

ULTRATECH CEMENT LIMITED

April 25, 2019

Current Price: ₹ 4396.45

Consolidated Financial Results

In Cr.

	Qtr Ending Mar. 2019	Qtr Ending Mar. 2018	Var. (%)
Total Income	10905.15	9290.29	17
OPM (%)	21.39	15.78	
OP	2332.47	1465.56	59
Other income	146.02	111.20	31
PBIDT	2478.49	1576.76	57
Net Finance Charges	434.26	349.23	24
PBDT	2044.23	1227.53	67
Depreciation	547.49	500.94	9
PBT	1496.74	726.59	106
Tax expense	462.53	280.46	65
PAT	1034.21	639.62	62
Minority Interest	1.42	0.02	7000
Profit after Minority Interest and Share of profit of Associates	1032.79	446.18	131
EPS (Rs)	37.61	23.29	

STOCK DATA

BSE Code	532538
NSE Symbol	ULTRACEMCO
Reuters	ULTC.BO
Bloomberg	UTCEM IN

VALUE PARAMETERS

52 W H/L(Rs)	4490.00/3263.70
Mkt. Cap.(Rs Cr)	120746.75
Latest Equity(Subscribed)	274.65
Latest Reserve (cons.)	28113.66
Latest EPS (cons.) -Unit Curr.	88.65
Latest P/E Ratio -cons	49.59
Latest Bookvalue (cons.) -Unit Curr.	1033.66
Latest P/BV - cons	4.25
Dividend Yield -%	0.26
Face Value	10

SHARE HOLDING PATTERN (%)

Description as on	% of Holding (AS ON 31 Mar 2019)
Foreign	21.46
Institutions	7.79
Govt Holding	0.04
Non Promoter Corp. Hold.	3.57
Promoters	61.69
Public & Others	5.45

UltraTech Cement Q4 results beat estimates boosted by domestic sales volume

UltraTech Cement, an Aditya Birla Group Company, PAT increased to Rs 1,032.79 crore versus Rs 446.18 crore in the same quarter a year ago. The total revenue stood at Rs 10,905.15 crore from Rs 9,290.29 crore in the corresponding period previous fiscal. Domestic Sales volume jumped 16% over Q4FY18. The clinker capacity and cement grinding facility at Manavar, District Dhar, Madhya Pradesh have stabilised, with the clinker capacity operating at 100% utilisation. Variable costs were up 3% over Q4FY18 on account of higher fuel prices and impact of rupee depreciation; it was down 7% compared to Q3FY19.

Operating margin (OPM) increased 561 bps to 21.39%, as a result, the operating profit (OP) went up by 59% to Rs 2331.47 crore. Other income up 31% to Rs 146.02 crore. Interest cost rose 67% to Rs 434.26 crore. Depreciation cost jumped 9% to Rs 547.49 crore. Thus, PBT went up to 106% to Rs 1496.74 crore.

The tax outgo was up by 65% to Rs 462.53 crore. Thus, the PAT before MI and Share in Profit of Associates increased by 62% to Rs 1034.21 crore and Minority interest stood at Rs 1.42 crore.

Highlights

After acquisition of Binani Cement Limited (BCL) in FY19, BCL has become a wholly-owned subsidiary of the Company. It has been re-named UltraTech Nathdwara Cement Limited ("UNCL"), from 13th December, 2018.

The acquisition provides the Company access to large reserves of high quality limestone. It consolidates the Company's leadership in the fast growing Northern and Western markets in the country. A major overhauling of the plants was undertaken in Q4 to improve production efficiencies. The plants have been ramping up on capacity utilisation, achieving 72% in the month of March, 2019. After completing quality upgradation, the "Ultra Tech" brand has been successfully launched from the erstwhile Binani plants.

The Company is in the process of selling the non-core assets acquired in UAE / China, the sale proceeds of which will be used to deleverage the balance sheet.

Acquisition in Fy18

With the successful integration of the 21.2 mtpa cement capacity acquired from Jaypee Associates in June, 2017 and subsequent improvements carried out, these plants are now operating in line with the existing plants of the Company.

The acquired plants are now running at a capacity utilisation of 82%. A planned shutdown was undertaken at Bela (Madhya Pradesh) plant for cost improvements, the benefits of which will be fully achieved in Q1 FY20. Having achieved a cash break even already, the acquisition is now on course to achieve a PBT break even in line with the plan.

The acquisition is generating incremental earnings as planned, which are growing month on month. As the next phase of improvement, it is now proposed to invest in Waste Heat Recovery System ("WHRS") plants. Work on the 4.0 mtpa Bara Grinding unit is on track and the first phase of the expansion is expected to be commissioned during this quarter.

Corporate Developments

The Scheme of Arrangement amongst Century Textiles and Industries Limited ("Century"), the Company and their respective shareholders and creditors ("the Scheme"), is now awaiting the approval of the National Company Law Tribunal and other regulatory authorities as may be required.

Upon completing this acquisition and with the on-going capacity expansions, the Company's cement manufacturing capacity will stand augmented to 113.4 mtpa, in India, strengthening its position as the 3rd largest cement player globally (excluding China).

Dividend

The Board of Directors at their meeting held today recommended dividend of 115% at the rate of Rs. 11.50/-per equity share of face value of Rs.10/- per share, aggregating Rs.315.84 crores. The Company will absorb dividend distribution tax amounting to Rs. 64.92 crores, resulting in total payout of Rs. 380.76 crores.

Outlook

The cement industry started witnessing pick-up in demand since FY2018, achieving double digit growth since the last 2 years, after a period of tepid growth. However, there continues to be relatively low increase in new capacity. Incremental capacity added during the year has been 12 mtpa against incremental demand of around 38 million tons, which resulted in improving industry capacity utilisation and will further help in improving the demand-supply balance.

The Government's thrust on infrastructure development viz. construction of cement concrete roads, metro rail networks, airports, DFC, irrigation projects and increase in the pace of execution under the low cost housing program, supported strong volume off-take. With stabilisation of RERA, pick-up in urban housing is also being witnessed. All of these are expected to result in sustained demand growth for cement going forward. This augurs well for the industry.

UltraTech, with its expansions in the last 3 years is very well placed to participate in the growth of the economy.



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