

July 22, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	13,634		13,668	
Sales (Rs. m)	9,05,685	10,40,404	9,15,989	10,40,688
% Chng.	(1.1)	-		
EBITDA (Rs. m)	1,85,367	2,27,075	1,90,587	2,27,359
% Chng.	(2.7)	(0.1)		
EPS (Rs.)	334.3	443.2	349.6	444.0
% Chng.	(4.4)	(0.2)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	7,09,081	7,59,551	9,05,685	10,40,404
EBITDA (Rs. m)	1,29,686	1,25,575	1,85,367	2,27,075
Margin (%)	18.3	16.5	20.5	21.8
PAT (Rs. m)	70,050	60,391	98,526	1,30,603
EPS (Rs.)	242.6	204.9	334.3	443.2
Gr. (%)	38.3	(15.5)	63.1	32.6
DPS (Rs.)	70.0	75.9	83.5	91.9
Yield (%)	0.6	0.6	0.7	0.7
RoE (%)	12.2	9.2	13.2	15.7
RoCE (%)	14.6	10.4	13.6	16.2
EV/Sales (x)	5.2	5.1	4.3	3.6
EV/EBITDA (x)	28.3	30.9	20.8	16.6
PE (x)	51.8	61.3	37.6	28.3
P/BV (x)	6.0	5.2	4.7	4.2

Key Data

ULTC.BO | UTCEM IN

52-W High / Low	Rs.12,714 / Rs.10,048
Sensex / Nifty	82,200 / 25,091
Market Cap	Rs.3,701bn / \$ 42,891m
Shares Outstanding	295m
3M Avg. Daily Value	Rs.3420.03m

Shareholding Pattern (%)

Promoter's	59.23
Foreign	15.17
Domestic Institution	16.79
Public & Others	8.81
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	9.6	17.7	11.6
Relative	9.9	8.6	9.4

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Strong pricing, tad soft volumes

Quick Pointers:

- UTCEM added 3.5mtpa capacity in YTD FY26 and plans to add another 10.6mtpa in FY26E aiming to deliver double digit volume growth.
- Demand outlook in the North and Central regions remains relatively weak due to the monsoon, while pricing in the South and East continues to improve.

UltraTech Cement (UTCEM) reported tad weaker Q1FY26 operating performance, due to weak like to like volume growth, which was negated by higher pricing. Average grey cement realization improved 2.1% QoQ, led by price hikes mainly in the Southern and Eastern regions. Cons volumes grew 9.7% YoY to 36.8mt (Kesoram volumes included in the base) aided by 2.18mt India Cements (ICEM) volumes. Lower P&F along with higher operating leverage enabled UTCEM to deliver std and cons EBITDA/t of Rs1,271 and Rs1,197 respectively. Management's target of achieving ICEM' EBITDA/t of Rs500/1,000 by FY26/27E appears to be on track, with ICEM reporting Rs424/t in Q1. UTCEM expects to significantly reduce ICEM's operating costs by FY28E, supported by capex towards increasing green power mix, higher AFR, and possible capacity addition at existing locations. Transition of both Kesoram and ICEM brands towards UTCEM is on track and mgmt. would take ICEM merger decision post successful transition by end FY27E.

We continue to remain positive on UTCEM for its superior execution capabilities and presence across regions to cater to strong domestic growth. We cut our FY26E EBITDA estimate by ~3% to factor in weak H1. We expect UTCEM's Revenue/EBITDA/PAT to deliver a CAGR of 17%/34%/47% over FY25-27E on weak FY25 base. The stock is trading at EV of 20.8x/16.6x FY26E/FY27E EBITDA. Maintain 'Accumulate' with revised TP of Rs13,634 (earlier Rs13,668) valuing at 18x EV of Mar'27E EBITDA.

- **Revenue aided by strong pricing:** UTCEM's std. revenue grew 7.4% YoY to Rs196.3bn (-7% QoQ) on 1.8% YoY volume growth (-11% QoQ; including Kesoram volumes in base) to 33.1mt (PLe 34.9mt); while average blended realization increased 4.5% QoQ at Rs5,939/t (+5.5% YoY; better than PLe Rs5,857/t). Domestic grey cement realization improved 2.1% QoQ to Rs5,155/t. Premium product mix was ~33.8% (30.8% in 4Q). Clinker conversion improved to 1.49 Vs 1.47 QoQ; while green power share improved to 39.5% from 35.7% QoQ. UTCEM reached 1.08GW of RE capacity and 363MW WHRS
- **EBITDA/t aided by lower operating costs:** Std. EBITDA grew 42% YoY to Rs42bn (-8.8% QoQ; PLe of Rs44.54bn) aided by better pricing. RM cost/t increased 16% YoY to Rs1,084. P&F cost per ton declined 9% YoY to 1,299/t on weak pet coke & better Green power mix. Other expenses/t declined 9.7% YoY to Rs700 on better operating leverage. Resultant, EBITDA/t grew 40% YoY to Rs1,271/t (+2.5% QoQ; PLe Rs1,277/t). Cons EBITDA/t (incl ICEM) grew 33% YoY to Rs1,197. Std. adj. PAT grew 56% YoY at to Rs22.3bn (-17% QoQ, PLe Rs25bn).

- **ICEM achieved EBITDA/t of Rs424 in Jun'25:** India Cements volume grew 11.6% YoY to 2.18mt and utilisation was 61% in Q1FY26. Its EBITDA/t reached Rs424 from Rs88 in Q4FY25. Cons. EBITDA grew 45% YoY to Rs44.1bn (-5% QoQ). Cons. blended EBITDA/t was at Rs1,197.

Q1FY26 Conference Call Highlights:

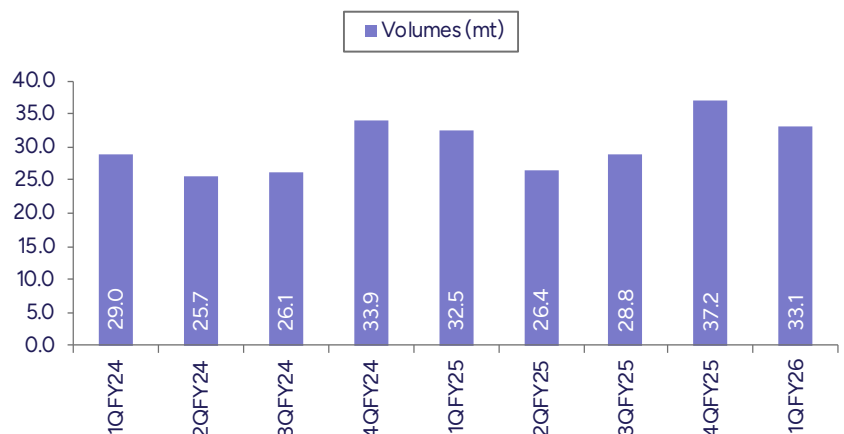
- As per management, prices in the East continue to rise, while North and West remain flat. Other regions like South are witnessing slight increase.
- UTCCEM expects double-digit volume growth in FY26, including Kesoram volumes in the base.
- Q1FY26 Capex stood at Rs20bn, and for FY26, it is expected to be Rs100bn.
- ICEM is expected to deliver strong operational numbers in FY28E aided by efficiency capex to be undertaken. ICEM brand transition will be revisited in FY27 as they have strong local brands like Coromandel.
- For ICEM, UTCCEM aims to achieve EBITDA/t of Rs1,000 by FY28E.
- UTCCEM is in the process of integrating Kesoram assets with its own operations.
- UTCCEM reduced its lead distance from 384 km to 370KM QoQ.
- UTCCEM has refinanced ICEM debt similar to parent's AAA rating at competitive interest rates.
- The company plans to announce its next phase (Phase IV) of organic growth by the end of this calendar.
- Phase V expansion will include brownfield opportunities at India Cements' locations.
- UTCCEM is increasing the green power mix for India Cements with the commissioning of 21MW of WHRS and 219MW of renewable energy (RE), raising RE share from 3% to 86% in FY28E. The capex plan will be announced by Q2FY26 and will be funded through internal accruals and debt. Debt levels are expected to reach Rs500mn by the end of the capex program.
- Ultratech began managing the operations of Kesoram from 1st March 2025; however, per the composite scheme of arrangement, financials have been consolidated from Q1FY25.
- The average cost of borrowing for UTCCEM in the last quarter was 7%, which is expected to decline following the recent RBI rate cut.
- Major orders for the Wires & Cables segment have already been placed, land lease finalization is underway, and a location in Gujarat is being considered. The announced capex for this project will be Rs18bn, as announced earlier.

Exhibit 1: Q1FY26 Result Overview (Standalone)

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	% Var.	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	1,96,353	1,82,814	7.4	2,04,235	(3.9)	2,11,347	(7.1)	8,75,013	7,18,950	21.7
Raw Material	35,838	30,347	18.1	38,141	(6.0)	39,469	(9.2)	2,14,813	1,25,667	70.9
% of Net Sales	18.3	16.6		18.7		18.7		24.5	17.5	
Staff Costs	8,468	7,466	13.4	7,619	11.1	8,308	1.9	34,576	32,995	4.8
% of Net Sales	4.3	4.1		3.7		3.9		4.0	4.6	
Power & Fuel	42,932	46,321	(7.3)	43,039	(0.2)	45,419	(5.5)	1,91,530	1,71,556	11.6
% of Net Sales	21.9	25.3		21.1		21.5		21.9	23.9	
Freight	43,961	43,931	0.1	45,330	(3.0)	48,804	(9.9)	35,299	41,389	(14.7)
% of Net Sales	22.4	24.0		22.2		23.1		4.0	5.8	
Other Expenses	23,136	25,161	(8.0)	25,557	(9.5)	23,250	(0.5)	2,31,283	2,65,771	(13.0)
% of Net Sales	11.8	13.8		12.5		11.0		26.4	37.0	
Total Expenditure	1,54,335	1,53,226	0.7	1,59,686	(3.4)	1,65,250	(6.6)	7,07,502	5,95,989	18.7
EBITDA	42,018	29,589	42.0	44,549	(5.7)	46,097	(8.8)	1,67,511	1,22,961	36.2
Margin (%)	21.4	16.2		21.8		21.8		19.1	17.1	
Depreciation	9,752	8,896	9.6	10,207	(4.5)	9,910	(1.6)	41,703	37,391	11.5
EBIT	32,266	20,692	55.9	34,342	(6.0)	36,187	(10.8)	1,25,808	85,570	47.0
Other income	1,544	1,816	(15.0)	1,808	(14.6)	1,155	33.7	12,675	6,934	82.8
Interest	3,698	2,906	27.3	4,036	(8.4)	3,996	(7.4)	21,659	14,653	47.8
PBT	30,112	19,603	53.6	32,114	(6.2)	33,345	(9.7)	1,16,823	77,851	50.1
Extraordinary income/(expense)	-	-881	NA	-		-	NA	-	-881	NA
PBT (After EO)	30,112	18,722	60.8	32,114	(6.2)	33,345	(9.7)	1,16,823	76,970	51.8
Tax	7,794	3,657	113.1	6,423	21.3	6,524	NA	17,523	15,044	16.5
% PBT	25.9	19.5		20.0		19.6	32.3	15.0	19.5	
Reported PAT	22,318	15,065	48.1	25,692	(13.1)	26,821	(16.8)	99,300	61,926	60.4
Minority Interest										
Share of profit in JV/Associates										
Net Profit Attributable to shareholders	22,318	15,065	48.1	25,692	(13.1)	26,821	(16.8)	99,300	61,926	60.4
Adjusted PAT	22,318	14,342	55.6	25,692	(13.1)	26,821	(16.8)	99,300	61,926	60.4

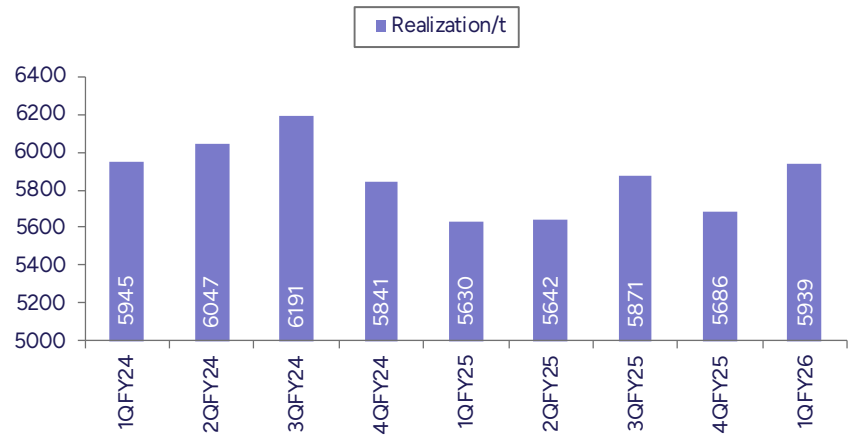
Source: Company, PL

Exhibit 2: Std. volumes grew ~2% YoY (mt) adding Kesoram in the base



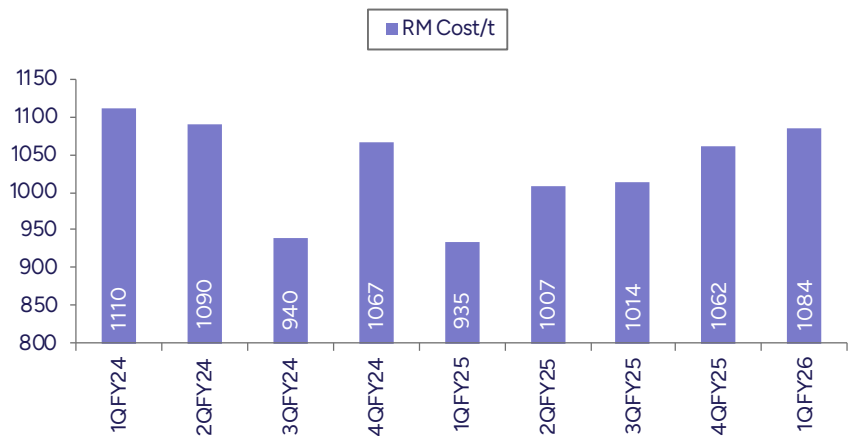
Source: Company, PL

Exhibit 3: Blended std. NSR grew 4.5% QoQ on higher prices (Rs/t)



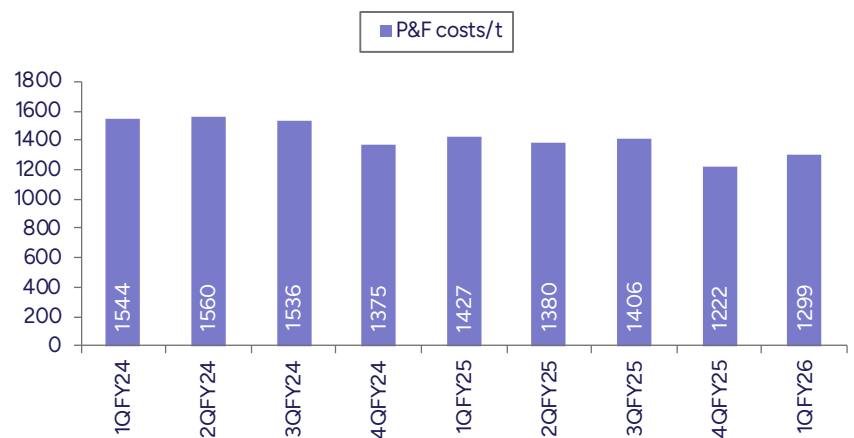
Source: Company, PL

Exhibit 4: RM costs/t grew 16% on higher tolling and weak volume (Rs/t)



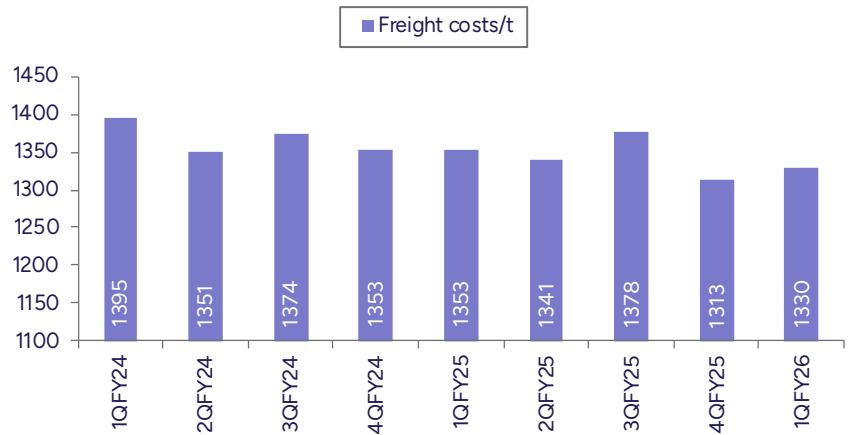
Source: Company, PL

Exhibit 5: P&F costs/t declined by 9% YoY on better fuel mix (Rs/t)



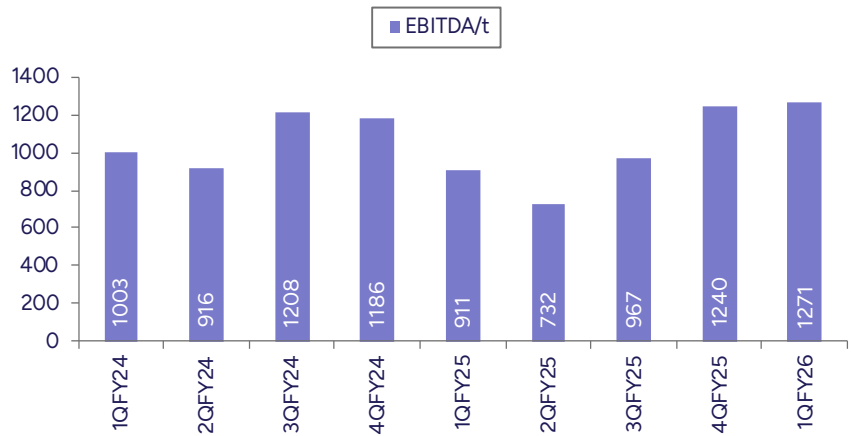
Source: Company, PL

Exhibit 6: Freight costs/t declined 1.7% YoY on decline in lead distance (Rs)



Source: Company, PL

Exhibit 7: EBITDA/t grew 40% YoY led by higher pricing (Rs)



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	7,09,081	7,59,551	9,05,685	10,40,404
YoY gr. (%)	12.1	7.1	19.2	14.9
Cost of Goods Sold	1,19,029	1,37,037	1,38,830	1,58,604
Gross Profit	5,90,052	6,22,514	7,66,855	8,81,800
Margin (%)	83.2	82.0	84.7	84.8
Employee Cost	30,376	36,046	36,931	39,728
Other Expenses	4,29,991	4,60,894	5,44,558	6,14,996
EBITDA	1,29,686	1,25,575	1,85,367	2,27,075
YoY gr. (%)	22.1	(3.2)	47.6	22.5
Margin (%)	18.3	16.5	20.5	21.8
Depreciation and Amortization	31,453	40,150	52,492	59,210
EBIT	98,233	85,425	1,32,875	1,67,865
Margin (%)	13.9	11.2	14.7	16.1
Net Interest	9,680	16,505	21,659	18,838
Other Income	6,170	7,442	12,175	13,295
Profit Before Tax	94,002	75,387	1,23,390	1,62,322
Margin (%)	13.3	9.9	13.6	15.6
Total Tax	24,183	14,885	24,859	31,713
Effective tax rate (%)	25.7	19.7	20.1	19.5
Profit after tax	69,820	60,502	98,532	1,30,609
Minority interest	(10)	5	6	6
Share Profit from Associate	220	(106)	-	-
Adjusted PAT	70,050	60,391	98,526	1,30,603
YoY gr. (%)	38.3	(13.8)	63.1	32.6
Margin (%)	9.9	8.0	10.9	12.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	70,050	60,391	98,526	1,30,603
YoY gr. (%)	38.3	(13.8)	63.1	32.6
Margin (%)	9.9	8.0	10.9	12.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	70,050	60,391	98,526	1,30,603
Equity Shares O/s (m)	289	295	295	295
EPS (Rs)	242.6	204.9	334.3	443.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	7,69,350	11,13,003	13,48,000	14,28,000
Tangibles	7,69,350	11,13,003	13,48,000	14,28,000
Intangibles	-	-	-	-
Acc: Dep / Amortization	2,04,029	2,44,178	2,96,670	3,55,881
Tangibles	2,04,029	2,44,178	2,96,670	3,55,881
Intangibles	-	-	-	-
Net fixed assets	5,65,321	8,68,824	10,51,330	10,72,119
Tangibles	5,65,321	8,68,824	10,51,330	10,72,119
Intangibles	-	-	-	-
Capital Work In Progress	94,961	62,342	(75,655)	(74,655)
Goodwill	63,455	76,818	76,818	76,818
Non-Current Investments	42,297	52,468	52,468	52,468
Net Deferred tax assets	(64,429)	(95,144)	(95,144)	(95,144)
Other Non-Current Assets	10,354	39,077	39,077	39,077
Current Assets				
Investments	54,848	28,591	28,591	28,591
Inventories	83,297	95,630	1,04,216	1,14,017
Trade receivables	42,782	58,903	62,033	71,261
Cash & Bank Balance	7,832	16,733	45,370	72,142
Other Current Assets	19,482	22,472	22,472	22,472
Total Assets	10,08,020	13,36,972	14,21,833	14,89,423
Equity				
Equity Share Capital	2,887	2,947	2,947	2,947
Other Equity	5,99,388	7,04,121	7,78,036	8,81,567
Total Network	6,02,275	7,07,068	7,80,983	8,84,514
Non-Current Liabilities				
Long Term borrowings	1,02,984	2,30,310	2,30,310	1,70,310
Provisions	6,706	8,921	8,921	8,921
Other non current liabilities	35	305	305	305
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	84,783	93,275	1,04,216	1,28,269
Other current liabilities	1,34,370	1,57,873	1,57,873	1,57,873
Total Equity & Liabilities	10,08,020	13,36,972	14,21,833	14,89,423

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	94,222	75,281	1,23,390	1,62,322
Add. Depreciation	31,453	40,150	52,492	59,210
Add. Interest	9,680	16,505	21,659	18,838
Less Financial Other Income	6,170	7,442	12,175	13,295
Add. Other	(5,064)	(5,485)	(12,175)	(13,295)
Op. profit before WC changes	1,30,291	1,26,451	1,85,367	2,27,075
Net Changes-WC	(4,811)	(6,711)	(776)	5,025
Direct tax	(16,505)	(13,006)	(24,859)	(31,713)
Net cash from Op. activities	1,08,975	1,06,734	1,59,732	2,00,386
Capital expenditures	(88,841)	(1,90,635)	(97,000)	(81,000)
Interest / Dividend Income	-	-	-	-
Others	959	25,590	12,175	13,295
Net Cash from Invst. activities	(87,881)	(1,65,045)	(84,825)	(67,705)
Issue of share cap. / premium	(825)	(670)	-	-
Debt changes	1,047	86,334	-	(60,000)
Dividend paid	(10,944)	(20,117)	(24,611)	(27,072)
Interest paid	(8,535)	(14,790)	(21,659)	(18,838)
Others	-	-	-	-
Net cash from Fin. activities	(19,257)	50,758	(46,270)	(1,05,910)
Net change in cash	1,838	(7,552)	28,637	26,772
Free Cash Flow	20,135	17,228	62,732	1,19,386

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	1,49,052	1,69,139	2,11,347	1,96,353
YoY gr. (%)	(3.9)	4.8	6.7	7.4
Raw Material Expenses	26,606	29,210	39,469	35,838
Gross Profit	1,22,447	1,39,930	1,71,878	1,60,515
Margin (%)	82.2	82.7	81.3	81.7
EBITDA	19,327	27,860	46,097	42,018
YoY gr. (%)	(17.8)	(11.5)	14.7	42.0
Margin (%)	13.0	16.5	21.8	21.4
Depreciation / Depletion	8,501	9,326	9,910	9,752
EBIT	10,826	18,534	36,187	32,266
Margin (%)	7.3	11.0	17.1	16.4
Net Interest	2,824	4,168	3,996	3,698
Other Income	1,817	2,091	1,155	1,544
Profit before Tax	9,819	16,457	33,345	30,112
Margin (%)	6.6	9.7	15.8	15.3
Total Tax	1,850	3,214	6,524	7,794
Effective tax rate (%)	18.8	19.5	19.6	25.9
Profit after Tax	7,969	13,243	26,821	22,318
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	7,969	13,243	26,821	22,318
YoY gr. (%)	(33.9)	(22.9)	12.9	55.6
Margin (%)	5.3	7.8	12.7	11.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	7,969	13,243	26,821	22,318
YoY gr. (%)	(33.9)	(22.9)	19.1	32.6
Margin (%)	5.3	7.8	12.7	11.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	7,969	13,243	26,821	22,318
Avg. Shares O/s (m)	289	289	295	295
EPS (Rs)	27.6	45.9	91.0	75.7

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	242.6	204.9	334.3	443.2
CEPS	351.6	341.2	512.5	644.1
BVPS	2,086.2	2,399.4	2,650.3	3,001.6
FCF	69.7	58.5	212.9	405.1
DPS	70.0	75.9	83.5	91.9
Return Ratio(%)				
RoCE	14.6	10.4	13.6	16.2
ROIC	11.9	8.8	11.8	14.5
RoE	12.2	9.2	13.2	15.7
Balance Sheet				
Net Debt : Equity (x)	0.1	0.3	0.2	0.1
Net Working Capital (Days)	21	29	25	20
Valuation(x)				
PER	51.8	61.3	37.6	28.3
P/B	6.0	5.2	4.7	4.2
P/CEPS	35.7	36.8	24.5	19.5
EV/EBITDA	28.3	30.9	20.8	16.6
EV/Sales	5.2	5.1	4.3	3.6
Dividend Yield (%)	0.6	0.6	0.7	0.7

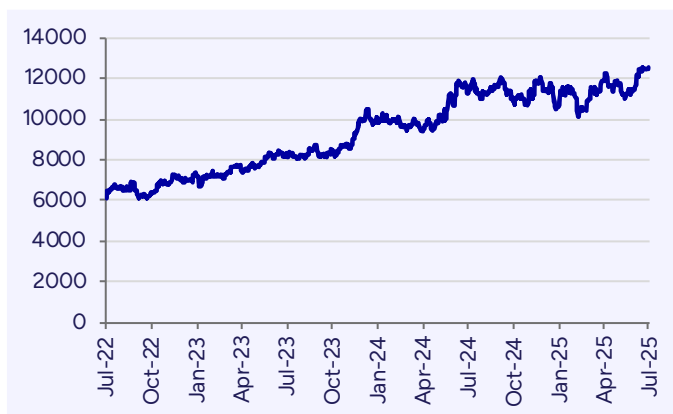
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Total volume (mn te)	115	125	147	166
Blended Real. (Rs/te)	5,864	5,792	5,943	6,080
Blended EBITDA/tonne (Rs)	1,000	991	1,138	1,264

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-25	Accumulate	13,668	12,345
2	29-Apr-25	BUY	13,668	12,114
3	07-Apr-25	BUY	12,868	11,499
4	03-Mar-25	BUY	12,303	10,128
5	24-Jan-25	Accumulate	12,350	11,421
6	08-Jan-25	Accumulate	12,145	11,404
7	22-Oct-24	Accumulate	12,401	10,869
8	07-Oct-24	Accumulate	13,084	11,450

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,602	1,965
2	Adani Port & SEZ	BUY	1,777	1,453
3	Ambuja Cement	BUY	690	592
4	Dalmia Bharat	Accumulate	2,303	2,156
5	Hindalco Industries	Accumulate	738	692
6	Jindal Stainless	Hold	678	675
7	Jindal Steel & Power	Accumulate	1,008	954
8	JSW Infrastructure	Accumulate	344	310
9	JSW Steel	Hold	1,068	1,034
10	National Aluminium Co.	BUY	218	189
11	NMDC	Accumulate	73	68
12	Nuvoco Vistas Corporation	Accumulate	422	390
13	Shree Cement	Reduce	29,516	31,170
14	Steel Authority of India	Hold	136	133
15	Tata Steel	Accumulate	171	162
16	Ultratech Cement	Accumulate	13,668	12,345

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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