UltraTech Cement Ltd

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Pune E-Stock Broking Limited

About the Company:

UltraTech Cement Limited is the cement flagship of the Aditya Birla Group and India's largest manufacturer of grey cement, ready-mix concrete and white cement, with consolidated grey-cement capacity of about 204 MTPA and market share of about 25-28% of domestic capacity.

Investment Rationale:

- Volume Growth & Capacity Leadership: UltraTech's Q2FY27 consolidated volumes grew 12.9% YoY to 38.2 MT, supported by strong domestic demand. Capacity reached 210.1 MTPA, with expansion targeted at 242.9 MTPA by FY28, strengthening its ability to capture India's infrastructure and housing-led cement demand.

- Margin Expansion Through Cost Efficiencies: Operating EBITDA increased 20.3% YoY to ₹3,721 crore, while EBITDA/tonne improved ₹60 YoY to ₹974. Lower power costs, an 8-km reduction in lead distance and improving green-energy contribution provide structural efficiency levers, although fuel inflation remains a key monitorable.

- Premiumisation & Diversification: UltraTech brand volumes grew 20.2% YoY, supported by strong brand positioning and distribution reach of 6,289 UBS outlets. Ultravolt's launch and RMC revenue growth of 29% YoY to ₹2,338 crore diversify growth opportunities beyond core cement, while strengthening its integrated building-solutions platform.

Outlook: UltraTech's outlook remains constructive, supported by infrastructure spending, housing demand and capacity expansion towards 242.9 MTPA by FY28. Q2FY27 volume growth of 12.9% YoY and operating EBITDA of ₹974/tonne reflect improving scale and operating leverage, although fuel-cost inflation may constrain near-term margins. The newly launched Ultravolt wires and cables business, backed by approximately ₹1,100 crore spent or committed and a network of 80,000+ retailers and electricians, offers diversification beyond cement. Sustained fuel and raw-material inflation, delayed cement-price pass-through, and execution risks in Ultravolt could constrain margins and returns. Based on the positive outlook of the company, we expect UltraTech Cement's revenue, EBITDA, and PAT to grow at a CAGR of 16/26/28% over FY26-28E.

We maintain our BUY call on UltraTech Cement, assigning an 18.5x EV/EBITDA multiple to its FY28E EBITDA, arriving at a TP of ₹14,834.50, implying an upside of 37%.

CMP: ₹10,840
Rating: BUY
Target Price: ₹14,867

Stock Info	
BSE	532538
NSE	ULTRACEMCO
Sector	Cement
Face Value (₹)	₹10
Equity Capital (₹ Cr)	₹295
Mkt Cap (₹ Cr)	₹3,12,448
Avg volume (1 year)	3,16,491
Dividend yield (%)	2.22%
52w H/L (₹)	13,110/10,325

Source: Company filings, PESB research

Shareholding Pattern (Sep 2026)	
Promoters	58.48%
FII	12.20%
DII	20.86%
Public	8.22%

Source: Company filings, PESB research

Returns (%)	UltraTech Cement	NIFTY 50
1M	-3.84	2.02
6M	-10.86	-6.09
1 year	-14.43	-11.06

Source: Company filings, PESB research

IC Link: Ultratech Cement

Anupama Bhootra
Analyst
Praveen Kumar Yadav
Associate

Q2FY27 – Financials

Particulars (₹ Cr)	Q2FY27	Q1FY27	Q2FY26	YoY	QoQ
Revenue from operations	23,295	24,648	19,607	19%	-5%
Expenses					
COGS	4,662	4,704	3,891	20%	-1%
Power & Fuel	5,511	5,419	4,444	24%	2%
Logistic Cost	4,810	5,211	4,127	17%	-8%
Employee Benefit Expenses	1,163	1,106	1,064	9%	5%
Other expenses	3,428	3,193	2,986	15%	7%
Total expenses	19,574	19,633	16,513	19%	0%
EBITDA	**3,721**	**5,015**	**3,094**	**20%**	**-26%**
EBITDA Margin	*15.97%*	*20.35%*	*15.78%*	*19bps*	*-437bps*
Depreciation and amortisation expense	1,213	1,201	1,148	6%	1%
EBIT	**2,508**	**3,815**	**1,947**	**29%**	**-34%**
EBIT Margin	*10.77%*	*15.48%*	*9.93%*	*84bps*	*-471bps*
Other income	111	130	174	-36%	-15%
Finance costs	552	453	459	20%	22%
Exceptional items	6	13	0		
Share of P&L from JV	-2	1	-6		
Minority Interest					
EBT	**2,059**	**3,480**	**1,656**	**24%**	**-41%**
EBT Margin	*8.84%*	*14.12%*	*8.45%*	*39bps*	*-528bps*
Tax	557	877	418	33%	-36%
PAT	**1,501**	**2,604**	**1,238**	**21%**	**-42%**
PAT Margin	*6.45%*	*10.56%*	*6.31%*	*13bps*	*-412bps*
EPS	50.89	88.26	41.97	21%	-42%
No. of Shares	*30*	*30*	*30*		

Source: Company filings, PESB research

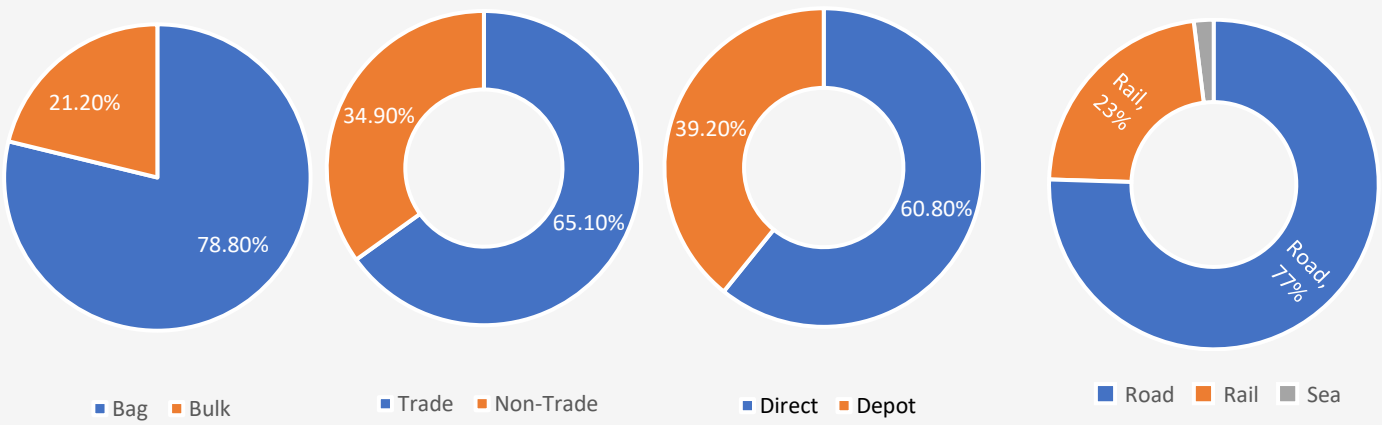
➢ Concall Highlights

- **Strong Volume Growth and Market Share Gains:** UltraTech reported 13.8% YoY volume growth against estimated industry growth of nearly 10%, with capacity utilisation improving to 71% from 66% YoY, reflecting strong demand and market-share gains.
- **Cement Pricing Recovery and Margin Outlook:** Pan-India cement prices strengthened in September and October, with spot realisations approximately 5% above Q2 averages. Management expects further increases, with benefits reflecting more fully in Q3FY27 earnings.
- **Fuel Cost Inflation and Cost Management:** Fuel costs increased from ₹45 to ₹51.50 per bag, while fuel and raw-material costs rose approximately 3% QoQ. Management expects disciplined pricing and cost optimisation to protect profitability.
- **Regional Demand and Southern Market Recovery:** South recorded 15–20% volume growth, improving prices and strong utilisation, while North grew over 20%. Management expects gradual profitability improvement, supported by demand and India Cements' operational upgrades.
- **RMC Business and Integrated Solutions:** Ready-Mix Concrete remains an important part of UltraTech's integrated building-materials strategy. With 477 RMC plants, the company is positioned to benefit from urbanisation and increasing vertical construction, which could support greater RMC adoption over the long term.

Q2FY27 Concall Highlights

- **Power & Fuel Cost:** Fuel cost increased 14% YoY and 12% QoQ to ₹1,030/t, with the fuel rate rising to ₹2.09 per 1,000 kcal from ₹1.80 in Q1FY27. Despite inflationary pressure, the power cost declined 12% YoY to ₹337/t, supported by a more efficient power mix and higher waste heat recovery.
- **Logistics Cost:** Logistics cost remained broadly stable at ₹1,136/t, increasing just 0.1% YoY and declining 1% QoQ. Average lead distance reduced by 8 km YoY and 2 km QoQ to 358 km, while the waiver of busy-season rail freight surcharges supported cost control.
- **Alternate Fuel & Green Power:** Renewable energy accounted for 25.1% of Q2FY27 power consumption versus 21.1% a year ago, while waste heat recovery increased to 22% from 18%. Green power capacity reached 1.58 GW, and alternative fuel mix improved to 7.2% from 6.7% YoY, supporting long-term energy-cost efficiency and decarbonisation.
- **Resilient Demand Outlook Through FY29:** Management expects strong cement consumption through March 2029, supported by urban housing, infrastructure, private capital expenditure, data centres and semiconductor investments, despite potential rural-demand softness following weak monsoons.
- **Operating Leverage and Fixed-Cost Efficiency:** Fixed costs per tonne declined 6% YoY despite new capacity additions, as absolute fixed costs increased just 4% against 13.8% volume growth, supporting operating leverage.
- **Capacity Expansion and Green Energy:** UltraTech commissioned 4.6 MTPA capacity during September, taking domestic capacity to 204.7 MTPA. Management remains on track for 240 MTPA, with 47% power from non-fossil sources.
- **Ultravolt Wires and Cables Ramp-up:** Ultravolt has a ₹1,800 crore investment plan, with ₹1,100 crore spent or committed. Retail reach exceeds 80,000 points, and management targets faster ramp-up, with FY28 expected to reflect maturity.
- **Premiumisation and Distribution Expansion:** Premium cement contributed 37% of sales, while blended cement accounted for 67.3%. UltraTech's 6,500-store UBS network contributes over 25% of trade sales, targeting 10,000 stores by FY29.
- **Debt, Capex and Long-Term Growth Strategy:** Net debt/EBITDA rose to 1.26x at September-end from 0.94x in March, driven by capex and dividends. Management targets below 1x by March-end, while preparing organic expansion beyond 240 MTPA.

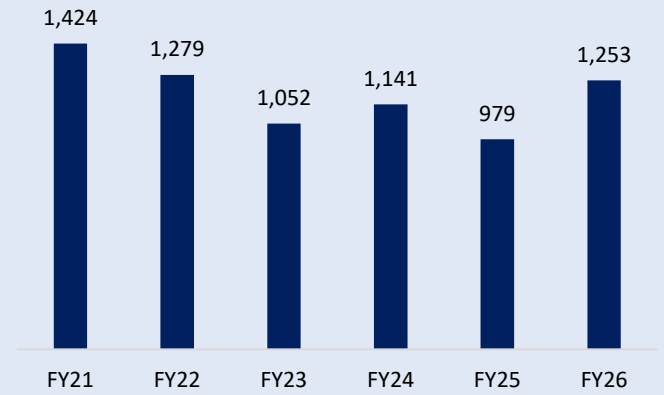
➢ Sales Mix – Q2FY27



Source: Company filings, PESB research

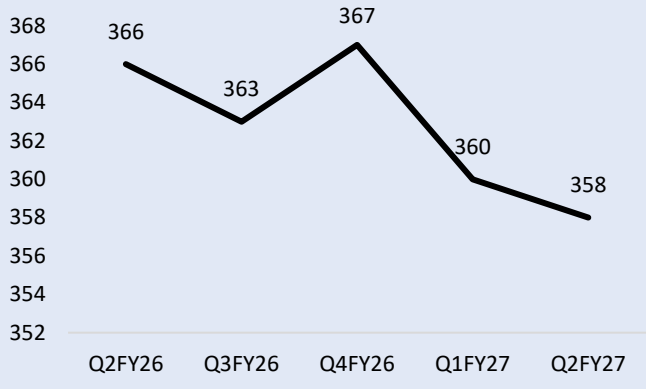
Charts – Key Financial Metrics

EBITDA/ton (₹)



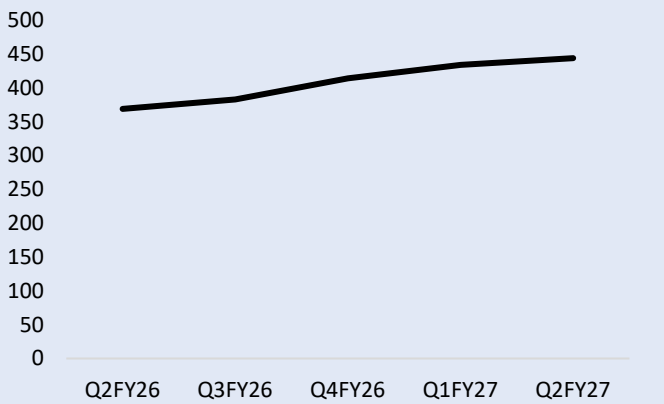
Source: Company filings, PESB Research

Lead Distance (Km)



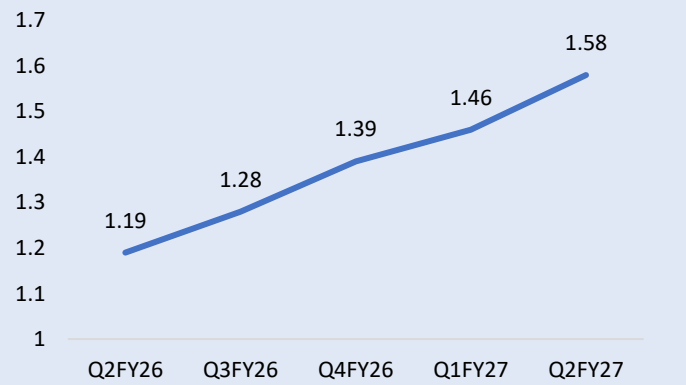
Source: Company filings, PESB Research

WHRS Capacity (MW)



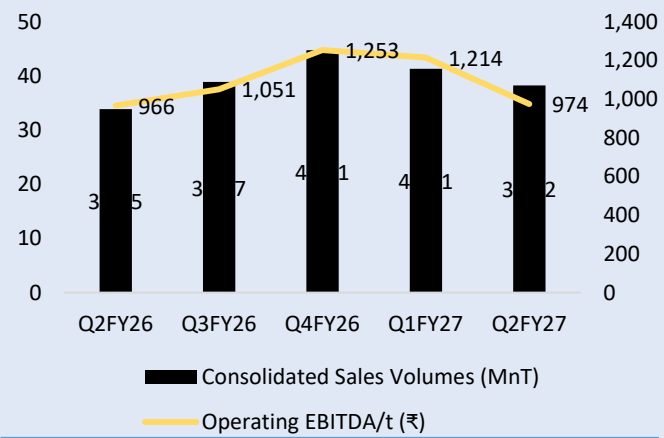
Source: Company filings, PESB Research

Renewable Power Capacity (GW)



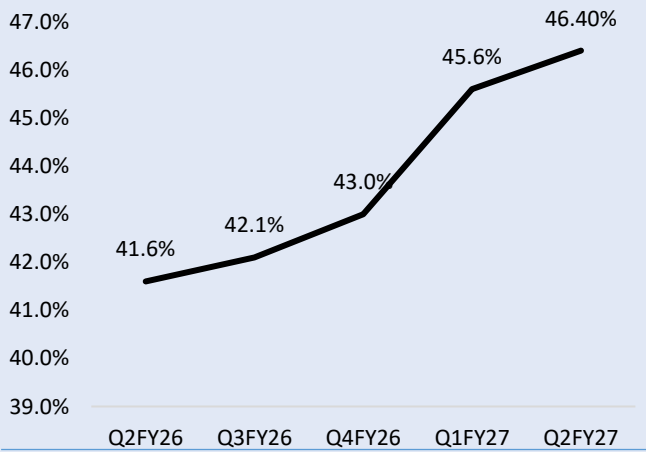
Source: Company filings, PESB Research

Sales Volume and EBITDA/t (₹)



Source: Company filings, PESB Research

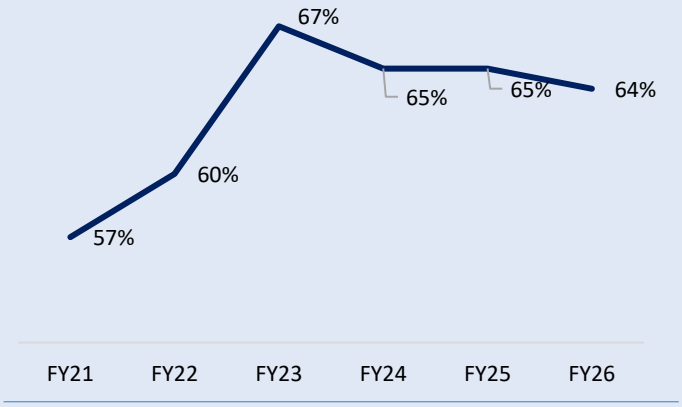
Green Power Mix (%)



Source: Company filings, PESB Research

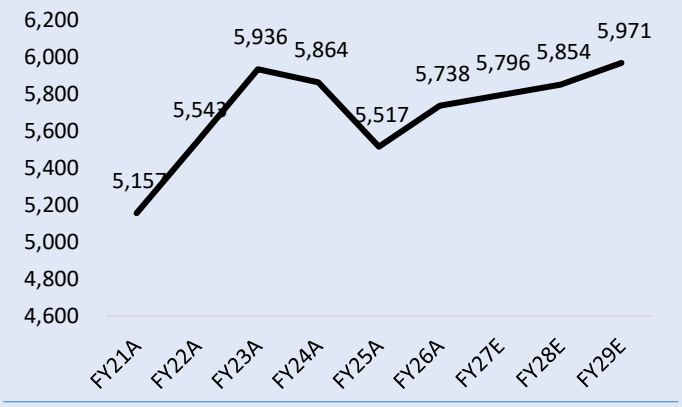
Charts – Key Financial Metrics

COGS as % of Revenue



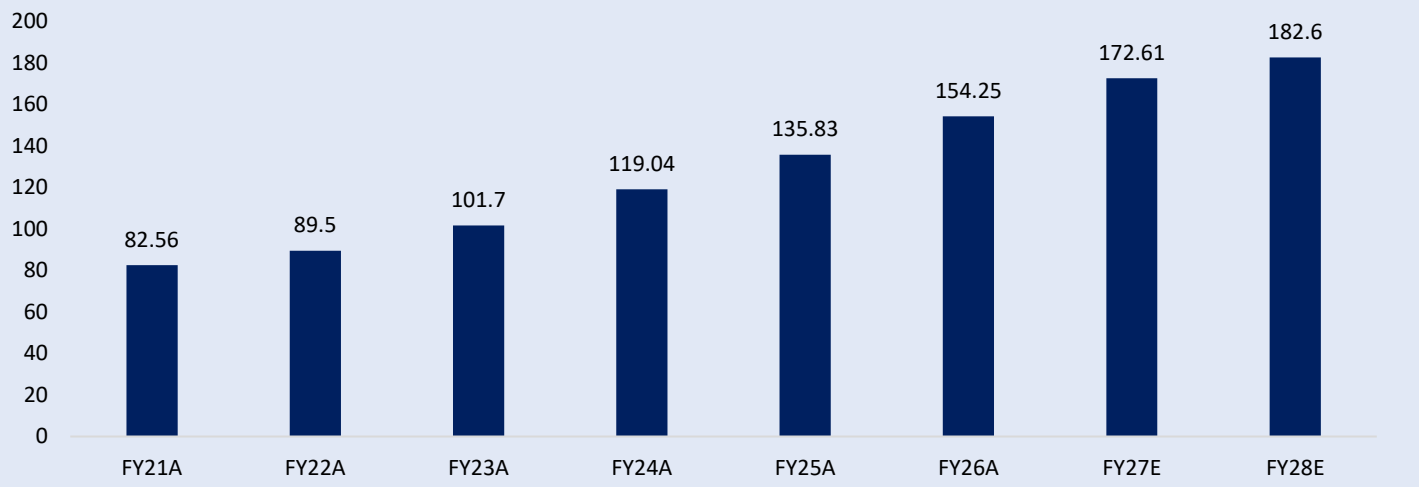
Source: Company filings, PESB Research

Realization/t (₹)



Source: Company filings, PESB Research

Sales Volume (MTPA)



Source: Company filings, PESB Research

Financials

Income Statement

Particulars (₹ Cr)	2023A	2024A	2025A	2026A	2027E	2028E
Revenue from Operations	63,240	70,908	75,955	88,512	1,01,083	1,17,817
Expenses						
COGS	42,215	46,067	49,583	55,955	62,975	73,400
Employee Expense	2,739	3,038	3,605	4,162	4,623	5,331
SG&A	7,666	8,835	10,210	11,374	12,130	14,138
EBITDA	**10,620**	**12,969**	**12,557**	**17,020**	**21,355**	**24,948**
EBITDA Margin	***17%***	***18%***	***17%***	***19%***	***21%***	***21%***
EBITDA Growth rate		***22%***	***-3%***	***36%***	***25%***	***17%***
Depreciation and Amortization	2,888	3,145	4,015	4,644	5,054	5,891
EBIT	**7,732**	**9,823**	**8,543**	**12,376**	**16,301**	**19,058**
EBIT Margin	***12%***	***14%***	***11%***	***14%***	***16%***	***16%***
EBIT Growth rate		***27%***	***-13%***	***45%***	***32%***	***17%***
Finance Cost	823	968	1,651	1,872	2,459	3,157
Other Income	507	617	744	578	634	805
Exceptional items	0	50	108	154	62	75
EBT	**7,416**	**9,422**	**7,528**	**10,927**	**14,414**	**16,780**
EBT Margin	***12%***	***13%***	***10%***	***12%***	***14%***	***14%***
EBT Growth rate		***27%***	***-20%***	***45%***	***32%***	***16%***
Tax expense	2,343	2,418	1,488	2,739	3,603	4,158
PAT	**5,073**	**7,004**	**6,040**	**8,188**	**10,810**	**12,623**
PAT Margin	***8%***	***10%***	***8%***	***9%***	***11%***	***11%***
PAT Growth rate		***38%***	***-14%***	***36%***	***32%***	***17%***

	FY23-26	FY26-28E
Revenue CAGR	**18%**	**16%**
EBITDA CAGR	**27%**	**26%**
PAT CAGR	**27%**	**28%**

Source: Company filings, PESB research

RATIOS

	2023A	2024A	2025A	2026A	2027E	2028E
Margin Analysis						
Gross Margins	33%	35%	35%	37%	38%	38%
EBITDA Margin	17%	18%	17%	19%	21%	21%
PAT Margin	8%	10%	8%	9%	11%	11%
	2023A	2024A	2025A	2026A	2027E	2028E
Profitability						
ROA	6%	7%	5%	6%	7%	7%
ROCE	12%	14%	9%	12%	13%	14%
ROE	9%	12%	8%	10%	12%	13%
	2023A	2024A	2025A	2026A	2027E	2028E
Liquidity and Solvency						
Current ratio (x)	0.9	0.9	0.7	0.7	0.7	0.6
Quick ratio (x)	0.6	0.6	0.4	0.5	0.5	0.4
fixed asset turnover (x)	1.3	1.2	0.9	0.9	0.9	0.9
Total Debt/ Equity (x)	0.2	0.2	0.3	0.3	0.4	0.4
Interest Coverage Ratio (x)	9.4	10.1	5.2	6.6	6.6	6.0

Source: Company filings, PESB research

Financials

BALANCE SHEET

Particulars (₹ Cr)	2023A	2024A	2025A	2026A	2027E	2028E
Assets						
PP&E (Including Intangibles)	46,480	50,126	76,015	90,170	1,02,289	1,16,866
Capital WIP	4,035	6,783	6,188	8,742	7,465	8,104
Other Non Current Assets	20,129	20,735	27,756	17,362	21,996	22,270
Inventories	6,612	8,330	9,563	9,694	10,870	12,669
Investments	5,837	5,485	2,859	3,736	4,576	4,498
Trade Receivables	3,867	4,278	5,890	6,029	5,816	6,456
Cash and Bank	370	554	467	1,384	7,200	7,200
Other Current Assets	4,057	4,512	4,958	4,259	4,305	4,418
Total Assets	**91,387**	**1,00,802**	**1,33,697**	**1,41,376**	**1,64,516**	**1,82,481**
Equity						
Equity Share Capital	289	289	295	295	295	295
Other Equity	54,091	59,995	73,598	80,418	88,047	1,00,334
Total Equity	**54,380**	**60,283**	**73,893**	**80,712**	**88,342**	**1,00,629**
Liabilities						
Borrowings	5,356	5,308	15,781	15,019	19,781	14,781
Other Non Current Liabilities	8,219	8,305	11,658	11,813	9,586	9,916
Borrowings	4,691	5,153	7,453	7,762	18,911	25,461
Trade Payables	11,993	13,805	15,880	10,237	18,851	21,972
Other Current Liabilities	6,748	7,948	9,032	15,833	9,045	9,721
Total Equity and Liabilities	**91,387**	**1,00,802**	**1,33,697**	**1,41,376**	**1,64,516**	**1,82,481**

Source: Company filings, PESB research

CASH FLOW

Particulars (₹ Cr)	2023A	2024A	2025A	2026A	2027E	2028E
Net cash from operations	9,069	10,898	10,673	14,397	16,681	19,606
Net cash from Investing	-7,188	-8,789	-15,836	-11,680	-23,597	-20,973
Net cash from Financing	-1,631	-1,926	5,076	16	12,732	1,367

Source: Company filings, PESB research

	2023A	2024A	2025A	2026A	2027E	2028E
Valuation Ratios						
EV/EBITDA (x)	31	25	27	20	16	14
P/E (x)	63	46	53	39	30	25
P/B (x)	6	5	4	4	4	3
EV/Sales (x)	5	5	5	4	3	3

Source: Company filings, PESB research

Disclosures and Disclaimers:

Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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