

India

ADD (no change)

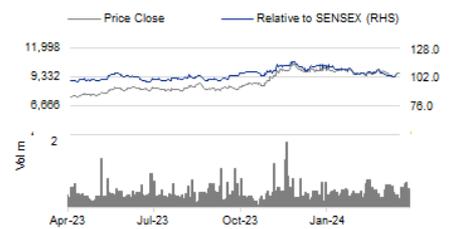
Consensus ratings*: Buy 36 Hold 5 Sell 2

| | |
|------------------------------|--------------|
| Current price: | Rs9,701 |
| Target price: | Rs11,300 |
| Previous target: | Rs11,300 |
| Up/downside: | 16.5% |
| InCred Research / Consensus: | 4.8% |
| Reuters: | ULTC.NS |
| Bloomberg: | UTCEM IN |
| Market cap: | US\$33,601m |
| | Rs2,800,624m |
| Average daily turnover: | US\$39.2m |
| | Rs3267.0m |
| Current shares o/s: | 288.7m |
| Free float: | 39.9% |

*Source: Bloomberg

Key changes in this note

- Maintain EBITDA for FY25F-26F.
- Retain our ADD rating and target price of Rs11,300.



Source: Bloomberg

| | | | |
|--------------------------|-----|-------|------|
| Price performance | 1M | 3M | 12M |
| Absolute (%) | 1.0 | (2.7) | 30.1 |
| Relative (%) | 0.9 | (5.1) | 7.8 |

| | |
|---------------------------|--------|
| Major shareholders | % held |
| Promoter & Promoter Group | 60.0 |
| ICICI Pru Hybrid Fund | 1.8 |
| SBI Blue Chip fund | 1.7 |

Research Analyst(s)



Nishant BAGRECHA
T (91) 22 4161 1564
E nishant.bagrecha@incredresearch.com

Saurabh SINGH
T (91) 2241611558
E saurabh.singh@incredresearch.com

Rohan KALLE
T (91) 22 4161 1561
E rohan.kalle@incredresearch.com

UltraTech Cement Ltd

Best-in-class; outlook remains intact

- 4QFY24 consol. EBITDA stood at ~Rs41.1bn vs. our estimate of ~Rs37.8bn (up 24% yoy and 26% qoq). Blended EBITDA/t declined by Rs19/t qoq to Rs1,173.
- Work on organic expansion (announced till date) remains on track. Balance sheet to be net cash by FY25F-end (without factoring in Kesoram acquisition).
- We broadly maintain our FY25F-26F EBITDA. Retain ADD rating with a TP of Rs11,300 on improving market share, cost improvement and a strong B/S.

Near-term weakness persists while recovery likely from 2HFY25F

UltraTech Cement or UTCEM's 4QFY24 consol. sales volume grew by ~11% yoy to 35.1mt, with capacity utilization at ~98%. As per UTCEM, the industry grew 7-8% in 4Q (double-digit in the western region and 6-7% in other regions). UTCEM expects some moderation in demand in FY25F, but it will be a short blip. In FY25F, the industry to grow by 8-9% led by continuous boost to the private sector, rural housing and infrastructure demand. As regards pricing, there has been a marginal improvement, particularly in Maharashtra, southern and the eastern region barring Central/North India (as prices were healthy there) in Apr 2024. UTCEM expects the pricing environment to remain positive for the full year but sees near-term pressure due to general elections in India followed by the monsoon season, but remains confident on pricing and demand recovery post elections.

Negligible decline in EBITDA/t; structural cost savings of Rs200-300/t

Total cost/t stood at Rs4,648, down 6% qoq, on lower P&F and fixed costs. Reported P&F cost/t was down 4% qoq, with the fuel consumption cost at US\$150/t vs. flat qoq and the company highlighted that coal prices are expected to ease to US\$130/t (based on current sourcing) in 4QFY25, although most of the gains will be back-ended. Logistics cost/t was flat qoq (lead distance flat qoq at 400km). As regards consol. operations, EBITDA/t was at Rs1,173, down only by Rs19 qoq. UTCEM aims to post cost savings of Rs200-300/t over the next three-to-four years led by higher clinker factor, share of green power rising to 60%, optimization of lead distance and higher share of alternate waste material.

B/S to stay healthy despite growth capex likely for ~200mt capacity

The ongoing organic expansion is on track and the company expects domestic capacity to touch 194mt (incl. Kesoram's ~11mt capacity - awaiting regulatory nod) by FY27F and it remains open to inorganic opportunity, if profitable. UTCEM plans to spend Rs95bn in FY25F. Consol. net debt stood at Rs27.8bn vs. Rs55bn qoq and it expects net debt of Rs15-20bn with Kesoram, while without it UTCEM will have a net cash position by FY25F.

Maintain ADD rating; recommend accumulation on any weakness

We retain ADD rating on UTCEM with a Mar 2025F ytarget price of Rs11,300, set at one-year forward EV/EBITDA of 17x (unchanged). We maintain our thesis and continue to prefer UTCEM in the large-cap space, given the visibility on the volume front and improvement in profitability. Weak demand, pricing pressure, rise in input costs and delay in expansion are the downside risks.

Financial Summary

| | Mar-22A | Mar-23A | Mar-24A | Mar-25F | Mar-26F |
|-----------------------------------|---------|---------|---------|----------|---------|
| Revenue (Rsm) | 525,988 | 632,400 | 709,081 | 780,819 | 899,729 |
| Operating EBITDA (Rsm) | 115,144 | 106,199 | 129,686 | 153,983 | 188,974 |
| Net Profit (Rsm) | 71,844 | 50,640 | 71,490 | 86,579 | 110,125 |
| Core EPS (Rs) | 248.9 | 175.4 | 245.8 | 299.9 | 381.5 |
| Core EPS Growth | 30.7% | (29.5%) | 40.1% | 22.0% | 27.2% |
| FD Core P/E (x) | 38.98 | 55.30 | 39.17 | 32.34 | 25.43 |
| DPS (Rs) | 38.0 | 38.0 | 70.0 | 75.0 | 95.4 |
| Dividend Yield | 0.47% | 0.47% | 0.87% | 0.77% | 0.98% |
| EV/EBITDA (x) | 24.74 | 26.65 | 21.91 | 18.43 | 14.96 |
| P/FCFE (x) | 65.79 | 63.74 | 58.83 | (474.25) | 194.51 |
| Net Gearing | 9.7% | 5.4% | 6.7% | 5.5% | 3.6% |
| P/BV (x) | 5.55 | 5.16 | 4.65 | 4.23 | 3.79 |
| ROE | 15.2% | 9.7% | 12.4% | 13.7% | 15.7% |
| % Change In Core EPS Estimates | | | | (0.29%) | (0.26%) |
| InCred Research/Consensus EPS (x) | | | | | |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

4QFY24 results review and earnings-call takeaways

Update on operational performance:

- **Volume:** Consolidated volume stood at ~35.1mt, up ~11% yoy. The company achieved capacity utilization of 98% vs. 77% qoq. Volume in FY24 stood at 119mt, up 13%.
- **Realization/t:** Blended realization came in at Rs5,721/t, down 5% qoq and in line with Incred estimate.
- **Cost:** Total operating cost declined by 6% qoq (on lower energy cost and other expenses) to Rs4,648/t, down 1% from our estimate. As regards grey cement business, reported freight expenses remained flat qoq at Rs1,226/t while power& fuel cost declined by 4% to Rs1,420/t. Blended average fuel consumption cost stood at US\$150/t vs flat qoq and at US\$194/t yoy, Pet-coke consumption stood at 36% vs. 44% qoq and 52% yoy.
- **EBITDA/t:** Consolidated EBITDA was up by 26% qoq and 24% yoy at Rs41.1bn, 9% above our estimate. Blended EBITDA/t stood at Rs1,173 (down only by Rs19 qoq and up Rs123 yoy) for the quarter.
- **Demand:** As per UTCEM, industry grew by 7-8% in 4QFY24 while it expects the industry to grow by 8-9% (high single-digit) in FY25F.
- **Region-wise status:** During 4Q, the western region posted high double-digit growth while the other regions' growth stood at 6-7%, including the eastern region. UTCEM sees the eastern region as one of the fastest growing markets in the medium- to long-term. In FY24, Central India market grew by <10% while other markets grew in low double digits. The company highlighted that the current slowdown is temporary, and it expects the momentum to return post general elections.
- There has been a marginal price improvement across regions, particularly in Maharashtra, southern and eastern regions, barring the central region, in Apr 2024. UTCEM expects the pricing environment to remain positive for the full year but sees near-term pressure.
- The eastern region remains the fastest growing market and there is a huge amount of IHB or retail demand in the eastern corridor and that's the reason for so much of capacity expansion taking place.
- **Costs:** UTCEM expects the fuel cost to remain stable/moderate on a qoq basis in the coming quarters. It targets to save Rs200-300/t on the costs front in the next three years on efficiency improvement. Fuel cost stood at Rs2.03/Kcal in 4QFY24.
- The company is working on a plan to reduce lead distance in the coming years.

Other updates

- Clinker conversion ratio stood at **1.44 vs. 1.42** in 4QFY23.
- Green power mix stood at **25.7%** vs. 24.1% in 3QFY24. The efficiency improvement was on account of higher capacity utilization.
- Premium product mix stood at **23.9%** of trade sales vs. 26% qoq.
- Lead distance stood at **400km** in 4QFY24 vs. **397km** in 3QFY24.
- The company's board has recommended a dividend of Rs70/share, aggregating Rs20.2bn for FY24.
- Trade sales stood at 65% in 4QFY24.
- **In 4Q**, 15% of sales were from the retail platform, Ultratech Business Solutions, or UBS, stores. (one-stop solutions for home-builder requirement).
- The company's capex cost/t has been gradually reducing.
- UTCEM has received the Competition Commission of India's approval for its acquisition of Kesoram and is awaiting the approval from the Securities and Exchange Board of India and stock exchanges to file the scheme with NCLT.

- UTCEM has acquired a grinding unit in southern Maharashtra, thereby increasing its footprint in the fast-growing state. It has already started dispatches since the past few days.
- UTCEM is targeting to have net debt of Rs15-20bn by the end of FY25F, Including Kesoram, but without Kesoram UTCEM will have a net cash status.
- Targets to have Green energy share of 60-65% by FY27F. 150MW of Waste heat recovery system or WHRS to be commissioned in the next two years.
- The readymix concrete or RMC business will continue to grow and provides a large opportunity for the company. RMC generates Incremental EBITDA for UTCEM.
- Incentives stood at Rs60/t.

Figure 1: Consolidated quarterly performance

| Particulars (Rs m) | 4QFY24 | 4QFY24F | 3QFY24 | 4QFY23 | % Change | | |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-------------|------------|------------|
| | | | | | 4QFY24F | 3QFY24 | 4QFY23 |
| Net Sales | 2,04,189 | 2,00,725 | 1,67,400 | 1,86,624 | 2% | 22% | 9% |
| Raw Materials Consumed | 38,094 | 34,265 | 26,554 | 31,711 | 11% | 43% | 20% |
| Freight and Forwarding Expenses | 46,472 | 44,891 | 36,209 | 41,954 | 4% | 28% | 11% |
| Power and Fuel Cost | 48,388 | 49,683 | 41,780 | 53,089 | -3% | 16% | -9% |
| Employee Cost | 7,494 | 8,949 | 7,689 | 7,164 | -16% | -3% | 5% |
| Other Expenses | 22,602 | 25,184 | 22,622 | 19,480 | -10% | 0% | 16% |
| Total Expenditure | 1,63,050 | 1,62,972 | 1,34,854 | 1,53,399 | 0% | 21% | 6% |
| EBITDA | 41,139 | 37,753 | 32,546 | 33,225 | 9% | 26% | 24% |
| Depreciation | 8,149 | 8,148 | 7,835 | 7,617 | 0% | 4% | 7% |
| EBIT | 32,990 | 29,604 | 24,711 | 25,608 | 11% | 34% | 29% |
| Interest | 2,612 | 2,753 | 2,622 | 1,914 | -5% | 0% | 36% |
| Other Income | 1,356 | 1,475 | 1,405 | 1,215 | -8% | -3% | 12% |
| PBT | 31,015 | 28,327 | 23,494 | 24,909 | 9% | 32% | 25% |
| Tax | 8,519 | 7,337 | 5,804 | 8,223 | 16% | 47% | 4% |
| PAT before MI & Associates | 22,495 | 20,990 | 17,690 | 16,686 | 7% | 27% | 35% |
| Minority Interest | 5 | 24 | -22 | 42 | -81% | -121% | -89% |
| Profit from Assoc. | 91 | 10 | 58 | 15 | 799% | 57% | 521% |
| Recurring PAT | 22,581 | 20,977 | 17,770 | 16,660 | 8% | 27% | 36% |
| Extraordinaries | -720 | 0 | 0 | 0 | | | |
| Reported PAT | 22,581 | 20,977 | 17,770 | 16,660 | 8% | 27% | 36% |
| EPS (Rs) | 78.2 | 72.7 | 61.6 | 57.7 | 8% | 27% | 36% |
| Margins (%) | 4QFY24 | 4QFY24F | 3QFY24 | 4QFY23 | Est. | qoq | yoy |
| Gross Margin | 35% | 36% | 38% | 32% | -93 bp | -266 bp | 281 bp |
| EBITDA Margin | 20.1% | 18.8% | 19.4% | 17.8% | 134 bp | 71 bp | 234 bp |
| EBIT Margin | 16% | 15% | 15% | 14% | 141 bp | 139 bp | 243 bp |
| PBT Margin | 15% | 14% | 14% | 13% | 108 bp | 115 bp | 184 bp |
| PAT Margin | 11% | 10% | 11% | 9% | 61 bp | 44 bp | 213 bp |
| Tax Rate | 27% | 26% | 25% | 33% | 157 bp | 277 bp | -554 bp |
| Cost Items as % of Sales | | | | | | | |
| RM Cost | 19% | 17% | 16% | 17% | 159 bp | 279 bp | 166 bp |
| Freight Cost | 23% | 22% | 22% | 22% | 39 bp | 113 bp | 28 bp |
| P&F Cost | 24% | 25% | 25% | 28% | -105 bp | -126 bp | -475 bp |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: 4QFY24 results on per tonne analysis

| Per tonne analysis | 4QFY24 | 4QFY24F | 3QFY24 | 4QFY23 | % Change | | |
|---------------------|--------------|--------------|--------------|--------------|------------|--------------|--------------|
| | | | | | 4QFY24F | 3QFY24 | 4QFY23 |
| Sales volume | 35.1 | 34.6 | 27.3 | 31.7 | 1% | 28.4% | 10.8% |
| Realization | 5,721 | 5,733 | 6,035 | 5,825 | 0% | -5.2% | -1.8% |
| EBITDA/t | 1,173 | 1,092 | 1,191 | 1,050 | 7% | -2% | 12% |
| RM Cost/t | 1,086 | 991 | 972 | 1,002 | 10% | 12% | 8% |
| P&F Cost/t | 1,379 | 1,438 | 1,529 | 1,677 | -4% | -10% | -18% |
| Freight Cost/t | 1,325 | 1,299 | 1,325 | 1,326 | 2% | 0% | 0% |
| Employee Cost/t | 214 | 259 | 281 | 226 | -17% | -24% | -6% |
| Other Expenses/t | 644 | 729 | 828 | 615 | -12% | -22% | 5% |
| Cost/t | 4,648 | 4,715 | 4,936 | 4,847 | -1% | -6% | -4% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Key charts ➤

Figure 3: Consolidated sales volume rose by ~11% yoy in 4QFY24 Figure 4: Total India operations, incl. exports, in 4QFY24

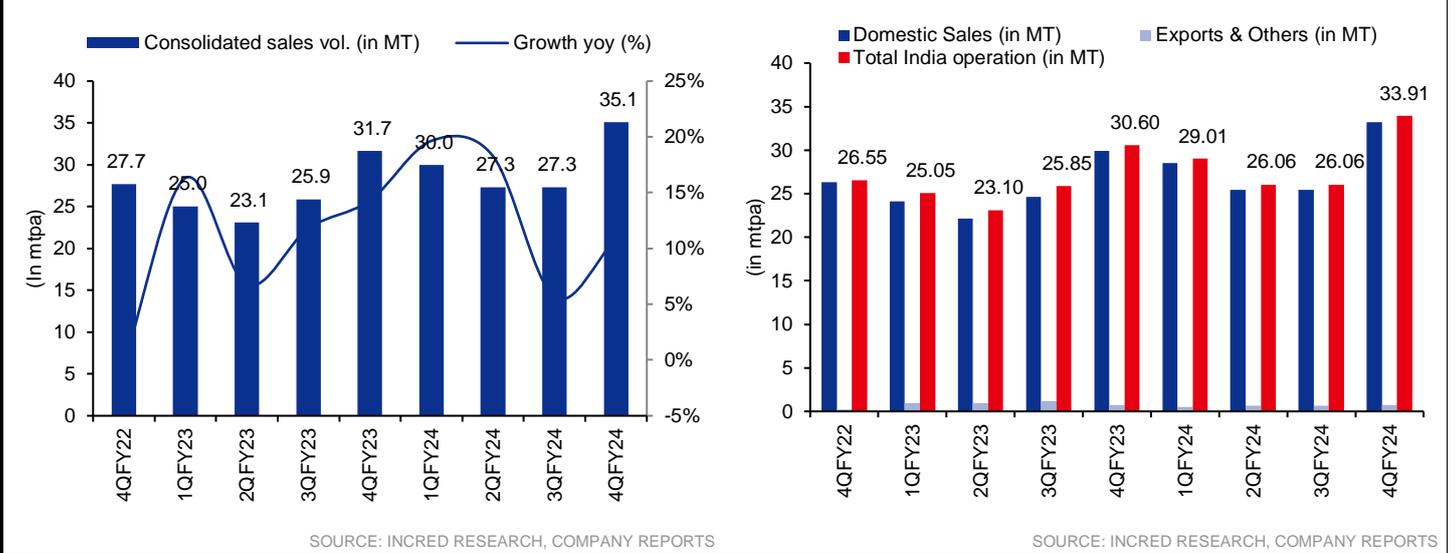


Figure 5: Blended cement realization declined by 5% qoq

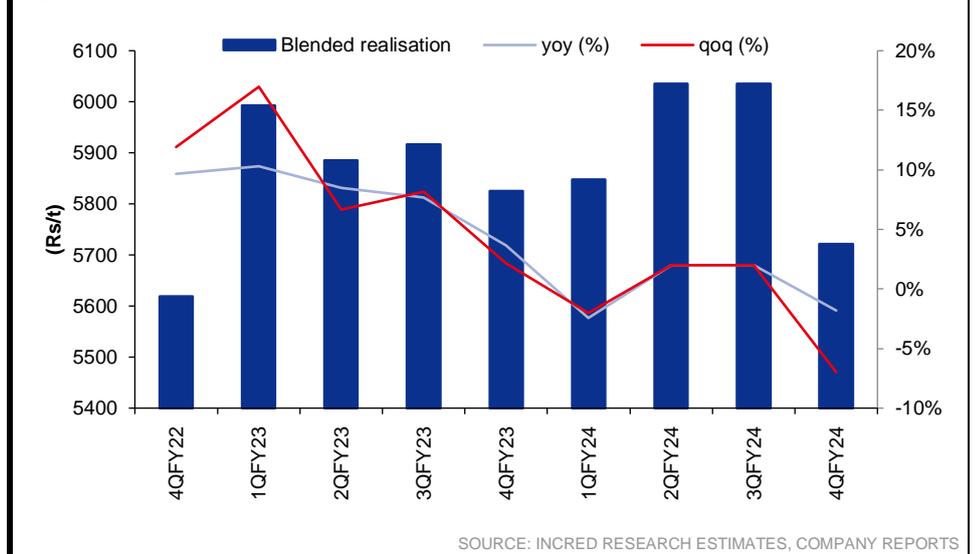


Figure 6: Reported operating cost/t trend likely to decline in the near term

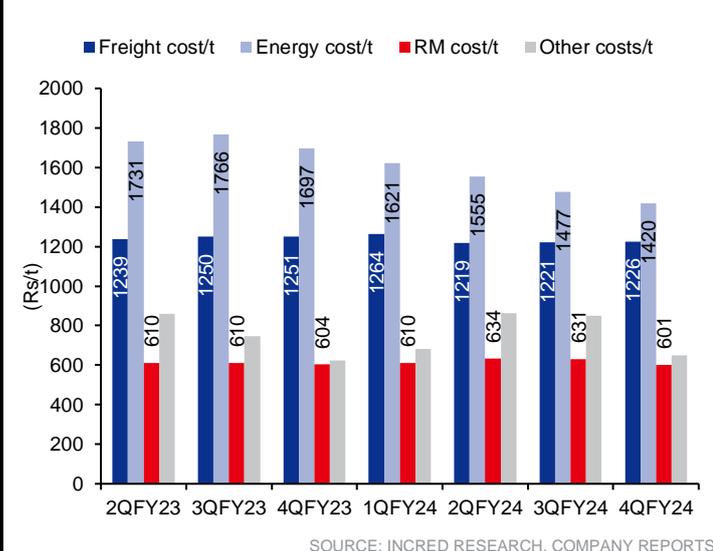


Figure 7: Reported EBITDA/t trend decreased and P&F cost declined qoq

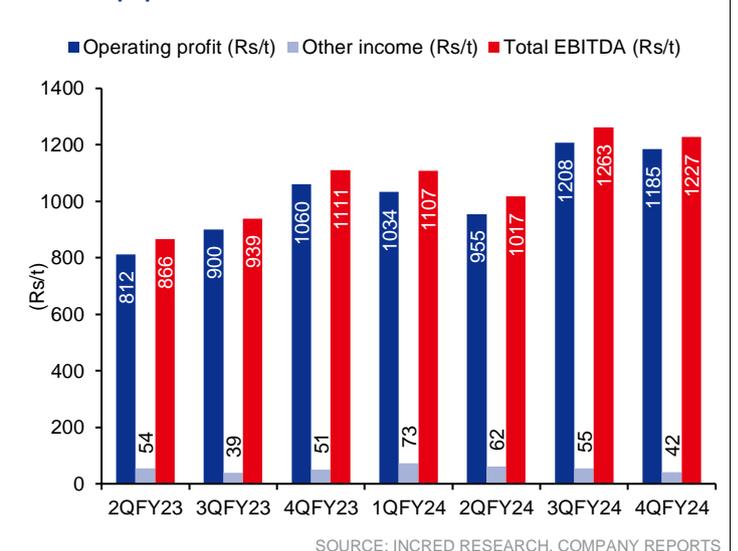
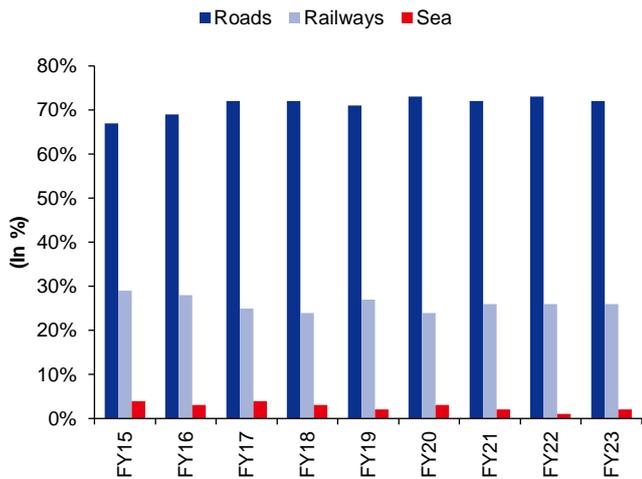


Figure 8: Key cost indicators in 4QFY24 reported by UTCEM

| Cost (Rs/t of grey cement) | 4QFY24 | 3QFY24 | 4QFY23 | yoy | qoq | Comment |
|----------------------------|--------|--------|--------|------|------|---|
| Logistics cost | 1,226 | 1,221 | 1,251 | -2% | 0% | YoY: Benefit on account of lead distance optimization and improved operating efficiency, QoQ: Lead distance reduced to 400km in 4QFY24 vs. 397km qoq and 413km yoy. |
| Energy cost | 1,420 | 1,477 | 1,697 | -16% | -4% | YoY and QoQ: Blended pet-coke/coal costs flat at US\$150/t, Pet-coke consumption declined to 36% vs. 44% qoq and 52% yoy. |
| Raw material cost | 601 | 631 | 604 | 0% | -5% | YoY: Improved clinker conversion ratio; 1.44 vs 1.42 in 3QFY24. QoQ: Decrease in cost of raw materials - gypsum and fly ash. |
| Other costs | 649 | 849 | 624 | 4% | -24% | YoY: Higher brand building and CSR expenses; QoQ: Benefit of operating leverage and lower plant maintenance in a seasonal quarter |

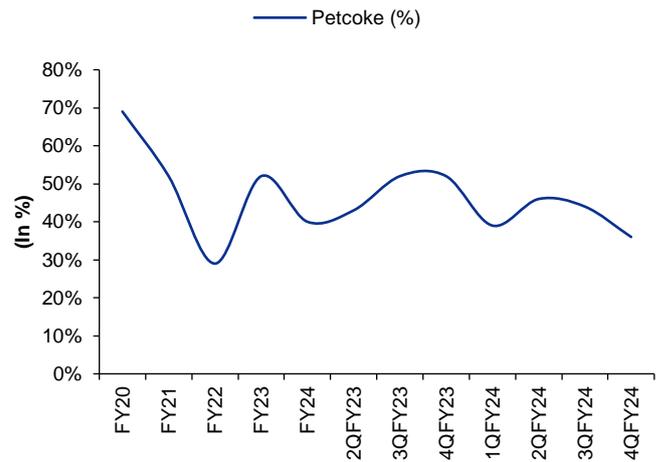
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: Share of various transportation modes (%)



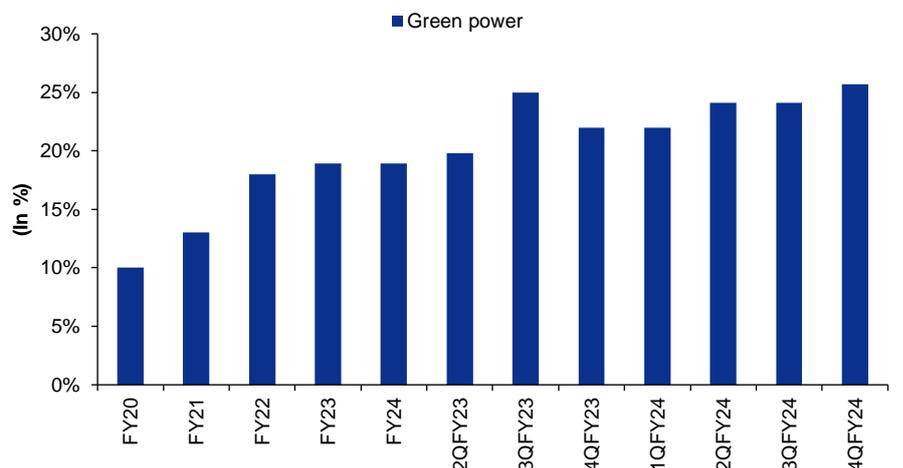
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Pet-coke accounted for 36% of kiln fuel mix vs. 44% qoq



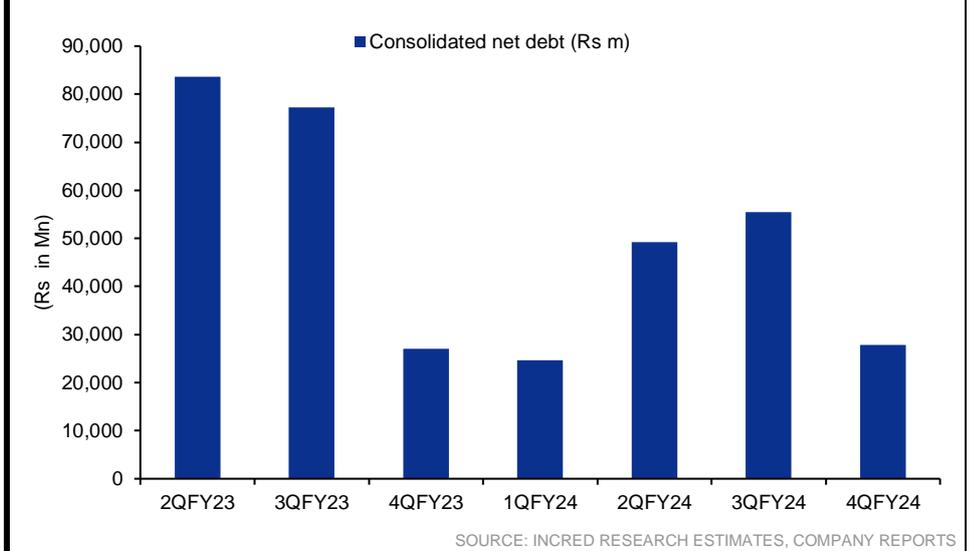
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Power mix trend – UTCEM aims to increase its green power mix to 60% by FY26F from 26% currently



SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: Consolidated net debt falls to Rs27.8bn from ~Rs55.4bn as of end-Dec 2023



Phase-wise expansion plan of UTCEM ➤

Figure 13: UTCEM's expansion status update

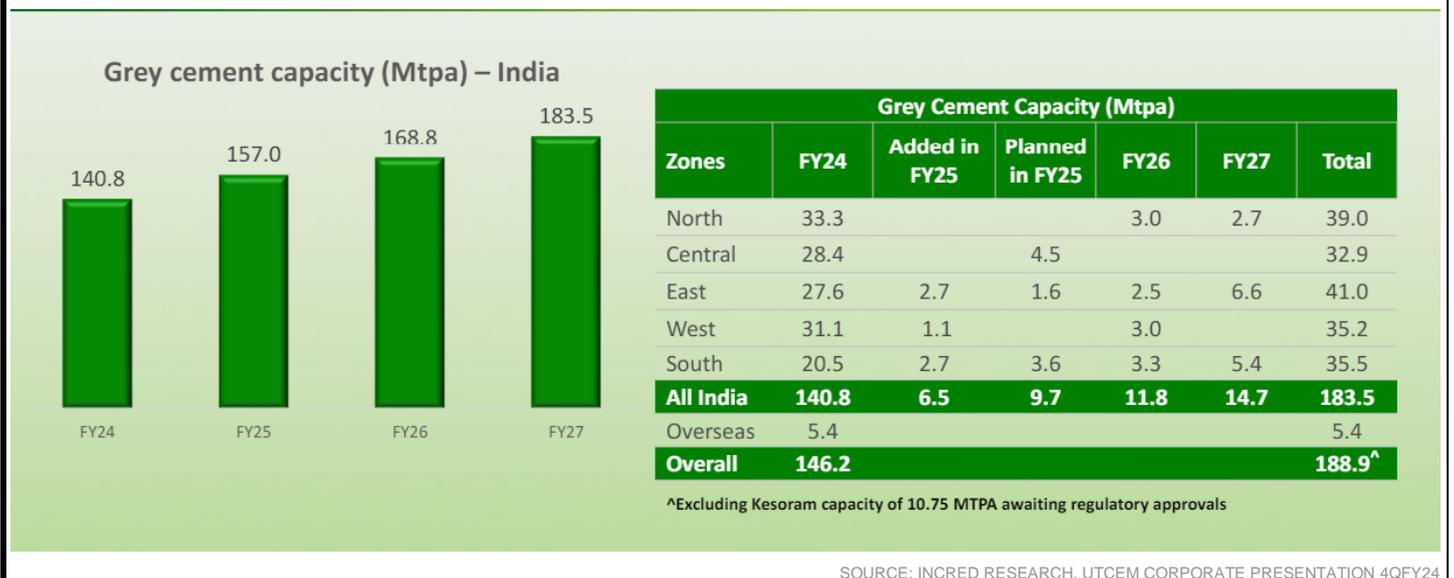
| FY25 | Unit | Project | Cement Capacity (Mtpa) | Expected Timelines |
|-------------------------------------|------|---------|------------------------|--------------------|
| Capacity as at Mar-24 | | | | 140.8 |
| Karur, Tamil Nadu | GU | G | 2.7 | Commissioned |
| Kukurdihi, Chhattisgarh | IU | G | 2.7 | Commissioned |
| Parli, Maharashtra | GU | G | 1.1 | Acquired |
| Jharsuguda, Odisha | GU | B | 0.4 | Q2 FY25 |
| APCW, Andhra Pradesh | IU | B | 1.8 | Q2 FY25 |
| Arakkonam, Tamil Nadu | GU | B | 1.2 | Q3 FY25 |
| Karur, Tamil Nadu | GU | B | 0.6 | Q3 FY25 |
| Sonar Bangla, West Bengal | GU | B | 0.6 | Q4 FY25 |
| Durgapur, West Bengal | GU | B | 0.6 | Q4 FY25 |
| Maihar, Madhya Pradesh | IU | B | 4.5 | Q4 FY25 |
| Lucknow, Uttar Pradesh | BT | G | 1.8 | Q4 FY25 |
| Panvel, Maharashtra | BT | B | 1.0 | Q4 FY25 |
| Capacity by FY25 (Excl. BT)* | | | | 157.0 |

| FY26/FY27 | Unit | Project | Cement Capacity (Mtpa) | |
|-------------------------------------|------|---------|------------------------|--------------|
| FY26 | | | | |
| Patratu, Jharkhand | GU | B | 2.5 | |
| Shahjahanpur, Uttar Pradesh | GU | G | 1.8 | |
| Nathdwara, Rajasthan | IU | B | 1.2 | |
| Dhule, Maharashtra | GU | B | 1.8 | |
| Visakhapatnam, Andhra Pradesh | GU | G | 3.3 | |
| Parli, Maharashtra | GU | B | 1.2 | |
| FY27 | | | | |
| Aligarh, Uttar Pradesh | GU | B | 2.7 | |
| Bihar | GU | G | 3.3 | |
| West Bengal | GU | G | 3.3 | |
| APCW, Andhra Pradesh | IU | B | 2.7 | |
| Andhra Pradesh | IU | G | 2.7 | |
| Gujarat | BT | G | 1.2 | |
| Karnataka | BT | G | 1.2 | |
| Assam | BT | G | 1.2 | |
| Tamil Nadu | BT | G | 1.8 | |
| Capacity by FY27 (Excl. BT)* | | | | 183.5 |

*Excluding Kesoram capacity of 10.75 MTPA awaiting regulatory approvals
Expansion of 2.7 mtpa at Hotgi, Maharashtra (GU) has been put on hold.

SOURCE: INCRED RESEARCH, UTCEM INVESTOR PRESENTATION 3QFY24
IG=INTEGRATED UNIT, GU=GRINDING UNIT, BT=BULK TERMINAL, G=GREENFIELD, B=BROWNFIELD

Figure 14: UTCEM's grey cement capacity (in mtpa) to touch ~184mtpa in India by FY27F



Sectoral update from UTCEM ➤

Figure 15: Demand drivers by region and key segments during 4QFY24

| Zone | Volume Gr | I | C | H | R | Key drivers |
|---------|-----------|---|---|---|---|---|
| North | ↑ | ● | ● | ● | ● | <ul style="list-style-type: none"> Housing registered growth across all regions except Delhi, some parts of Uttar Pradesh and Punjab owing to transporter's strike, farmer agitation and NGT ban. Infrastructure growth continued on account of ongoing NHAI and metro projects like Delhi-Mumbai Expressway, Bhopal metro, Jodhpur Ring Road, Jewar Airport etc. Commercial segment registered growth across all regions except Delhi, Himachal Pradesh, Jammu owing to extreme weather conditions. |
| Central | ↑ | ● | ● | ● | ● | <ul style="list-style-type: none"> Housing registered growth in rural areas. However, urban areas registered degrowth owing to transporter strike in the 1st week of January. Infrastructure growth continued, supported by Kanpur Metro, Kanpur Lucknow Expressway, Unnao Lalgaon Expressway, Hardoi Sandila Road Projects, Gorakhpur Link Expressway. Commercial segment grew across all the regions. |
| East | ↑ | ● | ● | ● | ● | <ul style="list-style-type: none"> Housing registered growth both in rural and urban segments. Infrastructure and Commercial demand slowed down due to lower Government spending. Moreover, the momentum was hampered due to transporter strike in 1st week of January, unseasonal rainfall and ban on sand mining in Odisha. |
| West | ↑ | ● | ● | ● | ● | <ul style="list-style-type: none"> Maharashtra: Infrastructure demand supported by ongoing projects: Mumbai Metro, Delhi – Mumbai Expressway, Western Dedicated Freight Corridor etc. except Vidarbha region owing to completion of major part of Samruddhi Expressway. Commercial and Housing segments grew across all the regions. Gujarat: Housing and Commercial segments grew in rural and urban segments. Infrastructure growth relatively slower owing to completion of major part of projects like Ahmedabad Metro, Mumbai High-Speed Railway, Rajkot Airport, Ahmedabad Rajkot road project. |
| South | ↑ | ● | ● | ● | ● | <ul style="list-style-type: none"> Housing grew across all the regions except Telangana. Infrastructure demand supported by ongoing Projects: Bangalore-Chennai Expressway, National Highway Project in Kerala and Karnataka, Bangalore metro etc. Commercial demand remains stable except in few parts of Karnataka and Andhra Pradesh. |

SOURCE: INCRED RESEARCH, UTCEM 4QFY24 PRESENTATION
I: INFRASTRUCTURE, R: RURAL, H: HOUSING, C: COMMERCIAL
IHB: INDIVIDUAL HOUSING BUILDER, PMAY: PRADHAN MANTRI AWASYOZNA, PMGSY: PRADHAN MANTRI GRAM SADAK YOZNA

Key changes ➤

Figure 16: Our revised earnings estimates

| Rs.m | New | | Old | | Change (%) | |
|---------------|----------|----------|----------|----------|------------|-------|
| | FY25F | FY26F | FY25F | FY26F | FY25F | FY26F |
| Sales | 7,80,819 | 8,99,729 | 7,76,691 | 8,95,915 | 1% | 0% |
| EBITDA | 1,53,983 | 1,88,974 | 1,55,989 | 1,88,477 | -1% | 0% |
| Recurring PAT | 86,579 | 1,10,125 | 89,427 | 1,09,584 | -3% | 0% |
| EPS (Rs.) | 300.0 | 381.5 | 310 | 380 | -3% | 0% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 17: Changes in our estimates vs. Bloomberg consensus estimates

| Rs.m | Incred | | Consensus | | Change (%) | |
|--------|----------|----------|-----------|----------|------------|-------|
| | FY25F | FY26F | FY25F | FY26F | FY25F | FY26F |
| Sales | 7,80,819 | 8,99,729 | 7,81,855 | 8,82,156 | 0% | 2% |
| EBITDA | 1,53,983 | 1,88,974 | 1,60,353 | 1,89,257 | -4% | 0% |
| PAT | 86,579 | 1,10,125 | 90,893 | 1,10,437 | -5% | 0% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 18: Key assumptions

| | FY22A | FY23A | FY24F | FY25F | FY26F |
|--------------------------------|----------|----------|----------|----------|----------|
| Volume (in mtpa) | 94 | 106 | 119 | 130 | 148 |
| Yoy | 9% | 12% | 13% | 9% | 13% |
| Realization (per tonne) | 5,501 | 5,900 | 5,864 | 5,908 | 6,009 |
| Yoy | 7% | 7% | -1% | 1% | 2% |
| Cost (per tonne) | 4,371 | 4,981 | 4,867 | 4,818 | 4,816 |
| Yoy | 14% | 14% | -2% | -1% | 0% |
| EBITDA (per tonne) | 1,225 | 1,005 | 1,089 | 1,184 | 1,280 |
| Yoy | -9% | -18% | 8% | 9% | 8% |
| EBITDA (Rs m) | 1,15,144 | 1,06,199 | 1,29,686 | 1,53,983 | 1,88,974 |
| Yoy | 0% | -8% | 22% | 19% | 23% |

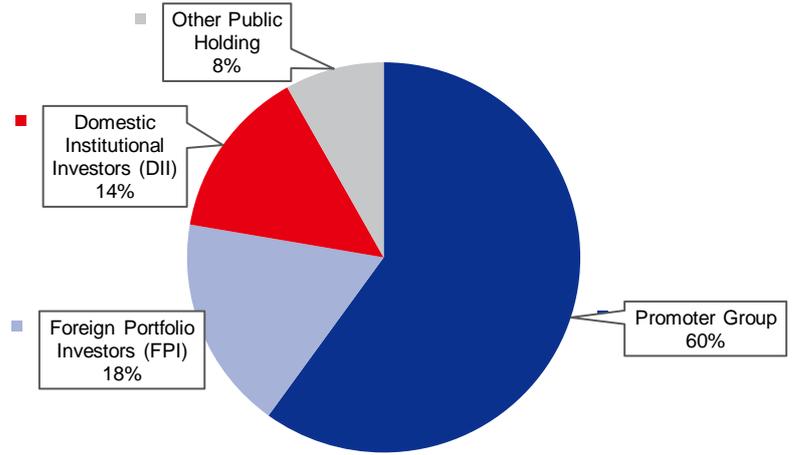
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 19: Maintain ADD rating on the stock with a Mar 2025F target price of Rs11,300, set at a one-year forward EV/EBITDA of 17x

| Valuation | Target price |
|---|---------------|
| Target EV/EBITDA (x) | 17 |
| Target EV (Rs m) | 32,69,252 |
| Net debt / (cash) (Rs m) – one-year lag | 8,772 |
| No. of shares (m) | 289 |
| Fair value per share (Rs) | 11,300 |

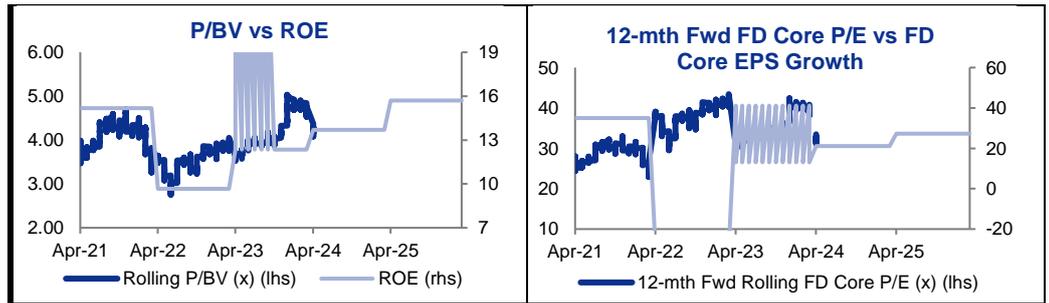
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 20: UTCEM's shareholding pattern (as of end-Mar 2024)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

| (Rs mn) | Mar-22A | Mar-23A | Mar-24A | Mar-25F | Mar-26F |
|---|----------------|----------------|----------------|----------------|----------------|
| Total Net Revenues | 525,988 | 632,400 | 709,081 | 780,819 | 899,729 |
| Gross Profit | 525,988 | 632,400 | 709,081 | 780,819 | 899,729 |
| Operating EBITDA | 115,144 | 106,199 | 129,686 | 153,983 | 188,974 |
| Depreciation And Amortisation | (27,148) | (28,880) | (31,453) | (35,070) | (39,279) |
| Operating EBIT | 87,996 | 77,319 | 98,233 | 118,913 | 149,696 |
| Financial Income/(Expense) | (9,447) | (8,227) | (9,680) | (8,518) | (7,922) |
| Pretax Income/(Loss) from Assoc. | 17 | 40 | 220 | 220 | 220 |
| Non-Operating Income/(Expense) | 5,078 | 5,031 | 6,170 | 6,293 | 6,733 |
| Profit Before Tax (pre-EI) | 83,644 | 74,163 | 94,942 | 116,907 | 148,727 |
| Exceptional Items | | | 720 | | |
| Pre-tax Profit | 83,644 | 74,163 | 95,662 | 116,907 | 148,727 |
| Taxation | (11,901) | (23,429) | (24,183) | (30,339) | (38,612) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 71,743 | 50,734 | 71,480 | 86,569 | 110,115 |
| Minority Interests | 101 | (94) | 10 | 10 | 10 |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 71,844 | 50,640 | 71,490 | 86,579 | 110,125 |
| Recurring Net Profit | 71,844 | 50,640 | 70,952 | 86,579 | 110,125 |
| Fully Diluted Recurring Net Profit | 71,844 | 50,640 | 70,952 | 86,579 | 110,125 |

Cash Flow

| (Rs mn) | Mar-22A | Mar-23A | Mar-24A | Mar-25F | Mar-26F |
|----------------------------------|------------------|-----------------|-----------------|------------------|------------------|
| EBITDA | 115,144 | 106,199 | 129,686 | 153,983 | 188,974 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | (4,730) | (3,372) | (3,372) | 18,666 | 8,211 |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | 5,078 | 5,031 | 6,170 | 6,293 | 6,733 |
| Other Operating Cashflow | 2,337 | 2,296 | (20,877) | (20,877) | (20,877) |
| Net Interest (Paid)/Received | (9,447) | (8,227) | (9,680) | (8,518) | (7,922) |
| Tax Paid | 15,549 | 11,243 | 16,505 | (30,339) | (38,612) |
| Cashflow From Operations | 123,930 | 113,169 | 118,431 | 119,207 | 136,507 |
| Capex | (55,400) | (61,056) | (88,841) | (83,042) | (79,833) |
| Disposals Of FAs/subsidiaries | | | | | |
| Acq. Of Subsidiaries/investments | | | | | |
| Other Investing Cashflow | 77,970 | (10,815) | 16,970 | (35,070) | (36,279) |
| Cash Flow From Investing | 22,570 | (71,871) | (71,871) | (118,112) | (116,112) |
| Debt Raised/(repaid) | (103,938) | 2,636 | 1,047 | (7,000) | (6,000) |
| Proceeds From Issue Of Shares | (782) | (1,018) | (825) | (4,667) | (5,874) |
| Shares Repurchased | | | | | |
| Dividends Paid | (13,218) | (13,219) | (24,351) | (26,082) | (33,175) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | (7,041) | (4,709) | 4,872 | 33,545 | 28,752 |
| Cash Flow From Financing | (124,979) | (16,310) | (19,257) | (4,204) | (16,298) |
| Total Cash Generated | 21,521 | 24,989 | 27,304 | (3,109) | 4,097 |
| Free Cashflow To Equity | 42,562 | 43,934 | 47,608 | (5,905) | 14,395 |
| Free Cashflow To Firm | 155,947 | 49,526 | 56,241 | 9,614 | 28,317 |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

| (Rs mn) | Mar-22A | Mar-23A | Mar-24A | Mar-25F | Mar-26F |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Total Cash And Equivalents | 53,225 | 69,862 | 62,680 | 59,571 | 63,668 |
| Total Debtors | 30,716 | 38,670 | 42,782 | 42,785 | 44,370 |
| Inventories | 55,956 | 66,118 | 83,297 | 85,569 | 93,670 |
| Total Other Current Assets | 34,998 | 32,779 | 42,825 | 41,383 | 46,786 |
| Total Current Assets | 174,895 | 207,429 | 231,584 | 229,308 | 248,495 |
| Fixed Assets | 492,374 | 532,497 | 565,321 | 653,363 | 737,196 |
| Total Investments | 13,724 | 14,604 | 27,642 | 27,642 | 27,642 |
| Intangible Assets | 110,349 | 103,697 | 131,567 | 131,567 | 128,567 |
| Total Other Non-Current Assets | 46,937 | 55,643 | 51,907 | 46,907 | 42,907 |
| Total Non-current Assets | 663,383 | 706,441 | 776,436 | 859,478 | 936,311 |
| Short-term Debt | 48,998 | 45,444 | 49,906 | 47,906 | 45,906 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 58,628 | 72,093 | 84,783 | 86,393 | 95,053 |
| Other Current Liabilities | 93,925 | 116,781 | 134,370 | 152,260 | 166,900 |
| Total Current Liabilities | 201,552 | 234,318 | 269,060 | 286,559 | 307,859 |
| Total Long-term Debt | 53,030 | 53,564 | 53,078 | 48,078 | 44,078 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | 79,374 | 82,186 | 83,049 | 91,049 | 93,049 |
| Total Non-current Liabilities | 132,404 | 135,750 | 136,126 | 139,126 | 137,126 |
| Total Provisions | | | | | |
| Total Liabilities | 333,956 | 370,068 | 405,186 | 425,685 | 444,986 |
| Shareholders Equity | 504,353 | 543,245 | 602,275 | 662,541 | 739,261 |
| Minority Interests | (31) | 556 | 559 | 559 | 559 |
| Total Equity | 504,322 | 543,802 | 602,834 | 663,101 | 739,821 |

Key Ratios

| | Mar-22A | Mar-23A | Mar-24A | Mar-25F | Mar-26F |
|---------------------------|----------|----------|----------|----------|----------|
| Revenue Growth | 17.6% | 20.2% | 12.1% | 10.1% | 15.2% |
| Operating EBITDA Growth | (0.5%) | (7.8%) | 22.1% | 18.7% | 22.7% |
| Operating EBITDA Margin | 21.9% | 16.8% | 18.3% | 19.7% | 21.0% |
| Net Cash Per Share (Rs) | (169.06) | (100.96) | (139.61) | (126.15) | (91.17) |
| BVPS (Rs) | 1,747.16 | 1,881.76 | 2,086.23 | 2,295.39 | 2,561.19 |
| Gross Interest Cover | 9.31 | 9.40 | 10.15 | 13.96 | 18.90 |
| Effective Tax Rate | 14.2% | 31.6% | 25.3% | 26.0% | 26.0% |
| Net Dividend Payout Ratio | 18.4% | 26.1% | 34.4% | 25.0% | 25.0% |
| Accounts Receivables Days | 19.58 | 20.02 | 20.96 | 20.00 | 17.68 |
| Inventory Days | (33.36) | (35.23) | (38.46) | (39.47) | (36.36) |
| Accounts Payables Days | 46.92 | 45.34 | 49.41 | 49.84 | 46.59 |
| ROIC (%) | 14.2% | 12.1% | 14.1% | 15.6% | 18.0% |
| ROCE (%) | 14.0% | 12.4% | 14.6% | 16.2% | 18.8% |
| Return On Average Assets | 9.6% | 6.7% | 8.4% | 9.1% | 10.4% |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which are believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made. (Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request.

The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short term views etc.) that are inconsistent with and reach different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

| | Analyst/ Relative | Entity/ Associates |
|---|----------------------|-----------------------|
| any financial interests in the company covered in this report (subject company) and nature of such financial interest | NO | NO |
| actual/beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the research report or date of the public appearance; | NO | NO |
| any other material conflict of interest at the time of publication of the research report or at the time of public appearance | NO | NO |
| received any compensation from the subject company in the past twelve months for investment banking or merchant banking or brokerage services or investment advisory or depository or distribution from the subject company in the last twelve months for products/services other than investment banking or merchant banking or broker- age services or investment advisory or depository or distribution from the subject company in the last twelve months | NO | NO |
| managed or co-managed public offering of securities for the subject company in the last twelve months | NO | NO |
| received any compensation or other benefits from the subject company or third party in connection with the research report | NO | NO |
| served as an officer, director or employee of the subject company | NO | NO |
| been engaged in market making activity for the subject company | NO | NO |

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.