

India

ADD (no change)

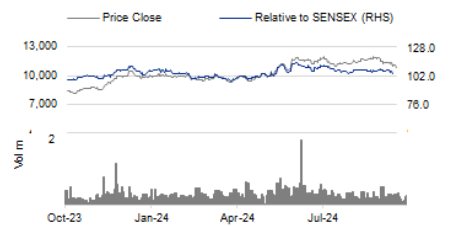
Consensus ratings*: Buy 30 Hold 8 Sell 2

Current price:	Rs10,869
Target price:	Rs12,190
Previous target:	Rs12,560
Up/downside:	12.2%
InCred Research / Consensus:	2.1%
Reuters:	ULTC.NS
Bloomberg:	UTCEM IN
Market cap:	US\$37,327m Rs3,137,941m
Average daily turnover:	US\$51.5m Rs4328.5m
Current shares o/s:	288.7m
Free float:	38.0%

*Source: Bloomberg

Key changes in this note

- Cut EBITDA by 7-12% for FY25F-27F.
- Retain ADD with a lower TP of Rs12,190.
- Roll forward TP to Mar 2026F from Sep 2025F.




Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(7.9)	(5.6)	28.5
Relative (%)	(4.0)	(6.4)	3.5

Major shareholders	% held
Promoter & Promoter Group	57.3
LIC	2.0
ICICI Pru	1.8

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UltraTech Cement Ltd

2Q likely hits bottom; recovery hopes in 2H

- 2QFY25 consolidated EBITDA was ~Rs20.2bn vs. our estimate of ~Rs21.2bn. Volume grew by ~4% yoy while realization was 2% above our estimate.
- Gives guidance of a strong rebound in 2H, with hopes of demand recovering after Oct 2024F amid improvement in the pricing environment since Aug 2024.
- We cut our EBITDA estimates by ~7-12% for FY25F-27F to reflect weak 2Q performance. Retain ADD rating with a lower target price of Rs12,190.

Remains hopeful on demand and pricing recovery in 2HFY25F

Ultratech Cement or UTCEM's 2QFY25 consolidated sales volume grew by ~4% yoy to 32mt. As per UTCEM, 1H was below par due to heat wave, general elections in India and higher monsoon rains during the year. However, it expects 2HFY25F to be better, with rural demand already showing signs of a recovery which will benefit further from healthy monsoons. It doesn't expect any slowdown in cement demand in India and a long-term growth rate of 7-8% seems sustainable, driven by India's economic growth. UTCEM highlighted that it has gained market share in southern and eastern regions of India and will be chasing profitable growth. The company expects double-digit volume growth for the industry in 2HFY25F and maintained its guidance to outperform the industry. Grey cement realization was down by ~3% qoq while UTCEM highlighted that prices have improved marginally in Oct 2024 to Rs354/bag from Rs348/bag 2QFY25 average.

Higher fixed costs hit profitability; reiterates cost-saving levers

Total cost/t stood at Rs4,891, up 4% qoq, on higher fixed costs as other expenses were up 13% qoq due to higher plant maintenance costs, and employee costs rising by ~17% yoy due to bonus payment during the quarter. P&F costs/t declined by ~2% qoq, with the fuel consumption cost at US\$133/t vs. US\$149/t qoq, which the company expects to decline further due to high-priced contract fuel arrangements coming to an end and a rising share of the pet-coke mix (54% vs. 37% qoq). Logistics costs/t savings, in the form of lead distance reduction, to continue. Profitability improvement in 2HFY25F to be largely driven by the pricing environment and reduction in a few seasonally- impacted one-off costs.

Maintains capex; on track to attain 184mt India capacity by FY27F

UTCEM maintained its capex guidance of ~Rs90bn for FY25F. For the acquired assets, NCLT approval is pending for Kesoram (hearings in Oct and Nov 2024F) while India Cements' promoter stake acquisition is awaiting CCI nod after which the open offer to shareholders is likely. Expects ~30mt yearly industry capacity addition in FY25F/26F.

Maintain ADD rating; recommend accumulation on any weakness

We retain ADD on the stock as we roll forward to Mar 2026F (Sep 2025F earlier) target price of Rs12,190 on 18x EV/EBITDA. We maintain our thesis and continue to prefer UTCEM, given the visibility on the volume front and improvement in profitability. Weak demand and pricing, rise in input costs and delay in expansion are downside risks.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	632,400	709,081	736,984	838,833	944,174
Operating EBITDA (Rsm)	106,199	129,686	126,543	158,512	197,887
Net Profit (Rsm)	50,640	71,490	62,867	82,826	111,192
Core EPS (Rs)	175.4	245.8	217.8	287.0	385.2
Core EPS Growth	(29.5%)	40.1%	(11.4%)	31.8%	34.2%
FD Core P/E (x)	61.96	43.89	49.91	37.88	28.22
DPS (Rs)	38.0	70.0	54.5	71.7	96.3
Dividend Yield	0.42%	0.78%	0.50%	0.66%	0.00%
EV/EBITDA (x)	29.83	24.51	25.39	20.37	16.22
P/FCFE (x)	71.42	65.91	(1,025.98)	(134.15)	1,936.11
Net Gearing	5.4%	6.7%	11.5%	12.9%	9.1%
P/BV (x)	5.78	5.21	4.86	4.46	4.02
ROE	9.7%	12.4%	10.1%	12.3%	15.0%
% Change In Core EPS Estimates			(0.37%)	(0.33%)	(0.29%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

2Q likely hits bottom; recovery hopes in 2H

Overall review

2QFY25 results review and earnings-call takeaways ►

Update on operational performance:

Demand & pricing outlook

- **Demand:** As per UTCEM, heatwave, pre- and post-election slowdown, and higher monsoon intensity resulted in lower capacity utilization for UTCEM in 1HFY25. It expects rural demand to be better due to higher monsoon rains this year. Management doesn't expect any slowdown in cement demand in coming years. The commercial segment is also witnessing good demand.
- **Industry growth:** As per UTCEM, industry demand grew by -0.5% to 1% in 2QFY25.
- UTCEM expects 30mtpa industry capacity addition in FY25F, out of which 50% is being added by UTCEM. The company believes that there has been some extension of expansion projects timeline of the industry.
- Till date, Oct 2024 demand has been stable, but it is likely to be deferred due to the concentration of festivals during the month.
- UTCEM has grown in southern as well as eastern markets. The company's long-term focus is on profitable volume. UTCEM expects double-digit growth in 2HFY25F for the industry and will outpace industry growth.
- Remains confident in the long-term industry growth of 7-8%. The good monsoon season, which led to a decline in cement demand in 2Q, will contribute to better demand in the Mar 2026F quarter.
- White cement prices have declined over the past few months and are stable currently.
- Realization is better than that of the industry due to portfolio mix, channel reach, quality, and brand positioning.
- **Pricing:** As per UTCEM, prices have been improving. During Aug to Sep 2024 there was an improvement in prices while in Sep to Oct 2024 prices were stable, with the average price currently at Rs354/bag vs. Rs348/bag in 2QFY25. 2HFY25F will see a sharp recovery (Rs200/t as of now) from current levels, mainly led by pricing and a few cost-savings that seasonally impacted during this quarter.
- **Volumes:** Consolidated volume stood at ~27.84mt, up ~4% yoy and 3% above the Incred estimate. The company's capacity utilization declined to 68% vs. 85% qoq.
- **Realization/t:** Blended realization stood at Rs5,499/t, down ~2% qoq and ~2% above the Incred estimate. Domestic grey cement realization declined by 3% qoq to Rs4,901/t during the quarter.

Costs & Margins

- **Total operating costs** increased by 4% qoq (on increase in fixed costs) to Rs4,891/t and ~2% above our estimate. For grey cement business, reported freight expenses declined by 1% qoq to Rs1,191/t while power & fuel costs declined by 3.5% qoq to Rs1,338. Blended average fuel consumption costs stood at US\$133/t vs. US\$149 qoq and 18% down yoy, Pet-coke consumption stood at 54% vs. 37% qoq. Fixed costs increased by 20% qoq and 6% yoy.
- **EBITDA/t:** Consolidated EBITDA declined by 34% qoq to ~Rs20.2bn, 5% below our estimate. Blended EBITDA/t stood at Rs725/t (down Rs226 qoq and Rs466 yoy) during the quarter.
- **Reported PAT** came in at ~Rs8.2bn, down 36% yoy and 52% qoq.

- Normalization of fuel costs is expected to occur in the next few quarters; pet-coke consumption will increase from the current levels too.
- High agreement fuel costs are almost over, resulting in savings in fuel costs.
- Lead distance is expected to decline further.
- Employee costs/t were higher due to one-off bonus payment during the quarter; without it, the normal increment was 9-10% vs. 17% reported.
- Other expenses were up due to high maintenance costs, which are normal during the quarter, as per the management.
- 2H profitability improvement to be largely driven by a better pricing environment.

Other updates:

- **Capex guidance** remains the same, at Rs80-90bn, for FY25F and should be similar for FY26F as well.
- Will invest in waster heat recovery system or WHRS at Kesoram facility (~Rs4-5bn) to bring it in line with UTCCEM's operational scale. Assessment for India Cements has not started yet.
- Clinker utilization rate was 73% in 2QFY25.
- **Kesoram:** During 2Q, Kesoram volume stood at 1.7mt, with EBITDA/t at Rs264 and capacity utilization rate at ~74%.
- The other income was higher due to credit of incentives during the quarter, which is expected to continue only for the next two-to-three quarters.
- 8mtpa capacity to be commissioned in 2HFY25F. RAK White Cement has become a subsidiary, and its numbers are included in the consolidated numbers.
- Kesoram hearing is scheduled on 25th Oct 2024 and 11th Nov 2024.
- India Cements' acquisition is waiting for Competition Commission of India or CCI approval (normal timeframe), and the offer for sale or OFS will be launched after receiving the approval.
- Power capacity is 308MW for WHRS, and renewable energy or RE at 681MW currently.
- Credit terms have remained the same, as per the company.
- Till 2030F, there is no expiry of limestone mines rights and it has roughly ~10bn of limestone reserves on a pan-India basis.
- **Green power** mix stood at 32% vs. 29.4% in 1QFY25, Efficiency improvement was on account of higher capacity utilization.
- **Premium product** mix stood at 23.4% of trade sales vs. 24% qoq.
- **Lead distance** stood at 388km in 2QFY25 vs 385km in 1QFY25 and 403km in 2QFY24.
- UBS' contribution to domestic grey sales volume reached 19.4%.
- Clinker conversion ratio was at 1.46x vs 1.44x qoq.
- Trade mix stood at 67.5% during the quarter, road: rail mix at 71%:27%.
- **Consolidated net debt** stood at ~Rs87.9bn as of Sep 2024-end vs. ~Rs54.8bn as of Jun 2024-end.

Figure 1: Consolidated quarterly performance

Particulars (Rs m)	2QFY25	2QFY25F	1QFY25	2QFY24	% Change		
					2QFY25F	1QFY25	2QFY24
Net Sales	1,56,347	1,50,756	1,80,696	1,60,121	4%	-13%	-2%
Raw Materials Consumed	29,165	25,890	32,239	24,942	13%	-10%	17%
Freight and Forwarding Expenses	35,835	34,696	41,813	35,118	3%	-14%	2%
Power and Fuel Costs	38,377	38,810	44,937	43,853	-1%	-15%	-12%
Employee Costs	9,139	6,913	7,382	8,123	32%	24%	13%
Other Expenses	23,649	23,276	23,931	22,577	2%	-1%	5%
Total Expenditure	1,36,165	1,29,585	1,50,303	1,34,612	5%	-9%	1%
EBITDA	20,183	21,171	30,393	25,509	-5%	-34%	-21%
Depreciation	9,039	8,672	8,425	7,978	4%	7%	13%
EBIT	11,144	12,499	21,967	17,531	-11%	-49%	-36%
Interest	3,171	2,222	2,556	2,339	43%	24%	36%
Other Income	2,207	1,705	1,657	1,671	29%	33%	32%
PBT	10,180	11,981	21,394	16,863	-15%	-52%	-40%
Tax	1,914	2,875	4,471	4,094	-33%	-57%	-53%
PAT before MI & Associates	8,266	9,106	16,923	12,769	-9%	-51%	-35%
Minority Interest	51	-4	-14	-11	-1385%	-475%	-580%
Profit from Assoc.	-14	30	29	35	-148%	-150%	-141%
Recurring PAT	8,200	9,140	16,966	12,815	-10%	-52%	-36%
Extraordinaries	0	0	325	0			
Reported PAT	8,200	9,140	16,966	12,815	-10%	-52%	-36%
EPS (Rs)	28.4	31.7	58.8	44.4	-10%	-52%	-36%
Margins (%)	2QFY25	2QFY25	1QFY25	2QFY24	Est.	qoq	yoy
Gross Margin	34%	34%	34%	38%	-19 bp	-27 bp	-367 bp
EBITDA Margin	12.9%	14.0%	16.8%	15.9%	-113 bp	-391 bp	-302 bp
EBIT Margin	7%	8%	12%	11%	-116 bp	-503 bp	-382 bp
PBT Margin	7%	8%	12%	11%	-144 bp	-533 bp	-402 bp
PAT Margin	5%	6%	9%	8%	-82 bp	-414 bp	-276 bp
Tax Rate	19%	24%	21%	24%	-520 bp	-210 bp	-548 bp
Cost items as % of Sales							
RM	19%	17%	18%	16%	148 bp	81 bp	308 bp
Freight costs	23%	23%	23%	22%	-9 bp	-22 bp	99 bp
P&F costs	25%	26%	25%	27%	-120 bp	-32 bp	-284 bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

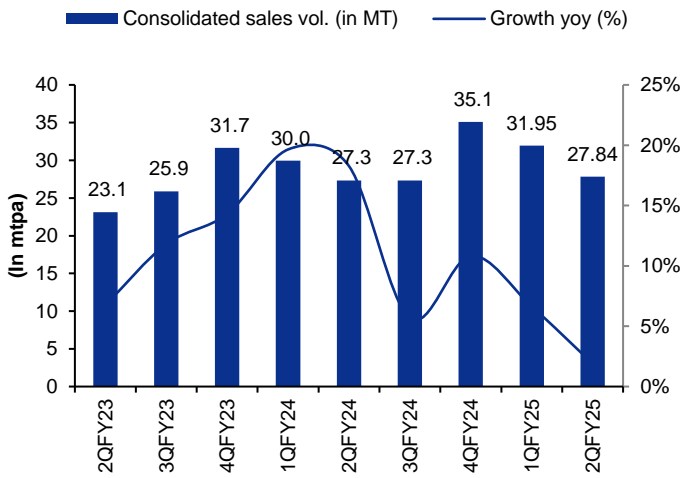
Figure 2: 2QFY25 results on per tonne analysis

Per tonne analysis	2QFY25	2QFY25F	1QFY25	2QFY24	% Change		
					2QFY25F	1QFY25	2QFY24
Sales Volume	27.8	27.1	32.0	26.7	3%	-12.9%	4.3%
Realization	5,499	5,412	5,596	6,035	2%	-1.7%	-8.9%
EBITDA/t	725	781	951	1,191	-7%	-24%	-39%
RM Costs/t	1,048	955	1,009	972	10%	4%	8%
P&F Costs/t	1,378	1,432	1,406	1,529	-4%	-2%	-10%
Freight Costs/t	1,287	1,280	1,309	1,325	1%	-2%	-3%
Employee Costs/t	328	255	231	281	29%	42%	17%
Other Expenses/t	849	859	749	828	-1%	13%	3%
Costs/t	4,891	4,782	4,704	4,936	2%	4%	-1%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

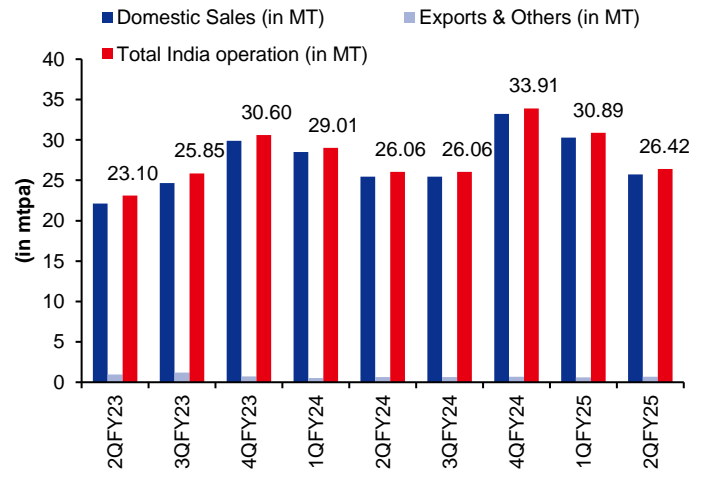
Key charts ➤

Figure 3: Consolidated sales volume rose by ~2% yoy in 2QFY25



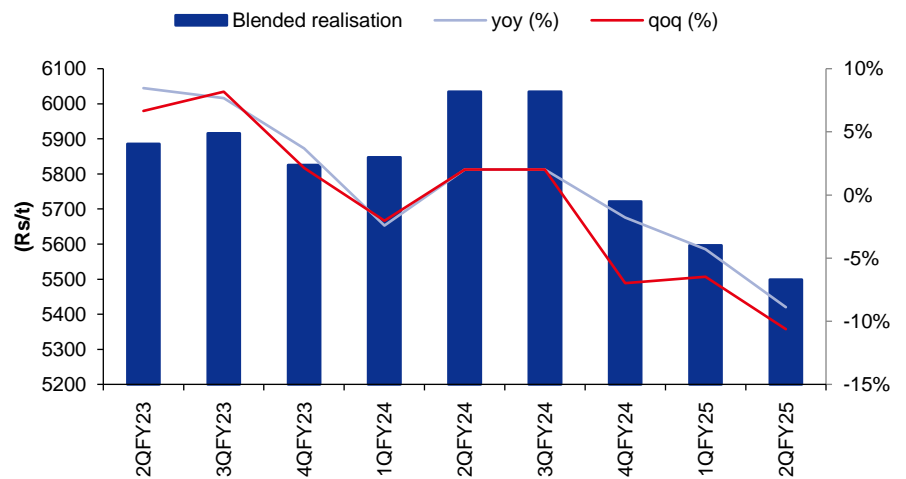
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Total India operations, incl. exports, in 2QFY25



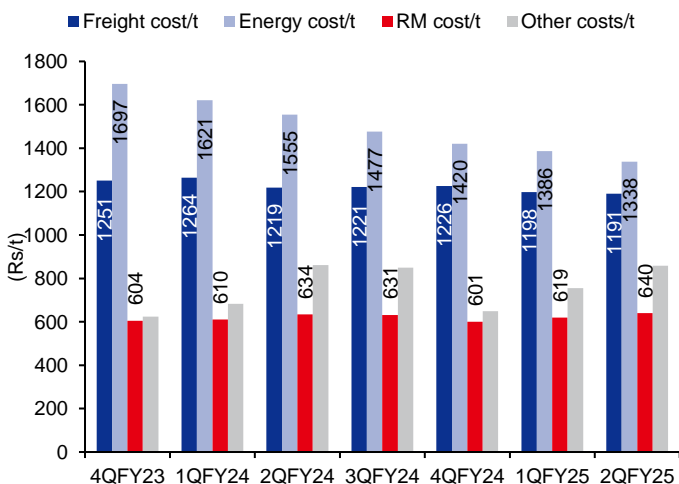
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Blended cement realization declined by 2% qoq



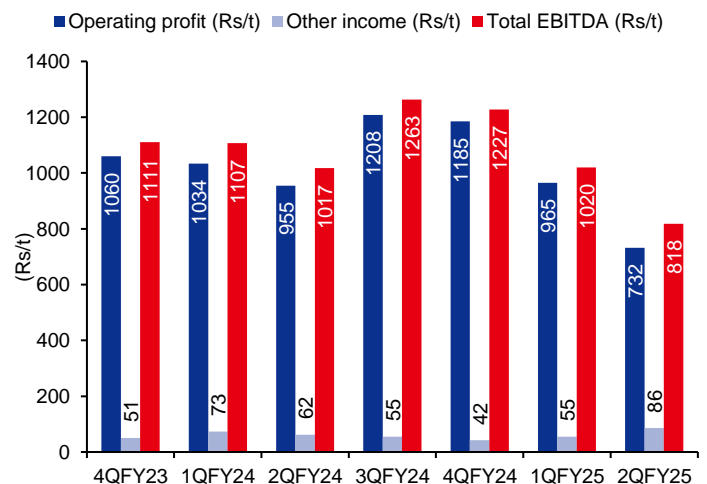
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 6: Reported operating cost/t trend likely to decline in the near term



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Reported EBITDA/t decreased yoy and qoq



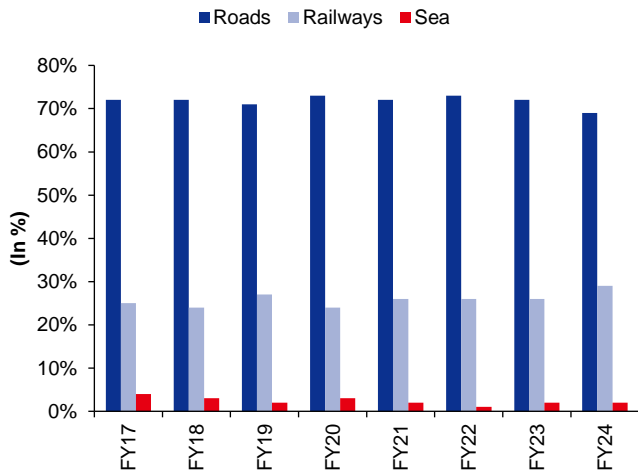
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Key cost indicators of grey cement in 2QFY25 reported by UTCEM

Cost (Rs/t)	2QFY25	1QFY25	2QFY24	yoy	qoq	Comment
Logistics	1,191	1,198	1,219	-2%	-1%	YoY: Benefit on account of lead optimization and improved operating efficiency, QoQ: Lead marginally increased to 388km in 2QFY25 vs. 388km qoq and 403km yoy.
Energy	1,338	1,386	1,555	-14%	-3%	YoY and QoQ: Blended pet-coke/ coal cost of US\$133/t, pet-coke consumption was 54% during the quarter.
Raw Material	640	619	634	1%	3%	YoY: Increase in the cost of raw materials: gypsum and flyash set off by improved clinker conversion ratio; 1.46 vs. 1.44 in 2QFY24. QoQ: Increase in the cost of raw materials: gypsum, slag, etc.
Others costs	858	755	862	0%	14%	YoY & QoQ: Operating leverage impact, employee increment and plant maintenance costs.

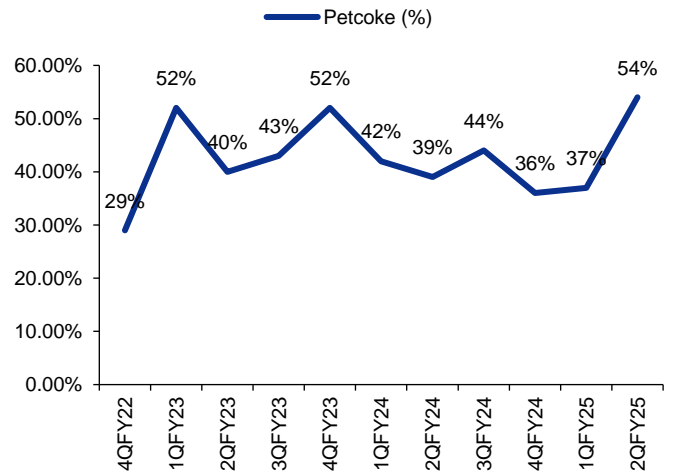
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: Share of various transportation modes (%)



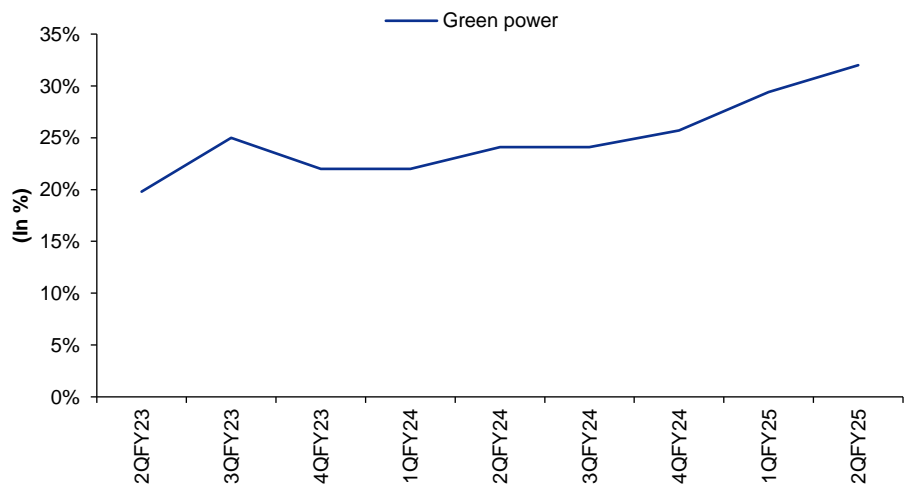
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Pet-coke accounted for 54% of kiln fuel mix vs. 37% qoq



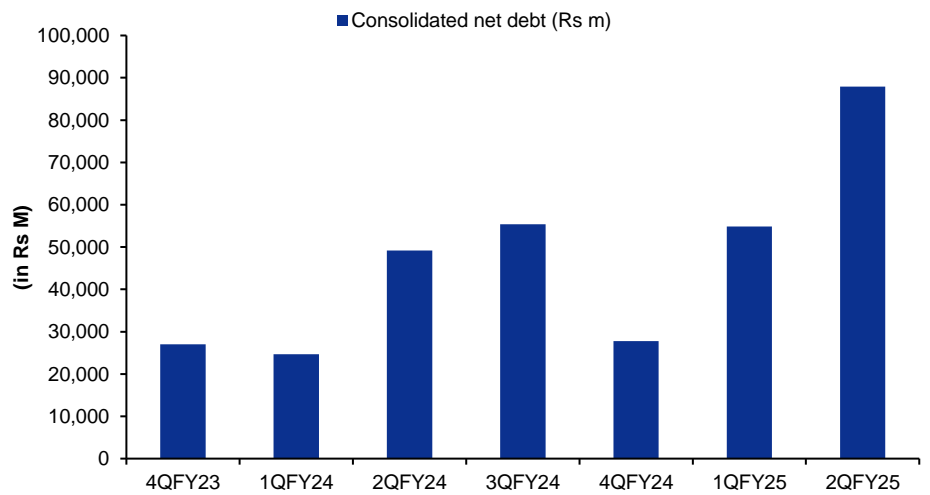
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Power mix trend – UTCEM aims to increase its green power mix to 85% by FY30F from 32% currently



SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: Consolidated net debt was ~Rs87.9bn vs. ~Rs54.8bn qoq



SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Phase-wise expansion plan of UTCEM ➤

Figure 13: UTCEM's expansion status update

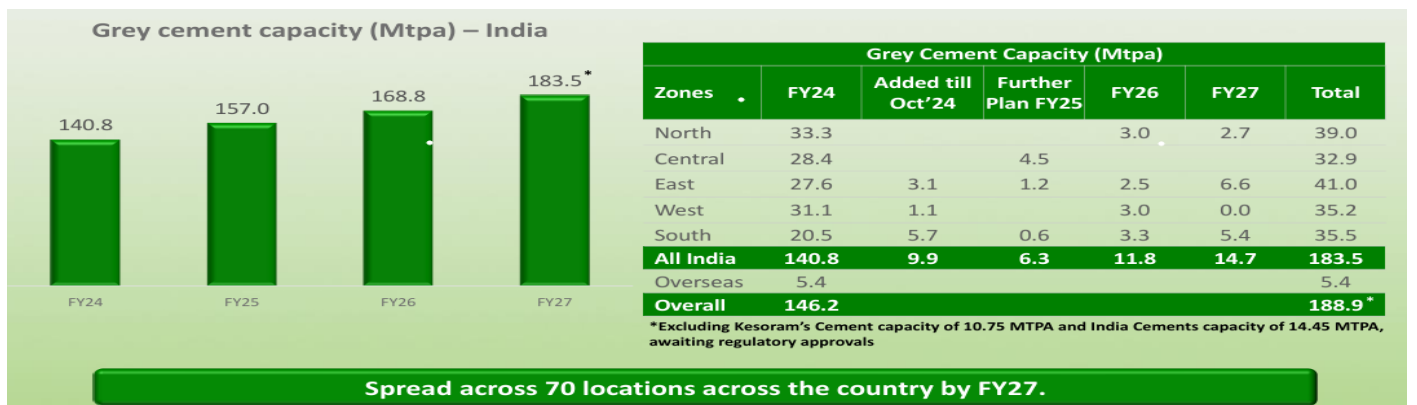
	Particulars				Cement Capacity (Mtpa)	Timelines
	Unit	Project				
Capacity as at Mar-24						140.8
Till Oct'24	Karur, Tamil Nadu	GU	G	2.7	Commissioned	
	Kukurdihi, Chhattisgarh	IU	G	2.7	Commissioned	
	Parli, Maharashtra	GU	G	1.1	Acquired	
	Jharsuguda, Odisha	GU	B	0.4	Commissioned	
	APCW, Andhra Pradesh	IU	B	1.8	Commissioned	
	Arakkonam, Tamil Nadu	GU	B	1.2	Commissioned	
	Karur, Tamil Nadu	GU	B	0.6	Q3 FY25	
	Sonar Bangla, West Bengal	GU	B	0.6	Q4 FY25	
	Durgapur, West Bengal	GU	B	0.6	Q4 FY25	
	Maihar, Madhya Pradesh	IU	B	4.5	Q4 FY25	
Lucknow, Uttar Pradesh	BT	G	1.8	Q4 FY25		
Panvel, Maharashtra	BT	B	1.0	Q4 FY25		
Capacity by FY25 (Excl. BT)*						157.0
To be commissioned in FY26						
	Patratu, Jharkhand	GU	B	2.5		
	Shahjahanpur, Uttar Pradesh	GU	G	1.8		
	Nathdwara, Rajasthan	IU	B	1.2		
	Dhule, Maharashtra	GU	B	1.8		
	Visakhapatnam, Andhra Pradesh	GU	G	3.3		
	Parli, Maharashtra	GU	B	1.2		
To be commissioned in FY27						
	Aligarh, Uttar Pradesh	GU	B	2.7		
	Bihar	GU	G	3.3		
	West Bengal	GU	G	3.3		
	APCW, Andhra Pradesh	IU	B	2.7		
	Andhra Pradesh	IU	G	2.7		
	Gujarat	BT	G	1.2		
	Karnataka	BT	G	1.2		
	Assam	BT	G	1.2		
	Tamil Nadu	BT	G	1.8		
Capacity by FY27*						183.5

*Excluding acquisition of Kesoram's Cement capacity of 10.75 MTPA and India Cements capacity of 14.45 MTPA, awaiting regulatory approvals

SOURCE: INCRED RESEARCH, UTCEM INVESTOR PRESENTATION 2QFY25

IG=INTEGRATED UNIT, GU=GRINDING UNIT, BT=BULK TERMINAL, G=GREENFIELD, B=BROWNFIELD

Figure 14: UTCEM's grey cement capacity (in mtpa) to touch ~184mtpa in India by FY27



*Excluding Kesoram's Cement capacity of 10.75 MTPA and India Cements capacity of 14.45 MTPA, awaiting regulatory approvals

Spread across 70 locations across the country by FY27.

SOURCE: INCRED RESEARCH, UTCEM CORPORATE PRESENTATION 2QFY25

Sectoral update by UTCEM ➤

Figure 15: Demand drivers by region and key segments during 2QFY25

Zone	I	C	H	R	Key drivers
North	↓	=	↑	↑	<ul style="list-style-type: none"> ✓ Housing registered growth in both rural and urban areas, however few States impacted due to excessive rainfall. ✓ Infrastructure registered degrowth as projects like Dwaraka Expressway, RRTS etc. are nearing completion, delay in announcement of new projects and excessive rainfall in Delhi, Rajasthan and parts of Madhya Pradesh. ✓ Demand within the commercial segment was steady.
Central	↓	↓	↓	↓	<ul style="list-style-type: none"> ✓ Housing registered degrowth in both rural and urban areas due to heavy rainfall. ✓ Infrastructure registered degrowth as major projects were nearing completion like Ram Temple, Kanpur Metro, Unnao Lalganj Expressway etc., heavy vehicle movement restriction due to Kawadh yatra and delay in announcement of new projects. ✓ Commercial segment registered degrowth due to adverse weather conditions.
East	↓	↓	=	=	<ul style="list-style-type: none"> ✓ Housing registered growth in West Bengal, Bihar and Jharkhand. However, excessive rains impacted demand in Chhattisgarh, Odisha and North-East. ✓ Infrastructure continued to degrow on account of extreme weather conditions and sand shortages in Bihar, Jharkhand and West Bengal. ✓ Commercial demand was adversely impacted due to sand shortage, farming activities and heavy rainfall.
West	↓	↑	↓	↓	<ul style="list-style-type: none"> ✓ Maharashtra: Infrastructure demand was subdued due to completion of projects like Samruddhi Expressway, adverse weather conditions and shortage of labour due to farming activities and festival season. ✓ Housing segment demand remained flat across rural and urban areas. ✓ Commercial segment registered strong growth across all regions. ✓ Gujarat: Housing demand was severely impacted due to excessive rainfall and floods. ✓ Infrastructure registered degrowth on account of extreme weather conditions, non-availability of labour and festival season. ✓ Commercial demand remained flat.
South	↓	↓	↓	↓	<ul style="list-style-type: none"> ✓ Housing registered degrowth in both rural and urban areas. ✓ Infrastructure continued to degrow on account of heavy rainfall, lack of funding by Government of Andhra Pradesh, Telangana and Kerala as well as sand shortage in Andhra Pradesh. ✓ Commercial demand was muted due to heavy rainfall in certain regions.

SOURCE: INCRED RESEARCH, UTCEM 1QFY25 PRESENTATION
 I: INFRASTRUCTURE, R: RURAL, H: HOUSING, C: COMMERCIAL
 IHB: INDIVIDUAL HOUSING BUILDER, PMAY: PRADHAN MANTRI AWASYOZNA, PMGSY: PRADHAN MANTRI GRAM SADAK
 YOZNA, RRTS: REGIONAL RAPID TRANSIT SYSTEM

Key changes ➤

Figure 16: Our revised earnings estimates

Rs. m	New			Old			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Sales	7,36,984	8,38,833	9,44,174	7,76,719	8,76,038	9,68,397	-5%	-4%	-3%
EBITDA	1,26,543	1,58,512	1,97,887	1,41,266	1,70,892	2,11,027	-12%	-8%	-7%
PAT	62,867	82,826	1,11,192	76,060	96,088	1,21,052	-21%	-16%	-9%
EPS (Rs.)	217.8	287.0	385.2	265	340	430	-22%	-18%	-12%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 17: Changes in our estimates vs. Bloomberg consensus estimates

Rs. m	Incred			Consensus			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Sales	7,36,984	8,38,833	9,44,174	7,64,688	8,79,925	9,66,984	-4%	-5%	-2%
EBITDA	1,26,543	1,58,512	1,97,887	1,46,776	1,86,384	2,14,708	-14%	-15%	-8%
PAT	62,867	82,826	1,11,192	81,227	1,06,698	1,25,163	-23%	-22%	-11%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 18: Key assumptions

	FY23A	FY24A	FY25F	FY26F	FY27F
Volume (in mtpa)	106	119	129	144	159
Yoy	12%	13%	8%	12%	10%
Realization (per tonne)	5,900	5,864	5,624	5,736	5,860
Yoy	7%	-1%	-4%	2%	2%
Cost (per tonne)	4,981	4,867	4,729	4,722	4,704
Yoy	14%	-2%	-3%	0%	0%
EBITDA (per tonne)	1,005	1,089	980	1,100	1,247
Yoy	-18%	8%	-10%	12%	13%
EBITDA (Rs m)	1,06,199	1,29,686	1,26,543	1,58,512	1,97,887
Yoy	-8%	22%	-2%	25%	25%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 19: Maintain ADD rating on the stock with a Mar 2026F target price of Rs12,190, set at an EV/EBITDA of 18x

Valuation	Target price
Target EV/EBITDA (x)	18
Target EV (Rs m)	35,81,753
Net debt / (cash) (Rs m) – one-year lag	63,243
No. of shares (m)	289
Fair value per share (Rs)	12,190

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 20: UTCEM's shareholding pattern (as of end-Sep 2024)

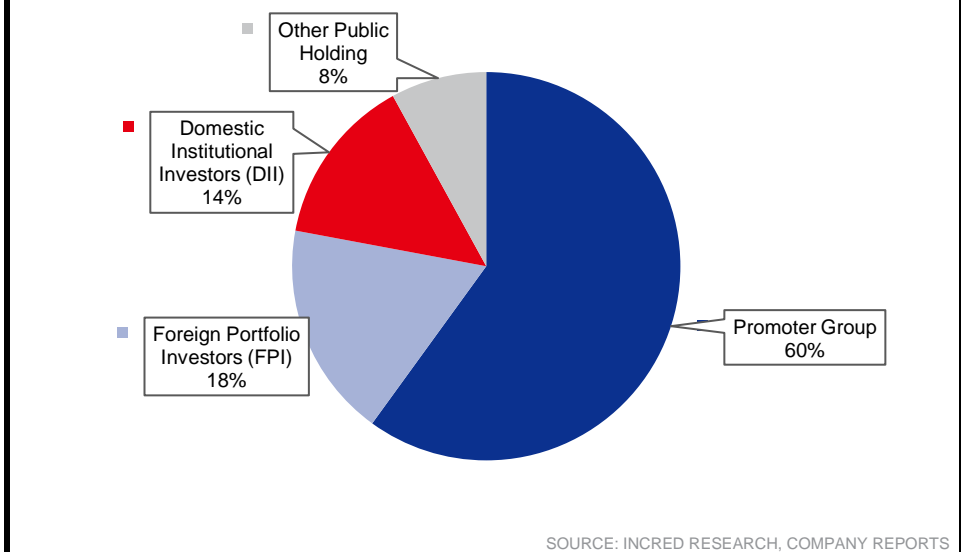
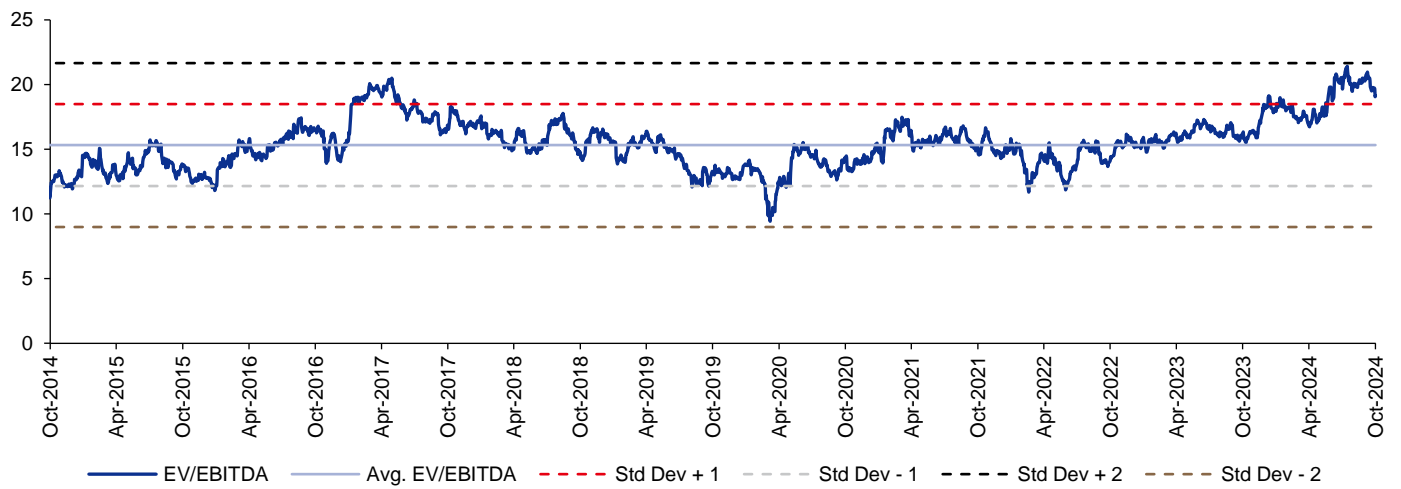
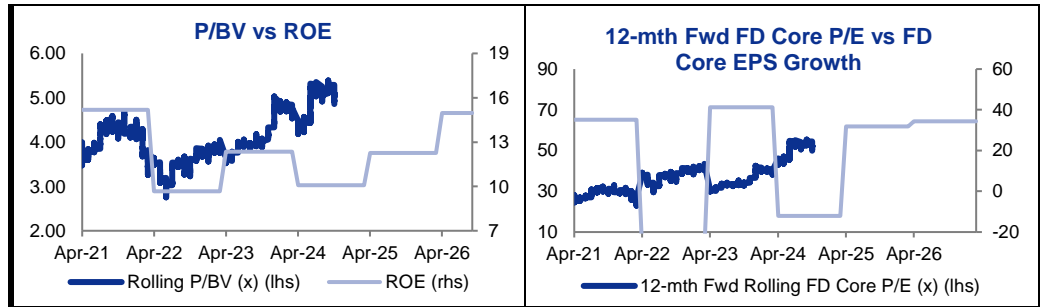


Figure 21: UTCEM's one-year forward EV/EBITDA trades close to +1 SD



SOURCE: INCRED RESEARCH, BLOOMBERG

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	632,400	709,081	736,984	838,833	944,174
Gross Profit	632,400	709,081	736,984	838,833	944,174
Operating EBITDA	106,199	129,686	126,543	158,512	197,887
Depreciation And Amortisation	(28,880)	(31,453)	(36,171)	(40,511)	(45,778)
Operating EBIT	77,319	98,233	90,372	118,001	152,109
Financial Income/(Expense)	(8,227)	(9,680)	(12,390)	(13,382)	(9,367)
Pretax Income/(Loss) from Assoc.	40	220	220	220	220
Non-Operating Income/(Expense)	5,031	6,170	6,663	6,996	7,206
Profit Before Tax (pre-EI)	74,163	94,942	84,864	111,835	150,168
Exceptional Items		720			
Pre-tax Profit	74,163	95,662	84,864	111,835	150,168
Taxation	(23,429)	(24,183)	(22,008)	(29,020)	(38,986)
Exceptional Income - post-tax					
Profit After Tax	50,734	71,480	62,857	82,815	111,182
Minority Interests	(94)	10	10	10	10
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	50,640	71,490	62,867	82,826	111,192
Recurring Net Profit	50,640	70,952	62,867	82,826	111,192
Fully Diluted Recurring Net Profit	50,640	70,952	62,867	82,826	111,192

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	106,199	129,686	126,543	158,512	197,887
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(3,372)	(3,372)	6,123	9,495	5,870
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	5,031	6,170	6,663	6,996	7,206
Other Operating Cashflow	2,296	(20,877)	(20,877)	(20,877)	(20,877)
Net Interest (Paid)/Received	(8,227)	(9,680)	(12,390)	(13,382)	(9,367)
Tax Paid	11,243	16,505	(22,008)	(29,020)	(38,986)
Cashflow From Operations	113,169	118,431	84,054	111,724	141,732
Capex	(61,056)	(88,841)	(93,941)	(88,600)	(68,334)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(10,815)	16,970	(36,171)	(40,511)	(45,778)
Cash Flow From Investing	(71,871)	(71,871)	(130,112)	(129,112)	(114,112)
Debt Raised/(repaid)	2,636	1,047	43,000	(6,000)	(26,000)
Proceeds From Issue Of Shares	(1,018)	(825)	(3,452)	(4,475)	(33,727)
Shares Repurchased					
Dividends Paid	(13,219)	(24,351)	(18,939)	(24,951)	(33,496)
Preferred Dividends					
Other Financing Cashflow	(4,709)	4,872	34,330	30,352	59,604
Cash Flow From Financing	(16,310)	(19,257)	54,939	(5,074)	(33,619)
Total Cash Generated	24,989	27,304	8,881	(22,461)	(5,999)
Free Cashflow To Equity	43,934	47,608	(3,058)	(23,387)	1,620
Free Cashflow To Firm	49,526	56,241	(33,668)	(4,006)	36,988

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	69,862	62,680	71,561	49,099	43,101
Total Debtors	38,670	42,782	42,402	45,963	49,149
Inventories	66,118	83,297	82,785	89,629	98,298
Total Other Current Assets	32,779	42,825	39,797	43,619	47,209
Total Current Assets	207,429	231,584	236,544	228,311	237,756
Fixed Assets	532,497	565,321	657,262	744,862	812,196
Total Investments	14,604	27,642	27,642	27,642	27,642
Intangible Assets	103,697	131,567	131,567	131,567	131,567
Total Other Non-Current Assets	55,643	51,907	53,907	54,907	55,907
Total Non-current Assets	706,441	776,436	870,377	958,978	1,027,311
Short-term Debt	45,444	49,906	64,906	62,906	54,906
Current Portion of Long-Term Debt					
Total Creditors	72,093	84,783	81,330	89,476	98,331
Other Current Liabilities	116,781	134,370	140,027	155,604	168,063
Total Current Liabilities	234,318	269,060	286,263	307,986	321,300
Total Long-term Debt	53,564	53,078	81,078	77,078	59,078
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	82,186	83,049	93,049	98,049	103,049
Total Non-current Liabilities	135,750	136,126	174,126	175,126	162,126
Total Provisions					
Total Liabilities	370,068	405,186	460,389	483,112	483,426
Shareholders Equity	543,245	602,275	645,973	703,617	781,082
Minority Interests	556	559	559	559	559
Total Equity	543,802	602,834	646,532	704,176	781,641

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	20.2%	12.1%	3.9%	13.8%	12.6%
Operating EBITDA Growth	(7.8%)	22.1%	(2.4%)	25.3%	24.8%
Operating EBITDA Margin	16.8%	18.3%	17.2%	18.9%	21.0%
Net Cash Per Share (Rs)	(100.96)	(139.61)	(257.84)	(314.87)	(245.58)
BVPS (Rs)	1,881.76	2,086.23	2,237.99	2,437.70	2,706.08
Gross Interest Cover	9.40	10.15	7.29	8.82	16.24
Effective Tax Rate	31.6%	25.3%	25.9%	25.9%	26.0%
Net Dividend Payout Ratio	26.1%	34.4%	25.0%	25.0%	
Accounts Receivables Days	20.02	20.96	21.09	19.23	18.38
Inventory Days	(35.23)	(38.46)	(41.13)	(37.51)	(36.32)
Accounts Payables Days	45.34	49.41	49.66	45.82	45.93
ROIC (%)	12.1%	14.1%	11.5%	13.6%	16.4%
ROCE (%)	12.4%	14.6%	12.1%	14.4%	17.5%
Return On Average Assets	6.7%	8.4%	7.1%	8.4%	9.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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