

# ULTRATECH CEMENT

## RESULT UPDATE

### KEY DATA

<b>Rating</b>	<b>HOLD</b>
<b>Sector relative</b>	<b>Neutral</b>
<b>Price (INR)</b>	<b>12,577</b>
<b>12 month price target (INR)</b>	<b>13,628</b>
<b>52 Week High/Low</b>	<b>12,714/10,048</b>
<b>Market cap (INR bn/USD bn)</b>	<b>3,706/43.0</b>
<b>Free float (%)</b>	<b>39.87</b>
<b>Avg. daily value traded (INR mn)</b>	<b>3,420.0</b>

### SHAREHOLDING PATTERN

	Mar-25	Dec-24	Sep-24
Promoter	59.23%	60%	59.99%
FII	15.17%	16.98%	17.95%
DII	16.79%	15.15%	14.08%
Pledge	0%	0%	0%

### FINANCIALS

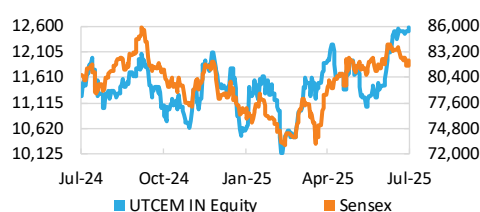
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	7,59,551	8,73,993	9,53,326	10,35,449
EBITDA	1,25,575	1,78,401	2,11,480	2,43,211
Adjusted profit	60,391	86,964	1,10,757	1,34,121
Diluted EPS (INR)	208.3	295.1	375.9	455.1
EPS growth (%)	(15.5)	44.0	27.4	21.1
RoAE (%)	9.2	11.8	13.6	14.7
P/E (x)	60.6	42.8	33.6	27.7
EV/EBITDA (x)	31.2	21.9	18.2	15.5
Dividend yield (%)	0.6	0.6	0.6	0.6

### CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	8,73,993	9,53,326	0.5	0.8
EBITDA	1,78,401	2,11,480	3.4	3.6
Adjusted profit	86,964	1,10,757	12.1	9.7
Diluted EPS (INR)	295	376	12.0	9.7

### PRICE PERFORMANCE



## Focus on profitability and growth

UltraTech Cement (UTCL) reported ~10% YoY consolidated volume growth in Q1FY26 (grey cement domestic growth: ~9% YoY). Reported domestic operating EBITDA/t (excluding India Cements) of INR1,248 (blended EBITDA/t INR1,197) was aided by better realisation. Cement prices are holding steady in a seasonally weak quarter. Management expects double-digit volume growth in FY26E. UTCL is on track to reach domestic capacity of ~212MnT by end-FY27E (currently 187MnT).

Factoring in UTCL's healthy growth plans and improving price outlook, we are raising the target EV/EBITDA to 19x (from 18x). Maintain 'HOLD' with a revised TP of INR 13,628 (earlier INR11,859) as we roll forward the valuation to Q1FY28E.

### Steady volume growth; realisation improves

**Q1FY26 operational performance:** UTCL's consolidated cement volumes rose ~10% YoY (domestic sales up ~9% YoY including ICEM). Reported domestic grey cement realisation improved 2.2% QoQ (excluding Kesoram and ICEM). Reported power cost/t decreased ~1% QoQ (down 8% YoY) due to an increase in green power share; fuel cost/t fell 1% QoQ/14% YoY. Reported RM cost/t rose 1% QoQ/2% YoY. Other expenses/t shot up 10% QoQ (down 11% YoY), whereas reported freight cost/t decreased 2% QoQ (down 4% YoY) due to a reduction in lead distance. Reported domestic operating EBITDA/t stood at INR1,248 (excluding ICEM).

**Expansion on track:** UTCL expects to incur ~INR100bn capex in FY26E. Its capacity will rise from ~183MT at the end of FY25 to ~212MT by FY27E (refer to [exhibits 5–6](#)). Renewable power capacity is now 1.08GW, whereas WHRS capacity stood at 363MW (refer to [exhibit 7](#)). Green power mix stood at 35.7%, and the company is targeting 60% by FY27E and 85% by FY30E.

**Q1FY26 conference call highlights:** i) UTCL's organic volume growth stood at ~6.5% YoY in Q1FY26. ii) Management guided for double-digit volume growth in FY26E (over FY25 reported volumes, which included Kesoram for whole year and ICEM for one quarter). iii) Cement prices are holding steady vis-a-vis Q1FY26 exit prices (eastern region has seen rise in prices in Jul-25). iv) ICEM is expected to achieve EBITDA/t of INR1,000-plus in FY28E. v) Clinker conversion ratio for Q1FY26 stood at 1.49x (1.44x in Q1FY25; target is to reach 1.54x by end-FY27). vi) Kcal cost was 1.78 in Q1FY26; vii) Lead distance decreased to 370km (384km in Q4FY25). ix) Pet coke constituted 52% of the fuel mix. x) Trade mix constituted 66.3% of the volumes and premium share stood at 33.8% of trade share. xi) Road/rail/sea mix stood at 74%/24%/2%.

### Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	2,12,755	1,88,186	13.1	2,30,633	(7.8)
EBITDA	44,103	30,171	46.2	46,184	(4.5)
Adjusted Profit	22,209	15,815	40.4	24,748	(10.3)
Diluted EPS (INR)	76.94	54.79	40.4	85.73	(10.3)

## Financial Statements

### Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	7,59,551	8,73,993	9,53,326	10,35,449
Gross profit	4,38,323	5,19,180	5,78,362	6,37,721
Employee costs	36,046	40,072	43,278	46,740
Other expenses	2,76,702	3,00,707	3,23,604	3,47,770
EBITDA	1,25,575	1,78,401	2,11,480	2,43,211
Depreciation	40,150	48,057	50,888	53,365
Less: Interest expense	16,505	21,082	17,518	12,005
Add: Other income	7,442	6,987	5,732	2,899
Profit before tax	75,481	1,16,249	1,48,807	1,80,740
Prov for tax	14,885	29,062	37,202	45,185
Less: Other adjustment	0	0	0	0
Reported profit	60,391	86,964	1,10,757	1,34,121
Less: Excp.item (net)	0	0	0	0
Adjusted profit	60,391	86,964	1,10,757	1,34,121
Diluted shares o/s	295	295	295	295
Adjusted diluted EPS	208	295	376	455
DPS (INR)	77.5	77.5	77.5	77.5
Tax rate (%)	19.7	25.0	25.0	25.0

### Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
EBITDA/tonne	924	1,168	1,279	1,378
Net Debt/EBITDA	1.5	0.9	0.5	0.2
Operating expenses as a % of Rev.	83.5	80.6	77.8	76.5
EBITDA margin (%)	16.5	20.4	22.2	23.5
Net profit margin (%)	8.1	10.0	11.6	13.0
Revenue Growth (% YoY)	7.1	15.1	9.1	8.6
EBITDA growth (% YoY)	(3.2)	42.1	18.5	15.0
Adj. profit growth (%)	(13.8)	44.0	27.4	21.1

### Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	7.2	7.0	6.8	6.8
10 year yield (%)	6.0	5.3	5.3	5.3
USD/INR (average)	84.5	86.5	85.0	85.0
Volumes (MT)	135.8	152.6	165.3	176.5
Realisation/t	5,592	5,726	5,766	5,868
P&F cost/t	1,335	1,289	1,221	1,190
Freight/t	1,268	1,258	1,260	1,277
RM cost/t	1,009	1,035	1,047	1,063
Other exp./t	745	712	697	694

### Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	60.6	42.8	33.6	27.7
Price/BV (x)	5.3	4.8	4.3	3.8
EV/EBITDA (x)	31.2	21.9	18.2	15.5
Dividend yield (%)	0.6	0.6	0.6	0.6

Source: Company and Nuvama estimates

### Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	2,947	2,947	2,947	2,947
Reserves	7,04,121	7,68,248	8,56,167	9,67,450
Shareholders funds	7,07,068	7,71,195	8,59,113	9,70,397
Minority interest	31,866	32,089	32,937	34,371
Borrowings	2,42,175	2,25,175	1,67,175	1,09,175
Trade payables	93,275	99,945	1,06,123	1,07,341
Other liab & prov	1,66,794	1,72,720	1,75,724	1,76,107
Total liabilities	13,36,972	13,96,918	14,36,867	14,93,186
Net block	7,60,152	8,29,918	8,72,680	9,09,418
Intangible assets	1,88,951	1,61,127	1,37,477	1,17,375
Capital WIP	61,883	71,883	81,883	91,883
Total fixed assets	10,10,985	10,62,928	10,92,040	11,18,675
Non current inv	58,697	48,697	38,697	43,697
Cash/cash equivalent	45,324	43,234	44,881	47,868
Sundry debtors	58,903	67,341	73,010	79,431
Loans & advances	30,018	30,915	31,840	35,014
Other assets	37,416	40,416	43,416	50,416
Total assets	13,36,972	13,96,918	14,36,867	14,93,186

### Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	60,590	86,964	1,10,757	1,34,121
Add: Depreciation	40,150	48,057	50,888	53,365
Interest (net of tax)	9,064	14,094	11,785	9,107
Others	3,642	6,987	5,732	2,899
Less: Changes in WC	(6,711)	(6,599)	(9,085)	(16,920)
Operating cash flow	1,06,734	1,49,504	1,70,077	1,82,571
Less: Capex	(89,506)	(1,00,000)	(80,000)	(80,000)
Free cash flow	17,228	49,504	90,077	1,02,571

### Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	9.2	11.8	13.6	14.7
RoCE (%)	11.1	14.1	16.4	18.3
Inventory days	66	66	68	68
Receivable days	24	26	27	27
Payable days	66	64	64	63
Working cap (% sales)	(5.0)	(3.5)	(2.2)	0
Gross debt/equity (x)	0.33	0.28	0.19	0.11
Net debt/equity (x)	0.27	0.23	0.14	0.06
Interest coverage (x)	5.2	6.2	9.2	15.8

### Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	(15.5)	44.0	27.4	21.1
RoE (%)	9.2	11.8	13.6	14.7
EBITDA growth (%)	(3.2)	42.1	18.5	15.0
Payout ratio (%)	37.7	26.3	20.6	17.0

**Exhibit 1: Quarterly financial snapshot (INR mn)**

Year to March	Q1FY26	Q1FY25	% change	Q4FY25	% change	FY26E	FY27E
Volume (million tonnes)	36.83	33.53	9.8	41.02	(10.2)	152.65	165.33
Realisation per tonne	5,777	5,612	2.9	5,622	2.7	5,592	5,726
Total Income	2,12,755	1,88,186	13.1	2,30,633	(7.8)	8,73,993	9,53,326
Raw material	38,190	32,308	18.2	43,490	(12.2)	1,58,038	1,73,105
Employee Expenses	9,722	7,793	24.8	9,815	(0.9)	40,072	43,278
Power, Oil & Fuel	48,619	47,880	1.5	52,236	(6.9)	1,96,776	2,01,859
Freight & Handling Expenses	46,490	44,279	5.0	51,762	(10.2)	1,92,034	2,08,332
Other Expenses	25,630	25,754	(0.5)	27,146	(5.6)	1,08,673	1,15,273
Total expenditure	1,68,651	1,58,015	6.7	1,84,449	(8.6)	6,95,592	7,41,846
EBITDA	44,103	30,171	46.2	46,184	(4.5)	1,78,401	2,11,480
Depreciation	11,068	9,179	20.6	11,246	(1.6)	48,057	50,888
EBIT	33,036	20,992	57.4	34,939	(5.4)	1,30,344	1,60,593
Interest	4,330	3,258	32.9	4,750	(8.8)	21,082	17,518
Exceptional items	0	881	NA	0	NA		
Other income	1,802	1,685	7.0	1,021	76.5	6,987	5,732
Share in Profit/loss of associate and JV	-427	29		-201			
Profit Before Tax	30,508	18,538	64.6	31,209	(2.2)	1,16,249	1,48,807
Tax Expense	7,872	3,633	116.7	6,261	25.7	29,062	37,202
Reported Profit	22,209	14,935	48.7	24,748	(10.3)	87,187	1,11,605
Adjusted Profit	22,209	15,815	40.4	24,748	(10.3)	87,187	1,11,605
Equity Capital (Face Value INR 10)	2,887	2,887		2,887		2,947	2,947
No. of Diluted shares outstanding (mn)	288.7	288.7		288.7		294.7	294.7
EPS (INR)	76.94	54.79	40.4	85.73	(10.3)	295.87	378.73
PE (x)						42.8	33.6
EV/EBITDA (x)						21.9	18.2
Market cap / Revenues (x)						4.3	3.9
ROAE(%)						0.0	0.0
as % of net revenues							
Raw material	18.0	17.2		18.9		18.1	18.2
Staff expenses	4.6	4.1		4.3		4.6	4.5
Power & fuel	22.9	25.4		22.6		22.5	21.2
Freight outward	21.9	23.5		22.4		22.0	21.9
Other expenses	12.0	13.7		11.8		12.4	12.1
EBITDA	20.7	16.0		20.0		20.4	22.2
Net profit	10.4	7.9		10.7		10.0	11.7

Source: Company, Nuvama Research

**Exhibit 2: Per tonne analysis**

(INR/tonne)	Q1FY26	Q1FY25	% change	Q4FY25	% change
Realisation	5,777	5,612	2.9	5,622	2.7
Raw material	1,037	964	7.6	1,060	(2.2)
Power	1,320	1,428	(7.6)	1,273	3.7
Freight	1,262	1,321	(4.4)	1,262	0.0
Staff	264	232	13.6	239	10.3
Others	696	768	(9.4)	662	5.2
Cost	4,579	4,713	(2.8)	4,497	1.8
EBITDA	1,197	900	33.1	1,126	6.4

Source: Company, Nuvama Research

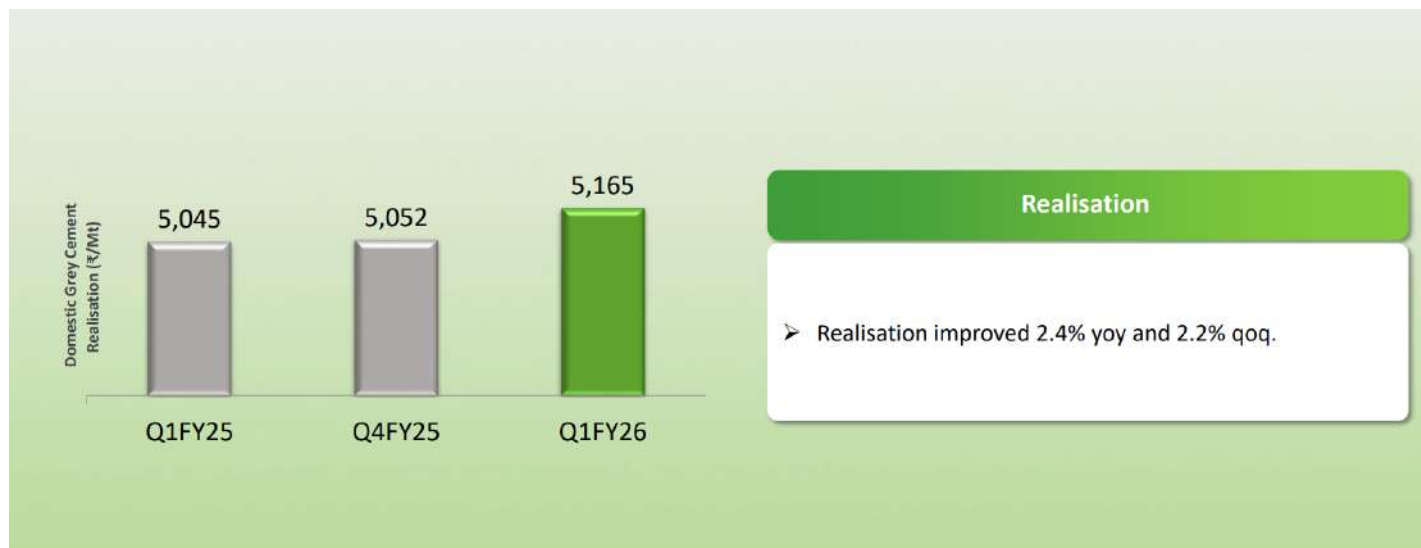
**Exhibit 3: Consolidated sales volume surges ~10% YoY in Q1FY26**

Volume in Million tons		
Particulars	Q1 FY26	Growth % (YoY)
Grey Cement – Domestic (Incl. India Cements)	34.64	8.7%
Cement Export	0.13	-28.0%
White Cement	0.47	8.3%
Overseas (Grey + White)	1.77	45.0%
Inter-Company Elimination	-0.18	
<b>Consolidated Sales Volumes</b>	<b>36.83</b>	<b>9.7%</b>

Source: Company, Nuvama Research

Note: Includes Kesoram's volumes of 1.58MT in Q1FY25

Exhibit 4: Domestic grey cement realisation (excluding Kesoram and ICEM) up 2.4% YoY and 2.6% QoQ



Source: Company, Nuvama Research

Exhibit 5: Domestic capacity to reach ~212mtpa by end-FY27E

	Particulars	Unit	Project	Cement Capacity (Mtpa)
Commissioned till date	<b>Capacity as at March-25</b>			<b>183.4</b>
	Nagpur, Maharashtra (Debottlenecking)	GU	B	0.6
	Panipat, Haryana (Debottlenecking)	GU	B	0.4
	Jhajjar, Haryana (Debottlenecking)	GU	B	0.4
	Banswara, Rajasthan (Debottlenecking)*	IU	B	0.3
	Maihar, Madhya Pradesh (Phase II)	IU	B	1.8
	Patratu, Jharkhand	GU	B	2.5
	Shahjahanpur, Uttar Pradesh	GU	G	1.8
	Nathdwara, Rajasthan	IU	B	1.2
	Dhule, Maharashtra (Phase II)	GU	B	0.6
	Visakhapatnam, Andhra Pradesh	GU	G	3.3
	Parli, Maharashtra	GU	B	1.2
	Panvel, Maharashtra	BT	B	1.0
	<b>Capacity addition in FY26 (Excl. BT)</b>			<b>14.1</b>
	<b>To be commissioned in FY27</b>			
	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
	<b>Capacity addition in FY27 (Excl. BT)</b>			<b>14.7</b>

Source: Company, Nuvama Research

Exhibit 6: Capacity addition plans by year



Source: Company, Nuvama Research

Exhibit 7: Power source mix (Q1FY26)

Particulars	Capacity (MW)	Power Mix (%)	Rate (₹/Kwh)
Captive Thermal Power	1,333	38.4%	6.7
State Grid and Others		22.1%	7.1
Renewable Energy	1,082	19.1%	4.5
WHRS	363	20.4%	0.8
<b>Power Cost (₹/Kwh)</b>		<b>5.1</b>	
<b>Total Power Consumed (Kwh/t. of Cement)</b>		<b>69.3</b>	

Source: Company, Nuvama Research

## Q1FY26 conference call: Key takeaways

### Demand

UTCEM reported ~10% YoY volume growth in Q1FY26 (grey cement domestic volumes grew 9% YoY) with Kesoram Industries included in the base quarter. Management is confident of delivering double-digit volume growth in FY26E over FY25 reported volumes (includes Kesoram Industries for whole year and ICEM for one quarter).

### Pricing

Reported domestic grey cement realisation (excluding ICEM and Kesoram) improved 2.2% QoQ in Q1FY26 (with Southern and eastern region witnessing highest increase); current prices are holding steady despite the monsoon compared with Q1FY26 exit prices (eastern region witnessed some price improvement in Jul-25, minor improvement seen in south and central regions, and no hikes in north and west regions, wherein prices are already better off).

### Cost

UTCL expects INR300/t savings in operating costs by end-FY27 due to initiatives, namely: i) improvement in conversion ratio from existing 1.49x to 1.54x (largest contributor); ii) investment in green power (to touch ~60% by FY27E and ~85% by FY30E versus existing ~40%); iii) reduction in lead distance as the network of plants will increase to 70 from existing 59; and iv) savings via AFR.

Out of the abovementioned measures, UTCL achieved savings to the tune of INR86/t in FY25 with the lead distance being the biggest contributor.

Fuel cost stood at INR1.78/kcal during Q1FY26 (from INR1.73/kcal in Q4FY25).

### Capex update

The expansion plan laid out by the company is progressing well and is on track; UTCL aims to reach ~212mtpa domestic capacity by end-FY27E.

UTCL plans to incur capex of ~INR100bn in FY26.

### India Cements acquisition

ICEM became UTCL subsidiary w.e.f. 24th December 2024. UTCL has identified opportunities in debottlenecking as well as brownfield projects, which would aid its growth in coming years.

ICEM achieved domestic sales volume of 2.18MnT, up 11.6% YoY. Capacity utilisation during Q1FY26 stood at 61% while prices improved 5.7% QoQ. It clocked EBITDA of ~INR820mn in Q1FY26, which translates to EBITDA/t of ~INR400. It is expected to achieve EBITDA/t of INR1,000+ in FY28E.

UTCL will incur capex of INR15bn over the next two years in ICEM. UTCL will increase WHRS capacity from 9MW in FY25 to 30MW by FY27, whereas renewable power would increase from 20MW in FY25 to 221MW by FY27E.

Management expects ICEM net debt to fall below INR0.5bn by the end of capex program (INR11.6bn in FY25).

## Other operational updates

**Trade mix** was 66.3% in Q1FY26. **Premium** products constituted ~34% of trade share in Q1FY26.

The **clinker conversion ratio** stood at 1.49x in Q1FY26 (1.44x in Q1FY25).

The **lead distance** decreased to 370km in Q1FY26 from 384km in Q4FY25.

**Fuel mix:** Pet coke made up 52% (from 55% in Q4FY25) of the fuel mix in Q1FY26.

Revenues for the **RMC business** surged 23% YoY in Q1FY26.

**Green power mix** stood at 39.5% in Q4FY25 (34.4% in Q4FY25) with an eventual target of 60% by FY27E and 85% by FY30E.

UTCL has **WHRS capacity** of 363MW and it aims to reach 500MW capacity by FY27E (23% of power requirement). **Renewable power** stood at 1.08GW and the company aims to expand it to ~2GW by FY27E (37% of power requirement).

**Road mix** stood at 74%, whereas the rail mix stood at 24% and sea mix at 2% in Q1FY26.

## Company Description

UTCL, with pan-India presence, is the market leader in the domestic cement industry. Also, the company operates in the white cement segment with ~1.5mtpa capacity. Grasim, the flagship company of the AV Birla Group, is a majority shareholder in UTCL with 57% ownership.

## Investment Theme

While on-track completion of capex plans and efficiency focus is heartening, rich valuations are likely to keep upsides capped. We value UTCL at 19x EV/EBITDA and maintain 'HOLD/SP' with a TP of INR 13,628.

## Key Risks

Material increase in costs or sharp decrease in cement prices.

## Additional Data

### Management

Chairman	Kumar Mangalam Birla
MD	K C Jhanwar
CFO and Executive Director	Atul Daga
CEO - Birla White	Ashish Dwivedi
Auditor	Deloitte

### Holdings – Top 10\*

	% Holding		% Holding
LIC	2.45	Kotak Mahindra	1.09
ICICI Prudential	2.27	Nippon Life Ind	0.77
Vanguard	1.72	Axis AMC	0.75
Blackrock	1.52	UTI AMC	0.65
SBI Funds Manag	1.51	JP Morgan Chase	0.57

\*Latest public data

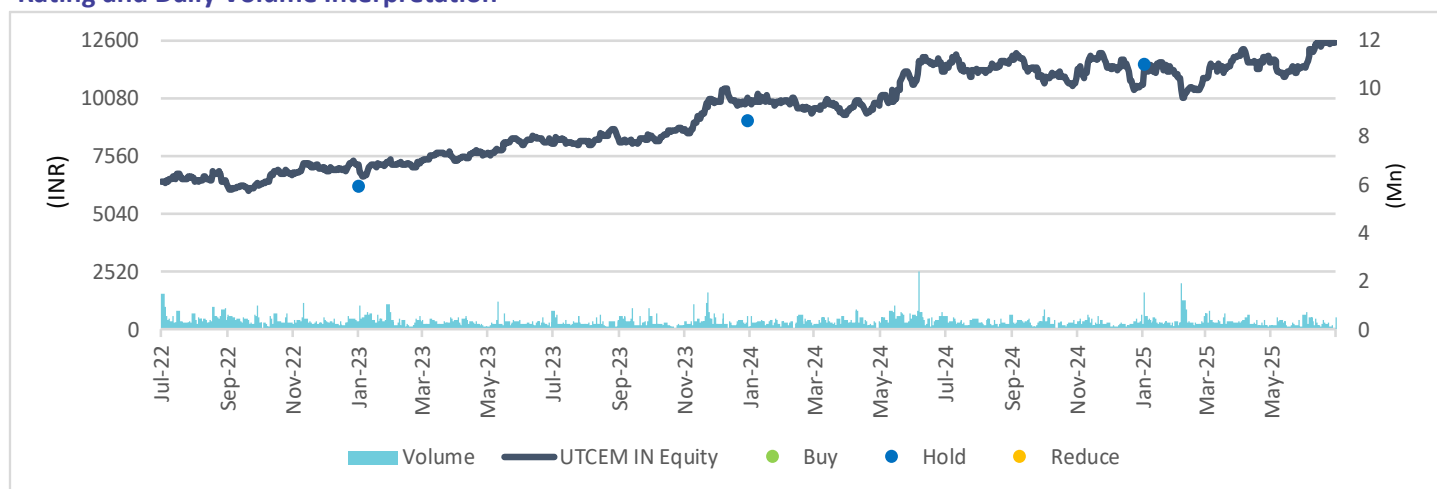
### Recent Company Research

Date	Title	Price	Reco
28-Apr-25	In-line performance; growth intact; <i>Result Update</i>	12,114	Hold
11-Mar-25	Focus on growth and profitability; <i>Company Update</i>	10,439	Hold
28-Feb-25	Venturing into cables and wires ; <i>Company Update</i>	10,128	Hold

### Recent Sector Research

Date	Name of Co./Sector	Title
21-Jul-25	J K Cements	All-round beat; <i>Result Update</i>
11-Jul-25	Cement	Prices cool off; capex improves; <i>Sector Update</i>
04-Jul-25	Cement	Early monsoon halts price rally; <i>Sector Update</i>

### Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

### Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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