

Q1-FY22 Result Update

- ❑ The company reported good set of numbers for the quarter under review with effective volume growth of 47% YoY & revenue from operations improved by 54.2% year-on-year to ₹118,300 million on a consolidated basis. The company reported healthy revenue growth mainly led by better performance in all the regions North, Central, West, East & South regions (geographically).
- ❑ On profitability front, the EBITDA from operations for the quarter improved by 38.9% year-on-year to ₹102,893 million with an operating margin of 28.0%. The industry so far has shown resilience against cost pressures, high cost pressures are being passed on in prices, thus protecting margins. The company has delivered an EBITDA per metric tonne of around ₹1,600 per tonne, which is the highest so far and is expected to go higher further. The company reported PAT of ₹17,030 million, increase by 45.3% year-on-year with a net margin of 14.4% translating into EPS of ₹59 per share for the quarter.
- ❑ The company achieved capacity utilization of 73% in Q1-FY22, increasing by 26% YoY compared to the same period last year. However, in Q4-FY21, the company achieved 93% capacity utilization. In Q1-FY22, the company's south division achieved 50% capacity utilization, north 75%, east 95%, central 70% and west 70%.
- ❑ The company has further reduced its net debt by ₹7,330 million during the quarter to ₹59,840 million. The consolidated Net Debt/EBITDA currently stands at 0.44x v/s 1.60x in June 2020. The company has repaid ₹50,000 million long term loans in Q1-FY22.
- ❑ The Company has an expansion plan of 19.5 mtpa, the additional capacity will be created in the fast-growing markets of the east, central and north regions of the country and is expected to be completed by March 2023. This capacity addition will not impact the ongoing deleveraging program which is on track to make the company debt free by the time expansion program is completed..
- ❑ We continue to remain positive on the company on back of its strong business model, high operating margins, improving balance sheet, growing retail market share, brand transition, optimization of acquired business and capacity expansion. We maintain our **BUY** rating on the stock with a revised target price of **₹8750 per share**.

Financials:

(In ₹ mn)	Q1-FY22	Q1-FY21	Chg	3M-FY22	3M-FY21	Chg
Net Sales	118,298	76,711	54.2%	118,298	76,711	54.2%
Operating Expense	85,224	55,934	52.4%	85,224	55,934	52.4%
EBITDA	33,075	20,777	59.2%	33,075	20,777	59.2%
Other Income	2,049	2,788	-26.5%	2,049	2,788	-26.5%
Depreciation	6,598	6,512	1.3%	6,598	6,512	1.3%
EBIT	28,526	17,053	67.3%	28,526	17,053	67.3%
Interest	3,261	3,943	-17.3%	3,261	3,943	-17.3%
PBT	25,265	13,110	92.7%	25,265	13,110	92.7%
Tax	8,269	3,603	129.5%	8,269	3,603	129.5%
Exceptional Items	-	(1,574)		-	(1,574)	
PAT	16,995	7,933	114.2%	16,995	7,933	114.2%
Minority /Other Adj.	31	9		31	9	
Consolidated PAT	17,026	7,942	114.4%	17,026	7,942	114.4%

Margins	Q1-FY22	Q1-FY21	Chg BPS	3M-FY22	3M-FY21	Chg BPS
Operating Margin %	28.0%	27.1%	87	28.0%	27.1%	87
Net Margin %	14.4%	10.3%	402	14.4%	10.3%	402

Consolidated Financials:

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Net Sales	424,299	447,258	500,929	561,040
Operating Expense	332,951	331,836	372,181	416,843
EBITDA	91,348	115,422	128,748	144,198
Other Income	8,001	7,638	8,555	9,582
Depreciation	27,227	27,002	30,067	33,675
EBIT	72,122	96,058	107,236	120,105
Interest	19,917	14,980	11,483	11,926
Misc. items	-	(942)	-	-
PBT	52,206	80,136	95,754	108,179
Tax	(5,315)	25,539	30,516	34,476
Minority Interest	32	34	-	-
PAT	57,553	54,631	65,237	73,702

Margins	FY-20	FY-21	FY-22E	FY-23E
Sales Growth %	2.0%	5.4%	12.0%	12.0%
Operating Margin %	21.5%	25.8%	25.7%	25.7%
Net Margin %	13.6%	12.2%	13.0%	13.1%

(In ₹ mn)	FY-20	FY-21	FY-22E	FY-23E
Liabilities				
Equity Share Capital	3,245	3,323	3,323	3,323
Reserves & Surplus	387,193	438,424	503,661	577,364
Total Shareholder's Funds	390,438	441,747	506,984	580,686
Minority Interest	75	57	57	57
Long-Term Liabilities	173,675	135,485	85,485	85,485
Other Long-term Liabilities	13,084	18,223	18,223	18,223
Deferred Tax Liability	49,060	60,335	60,335	60,335
Short-term Liabilities	165,806	205,917	230,627	258,303
Total	792,138	861,764	901,711	1,003,088
Assets				
Net Fixed Assets	580,706	570,983	617,333	673,627
Long-Term L&A	43,359	31,873	31,873	31,873
Non Current Investments	16,850	12,842	12,842	12,842
Other Non-Current Assets	4,009	5,563	5,563	5,563
Current Asset	147,215	240,503	234,100	279,184
Total	792,138	861,764	901,711	1,003,088

Key Ratios	FY-20	FY-21	FY-22E	FY-23E
EPS (₹)	199.5	189.4	226.2	255.5
P/E (x)	38.1	40.1	33.6	29.7
P/B (x)	5.6	5.0	4.3	3.8
ROE	14.7%	12.4%	12.9%	12.7%

Source: Company, Anand Rathi Research

Key Risks:

- Increase of logistics, energy & raw material cost.
- Increase of interest rates.
- Changing environment rules & regulations.



Rating and Target Price history:

ULTRACEMCO's rating history & price chart



Source: Bloomberg, Anand Rathi Research

NOTE: Prices are as on 27 July 2021 close.

ULTRACEMCO's rating details

Date	Rating	Target Price (₹)	Share Price (₹)
15-Oct-2020	Buy	5210	4374
06-Nov-2020	Buy	5300	4556
05-Jan-2021	Buy	5800	5327
27-Jan-2021	Buy	6070	5405
26-May-2021	Buy	7600	6581
27-Jul-2021	Buy	8750	7596

Source: Bloomberg, Anand Rathi Research

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