

June 21, 2019

Company	Sector	CMP	Recommendation	Target	Potential Upside
UltraTech Cement Ltd.	Cement	4627	BUY	5100	11%

**Key Stock Data**

BSE Script Code	ULTRACEMCO
NSE Script Code	ULTRACEMCO
No. of shares	27.4
FV (Rs.)	10
MCAP (Rs.)	1,26,612
MCAP (\$)	1808 Crs
52 Week High	Rs. 4904
52 week Low	Rs. 3260
Time Frame	6 months

UltraTech Cement Ltd. (ULTRACEMCO) an Aditya Birla group is the number one cement player in India and 3<sup>rd</sup> largest cement player in the world. ULTRACEMCO is one of the few Indian companies to be in the league of fortune 500. ULTRACEMCO operates in 34 countries with over 50% of the group revenues coming from overseas. ULTRACEMCO is awarded the best employer in India in FY18 and Ranked No. 1 corporate in the Nielsen's Corporate Image Monitor in FY15.

**Investments Rationale****1. Strong 4QFY19 Numbers**

ULTRACEMCO continuous to report stellar set of quarterly numbers whereby sales grew by 17% Y-o-Y and 16% Q-o-Q to Rs. 10,905 Crs in 4QFY19 as against Rs.9290 Crs in 4QFY18 on a Bottom-line jump of whopping 127% on a yearly basis to Rs. 1014 Crs in 4QFY19 as against Rs. 446 Crs in 4QFY18.

**2. Double digit volume growth**

Cement volume rose by 15% on a yearly basis, driven chiefly by strong growth in the East and South markets to 21.30 mt in 4QFY19 as against 18.47 mt in 4QFY18. The core reason for volume growth to increase is due to increase in capacity utilization rate to good 85% in 4QFY19 as against 76% in 3QFY19.

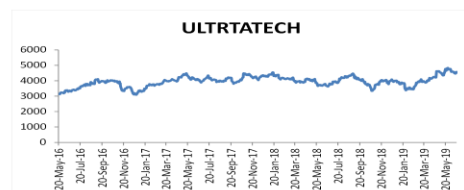
**Outlook & Valuations**

ULTRACEMCO has the highest capacity utilization of 80% within the industry as against industry's average capacity utilization of 76%. We believe there is immense demand for cement in the country on account of the government's focus on infrastructure development and government's vision of "Housing for all" in FY2022. ULTRACEMCO is currently trading at premium valuations of 44.71x FY20E PE and on account of its PAN India market leader position, we would like to allot PE multiple of 49x to arrive at a target price of Rs. 5100.

**Key Financial**

Particulars	FY17 A	FY18 A	FY19 A	Amt in Crs	
				FY20 E	FY21 E
Total Revenue	28645	30541	36775	42291	46520
EBITDA	5221	6734	7227	7612	8052
PAT	2714	2222	2435	2537	2842
EPS	98.92	80.9	88.7	92.39	103.48
PE	46.10	57.19	52.16	50.08	44.71

Source : BSE Website and company research

**3 years Price Chart**

Source: All above data from BSE Website and Capital Line

Analyst Stock Rating	
<b>Ratings</b>	<b>Expected absolute returns over 6 months</b>
BUY	>10%
HOLD	5-10%
SELL	<5%

Note: Our target price is within 6 months perspective. Returns stated in the rating scale are our internal benchmark.

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