UltraTech Cement (ULTCEM)

CMP: ₹11,904 | Target ₹ 13,880 (17%) | Target Period: 12 months | BUY

July 21, 2026

Leading from the front...

About the stock: UltraTech Cement is the India's largest cement manufacturer

- At present, the company's total cement capacity stands at ~200 million tonnes (mtpa), of which south region consists of 53.5 mtpa followed by North region (37.5 mtpa), Western region (34.5 mtpa), Eastern region (39 mtpa), Central region (35.6 mtpa) and 5.4 mtpa of overseas operations

Q1FY27 performance: Consolidated revenue increased by 15.9% YoY (-4.5% QoQ) to Rs 24648.2 crores, led by sales volume growth of 12.2% YoY (-7.6% QoQ) to 41.31 mtpa and improvement in blended realisation by 3.3% YoY (+3.4% QoQ). EBITDA/ton improved by 1.4% YoY (-3.1% QoQ) to Rs 1214/ton. Subsequently, EBITDA was up 13.7% YoY (-10.4% QoQ) to Rs 5015.3 crores. PAT increased by 16.8% YoY (-12.9% QoQ) to Rs 2599.28 crore

Investment Rationale:

- **Better-than-industry growth to continue backed by capacity expansion**: Company's consolidated sales volume stood at 41.31 mtpa in this quarter, grew by 12.2% YoY (better-than-industry growth), led by organic capacity additions, improvement in utilisations of acquired assets (India Cements and Kesoram Industries), better demand scenario. Capacity utilization stood healthy at ~81% (vs ~77% in Q1FY26). Going ahead, management maintains double-digit volume growth guidance, led by healthy demand across regions and aggressive capacity addition plan. Company is in process of adding ~7.2 mtpa in FY27E and ~29.8 mtpa in FY28E. By FY28E, company targets to reach total consolidated capacity of 242.5 mtpa (from ~200 mtpa at present). Management has already started evaluating expansion plans beyond FY28E for next leg of expansion. We expect volume to grow at a CAGR of ~11% over FY26-28E to 189.2 mtpa in FY28E from 154.3 mtpa in FY26.
- **Operational efficiencies to support EBITDA/ton expansion**: Company's EBITDA/ton stood at ₹1214/ton in Q1FY27 (+1.4% YoY), primarily led by improvement in blended realisation & overall utilisation. In Q2FY27E, management stated that total cost would be higher by Rs 130-140/ton QoQ, mainly due to higher fuel and packing costs. However, we expect company's operational performance to improve over H2FY27E-28E, led by firm realisation, continuous focus on operational efficiency measures and positive operating leverage. Cost saving measures includes increasing share of green power, renewable energy, WHRS, optimising fuel mix and logistical efficiencies. Company continues to focus further on improving profitability of India Cement & Kesoram Industries, which will also boost overall profitability. We estimate EBITDA/ton of Rs 1308/ton in FY28E (from Rs 1103/ton in FY26)

Rating and Target Price:

- With healthy volume growth and improvement in EBITDA/ton over FY26-28E, we expect revenue to grow ~13% CAGR over FY26-28E while EBITDA & PAT are expected to grow at ~21% & ~29% CAGR respectively.
- We maintain our **BUY** rating on UltraTech Cement with a target price of Rs 13,880 (based on 17x EV/EBITDA on FY28E basis)

UltraTech CEMENT The Engineer's Choice

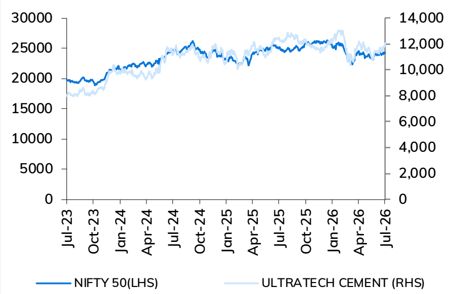
Particulars

Particular	Amount
Market Cap (₹ Crore)	3,43,652
FY26 Gross Debt (₹ Crore)	22,781
FY26 Cash (₹ Crore)	5,162
EV (₹ Crore)	3,61,271
52 Week H/L (₹)	13,110 / 10,325
Equity Capital	288.7
Face Value	10.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	59.2	59.3	59.3	59.3
FII	15.3	14.4	13.6	12.6
DII	16.7	17.5	18.4	19.7
Others	8.8	8.8	8.6	8.4

Price Chart



Key risks

(i) Slowdown in Demand

(ii) Delays in capacity expansion

(iii) Increase in commodity prices

(iv) High competition

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	63,240	70,908.1	75,955.1	88,512	11.9%	99,680	1,12,726	12.9%
EBITDA	10,620	12,968.6	12,557.5	17,020	17.0%	19,354	24,767	20.6%
EBITDA Margins (%)	16.8	18.3	16.5	19.2		19.4	22.0	
Net Profit	5,064	7,005.0	6,039.1	8,166	17.3%	9,870	13,553	28.8%
EPS (Rs)	175.4	242.7	209.2	282.9		341.9	469.5	
PE (x)	67.9	48.7	56.2	41.6		34.8	25.4	
EV/EBITDA (x)	32.6	26.8	28.8	21.2		18.6	14.4	
EV/ton ($)	291	264.2	213.1	201		188	163	
RoCE (%)	12.8	14.8	9.9	13.0		14.2	17.4	
RoE (%)	9.3	11.7	8.7	10.8		11.8	14.6	

Source: Company, ICICI Direct Research

Q1FY27 – Result highlights

- Revenue increased by 20.3% YoY (+3.7% QoQ) to Rs 4031.7 crore, led by healthy volume growth (+17.8% YoY, -2.9% QoQ) and improvement in blended realisation by 2.1% YoY & 6.8% QoQ
- Realisation improved by 2.6% YoY (+4.8% QoQ) in grey cement segment and +11.9% YoY (+15.6% QoQ) in white cement segment
- EBITDA/ton declined by 20.1% YoY (-2.2% QoQ) to Rs 980/ton mainly due to increase in RM and other costs. Subsequently, absolute EBITDA is down by 5.8% YoY (-5.1% QoQ) to Rs 647.7 crore
- PAT declined by 14.5% YoY (-16.7% QoQ) to Rs 277 crore

Recent earnings call highlights

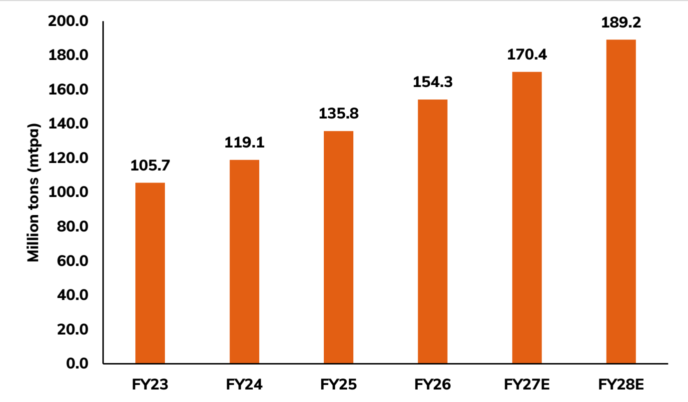
- Management remains highly positive on cement demand and expects FY27 to be another strong year, supported by infrastructure, housing and commercial real estate. Management is targeting double-digit volume growth during FY27E, significantly ahead of expected industry growth
- Management reiterated that their target of INR 1,400/ton EBITDA still stands and could be achieved by Q4FY28E, given that there is no war-led disruption
- Cement prices improved during the quarter, with the East and South leading the recovery, while prices remained largely stable in the West, Central and North. Management expects pricing to remain broadly stable during the monsoon quarter despite seasonal weakness, supported by higher industry costs and healthy demand
- The company successfully completed 100% migration of India Cements and Kesoram brands to UltraTech, without losing market share
- Management reiterated that premiumisation, higher blended cement sales and retail focus continue to support realisations
- Fuel cost increased by ~₹40/ton during the quarter. Packing bag costs also increased materially, with average prices rising from around ₹9/bag to ₹12/bag, resulting in an additional cost impact of nearly ₹20/ton
- Average lead distance reduced further to 360 km from 367 km, providing meaningful logistics cost savings
- For Q2FY27E, management expects total cost inflation of around ₹130-140/ton, led by higher fuel costs, annual maintenance shutdowns and seasonal operating deleverage
- Raw material costs increased due to increase in industrial diesel prices from around ₹78-80/litre to nearly ₹150/litre, leading to higher limestone mining costs. Management expects cost pressures to ease during H2FY27 if geopolitical tensions subside and fuel, freight and insurance costs normalise
- Management reiterated their plan to reach 212.7 mtpa by FY27E and 242.5 mtpa by FY28E. Also, they said that long-term expansion plans beyond 240 mtpa are already being evaluated with estimated capex of ~₹17,000 crore for next 2-3 years beyond FY28E
- Renewable energy capacity increased to 1.897 GW, with 71 MW renewable capacity and 19 MW WHRS commissioned during the quarter
- Renewable power now meets around 47% of the company's total power requirement at the end of Q1, and management expects renewable capacity to increase to 2.5-3 GW over the next few years
- India Cements EBITDA/ton improved consistently from ~₹386/ton (Q2FY26) to ~₹603/ton in Q1FY27, reflecting successful operational turnaround. Management reiterated its target of achieving around ₹1,000/ton EBITDA/ton for India Cements by Q4FY28E
- The ₹1,800 crore Cables & Wires project remains on schedule and within budget, with ₹888 crore already spent or committed
- Net debt to EBITDA improved from 0.94x at FY26-end to 0.87x in Q1FY27 despite ongoing expansion. Management expects to maintain net debt/EBITDA below 1x throughout FY27 while funding all growth capex internally

Exhibit 1: Q4FY26 consolidated result overview (₹ crore)

Particulars	Q1FY26	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Operating Income	24,648.2	21,275.5	15.9	25,799.5	-4.5	Revenue increased YoY due to healthy volume growth
Other income	130.3	180.2	-27.7	87.6	48.8	
Total Revenue	24,778.5	21,455.7	15.5	25,887.0	-4.3	
Raw materials costs	4,704.1	3,819.0	23.2	5,075.7	-7.3	
Employees Expenses	1,106.3	972.2	13.8	1,084.4	2.0	
Other Expenses	2,393.1	2,055.0	16.5	2,260.2	5.9	
Total Expenditure	19,632.8	16,865.1	16.4	20,199.2	-2.8	
EBITDA	5,015.5	4,410.3	13.7	5,600.3	-10.4	EBITDA improved YoY due to improvement in realization
EBITDA margins (%)	20.3	20.7	-38 bps	21.7	-136 bps	
Interest	452.9	433.3		486.9		
Depreciation	1,200.5	1,106.8	8.5	1,208.1	-0.6	
Tax	876.7	786.9	11.4	980.5	-10.6	
PAT	2599.3	2225.9	16.8	2,982.8	-12.9	

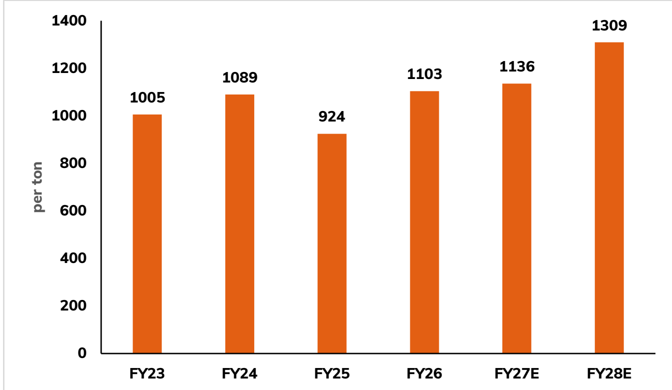
Source: Company, ICICI Direct Research

Exhibit 1: Volumes to grow at ~11% CAGR over FY26-28E



Source: Company, ICICI Direct Research

Exhibit 2: EBITDA/ton to improve over FY27E-FY28E



Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: **Profit and loss statement** ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Revenue	75,955.1	88,511.5	99,680.1	1,12,726.1
% Growth	7.1	16.5	12.6	13.1
Other income	744.2	577.5	635.3	698.8
Total Revenue	75,955.1	88,511.5	99,680.1	1,12,726.1
% Growth	7.1	16.5	12.6	13.1
Total Raw Material Costs	13,703.7	17,188.4	19,090.0	20,773.6
Employee Expenses	3,604.6	4,162.4	4,828.4	5,504.4
Other expenses	46,089.4	50,140.5	56,407.4	61,681.3
Total Operating Expenditure	63,397.7	71,491.3	80,325.9	87,959.4
Operating Profit (EBITDA)	12,557.5	17,020.2	19,354.3	24,766.8
% Growth	(3.2)	35.5	13.7	28.0
Interest	1,650.5	1,871.7	1,782.5	1,702.5
PBDT	11,651.1	15,726.0	18,207.1	23,763.1
Depreciation	4,015.0	4,644.5	5,033.8	5,692.7
PBT before Exceptional Item	7,636.1	11,081.6	13,173.3	18,070.4
Total Tax	1,488.5	2,738.8	3,293.3	4,517.6
PAT before MI	6,050.2	8,204.2	9,879.9	13,552.8
PAT	6,039.1	8,165.6	9,869.9	13,552.8
% Growth	(13.8)	35.2	20.9	37.3
EPS	204.9	277.1	334.9	459.9

Source: Company, ICICI Direct Research

Exhibit 4: **Cash flow statement** ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	6,039.1	8,165.6	9,869.9	13,552.8
Depreciation	4,015.0	4,644.5	5,033.8	5,692.7
Interest	1,650.5	1,871.7	1,782.5	1,702.5
Cash Flow before WC chg	11,704.6	14,681.8	16,686.2	20,947.9
Changes in inventory	(1,233.2)	(131.3)	(1,229.6)	(1,429.7)
Changes in debtors	(1,612.1)	(138.5)	(798.7)	(893.6)
Changes in loans & Advances	(1.1)	(3.4)	(0.2)	(2.2)
Changes in other CA	(299.0)	(397.9)	(333.8)	(389.9)
Net Inc in Current Assets	(2,314.5)	(922.7)	(3,029.8)	(2,676.1)
Changes in creditors	849.2	909.2	1,506.4	1,536.9
Changes in provisions	92.7	4.6	46.7	69.5
Net Inc in Current Liabilities	3,199.4	955.1	3,212.3	2,630.3
Net CF from Op activities	12,589.6	14,714.3	16,868.7	20,902.2
(Pur)/Sale of Fixed Assets	(35,205.1)	(11,461.4)	(10,000.0)	(10,000.0)
Net CF from Inv activities	(27,221.7)	(10,590.5)	(10,596.6)	(13,021.8)
Dividend and Dividend Tax	(2,017.4)	(7,072.3)	(2,946.8)	(4,420.2)
Net CF from Fin Activities	15,521.7	(4,370.4)	(5,729.2)	(7,122.6)
Net Cash flow	889.5	(246.6)	542.9	757.7
Opening Cash/Cash Eq	783.2	1,672.8	1,426.2	1,969.1
Closing Cash/ Cash Eq	1,672.8	1,426.2	1,969.1	2,726.8

Source: Company, ICICI Direct Research

Exhibit 5: **Balance sheet** ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	294.7	294.7	294.7	294.7
Reserve and Surplus	70,411.5	76,328.9	83,252.0	92,384.7
Total Shareholders' funds	70,706.2	76,623.5	83,546.7	92,679.4
Total Debt	23,031.0	22,780.7	21,780.7	20,780.7
Total Liabilities	1,08,581.8	1,15,306.2	1,21,229.4	1,29,362.0
Gross Block	97,804.0	1,06,674.8	1,16,450.7	1,29,950.7
Acc: Depreciation	21,788.8	26,433.3	31,467.1	37,159.8
Net Block	76,015.2	80,241.5	84,983.5	92,790.9
Capital WIP	6,188.3	8,275.9	8,500.0	5,000.0
Total Fixed Assets	99,962.7	1,06,779.6	1,11,745.8	1,16,053.1
Non-Current Assets	9,997.3	9,307.1	9,903.7	10,425.6
Inventory	9,563.0	9,694.3	10,923.9	12,353.5
Debtors	5,890.3	6,028.8	6,827.4	7,721.0
Other Current Assets	2,247.2	2,645.1	2,978.8	3,368.7
Cash	1,672.8	1,426.2	1,969.1	2,726.8
Total Current Assets	20,877.6	21,553.7	25,126.4	28,560.2
Current Liabilities	9,327.5	10,236.7	11,743.1	13,280.1
Provisions	90.0	90.0	91.0	91.0
Total Current Liabilities	25,114.8	26,069.9	29,282.2	31,912.5
Net Current Assets	(4,237.2)	(4,516.2)	(4,155.8)	(3,352.3)
Total Assets	1,08,581.8	1,15,306.2	1,21,229.4	1,29,362.0

Source: Company, ICICI Direct Research

Exhibit 6: **Key ratios**

(₹ Crore)	FY25	FY26	FY27E	FY28E
EPS	209.2	282.9	341.9	469.5
Cash per Share	157.0	178.8	197.6	310.5
BV	2,449.2	2,654.2	2,894.0	3,210.4
EBITDA Margin	16.5	19.2	19.4	22.0
PAT Margin	8.0	9.2	9.9	12.0
RoE	8.7	10.8	11.8	14.6
RoCE	9.9	13.0	14.2	17.4
RoIC	9.3	12.6	13.9	17.2
EV / EBITDA	28.8	21.2	18.6	14.4
P/E	56.2	41.6	34.8	25.4
EV/ton ($)	213	201	188	163
EV / Net Sales	4.8	4.1	3.6	3.2
Sales / Equity	1.1	1.2	1.2	1.2
Market Cap / Sales	4.5	3.9	3.4	3.0
Price to Book Value	4.9	4.5	4.1	3.7
Asset turnover	0.8	0.9	0.9	1.0
Debtors Turnover Ratio	14.9	14.9	15.5	15.5
Creditors Turnover Ratio	8.5	9.0	9.1	9.0
Debt / Equity	0.3	0.3	0.3	0.2
Current Ratio	1.0	0.9	1.0	1.0
Quick Ratio	0.4	0.4	0.5	0.5

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%

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