UltraTech Cement

India | Cement | **Result Update**

Margin delight

25 January 2026

Rating: Accumulate
Target Price: INR 14,553
Upside: 18%
CMP: INR 12,369
As on 23 January 2026

In Q3FY26, Ultratech Cement (UTCEM IN) reported strong consolidated EBITDA of ~INR 39bn, up ~35% YoY and ~27% QoQ, exceeding both our and consensus estimates of ~INR 34.6bn each due to better-than-expected margins. This performance was achieved despite a weak pricing environment, driven by double-digit volume growth, improvement in EBITDA per tonne, and sustained cost optimization initiatives. Notably, against its targeted cost efficiency savings of ~INR 100/tonne by end-FY26, UTCEM has already realized ~INR 86/tonne as of end-December 2025, keeping it well on track to meet its stated target.

We believe UTCEM is well positioned to outpace industry growth, supported by ongoing capacity additions, integration benefits from acquired assets, and structural efficiency improvements. Near-term volume growth is expected to be driven by recent price hikes of INR 6-8/bag (gross) and operating leverage due to seasonal demand. Further, the announced 22.8mn tonnes expansion strengthens long-term volume visibility beyond FY28. Thus, we reiterate **Accumulate** with a higher TP of INR 14,553, based on 18x (unchanged) December 2027E EV/EBITDA as we roll over from September 2027E.

Normalization in expenses and operating leverage lift profitability sequentially: On a like-to-like basis, consolidated sales volume rose ~15% YoY and QoQ to ~38.9mn tonnes, while realization fell ~3% QoQ (flat YoY) to INR 4,920/tonne. Operating cost fell ~6% QoQ to ~INR 4,609/tonne, driven by lower power & fuel costs and operating leverage and normalization of other expenses and staff cost, lifting EBITDA/tonne (including other operating income) to INR 1,007 from INR 914 in Q2FY26. UTCEM's legacy plants reported EBITDA/tonne of INR 1,051 (versus INR 966 in Q2FY26), while performance of acquired assets was subdued — India Cements reported an EBITDA/tonne of INR 305 and Kesoram (KCL) delivered EBITDA/tonne ~INR 600. Management highlighted brand transition to emerge as a key driver for improvement, with ~69% and ~58% completion already achieved at Kesoram and ICEM, respectively.

Cables and wires foray progressing as planned: UTCEM's cables and wires business is progressing as planned, with ~INR 5.0bn orders placed and ~INR 1.97bn capex incurred out of the total ~INR 18bn allocation. The Jhagadia (Gujarat) facility, with a planned capacity of ~3.5-4.0mn km, will make wires and a range of cable products and leverage UTCEM's pan-India distribution network. Management expects the product to be launched by Q3FY27, supporting diversification into value-added segments and strengthening long-term growth visibility.

Reiterate Accumulate with a higher TP of INR 14,553: UTCEM is well positioned to outpace industry growth, supported by improving demand and ramp-up of recently added capacities across organic and inorganic routes. Its strong expansion pipeline enhances medium-to-long-term volume visibility, while margins are likely to benefit from ongoing cost-efficiency initiatives, including focused efficiency capex at ICEM and KCL. We raise our EBITDA estimate by ~7% for FY26E but largely retain it for FY27E-28E. As we roll over to December 2027E from September 2027E, we raise our TP to INR 14,553 from INR 14,088 on 18x (unchanged) December 2027E EV/EBITDA. We reiterate **Accumulate.** Sub-par demand, weak cement price and a sharp rise in fuel price are key risks to our call.

Key Financials

YE March (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue (INR mn)	709,081	759,551	878,054	984,004	1,101,900
YoY (%)	12.1	7.1	15.6	12.1	12.0
EBITDA (INR mn)	129,686	125,575	165,710	207,862	249,816
EBITDA margin (%)	18.3	16.5	18.9	21.1	22.7
Adj PAT (INR mn)	70,400	61,147	79,898	110,348	140,342
YoY (%)	39.1	(13.1)	30.7	38.1	27.2
Fully DEPS (INR)	243.9	207.5	271.1	374.5	476.3
RoE (%)	12.3	9.1	9.6	11.4	13.2
RoCE (%)	14.6	10.2	11.2	13.2	15.2
P/E (x)	50.7	59.6	45.6	33.0	26.0
EV/EBITDA (x)	30.1	31.1	23.5	18.8	15.6

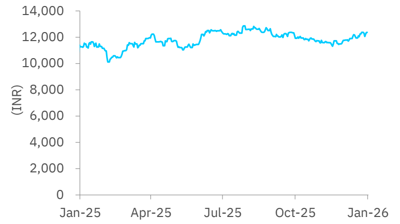
Note: Pricing as on 23 January 2026; Source: Company, Elara Securities Estimate

Key data

Bloomberg	UTCEM IN
Reuters Code	ULTC.NS
Shares outstanding (mn)	295
Market cap (INR bn/USD mn)	3,645/39,637
EV (INR bn/USD mn)	3,900/42,406
ADTV 3M (INR mn/USD mn)	2,958/32
52 week high/low	13,102/10,048
Free float (%)	40

Note: as on 23 January 2026; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
Promoter	59.2	59.2	59.2	59.3
% Pledge	0.0	0.0	0.0	0.0
FII	16.9	15.8	15.9	15.0
DII	16.1	16.9	16.7	17.5
Others	7.8	8.1	8.2	8.2

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(3.5)	0.9	9.7
UltraTech Cement	3.8	0.5	9.6
NSE Mid-cap	(4.3)	(0.9)	9.8
NSE Small-cap	(11.6)	(11.9)	(0.7)

Source: Bloomberg

Ravi Sodah
Cement, Metals & Mining

+91 22 6164 8517
ravi.sodah@elaracapital.com

Associates
Bhavi Shah
bhavi.shah@elaracapital.com

Saurabh Singh
Saurabh.Singh@elaracapital.com

Financials (YE March)

Income Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Total Revenue	709,081	759,551	878,054	984,004	1,101,900
EBITDA	129,686	125,575	165,710	207,862	249,816
EBIT	98,233	85,425	119,106	157,966	196,584
Interest expense	9,680	16,505	19,487	19,205	19,124
Other income	6,170	7,442	6,161	6,207	6,254
Exceptional/ Extra-ordinary items	(500)	(1,080)	892	-	-
PBT	94,222	75,281	106,672	144,968	183,714
Tax	24,183	14,885	26,515	35,744	45,145
Minority interest/Associates income	10	(5)	(35)	1,124	1,773
Reported PAT	70,050	60,391	80,122	110,348	140,342
Adjusted PAT	70,400	61,147	79,898	110,348	140,342

Balance Sheet (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Shareholders' Equity	602,275	707,068	894,175	972,938	1,080,397
Minority Interest	559	31,866	31,830	32,955	34,728
Trade Payables	84,783	93,275	104,626	114,814	125,163
Provisions & Other Current Liabilities	134,370	157,873	161,915	166,032	170,266
Total Borrowings	102,984	230,310	235,101	231,601	225,601
Other long term liabilities	83,049	116,581	136,034	136,335	130,655
Total liabilities & equity	**1,008,020**	**1,336,972**	**1,563,683**	**1,654,675**	**1,766,810**
Net Fixed Assets	633,433	931,166	1,126,141	1,176,250	1,223,523
Goodwill	63,455	76,818	77,258	77,697	78,137
Intangible assets	-	-	-	-	-
Business Investments / other NC assets	79,698	92,992	96,100	99,569	104,074
Cash, Bank Balances & treasury investments	62,680	45,324	48,971	58,138	79,457
Inventories	83,297	95,630	106,249	116,332	127,240
Sundry Debtors	42,782	58,903	62,879	70,371	78,656
Other Current Assets	42,676	36,139	46,085	56,319	75,721
Total Assets	**1,008,020**	**1,336,971**	**1,563,683**	**1,654,675**	**1,766,810**

Cash Flow Statement (INR mn)	FY24	FY25	FY26E	FY27E	FY28E
Cashflow from Operations	**108,975**	**106,734**	**137,751**	**159,503**	**181,554**
Capital expenditure	(88,841)	(89,506)	(241,579)	(100,005)	(100,505)
Other Business cashflow	959	(75,538)	7,042	6,728	5,737
Free Cash Flow	**21,094**	**(58,310)**	**(96,786)**	**66,225**	**86,786**
Cashflow from Financing	(28,276)	40,954	100,433	(57,058)	(65,467)
Net Change in Cash / treasury investments	(7,182)	(17,356)	3,647	9,167	21,319

Key assumptions & Ratios	FY24	FY25	FY26E	FY27E	FY28E
Dividend per share (INR)	70.0	77.5	78.0	78.0	78.0
Book value per share (INR)	2,086.2	2,399.4	3,034.4	3,301.7	3,666.3
RoCE (Pre-tax) (%)	14.6	10.2	11.2	13.2	15.2
ROIC (Pre-tax) (%)	16.2	10.9	11.7	13.8	16.1
ROE (%)	12.3	9.1	9.6	11.4	13.2
Asset Turnover (x)	1.2	1.0	0.9	0.9	0.9
Net Debt to Equity (x)	0.1	0.3	0.2	0.2	0.1
Net Debt to EBITDA (x)	0.3	1.5	1.1	0.8	0.6
Interest cover (x)	13.4	7.6	8.5	10.8	13.1
Total Working capital days	6.7	(7.5)	(1.1)	8.0	23.0

Valuation	FY24	FY25	FY26E	FY27E	FY28E
P/E (x)	50.7	59.6	45.6	33.0	26.0
P/Sales (x)	5.1	4.8	4.2	3.7	3.3
EV/ EBITDA (x)	30.1	31.1	23.5	18.8	15.6
EV/ OCF (x)	35.8	36.5	28.3	24.4	21.5
FCF Yield (%)	0.5	(1.5)	(2.5)	1.7	2.2
Price to BV (x)	5.9	5.2	4.1	3.7	3.4
Dividend yield (%)	0.6	0.6	0.6	0.6	0.6

Note: Pricing as on 23 January 2026; Source: Company, Elara Securities Estimate

Exhibit 1: Quarterly financials

YE March (INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Variance (%)
Net Sale	215,060	175,550	22.5	193,710	11.0	211,127	1.9
Operating Expenses	179,144	148,841	20.4	165,126	8.5	179,209	(0.0)
% of Sales	83.3	84.8		85.2		84.9	
EBITDA	39,152	28,947	35.3	30,943	26.5	34,553	13.3
EBITDA Margins (%)	18.2	16.5		16.0		16.4	
Other Income	1,356	2,473	(45.2)	1,741	(22.1)	1,672	(18.9)
Interest	4,922	4,568	7.8	4,593	7.2	4,788	2.8
Depreciation	11,819	9,928	19.0	11,477	3.0	11,951	(1.1)
PBT	22,830	16,913	35.0	16,558	37.9	19,429	17.5
Tax	5,536	3,278	68.9	4,179	32.5	4,561	21.4
Effective Tax Rate(%)	24.2	19.4		25.2		23.5	
Adjusted PAT	17,923	13,594	31.8	12,316	45.5	14,804	21.1
Reported PAT	17,254	13,594	26.9	12,316	40.1	14,804	16.5
NPM (%)	8.3	7.7		6.4		7.0	

Source: Company, Elara Securities Estimate

Domestic capacity to reach ~235mn tonnes by FY28: In Q4FY26, the company is set to add ~8-9mn tonnes of capacity, followed by ~12mn tonnes in FY27 and the balance in FY28, with most of the Phase-IV expansion expected to be completed by FY28. Domestic capacity stood at ~189mn tonnes as of end-December and is likely to reach ~235mn tonnes by end-FY28 with scheduled additions. This robust expansion pipeline strengthens long-term volume visibility.

Other highlights

- Blended fuel cost stood at INR 1.80/kcal in Q3FY26 versus INR 1.78/kcal in Q3FY25 and INR 1.8/kcal in Q2FY26.
- Primary lead distance reduced to 363km in Q3FY26 versus 377km in Q3FY25 and 366km in Q2FY26.
- Premium mix stood at 36% in Q3FY26 versus 26.5% in Q3FY25 and 37.4% in Q2FY26.
- UTCEM increased its green power share to 42.1% in Q3FY26 versus 33.4% in Q3FY25 and 41.6% in Q2FY26.

Exhibit 2: Standalone financials

YE March (INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Net Sale	197,820	166,870	18.5	176,320	12.2
Operating Expenses	165,791	141,280	17.3	150,942	9.8
% of Sales	83.8	84.7		85.6	
EBITDA	35,088	27,860	25.9	27,702	26.7
EBITDA Margins (%)	17.7	16.7		15.7	
Other Income	816	2,091	(61.0)	726	12.4
Interest	4,330	4,168	3.9	3,962	9.3
Depreciation	10,240	9,326	9.8	10,018	2.2
PBT	20,526	16,457	24.7	14,449	42.1
Tax	5,416	3,214	68.5	3,810	42.2
Effective Tax Rate(%)	26.4	19.5		26.4	
Adjusted PAT	15,715	13,243	18.7	10,639	47.7
Reported PAT	15,110	13,243	14.1	10,639	42.0
NPM (%)	7.9	7.9		6.0	

Source: Company, Elara Securities Research

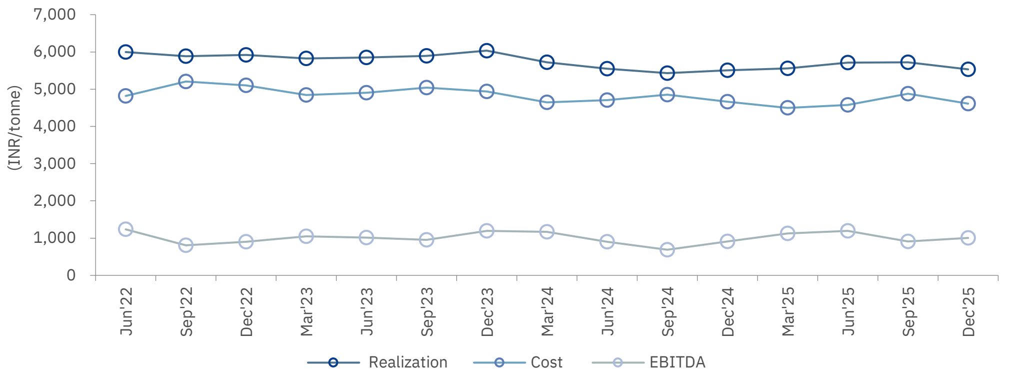
Exhibit 3: Power cost declines 4% due to improved clinker conversion ratio

Per tonne analysis	Q3FY26	Q2FY26	QoQ (%)	Q1FY26	Q4FY25
Volume (mn tonnes)	38.87	33.85	14.8	36.83	41.02
Realization (INR per tonne)	**5,533**	**5,723**	(3.3)	**5,713**	**5,555**
Raw material cost	980	978	0.1	892	918
Purchase of stock in trade	153	171	(10.7)	145	142
Employee cost	268	314	(14.8)	264	239
Power & Fuel	1,254	1,313	(4.5)	1,320	1,273
Freight cost	1,224	1,219	0.4	1,262	1,262
Other Expenses	730	882	(17.2)	696	662
Total cost	**4,609**	**4,878**	(5.5)	**4,579**	**4,497**
EBITDA (excl OOI)	**924**	**844**	9.4	**1,134**	**1,059**
EBITDA (incl OOI)	**1,007**	**914**	**10.2**	**1,197**	**1,126**

Percentage of sales (%)	Q3FY26	Q2FY26	QoQ (%)	Q1FY26	Q4FY25
Raw material cost	17.7	17.1	61.3	15.6	16.5
Purchase of stock in trade	2.8	3.0	(22.7)	2.5	2.6
Employee cost	4.8	5.5	(65.2)	4.6	4.3
Power & Fuel	22.7	22.9	(27.6)	23.1	22.9
Freight cost	22.1	21.3	81.7	22.1	22.7
Other Expenses	13.2	15.4	(221.8)	12.2	11.9
Total cost	83.3	85.2	(194.4)	80.2	80.9
EBITDA (excl OOI)	**16.7**	**14.8**	**194.4**	**19.8**	**19.1**

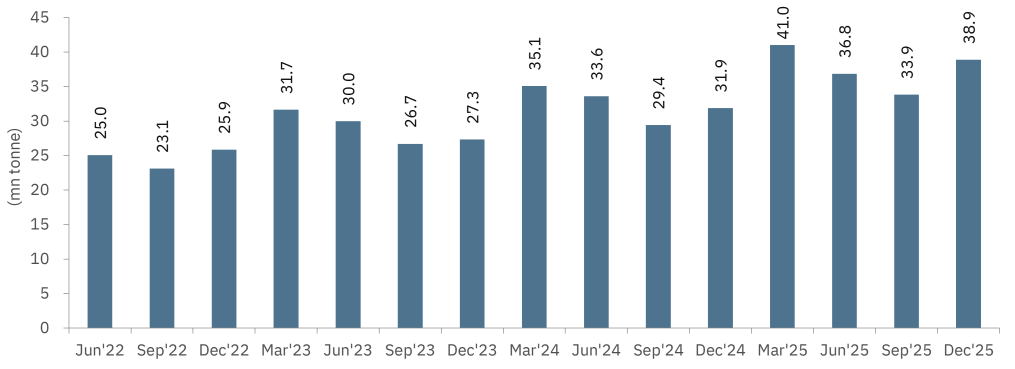
Source: Company, Elara Securities Research

Exhibit 4: Cement prices fell QoQ, reflecting softness following the GST rate reduction



Source: Company, Elara Securities Research

Exhibit 5: Reports double-digit volume growth QoQ after two quarters of weakness



Source: Company, Elara Securities Research

Exhibit 6: Valuation

(INR mn)	Dec-27E
Consolidated EBITDA*	236,437
Target EV/EBITDA (x)	18.0
Target EV	**4,255,865**
Less: Net debt*	149,820
Add: Value of UTCEM's stake in Star Cement	6,646
Add: CWIP	175,782
Target market cap	**4,288,473**
Shares (mn)	295
TP (INR)	**14,553**
CMP (INR)	12,369
Upside (%)	17.7

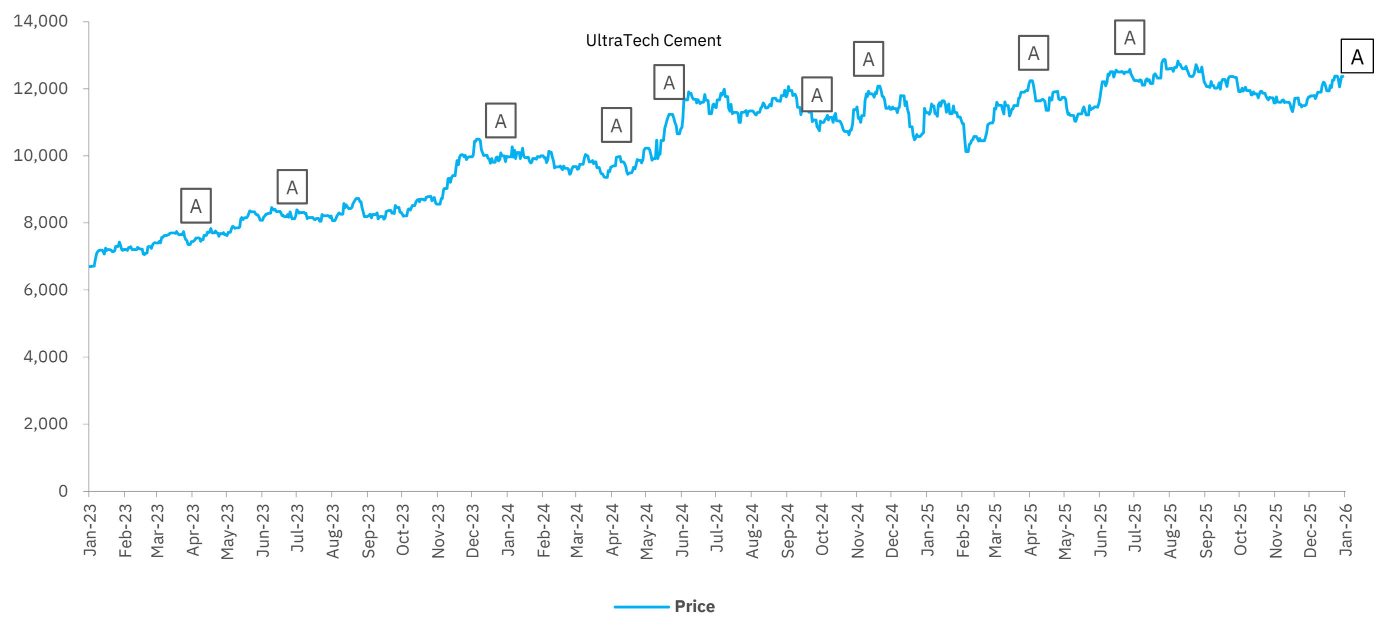
Note: *Adjusted for minority stake in ICEM; pricing as on 23 January 2026; Source: Elara Securities Estimate

Exhibit 7: Change in estimates

(INR mn)	Old			Revised			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Net Revenue	901,484	1,021,764	1,140,623	878,054	984,004	1,101,900	(2.6)	(3.7)	(3.4)
EBITDA	154,762	207,698	250,365	165,710	207,862	249,816	7.1	0.1	(0.2)
PAT	71,964	110,708	141,841	79,898	110,348	140,342	11.0	(0.3)	(1.1)
TP (INR)			**14,088**			**14,553**			**3.3**

Source: Elara Securities Estimate

Coverage History



Date	Rating	Target Price (INR)	Closing Price (INR)
06-Dec-2022	Accumulate	8,325	7,242
28-Apr-2023	Accumulate	8,638	7,556
21-Jul-2023	Accumulate	9,098	8,119
19-Jan-2024	Accumulate	10,659	10,094
29-Apr-2024	Accumulate	11,397	9,964
14-Jun-2024	Accumulate	11,993	11,243
21-Oct-2024	Accumulate	11,675	10,869
05-Dec-2024	Accumulate	13,229	11,933
28-Apr-2025	Accumulate	13,567	12,114
21-Jul-2025	Accumulate	14,088	12,577
23-Jan-2026	Accumulate	14,553	12,369

Guide to Research Rating

BUY (B)	Absolute Return >+20%
ACCUMULATE (A)	Absolute Return +5% to +20%
REDUCE (R)	Absolute Return -5% to +5%
SELL (S)	Absolute Return < -5%

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India	Europe	USA	Asia / Pacific
Elara Securities (India) Private Limited One International Center, Tower 3, 21st Floor, Senapati Bapat Marg, Elphinstone Road (West) Mumbai – 400 013, India Tel : +91 22 6164 8500	**Elara Capital Plc.** 6th Floor, The Grove, 248A Marylebone Road, London, NW1 6JZ, United Kingdom Tel : +44 20 7486 9733	**Elara Securities Inc.** 230 Park Avenue, Suite 2415, New York, NY 10169, USA Tel: +1 212 430 5870 Fax: +1 212 208 2501	**Elara Capital (Asia) Pte.Ltd.** One Marina Boulevard, Level 20, Singapore 018989 Tel : +65 6978 4047

Managing Director	**Harendra Kumar** | harendra.kumar@elaracapital.com | +91 22 6164 8571
Head of Research	**Dr Bino Pathiparampil** | bino.pathiparampil@elaracapital.com | +91 22 6164 8572

Sales Team

India	**Hitesh Danak** - hitesh.danak@elaracapital.com - +91 22 6164 8543 **Ashok Agarwal** - ashok.agarwal@elaracapital.com - +91 22 6164 8558 **Himani Sanghavi** - himani.sanghavi@elaracapital.com - +91 22 6164 8586
India, APAC & Australia	**Sudhanshu Rajpal** - sudhanshu.rajpal@elaracapital.com - +91 22 6164 8508 **Joshua Saldanha** - joshua.saldanha@elaracapital.com - +91 22 6164 8541 **Shraddha Shrikhande** - shraddha.shrikhande@elaracapital.com - +91 22 6164 8567 **Suyash Maheshwari** - suyash.maheshwari@elaracapital.com - +91 22 4204 8698
India & UK	**Prashin Lalvani -** prashin.lalvani@elaracapital.com - +91 22 6164 8544
India & US	**Karan Rathod** - karan.rathod@elaracapital.com - +91 22 6164 8570
Corporate Access, Conference & Events	**Anita Nazareth** - anita.nazareth@elaracapital.com - +91 22 6164 8520 **Tina D'souza** - tina.dsouza@elaracapital.com - +91 22 6164 8595