

UltraTech Cement

BSE SENSEX 77,496 S&P CNX 24,178



Bloomberg	UTCEM IN
Equity Shares (m)	295
M.Cap.(INRb)/(USD\$b)	3486.9 / 36.8
52-Week Range (INR)	13110 / 10325
1, 6, 12 Rel. Per (%)	1/6/0
12M Avg Val (INR M)	3345

Financials & Valuations (INR b)

Y/E March	FY26	FY27E	FY28E
Sales	885	1,025	1,127
EBITDA	170	192	226
Adj. PAT	83	94	115
EBITDA Margin (%)	19	19	20
Adj. EPS (INR)	281	317	389
EPS Gr. (%)	35	13	23
BV/Sh. (INR)	2,600	2,678	2,916

Ratios

Net D:E	0.2	0.2	0.2
RoE (%)	11.2	12.0	13.9
RoCE (%)	10.1	10.7	12.1
Payout (%)	85.5	47.3	41.2

Valuations

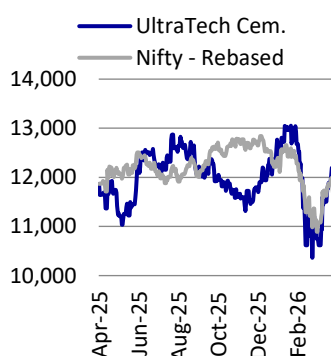
P/E (x)	42.2	37.3	30.5
P/BV (x)	4.6	4.4	4.1
EV/EBITDA(x)	20.8	18.6	15.4
EV/ton (USD)	188	175	158
Div. Yield (%)	2.0	1.3	1.4
FCF Yield (%)	1.7	1.6	2.4

Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	59.3	59.3	59.2
DII	18.5	17.5	16.9
FII	14.3	15.1	15.9
Others	7.9	8.1	8.0

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR11,833 TP: INR13,800 (+17%) Buy

Cost efficiency measures to boost EBITDA

We attended the plant visit event organized by Ultratech Cement (UTCEM) at its Baga plant in Solan, Himachal Pradesh, where we interacted with the management team, followed by a tour of the plant. Key highlights of the interaction: 1) its market share stands at 31.4% vs. capacity market share of 27.8%; 2) it targets EBITDA/t of INR1,400 by 4QFY28 and ~15%+ ROCE by FY28; 3) Industry demand is estimated to clock ~7%-8% CAGR over the next few years; and 4) UBS stores' contribution to total volume is targeted to increase to ~40% from the current ~21%.

Key takeaways from management meeting

- Per-capita cement consumption below global average:** India's per-capita cement consumption, at 320kg, is well below the global average of 470kg-520kg despite clocking ~5% CAGR over FY16-20. It is expected to rise at ~7% CAGR over FY26-30E, supported by rising urbanization, with urban population share projected to increase to ~40% by FY30 from ~37% currently.
- Demand should grow at ~8% CAGR by FY29E:** Industry cement demand is expected to increase at ~7-8% CAGR over the next few years, led by strong growth in rural and urban housing (~7% CAGR each over FY26-30E) and infrastructure demand (~8%+ CAGR). Continued affordable housing allocations will help drive demand growth, rising land purchases by real estate companies (increased by +47% YoY in 2025), and higher infrastructure investments over FY26-30E is expected to be at 1.5x of FY21-25 investment levels, with roads accounting for ~55% of spending, which will remain key demand drivers.
- Market share gain with improving profitability:** UTCEM has continued to gain market share, with its current market share at ~31.4% vs. capacity market share of ~27.8%. This growth has been supported by stronger profitability, with average EBITDA/t improving to INR1,143 during FY20-26 from INR975 in FY15-20. The company targets ~15%+ RoCE by FY28E and aims to achieve INR1,400/t EBITDA by 4QFY28, driven mainly by cost improvement measures.
- Cost-efficiency measures driving profitability improvement:** Cost efficiency programs delivered a cumulative benefit of INR185/t during FY25-26, led by lower lead distance, higher green energy usage, improved clinker-to-cement ratio, and reduced power and heat consumption. The company expects to surpass its earlier cost-saving target of INR300/t by FY28.
- Cable & Wires Capacity Utilization and Asset Turn Targets:** The Cable & Wires segment targets optimum capacity utilization by FY30E, with asset turns expected at 4-5x. The product mix is guided toward ~60% wires and ~40% cables (primarily LT cables)

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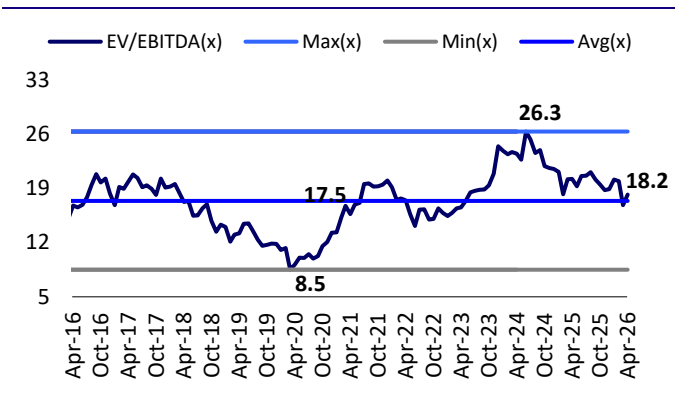
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Valuation and view:

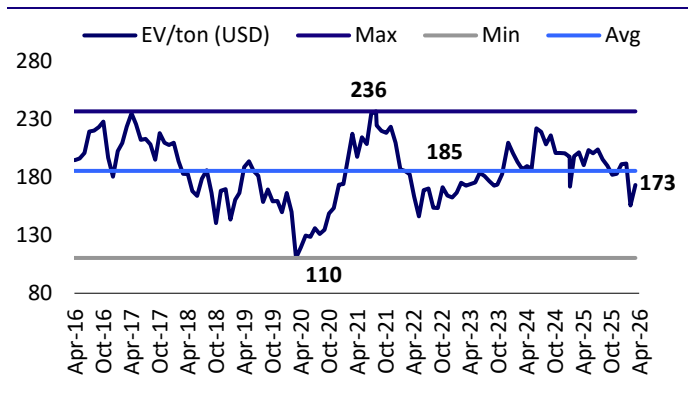
- UTCEM is a market leader with ~31% market share. The company reported strong profitability in 4QFY26, led by cost efficiency and a timely integration of acquired assets. UTCEM believes cost headwinds due to the West Asia conflicts are manageable in the near term with multiple levers and partially through the price hike taken so far. We estimate a CAGR of 13%/15%/18% in consolidated revenue/EBITDA/PAT over FY26-28. We estimate its consolidated volume CAGR at ~10% and EBITDA/t of INR1,136/INR1,216 in FY27E/FY28E vs. INR1,103 in FY26.
- We estimate its net debt at INR178.4b in FY27 (to be peaked out) vs. INR146.9b in FY26. The net debt-to-EBITDA ratio is estimated to remain below 1.0x. We estimate its RoE/RoCE to increase to ~14%/12% by FY28 from ~11%/10% in FY26, backed by a rise in profitability and lower capex for ongoing expansions.
- The stock is currently trading at 19x/15x FY27E/FY28E EV/EBITDA. We value UTCEM at 18x FY28E EV/EBITDA to arrive at a TP of INR13,800. **Reiterate BUY.**

Exhibit 1: One-year forward EV/EBITDA



Source: Company, MOFSL

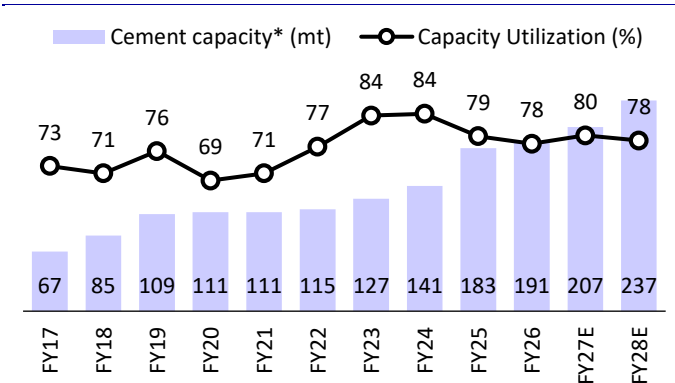
Exhibit 2: One-year forward EV/ton



Source: Company, MOFSL

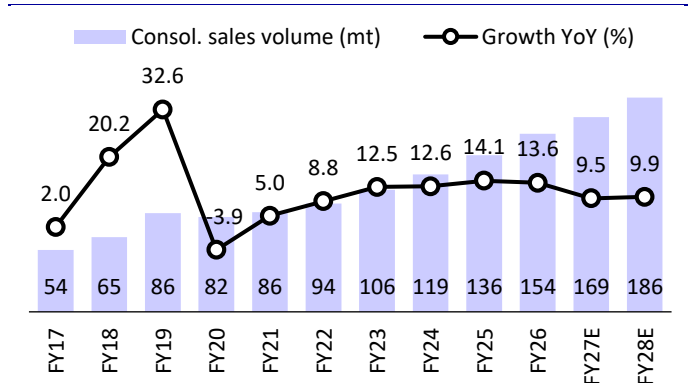
Story in charts

Exhibit 3: Estimate grinding capacity utilization at >75%



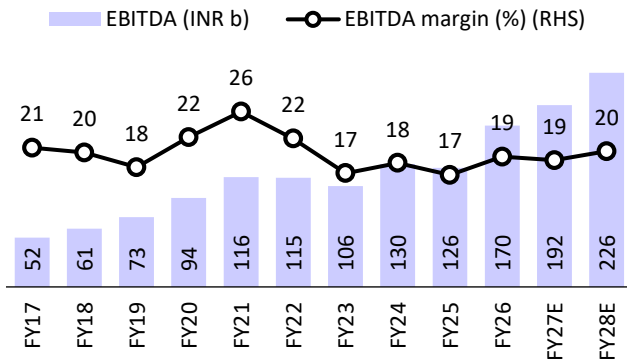
Source: MOFSL, Company: Note - *domestic grey cement capacity

Exhibit 4: Consol. volume CAGR of ~10% over FY26-28E



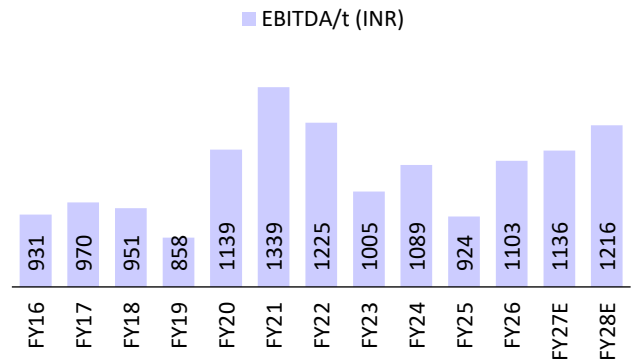
Source: MOFSL, Company

Exhibit 5: Estimate an EBITDA CAGR of ~15% over FY26-28



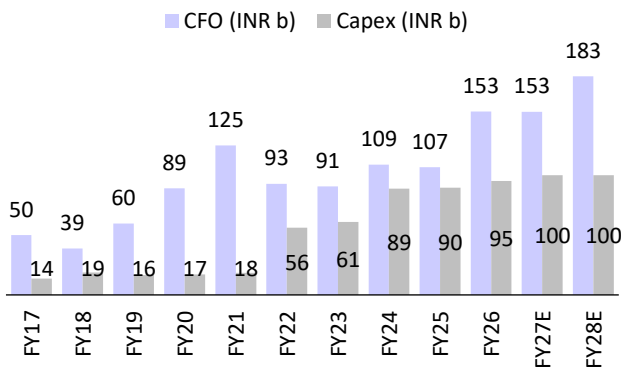
Source: MOFSL, Company

Exhibit 6: Estimate EBITDA/t to improve over FY27-28



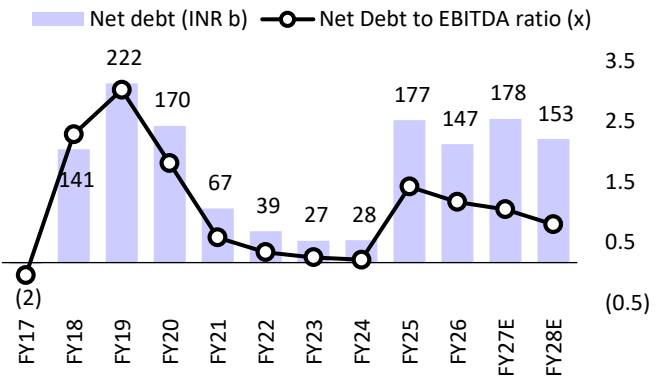
Source: MOFSL, Company

Exhibit 7: Strong CFO generation supports capex plans...



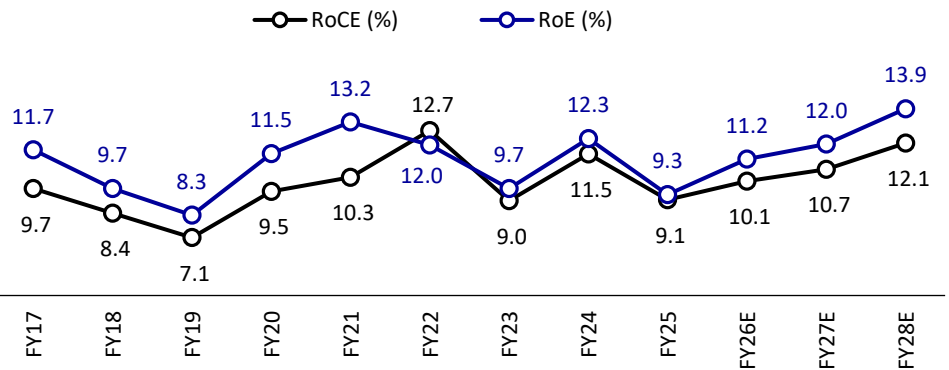
Source: MOFSL, Company

Exhibit 8: ...and balance sheet deleveraging



Source: MOFSL, Company

Exhibit 9: Low capex and expected improvement in profitability drive RoE/RoCE



Source: MOFSL, Industry, Company

Detailed highlights of management interactions

- **Per-capita consumption lags behind global average, expected to increase at ~7% CAGR by 2030:** India's per-capita consumption (PCC) of cement has increased at ~5% CAGR over FY16-20 to 320kg. This is much lower than the global average of 470-520kg. Going forward, PCC is expected to increase at a CAGR of ~7% over FY26-30E. Apart from rising population, PCC will improve with rising urbanization trends (~40% of population is estimated to reside in urban areas by FY30 vs. ~37% at present).
- **Demand should grow at ~8% CAGR by FY29E:** Industry demand is expected to increase at 7-8% CAGR over the next few years. This growth will be led by 1) rising demand from rural housing – estimated CAGR of ~7% over FY26-30E; 2) continued traction in urban housing demand – estimated CAGR of ~7% over FY26-30E; and 3) rising share of infrastructure demand – estimated CAGR of 8%+ over FY26-30E. The government's allocation for affordable housing continues and will help drive demand growth. Land purchases by real estate companies continue to rise, up ~47% YoY in 2025. Infrastructure-linked construction investments over FY26-30E are expected to grow by 1.5x investments made during FY21-25 and the share of investments in roads in this period is expected to increase to ~55% from ~50% earlier, which is one of the biggest drivers of cement consumption. A one-lane km of road consumes 600 tons of cement.
- **Industry capacity utilization expected to remain stable:** Capacity additions continue in the industry, and 160mtpa of new capacities are expected to be commissioned over FY26-28E. However, effective capacity utilization for new capacity is only ~25-30% in the first year of operations. Even though installed capacities are expected to increase at ~7.6% CAGR over FY25-28E, effective capacity increase will be at ~7% CAGR in this period. At the same time, demand is estimated to increase at ~7.4% CAGR in this period. Hence, industry capacity utilization should remain stable at ~72% in FY27/28E vs. ~71% in FY25/26E.
- **UTCEM has improved market share with better profitability; targets 15%+ RoCE by FY28; INR1,400/t EBITDA in 4QFY28:** UTCEM has continued to gain market share in last few years. Currently, its market share stands at 31.4% vs. capacity market share of 27.8%. At the same time, profitability has improved as average EBITDA/t over FY20-26 improved to INR1,143 vs. INR975 during FY15-20. It targets RoCE of 15%+ by FY28E and expects EBITDA/t of INR1,400 in 4QFY28E. Improvement in profitability will mostly be led by cost-improvement measures.
- **Cost-improvement measures on track:** Cost-efficiency programs have yielded a cumulative cost benefit of INR185/t in FY25/26, led by measures such as reduction in lead distance, higher usage of green energy, improved C:C ratio, lower power and heat consumption, etc. It expects to exceed its earlier cost saving guidance of INR300/t by FY28.
- **Consolidation has increased in the industry:** Consolidation has increased in the industry, led by inorganic acquisitions and higher share of capacity addition by bigger players.
- **Target to double UTCEM Building Solutions in next five years:** UBS store count is expected to double in the next five years. Currently, these stores contribute

21% of total volume and the target is ~40%. In FY26, the company has 5,568 UBS stores/outlets.

- **UltraTech Cement a preferred choice:** UTCEM brand has got wider acceptance due to 1) no compromise in quality, 2) usage of proper raw material mix within permissible limits, 3) better dealer connects, 4) deployment of ~2,000 technical services team, and 5) better management of non-trade customers.
- **Cable & Wires segment:** The target is to achieve optimum capacity utilization by FY30E and the asset turn is expected to be 4-5x. Wires and cables (LT cable) will be at 60% and 40%, respectively.
- **UAE operations:** Volumes have picked up and there has not been any drop in prices. UTCEM believes that there will be new programs for reviving the economy once the geopolitical issues settle down. EBITDA from UAE was INR2.78b in 4Q vs. INR2.67b in 3QFY26.

Key highlights of Baga plant visit

- Baga Cement Works is one of UTCЕМ’s key integrated plants in North India, strategically located in Himachal Pradesh to cater to nearby northern markets. The plant strengthens the company’s regional presence, supporting efficient supply, lower lead distance, and improved operating performance.
- The plant was commissioned in 2010 with a clinker capacity of 10,000tpd (3.3mtpa) and a KHD Humboldt configuration supported by a 4-string pre-heater. The crushing capacity is 900tph and raw mill capacity is 420tph, which grind low-grade limestone, iron ore, alumina, and additives such as red ochre. CF silo storage capacity is 24,200 tons. The kiln operates at a competitive heat rate of ~690 kcal/kg, reflecting strong thermal efficiency.
- The coal mill operates at 60tph. In fuel mix, the company majorly uses pet coke (~95%) sourced from IOCL Panipat Refinery and the US (import). Currently, the landed cost of imported petcoke from Kandla port is cheaper.
- Power consumption stood at ~67 Kwh/t, with ~15% being sourced from renewable energy (solar) and the balance through hydel power, resulting in a blended power cost of INR6.5-7.0/kwh. The plant operates ~270-280 days annually, with planned maintenance shutdowns of ~23-25 days split across two intervals, ensuring reliability without significant production disruption.
- Clinker storage capacity is at ~0.1m tons (~7-8 days inventory). Cement grinding capacity is 250tph (~2mtpa), a Loesche mill. Cement silo capacity stood at 24,000 tons. Clinker utilization at the unit is ~50%, with surplus routed to other grinding units of UTCЕМ at Bagheri, Himachal Pradesh, and Rajpura, Punjab. It sourced fly ash from nearby Rajpura-based thermal power plants.
- The packing plant is equipped with two packers (8-spout and 16-spout) with combined capacities of ~360tph, supplied by FLSmidth, and supported by automated monitoring systems (camera-based) for dispatch accuracy and bag count verification. Packaging operations are streamlined and there are no material shortages as it has a diversified vendor base (6-7 suppliers). Product differentiation is maintained via color-coded bags (yellow for PPC and white for OPC 43/53 grade).
- Cost of production and capex costs are higher at this plant, given the hilly area. Brownfield expansion cost would be USD100/t compared to USD60/t at other locations. The company keeps evaluating opportunities for improving plant efficiency and is also looking for debottlenecking opportunity.
- Mining spans ~324 hectares with proven reserves of ~288mt, translating into ~44 years of mine life, extendable by another ~40 years through ongoing exploration. Mine is allotted till 2057. Limestone quality varies widely (LSF range 70-250, average ~199), providing flexibility in raw mix design. Explosive costs have surged ~40% from INR 58/kg to INR 82/kg, implying an increase in the limestone extraction cost by INR4.4/t to INR5.5/t. The mine has consistently secured a 5-star rating from the Indian Bureau of Mines and has received the highest safety awards in the cluster for five consecutive years.

Exhibit 1: Aerial view of the plant



Source: MOFSL, Company

Exhibit 2: Pre-heater and clinker storage



Source: MOFSL, Company

Exhibit 3: Wide view of the plant



Source: MOFSL, Company

Exhibit 4: Mine area near the integrated plant



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Financials and Valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Total Income from Operations	4,47,258	5,25,988	6,32,400	7,09,081	7,59,551	8,85,115	10,25,182	11,26,901
Change (%)	5.4	17.6	20.2	12.1	7.1	16.5	15.8	9.9
Raw Materials	70,858	79,650	97,150	1,19,029	1,37,037	1,71,884	2,19,842	2,34,253
Employees Cost	23,530	25,347	27,390	30,376	36,046	41,624	48,123	52,507
Other Expenses	2,37,191	3,05,848	4,01,662	4,29,991	4,60,894	5,01,405	5,65,407	6,14,374
Total Expenditure	3,31,579	4,10,845	5,26,201	5,79,396	6,33,977	7,14,913	8,33,372	9,01,133
% of Sales	74.1	78.1	83.2	81.7	83.5	80.8	81.3	80.0
EBITDA	1,15,679	1,15,144	1,06,199	1,29,686	1,25,575	1,70,202	1,91,810	2,25,768
Margin (%)	25.9	21.9	16.8	18.3	16.5	19.2	18.7	20.0
Depreciation	27,002	27,148	28,880	31,453	40,150	46,445	52,277	58,541
EBIT	88,677	87,996	77,319	98,233	85,425	1,23,758	1,39,533	1,67,227
Int. and Finance Charges	14,857	9,447	8,227	9,680	16,505	18,717	21,328	21,713
Other Income	7,342	5,078	5,031	6,170	7,442	5,775	7,467	8,465
PBT bef. EO Exp.	81,162	83,627	74,122	94,722	76,361	1,10,816	1,25,672	1,53,979
EO Items	-2,607	0	0	-720	-974	-1,386	0	0
PBT after EO Exp.	78,555	83,627	74,122	94,002	75,387	1,09,430	1,25,672	1,53,979
Total Tax	25,387	11,901	23,429	24,183	14,885	27,388	32,172	39,419
Tax Rate (%)	32.3	14.2	31.6	25.7	19.7	25.0	25.6	25.6
Minority Interest	-34	-118	54	-231	111	385	0	0
Reported PAT	53,202	71,844	50,640	70,050	60,391	81,656	93,500	1,14,561
Adjusted PAT	54,967	56,665	50,640	70,572	61,171	82,699	93,500	1,14,561
Change (%)	31.0	3.1	-10.6	39.4	-13.3	35.2	13.1	22.5
Margin (%)	12.3	10.8	8.0	10.0	8.1	9.3	9.1	10.2

Consolidated - Balance Sheet

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	2,887	2,887	2,887	2,887	2,947	2,947	2,947	2,947
Total Reserves	4,38,860	5,01,466	5,40,359	5,99,388	7,04,121	7,63,289	7,86,065	8,56,424
Net Worth	4,41,747	5,04,353	5,43,245	6,02,275	7,07,068	7,66,235	7,89,012	8,59,371
Minority Interest	57	-31	556	559	31,866	40,889	40,889	40,889
Total Loans	2,04,878	1,02,028	99,008	1,02,984	2,30,310	2,27,807	2,62,807	2,52,807
Deferred Tax Liabilities	60,407	60,332	62,601	64,478	95,794	98,901	98,901	98,901
Capital Employed	7,07,089	6,66,683	7,05,411	7,70,296	10,65,038	11,33,832	11,91,608	12,51,967
Gross Block	6,08,332	6,33,795	7,00,914	7,62,404	11,06,057	11,92,522	12,87,522	13,82,522
Less: Accum. Deprn.	1,16,414	1,41,421	1,68,417	1,97,083	2,37,232	2,83,677	3,35,954	3,94,495
Net Fixed Assets	4,91,918	4,92,374	5,32,497	5,65,321	8,68,824	9,08,845	9,51,568	9,88,027
Goodwill on Consolidation	62,199	62,502	63,293	63,455	76,818	79,091	79,091	79,091
Capital WIP	16,867	47,847	40,404	68,112	62,342	87,423	92,423	97,423
Current Investment	1,08,939	49,633	58,366	54,848	28,591	37,356	37,356	37,356
Non-Current Investment	12,842	13,725	14,604	27,642	22,974	30,039	30,039	30,039
Curr. Assets, Loans & Adv.	1,59,034	1,71,938	2,04,460	2,28,444	2,75,395	2,68,941	3,00,161	3,35,941
Inventory	40,180	55,956	66,118	83,297	95,630	96,943	1,12,349	1,23,496
Account Receivables	25,717	30,716	38,670	42,782	58,903	60,288	70,218	77,185
Cash and Bank Balance	20,076	3,592	11,496	7,832	16,734	13,844	17,334	32,539
Loans and Advances	73,061	81,674	88,175	94,533	1,04,129	97,867	1,00,261	1,02,722
Curr. Liability & Prov.	1,52,307	1,71,595	2,08,459	2,37,724	2,71,934	2,79,929	3,01,104	3,17,992
Account Payables	46,993	58,628	72,093	84,783	93,275	1,02,367	1,18,566	1,30,331
Other Current Liabilities	96,441	1,04,309	1,28,080	1,43,660	1,66,236	1,64,664	1,69,604	1,74,692
Provisions	8,873	8,658	8,286	9,281	12,423	12,898	12,933	12,969
Net Current Assets	6,727	343	-3,999	-9,280	3,462	-10,988	-942	17,949
Deferred Tax assets	72	164	66	49	651	610	618	626
Net Assets held for sale	7,526	95	180	149	1,377	1,457	1,457	1,457
Appl. of Funds	7,07,089	6,66,683	7,05,411	7,70,296	10,65,038	11,33,832	11,91,608	12,51,967

Financials and Valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Basic (INR)								
EPS	190.4	196.3	175.4	244.5	207.6	280.6	317.3	388.8
Cash EPS	284.0	290.3	275.4	353.4	343.8	438.2	494.7	587.4
BV/Share	1,530.4	1,747.2	1,881.8	2,086.2	2,399.4	2,600.2	2,677.5	2,916.3
DPS	37.0	38.0	38.0	70.0	77.5	240.0	150.0	160.0
Payout (%)	19.4	19.4	21.7	28.6	37.3	85.5	47.3	41.2
Valuation (x)								
P/E	62.2	60.3	67.5	48.4	57.0	42.2	37.3	30.5
Cash P/E	41.7	40.8	43.0	33.5	34.4	27.0	23.9	20.2
P/BV	7.7	6.8	6.3	5.7	4.9	4.6	4.4	4.1
EV/Sales	7.8	6.5	5.4	4.8	4.8	4.1	3.6	3.2
EV/Ton (Cap-USD)	309	301	272	244	203	188	175	158
EV/EBITDA	29.0	29.1	31.4	25.5	28.4	20.8	18.6	15.5
Dividend Yield (%)	0.3	0.3	0.3	0.6	0.7	2.0	1.3	1.4
FCF per share	369.4	127.4	102.6	69.7	58.5	197.0	180.1	280.5
Return Ratios (%)								
RoE	13.2	12.0	9.7	12.3	9.3	11.2	12.0	13.9
RoCE	10.3	12.7	9.0	11.5	9.1	10.1	10.7	12.1
RoIC	10.2	13.4	9.1	11.8	8.6	9.5	10.2	11.7
Working Capital Ratios								
Inventory (Days)	33	39	38	43	46	40	40	40
Debtor (Days)	21	21	22	22	28	25	25	25
Creditor (Days)	38	41	42	44	45	42	42	42
Leverage Ratio (x)								
Current Ratio	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1
Interest Cover Ratio	6.0	9.3	9.4	10.1	5.2	6.6	6.5	7.7
Net Debt/Equity	0.2	0.1	0.1	0.1	0.3	0.2	0.3	0.2

Consolidated - Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
(INR m)								
OP/(Loss) before Tax	78,576	83,627	74,122	94,002	75,387	1,09,430	1,25,672	1,53,979
Depreciation	27,002	27,148	28,880	31,453	40,150	46,445	52,277	58,541
Interest & Finance Charges	14,857	9,447	8,227	9,680	16,505	18,717	21,328	21,713
Direct Taxes Paid	-12,910	-15,549	-11,243	-16,505	-13,006	-13,007	-32,180	-39,427
(Inc)/Dec in WC	23,264	-4,730	-3,370	-4,811	-6,711	-2,332	-6,556	-3,687
CF from Operations	1,30,789	99,943	96,617	1,13,819	1,12,325	1,59,253	1,60,541	1,91,120
Others	-5,785	-7,110	-5,932	-4,844	-5,591	-6,095	-7,467	-8,465
CF from Operating incl EO	1,25,004	92,832	90,685	1,08,975	1,06,734	1,53,159	1,53,074	1,82,654
(Inc)/Dec in FA	-18,389	-56,062	-61,056	-88,841	-89,506	-95,106	-1,00,000	-1,00,000
Free Cash Flow	1,06,615	36,771	29,629	20,135	17,228	58,053	53,074	82,654
(Pur)/Sale of Investments	-70,949	76,888	-13,642	-653	11,702	-1,768	0	0
Others	774	1,744	2,827	1,612	-87,240	2,073	7,467	8,465
CF from Investments	-88,565	22,570	-71,871	-87,881	-1,65,045	-94,801	-92,533	-91,535
Issue of Shares	70	44	47	19	20	0	0	0
Inc/(Dec) in Debt	-25,149	-1,12,232	-3,632	1,047	86,334	-17,422	35,000	-10,000
Interest Paid	-14,805	-2,227	-1,894	-8,535	-14,790	-18,687	-21,328	-21,713
Dividend Paid	-3,748	-10,650	-10,913	-10,944	-20,117	-22,734	-70,723	-44,202
Others	68	87	81	-843	-690	-693	0	0
CF from Fin. Activity	-43,565	-1,24,979	-16,310	-19,257	50,758	-59,536	-57,051	-75,915
Inc/Dec of Cash	-7,125	-9,577	2,504	1,838	-7,553	-1,178	3,490	15,205
Opening Balance	27,201	13,169	8,992	5,994	24,286	15,021	13,844	17,334
Closing Balance	20,076	3,592	11,496	7,832	16,734	13,844	17,334	32,539

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NOTES

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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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