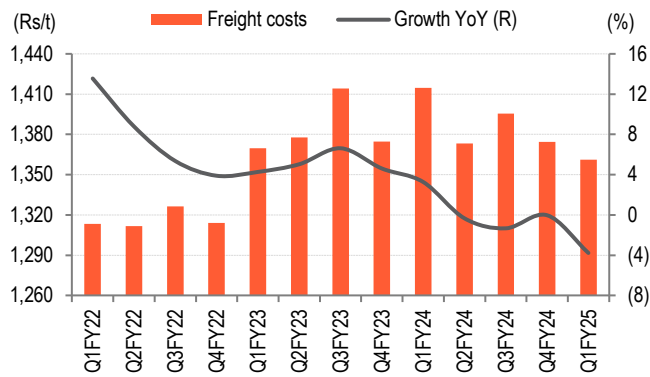
Source: Company, BOBCAPS Research

Fig 7 – Cost savings impacted by non-recurring other expenditure, to normalise from 2Q



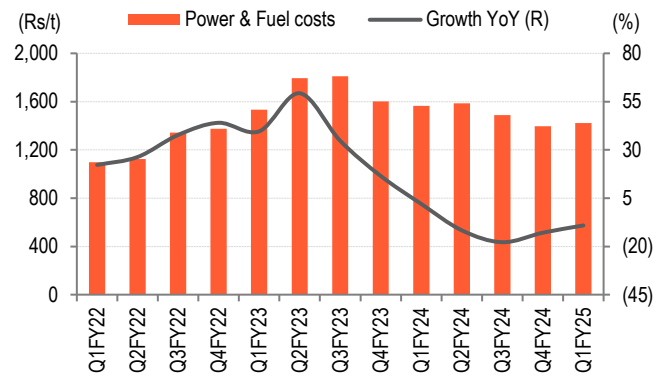
Source: Company, BOBCAPS Research

Fig 8 – Freight cost savings aided by strategic plant locations helping lower lead distance



Source: Company, BOBCAPS Research

Fig 9 – Energy cost savings limited, but headroom for improvement from Q4



Source: Company, BOBCAPS Research

Valuation methodology

UTCEM has maintained its capacity expansion plans till FY27 and beyond. This will help maintain UTCEM's capacity leadership in all the major markets despite competitive pressure. Further, despite market demand slackening the company-maintained capacity utilisation of upwards of 80% with EBITDA/t of ~Rs 1,000 (excluding Rs 3bn of other expenditure incurred in 1Q). This puts the company on a strong growth path to retain volume market share too despite maintaining margins.

Additionally, cost savings guidance augurs well for providing a boost to the EBITDA/t on a higher volume base in the next two years even if prices stay under pressure. This helps to offer added levers to enhance margins even as it is positioned as a capacity leader. The acquisition of Kesoram Industries' cement assets will consolidate its presence in the states of Telangana and Maharashtra.

Factoring in the above we retain our FY25 EBITDA/EPS estimates, while raising our FY26 EBITDA/EPS forecasts by 3% each. We introduce FY27E earnings with EBITDA/EPS estimate of Rs 224bn/Rs 453.8. Our FY24-FY27 EBITDA/PAT CAGR bakes in 18%/23%. Given effective cost management, healthy growth and a strong balance sheet, we now value UTCEM at 17x 1-year forward EV/EBITDA (16x earlier) to arrive at a TP of Rs 12,974 (Rs 11,510) and maintain our BUY rating on the stock. Despite aggressive capex the balance sheet remains strong and is the key, in addition to strong growth backed by effective EBITDA margins.

Fig 10 – Revised estimates

| (Rs mn) | New | | | Old | | | Change (%) | | |
|--------------|----------|----------|----------|----------|----------|-------|------------|-------|-------|
| | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E |
| Revenue | 7,66,364 | 9,02,211 | 9,92,527 | 7,66,364 | 8,91,821 | NA | 0.0 | 1.2 | NA |
| EBITDA | 1,61,210 | 2,04,324 | 2,24,107 | 1,61,210 | 1,98,627 | NA | (0.0) | 2.9 | NA |
| Adj PAT | 88,708 | 1,17,059 | 1,30,981 | 88,708 | 1,13,360 | NA | 0.0 | 3.3 | NA |
| Adj EPS (Rs) | 307.3 | 405.5 | 453.8 | 307.3 | 392.7 | NA | 0.0 | 3.3 | NA |

Source: Company, BOBCAPS Research

Fig 11 – Key assumptions

| Parameter | FY24P | FY25E | FY26E | FY27E |
|------------------------|--------|--------|--------|--------|
| Volumes (mt) | 107.71 | 128.04 | 149.81 | 164.79 |
| Realisations (Rs/t) | 5,304 | 5,304 | 5,410 | 5,437 |
| Operating costs (Rs/t) | 5,201 | 4,807 | 4,735 | 4,739 |
| EBITDA/t (Rs/t) | 1,163 | 1,170 | 1,281 | 1,278 |

Source: Company, BOBCAPS Research

Fig 12 – Valuation summary

| Business (Rs mn) | FY26E |
|------------------------------|------------------|
| Target EV/EBITDA (x) | 17.0 |
| EBITDA | 2,04,324 |
| Target EV | 35,63,413 |
| Total EV | 35,63,413 |
| Net debt | (88,662) |
| Target market capitalisation | 36,52,074 |
| Target price (Rs/sh) | 12,974 |
| Weighted average shares (mn) | 288.7 |

Source: Company, BOBCAPS Research Note: Valuations based on 1-year forward earnings (includes part of FY27e earnings)

Fig 13 – Peer comparison

| Ticker | Rating | TP (Rs) | EV/EBITDA (x) | | | EV/tonne (US\$) | | | ROE (%) | | | ROCE (%) | | |
|----------|--------|---------|---------------|-------|-------|-----------------|-------|-------|---------|-------|-------|----------|-------|-------|
| | | | FY24 | FY25E | FY26E | FY24 | FY25E | FY26E | FY24 | FY25E | FY26E | FY24 | FY25E | FY26E |
| UTCEM IN | BUY | 12,974 | 23.7 | 19.9 | 15.9 | 274.4 | 238.5 | 218.8 | 12.5 | 14.1 | 16.2 | 14.4 | 17.6 | 20.4 |
| ACC IN | HOLD | 2,657 | 13.2 | 11.5 | 9.5 | 140.0 | 126.0 | 113.0 | 14 | 14.2 | 14.3 | 17.3 | 18.2 | 18.6 |
| ACEM IN | HOLD | 580 | 15.3 | 13 | 13.1 | 193.0 | 183.0 | 175.0 | 10.1 | 9 | 10.3 | 12.8 | 12.4 | 14.1 |

Source: Company, BOBCAPS Research

Key downside risks to our estimates are:

- Increasing competitive intensity and capacity addition may have negative impacts on cement sector pricing and can be detrimental for the industry and UTCEM.
- Delays in the implementation of capex plans can hamper growth.
- Energy cost spikes due to global uncertainties could dampen profitability.

Financials

Income Statement

| Y/E 31 Mar (Rs mn) | FY23A | FY24P | FY25E | FY26E | FY27E |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total revenue | 6,04,626 | 6,86,406 | 7,66,364 | 9,02,211 | 9,92,527 |
| EBITDA | 99,312 | 1,35,678 | 1,61,210 | 2,04,324 | 2,24,107 |
| Depreciation | (26,192) | (30,274) | (34,815) | (36,382) | (38,019) |
| EBIT | 80,014 | 1,02,548 | 1,35,488 | 1,78,380 | 1,98,406 |
| Net interest inc./(exp.) | (7,550) | (8,668) | (10,111) | (10,283) | (10,561) |
| Other inc./(exp.) | 6,894 | (2,855) | 9,094 | 10,438 | 12,318 |
| Exceptional items | 0 | (720) | 0 | 0 | 0 |
| EBT | 72,464 | 93,160 | 1,25,377 | 1,68,097 | 1,87,845 |
| Income taxes | (23,295) | (24,111) | (36,669) | (51,039) | (56,864) |
| Extraordinary items | 0 | 0 | 0 | 0 | 0 |
| Min. int./Inc. from assoc. | 0 | 0 | 0 | 0 | 0 |
| Reported net profit | 49,169 | 69,049 | 88,708 | 1,17,059 | 1,30,981 |
| Adjustments | 0 | (720) | 0 | 0 | 0 |
| Adjusted net profit | 49,169 | 69,769 | 88,708 | 1,17,059 | 1,30,981 |

Balance Sheet

| Y/E 31 Mar (Rs mn) | FY23A | FY24P | FY25E | FY26E | FY27E |
|---------------------------------|-----------------|-----------------|------------------|------------------|------------------|
| Accounts payables | 1,13,015 | 1,26,815 | 1,37,661 | 1,54,595 | 1,70,208 |
| Other current liabilities | 68,224 | 94,541 | 76,240 | 78,320 | 80,400 |
| Provisions | 7,779 | 8,878 | 9,393 | 9,946 | 10,542 |
| Debt funds | 1,01,440 | 80,873 | 70,226 | 1,03,957 | 92,113 |
| Other liabilities | 54,758 | 64,250 | 65,500 | 66,950 | 68,400 |
| Equity capital | 2,887 | 2,887 | 2,887 | 2,887 | 2,887 |
| Reserves & surplus | 5,26,482 | 5,88,065 | 6,65,967 | 7,70,867 | 8,89,690 |
| Shareholders' fund | 5,29,369 | 5,90,952 | 6,68,853 | 7,73,754 | 8,92,577 |
| Total liab. and equities | 8,74,584 | 9,66,309 | 10,27,873 | 11,87,522 | 13,14,240 |
| Cash and cash eq. | 72,802 | 28,680 | 1,01,751 | 1,92,618 | 2,03,791 |
| Accounts receivables | 32,422 | 34,965 | 39,563 | 49,048 | 56,677 |
| Inventories | 60,842 | 80,358 | 90,244 | 1,08,712 | 1,22,314 |
| Other current assets | 1,03,368 | 83,962 | 1,15,283 | 1,36,843 | 1,62,565 |
| Investments | 72,602 | 71,397 | 71,397 | 71,397 | 71,397 |
| Net fixed assets | 4,69,216 | 4,55,902 | 4,92,874 | 5,61,912 | 6,27,191 |
| CWIP | 38,072 | 1,85,035 | 90,000 | 40,000 | 43,000 |
| Intangible assets | 25,260 | 26,010 | 26,760 | 26,991 | 27,304 |
| Deferred tax assets, net | 0 | 0 | 0 | 0 | 0 |
| Other assets | 0 | 0 | 0 | 0 | 0 |
| Total assets | 8,74,584 | 9,66,309 | 10,27,873 | 11,87,522 | 13,14,240 |

Cash Flows

| Y/E 31 Mar (Rs mn) | FY23A | FY24P | FY25E | FY26E | FY27E |
|------------------------------------|-----------------|-------------------|-----------------|-----------------|-------------------|
| Cash flow from operations | 99,263 | 1,47,378 | 72,028 | 1,24,946 | 1,41,785 |
| Capital expenditures | (55,845) | (1,64,673) | 22,497 | (55,651) | (1,06,611) |
| Change in investments | (17,905) | 42,860 | (16,000) | (20,000) | (20,000) |
| Other investing cash flows | 0 | 0 | 0 | 0 | 0 |
| Cash flow from investing | (73,750) | (1,21,813) | 6,497 | (75,651) | (1,26,611) |
| Equities issued/Others | 0 | 0 | 0 | 0 | 0 |
| Debt raised/repaid | (5,434) | (20,567) | (10,647) | 33,730 | (11,843) |
| Interest expenses | 8 | 9 | 10 | 10 | 10 |
| Dividends paid | (10,927) | (10,807) | (10,807) | (12,158) | (12,158) |
| Other financing cash flows | (1,579) | 3,342 | 0 | 0 | 0 |
| Cash flow from financing | (17,940) | (28,032) | (21,454) | 21,572 | (24,001) |
| Chg in cash & cash eq. | 7,573 | (2,466) | 57,071 | 70,867 | (8,827) |
| Closing cash & cash eq. | 72,803 | 28,681 | 1,01,751 | 1,92,618 | 2,03,791 |

Per Share

| Y/E 31 Mar (Rs) | FY23A | FY24P | FY25E | FY26E | FY27E |
|----------------------|---------|---------|---------|---------|---------|
| Reported EPS | 170.3 | 239.2 | 307.3 | 405.5 | 453.8 |
| Adjusted EPS | 170.3 | 241.7 | 307.3 | 405.5 | 453.8 |
| Dividend per share | 37.9 | 32.0 | 32.0 | 36.0 | 36.0 |
| Book value per share | 1,833.9 | 2,047.3 | 2,317.2 | 2,680.6 | 3,092.2 |

Valuations Ratios

| Y/E 31 Mar (x) | FY23A | FY24P | FY25E | FY26E | FY27E |
|----------------|-------|-------|-------|-------|-------|
| EV/Sales | 5.3 | 4.7 | 4.2 | 3.6 | 3.3 |
| EV/EBITDA | 32.3 | 23.7 | 19.9 | 15.9 | 14.8 |
| Adjusted P/E | 66.1 | 46.6 | 36.6 | 27.8 | 24.8 |
| P/BV | 6.1 | 5.5 | 4.9 | 4.2 | 3.6 |

DuPont Analysis

| Y/E 31 Mar (%) | FY23A | FY24P | FY25E | FY26E | FY27E |
|------------------------------|-------|-------|-------|-------|-------|
| Tax burden (Net profit/PBT) | 67.9 | 74.1 | 70.8 | 69.6 | 69.7 |
| Interest burden (PBT/EBIT) | 90.6 | 91.5 | 92.5 | 94.2 | 94.7 |
| EBIT margin (EBIT/Revenue) | 13.2 | 14.9 | 17.7 | 19.8 | 20.0 |
| Asset turnover (Rev./Avg TA) | 71.9 | 74.6 | 76.9 | 81.4 | 79.3 |
| Leverage (Avg TA/Avg Equity) | 1.6 | 1.6 | 1.6 | 1.5 | 1.5 |
| Adjusted ROAE | 9.6 | 12.4 | 14.1 | 16.2 | 15.7 |

Ratio Analysis

| Y/E 31 Mar | FY23A | FY24P | FY25E | FY26E | FY27E |
|--|--------|-------|-------|-------|-------|
| YoY growth (%) | | | | | |
| Revenue | 21.6 | 13.5 | 11.6 | 17.7 | 10.0 |
| EBITDA | (9.2) | 36.6 | 18.8 | 26.7 | 9.7 |
| Adjusted EPS | (24.7) | 41.9 | 27.1 | 32.0 | 11.9 |
| Profitability & Return ratios (%) | | | | | |
| EBITDA margin | 16.2 | 19.5 | 20.8 | 22.4 | 22.3 |
| EBIT margin | 13.2 | 14.9 | 17.7 | 19.8 | 20.0 |
| Adjusted profit margin | 8.1 | 10.2 | 11.6 | 13.0 | 13.2 |
| Adjusted ROAE | 9.6 | 12.4 | 14.1 | 16.2 | 15.7 |
| ROCE | 12.0 | 14.4 | 17.6 | 20.4 | 19.9 |
| Working capital days (days) | | | | | |
| Receivables | 20 | 19 | 19 | 20 | 21 |
| Inventory | 37 | 43 | 43 | 44 | 45 |
| Payables | 80 | 83 | 82 | 80 | 80 |
| Ratios (x) | | | | | |
| Gross asset turnover | 1.0 | 1.1 | 1.1 | 1.1 | 1.1 |
| Current ratio | 1.4 | 1.0 | 1.6 | 2.0 | 2.1 |
| Net interest coverage ratio | 10.6 | 11.8 | 13.4 | 17.3 | 18.8 |
| Adjusted debt/equity | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 |

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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Name of the Research Entity: **BOB Capital Markets Limited**

Registered office Address: **1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051**

SEBI Research Analyst Registration No: **INH000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

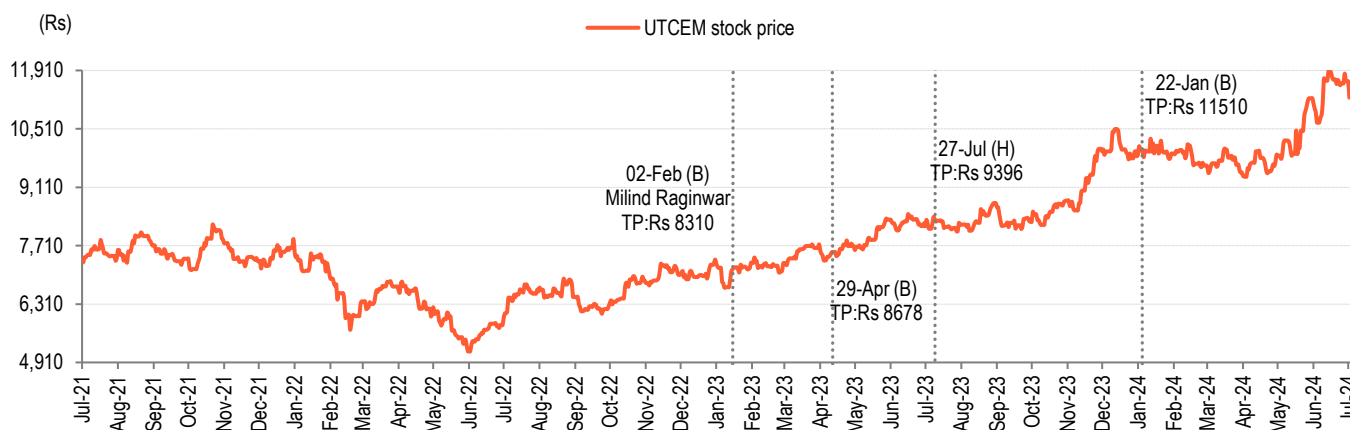
HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

Ratings and Target Price (3-year history): ULTRATECH CEMENT (UTCEM IN)



B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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