

India

ADD (no change)

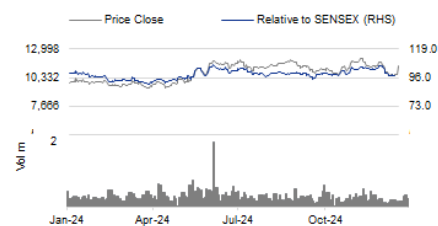
Consensus ratings*: Buy 33 Hold 6 Sell 3

Current price:	Rs11,421
Target price: ▲	Rs12,900
Previous target:	Rs12,190
Up/downside:	12.9%
InCred Research / Consensus:	4.3%
Reuters:	ULTC.NS
Bloomberg:	UTCEM IN
Market cap:	US\$45,407m Rs3,297,215m
Average daily turnover:	US\$48.0m Rs3485.4m
Current shares o/s:	288.7m
Free float:	37.5%

*Source: Bloomberg

Key changes in this note

- Raise EBITDA by 0-2% for FY26F-27F.
- Retain ADD rating with a higher target price of Rs12,900.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(0.5)	6.2	16.2
Relative (%)	2.1	11.1	7.9

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

Research Analyst(s)



Nishant BAGRECHA
 T (91) 22 4161 1564
 E nishant.bagrecha@incredresearch.com
Saurabh SINGH
 T (91) 2241611558
 E saurabh.singh@incredresearch.com
Rohan KALLE
 T (91) 22 4161 1561
 E rohan.kalle@incredresearch.com

UltraTech Cement Ltd

Well-poised to sustain its outperformance

- 3QFY25 consol. EBITDA stood at Rs28.9bn, ~8% above our estimate. Domestic volume grew by ~11% yoy while grey cement realization rose by 1.5% qoq.
- Demand outlook stays healthy and is likely to grow 10%+ vs. industry growth of 6-7% in 4QFY25F and FY26F. Cement prices up by ~1% vs. Dec exit level.
- We raise our EBITDA estimates marginally for FY26F-27F to reflect the strong commentary. Retain ADD rating with a higher target price of Rs12,900.

Industry out of dark phase; better placed to grow ahead of industry

Ultratech Cement or UTCEM's 3QFY25 consol. sales volume grew by ~11% yoy to 30.4mt. As per UTCEM, after having a soft phase the industry is seeing early revival, with demand showing some green shoots from Dec 2024. The revival in government capex, stable infrastructure demand and strongly placed rural regions to lead a 6-7% growth in 4QFY24F and FY26F, where UTCEM is likely to grow by >10%. UTCEM's rural volume growth was ~13% yoy in 3Q and with its strategic expanding network of UBS shops for IHBs (~60% located in villages and small towns), it is better placed to benefit from strong demand revival in rural areas. Grey cement realization was up by ~1.5% qoq and cement prices improved by ~1% vs. Dec 2024 exit levels, with the northern & western regions being the best performing regions. UTCEM sees better prices in a supportive demand environment.

Structural cost improvement on track - Rs200-300/t over next 3 years

Total operating costs reported a decline of ~4% qoq (P&F+freight+fixed costs) to Rs4,711/t, ~1% below our estimate. For the grey cement business, reported freight costs declined by ~2% qoq to Rs1,161/t, with improved efficiency and reduction in lead distance to 377km vs. 397km yoy and are expected to fall by a further ~5% as new plants come on stream. Power & fuel costs declined by ~5% qoq. Blended avg. fuel consumption cost stood at US\$125/t vs. US\$133/t qoq, & pet-coke consumption at 58% vs. 54% qoq. High-priced fuel contracts have expired, and energy costs are expected to be ~Rs1.7/kcal in the near term. Acquired assets to see investments for bringing the profitability in line with UTCEM; however, it will be lower by Rs200-300/t from UTCEM brand levels.

Capex plan on track to achieve ~215mtpa capacity by FY27F

Capex guidance of ~Rs90bn for FY25F (incurred Rs60.4bn in 9MFY25), Rs90bn for FY26F and Rs60-70bn for FY27F (Ex. ICEM). All capex will be funded by internally generated funds and debt to reduce from FY26F. All expansion projects are progressing as per plan and to end FY25F with ~185mtpa capacity and will add 10-15mtpa organically in FY26F.

Maintain ADD rating; recommend accumulation on any weakness

We retain ADD on the stock with a Mar 2026F target price of Rs12,900 (Rs12,190 earlier) on 19x EV/EBITDA (18x earlier). We maintain our thesis and continue to prefer UTCEM, given the visibility on the volume front and improvement in profitability. Downside risks: Weak demand and pricing, rise in input costs and delay in expansion.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	632,400	709,081	729,802	824,135	922,558
Operating EBITDA (Rsm)	106,199	129,686	124,306	161,311	198,640
Net Profit (Rsm)	50,640	71,490	61,686	84,470	110,894
Core EPS (Rs)	175.4	245.8	213.7	292.6	384.2
Core EPS Growth	(29.5%)	40.1%	(13.1%)	36.9%	31.3%
FD Core P/E (x)	65.11	46.12	53.45	39.03	29.73
DPS (Rs)	38.0	70.0	53.4	73.2	96.0
Dividend Yield	0.40%	0.74%	0.47%	0.64%	0.00%
EV/EBITDA (x)	31.33	25.74	27.14	21.01	16.96
P/FCFE (x)	75.04	69.26	(635.53)	(144.05)	1,360.95
Net Gearing	5.4%	6.7%	11.8%	13.2%	9.2%
P/BV (x)	6.07	5.47	5.11	4.68	4.22
ROE	9.7%	12.4%	9.9%	12.5%	14.9%
% Change In Core EPS Estimates			(0.37%)	(0.33%)	(0.30%)
InCred Research/Consensus EPS (x)					

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Well-poised to sustain its outperformance

Overall review

3QFY25 results review and earnings-call takeaways ►

Update on operational performance:

Demand & pricing outlook

- **Demand:** As per UTCEM, the industry has moved out of the silent phase since Dec 2024 and there has been improvement in demand. In 3QFY25F, industry growth will be ~5%. Urban housing demand is doing better but maturing and rural demand is outperforming, as per management. Government capex is sloppy YTD but is recovering. The pick-up in government capex to revive demand in the coming months. The central, state and public sector undertaking or PSU capex have been muted so far, which is expected to pick up in the coming years, and the long-term trend remains strong for the sector. Rural demand remains robust after strong monsoons.
- Industry growth: UTCEM believes that industry demand will grow by 6-7% in 4QFY25F and FY26F and the company to see >10% growth in 4QFY25F and FY26F.
- Pricing: Pan-India cement prices were up 1.4% vs. 3Q average, where the northern and western regions witnessed ~3% hike in 3Q while these regions were the best regions for pricing and demand. As per management, price hikes were again done in western and central regions in Jan 2025. Eastern and southern regions remain the underperforming regions, as per management. Dec 2024 exit prices were marginally up by 1% vs. 3QFY25 prices.
- Region-wise capacity utilization rate: Below 70% in the eastern region while the utilization rate in other regions was sub-par at ~75%.
- Assuming double-digit growth on acquired assets, the company targets overall capacity utilization of ~85% in FY26F.
- Volume: Consolidated volume stood at ~30.4mt, up ~11% yoy and 2% above the Incred estimate. Trade volume grew by 12.5% yoy, with rural markets growing by 13% yoy.
- Realization/t: Blended realization/t stood at Rs5,588, up ~2% qoq and in line with the Incred estimate. Domestic grey cement realization improved by 1.4% qoq to Rs4,970/t during the quarter.

Costs & margin

- **Total operating costs** reported a decline of ~4% qoq (on savings in major costs) to Rs4,711/t, ~1% below the Incred estimate. In the grey cement business, freight expenses declined by 2% qoq to Rs1,161/t while power & fuel costs fell by ~5% qoq to Rs1,311/t. Blended average fuel consumption costs stood at US\$125/t vs. US\$133/t qoq and 17% down yoy, Pet-coke consumption stood at 58% vs. 54% qoq. Fixed costs fell by 10% qoq and 4% yoy.
- **EBITDA/t:** Consolidated EBITDA rose by 43% qoq to ~Rs29bn, 8% above the Incred estimate. EBITDA/t stood at Rs951/t during the quarter vs. Dalmia Bharat's Rs763/t (up Rs226/t qoq, as highlighted by management in the 2Q conference-call).
- **Reported PAT** was up 79% qoq at ~Rs15bn vs. the Incred estimate of ~Rs12.2bn. Depreciation was up by ~1% yoy at ~Rs9.2bn.
- Rs470-480m one-time power costs charged by the Andhra Pradesh government in 3QFY25.
- Progress on the cost-savings target of Rs300/t will be shared in 4QFY25F, as it is volatile to be compared qoq due to seasonality.

- Water transport as a mode of transport to touch 5% maximum. Road and rail will remain the preferred modes of transport.
- All higher-priced fuel contracts have expired. The lead distance was down due to the focus on efficiency.
- Lead distance stood at 377km in 3QFY25 vs. 388km in 2QFY25 and 397km in 3QFY24.
- Energy costs to be Rs1.7/kcal in the near term.
- The company believes that it will take 12 months to bring ICEM performance at par with UTCEM. As regards Kesoram's realization, there can be improvement on the costs front as freight costs can be reduced on a consolidated basis. However, profitability remains lower by Rs200-300/t than the mother brand.

Other updates:

- **On acquired assets:** Current capacity utilization of ICEM is 57% and it can be improved, which can boost growth in its markets. Kesoram's capacity utilization is 70% and can be improved by 4-5% from this level. On brand transition, UTCEM will take a call, post-analysis, in the coming months. There is selling price difference of Rs20-25/bag between UTCEM and ICEM products in micro markets. The rebranding will be done by adopting a mixed approach and not all plants' output will be rebranded.
- As regards contingent liabilities, post Supreme Court's decision on the Mining Act, Chhattisgarh and Rajasthan have some liabilities for UTCEM. ICEM too has some liabilities, but they aren't adverse.
- To invest in a waste heat recovery system or WHRS at the Kesoram facility (~Rs4-5bn) to bring it in line with UTCEM's operational scale. The assessment for India Cements has not started yet.
- **Star Cement:** As per management, the offer was on the table and so the company invested in it, which will help in understanding its future expansion in the northeast region. Bought an 8.42% stake at Rs7.76bn.
- **On India Cements:** The offer for sale or OFS was subscribed 110% at Rs390/share, taking UTCEM's stake to 81.9% in India Cements (ICEM). The average cost of acquisition was Rs359/share. Total acquisition cost is ~Rs121bn for a capacity of 14.45mtpa, which is below US\$100/t, as per management.
- India Cements' net debt was Rs8.77bn as of 3QFY25-end. Debt to be reduced by non-core asset sale at India Cements. Two-to-three plants offer debottlenecking, and another two-to-three plants offer brownfield expansion. The focus is on turnaround from Jan 2025, which will be achieved by Jan 2026F.
- Kesoram's assets to be consolidated in FY25F. Yet to get the transfer of mines from Telangana and Karnataka governments.
- **Capex:** Incurred Rs63bn in 9MFY25 and Rs30bn will be incurred in 4QFY25F, Capex to be at Rs90bn in FY26F, Rs60-70bn in FY27F (Ex-India Cements). All capex will be funded by internally generated funds and the debt level to reduce from FY26F. For India Cements, it will take time to estimate the capex requirement.
- Nearly 60% of UBS stores are located in villages and small towns to tap the rising demand for housing in rural India. UBS offers a one-stop solution for IHBs (individual housing builders).
- To end FY25F with 185mtpa capacity on a consolidated basis.
- Consolidated net debt at Rs161.6bn (after adjusting for ICEM's OFS money).
- 10-15mtpa organic capacity addition will be there in FY26F, taking the total capacity to more than 210+mtpa by FY27F.
- The target of 450MW WHRS is for UTCEM. On a consolidated basis, the WHRS target stands revised to 511MW, which will be completed by FY27F, meeting 24% of power requirement.

- The target is to use 1.8GW renewable energy or RE by FY27F. On a consolidated basis, it stands revised to 2.1GW of RE, meeting ~30% of the power requirement.
- 6.7mtpa of clinker added by UTCEM in 9MFY25 and a further 3.5mtpa to be added in 4QFY25F, 75% clinker utilization rate YTD and 10mtpa clinker to be added in FY26F.
- India Cements' limestone has a shelf life of more than 25 years.
- The green power mix stands at 33.4% vs 32% qoq.
- Premium product mix stood at 26.5% of trade sales vs. 23.4% qoq.
- India Cements has become a subsidiary of UTCEM with effect from 24 Dec 2024. Financials of Kesoram to be consolidated on a retrospective basis from 1 Apr 2024.
- UBS' contribution to domestic grey sales volume touched 19.5%.
- Clinker conversion ratio was at 1.45x vs. 1.46x in 2QFY25.
- Trade mix stood at 65.4% vs. 67.5% qoq; road:rail mix at 74%:24% vs. 71%:27% qoq.

Figure 1: Consolidated quarterly performance

Particulars (Rs m)	3QFY25	3QFY25F	2QFY25	3QFY24	% Change		
					3QFY25F	2QFY25	3QFY24
Net Sales	1,71,933	1,68,517	1,56,347	1,67,400	2%	10%	3%
Raw Materials Consumed	32,962	30,272	29,165	26,554	9%	13%	24%
Freight and Forwarding Expenses	38,112	38,382	35,835	36,209	-1%	6%	5%
Power and Fuel Costs	39,802	41,153	38,377	41,780	-3%	4%	-5%
Employee Costs	8,500	8,228	9,139	7,689	3%	-7%	11%
Other Expenses	23,687	23,798	23,649	22,622	0%	0%	5%
Total Expenditure	1,43,062	1,41,832	1,36,165	1,34,854	1%	5%	6%
EBITDA	28,871	26,685	20,183	32,546	8%	43%	-11%
Depreciation	9,167	9,010	9,039	7,835	2%	1%	17%
EBIT	19,704	17,675	11,144	24,711	11%	77%	-20%
Interest	3,819	3,146	3,171	2,622	21%	20%	46%
Other Income	2,443	1,433	2,207	1,405	70%	11%	74%
PBT	18,328	15,962	10,180	23,494	15%	80%	-22%
Tax	3,580	3,831	1,914	5,804	-7%	87%	-38%
PAT before MI & Associates	14,748	12,131	8,266	17,690	22%	78%	-17%
Minority Interest	40	-1	51	-22	-4110%	-22%	-282%
Profit from Associate Cos	-13	56	-14	58	-122%	-13%	-122%
Recurring PAT	14,695	12,188	8,200	17,770	21%	79%	-17%
Extraordinary Items	0	0	0	0			
Reported PAT	14,695	12,188	8,200	17,770	21%	79%	-17%
EPS (Rs)	50.9	42.2	28.4	61.6	21%	79%	-17%
Margins (%)	3QFY25	3QFY25F	2QFY25	3QFY24	Est.	qoq	yoy
Gross Margin	35.5%	34.8%	33.9%	37.5%	67bp	163bp	-204bp
EBITDA Margin	16.8%	15.8%	12.9%	19.4%	96bp	388bp	-265bp
EBIT Margin	11.5%	10.5%	7.1%	14.8%	97bp	433bp	-330bp
PBT Margin	10.7%	9.5%	6.5%	14.0%	119bp	415bp	-337bp
PAT Margin	8.5%	7.2%	5.2%	10.6%	131bp	330bp	-207bp
Tax Rate	19.5%	24.0%	18.8%	24.7%	-447bp	73bp	-517bp
Cost Items as % of Sales							
RM Costs	19%	18.0%	18.7%	15.9%	121bp	52bp	331bp
Freight Costs	22%	22.8%	22.9%	21.6%	-61bp	-75bp	54bp
P&F Costs	23%	24.4%	24.5%	25.0%	-127bp	-140bp	-181bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

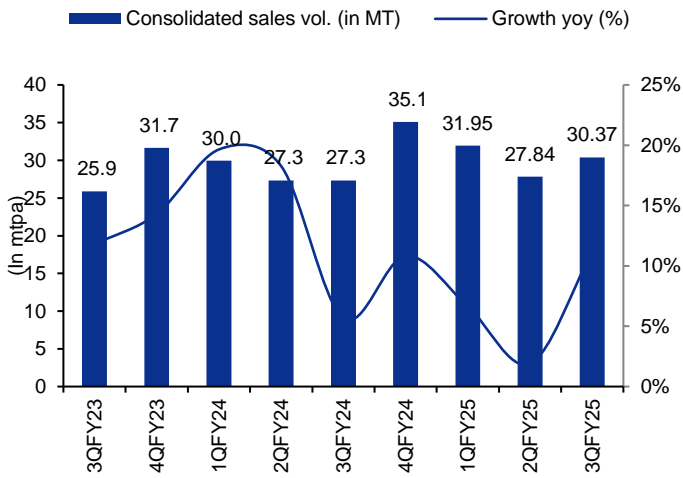
Figure 2: 3QFY25 results on per tonne analysis

Per tonne analysis	3QFY25	3QFY25F	2QFY25	3QFY24	% Change		
					3QFY25F	2QFY25	3QFY24
Sales volume	30.4	29.7	27.8	27.3	2%	9.1%	11.2%
Realization	5,588	5,614	5,499	6,035	0%	1.6%	-7.4%
EBITDA/t	951	899	725	1,191	6%	31%	-20%
RM Costs/t	1,085	1,020	1,048	972	6%	4%	12%
P&F Costs/t	1,311	1,386	1,378	1,529	-5%	-5%	-14%
Freight Costs/t	1,255	1,293	1,287	1,325	-3%	-3%	-5%
Employee Costs/t	280	277	328	281	1%	-15%	-1%
Other Expenses/t	780	802	849	828	-3%	-8%	-6%
Costs/t	4,711	4,777	4,891	4,936	-1%	-4%	-5%

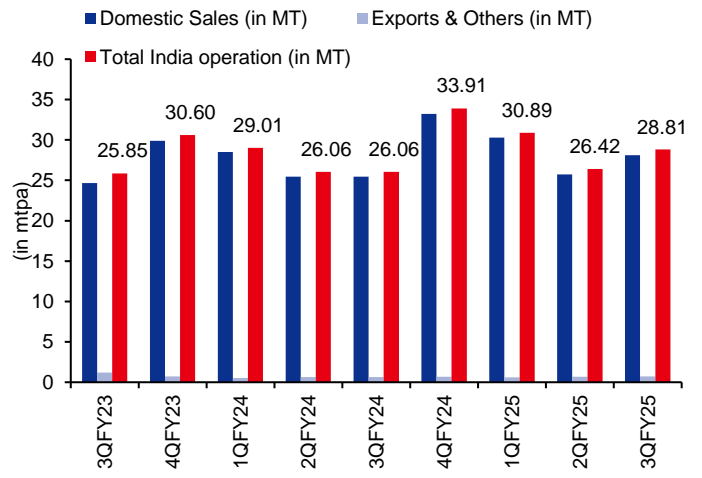
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Key charts ➤

Figure 3: Consolidated sales volume rose by ~11% yoy in 3QFY25 Figure 4: Total India operations, incl. exports, in 3QFY25

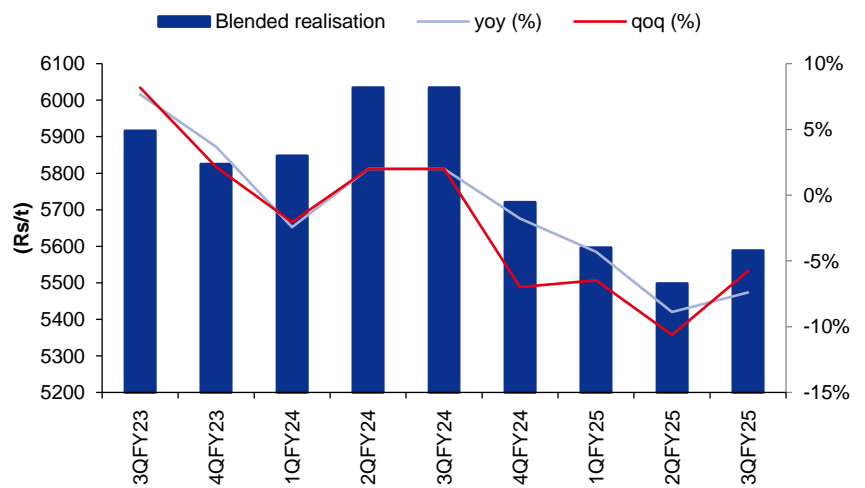


SOURCE: INCRED RESEARCH, COMPANY REPORTS



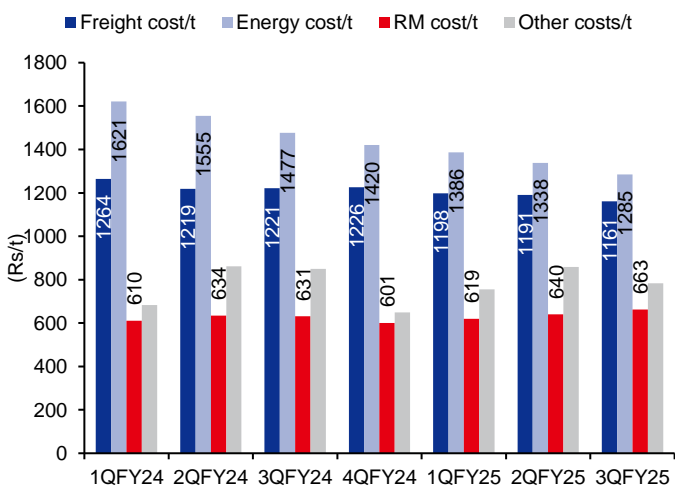
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Blended cement realization improves by 2% qoq

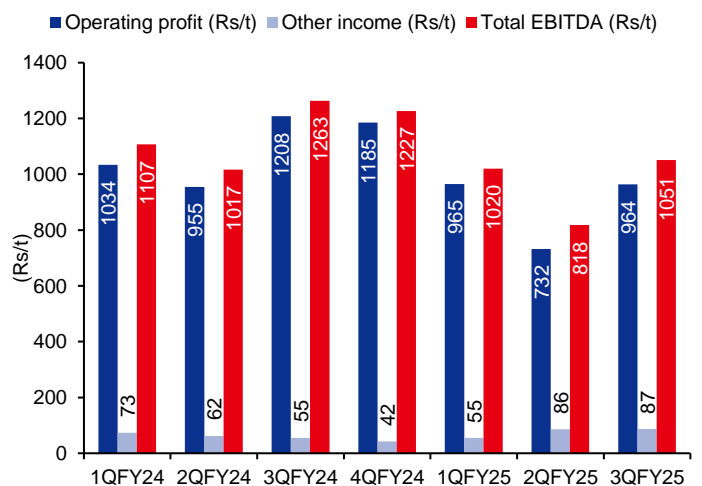


SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 6: Reported operating costs/t trend in line with its target of savings on the costs front Figure 7: Reported EBITDA/t decreases yoy and improves qoq



SOURCE: INCRED RESEARCH, COMPANY REPORTS



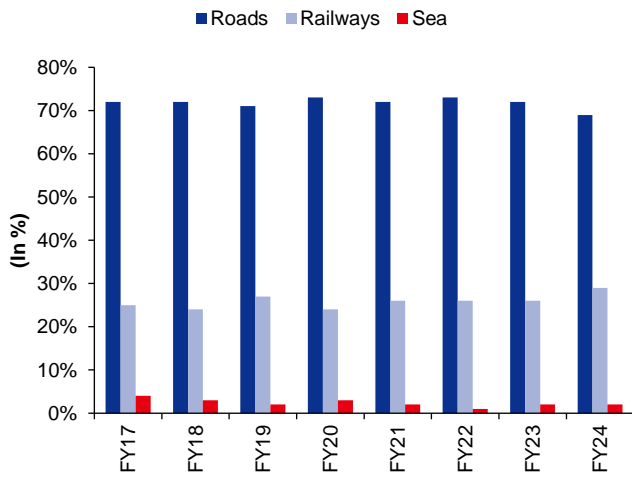
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Key cost indicators of grey cement in 3QFY25 reported by UTCEM

Cost (Rs/t)	3QFY25	2QFY25	3QFY24	yoy	qoq	Comment
Logistics	1,161	1,191	1,221	-5%	-3%	YoY: Benefit on account of lead optimization and improved operating efficiency; QoQ: Lead distance reduced to 377km in 3QFY25 vs. 388km qoq and 397km yoy.
Energy	1,285	1,338	1,477	-13%	-4%	YoY and QoQ: Blended pet-coke/ coal costs at US\$125/t, pet-coke consumption stood at 58% vs. 54% qoq.
Raw Material	663	640	631	5%	4%	Improved clinker conversion ratio; 1.45 vs. 1.43 in 3QFY24.
Other costs	784	858	849	-8%	-9%	YoY & QoQ: Operating leverage impact, lower plant maintenance on a qoq basis.

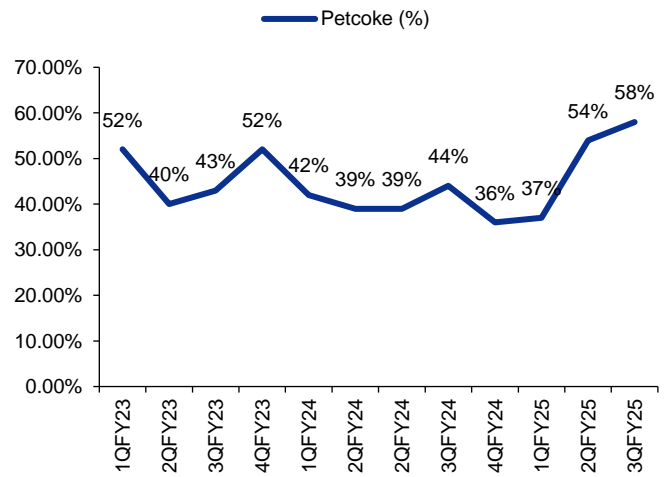
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: Share of various transportation modes (%)



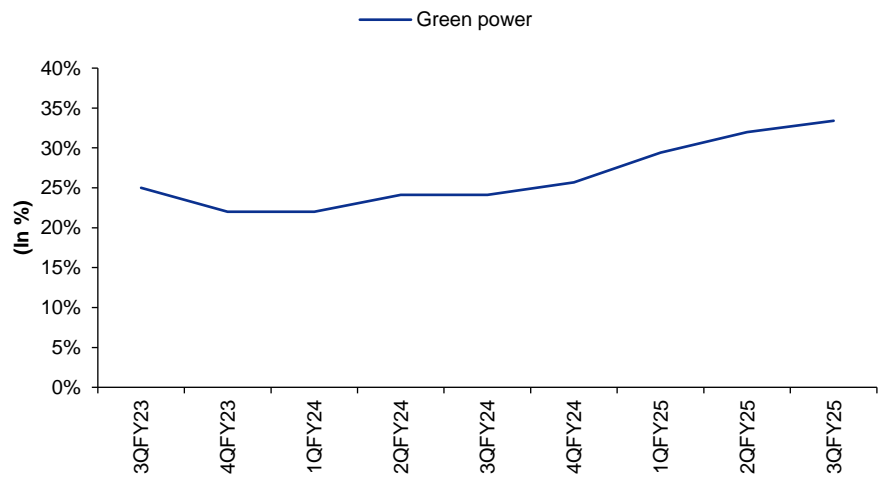
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Pet-coke accounted for 58% of kiln fuel mix vs. 54% qoq



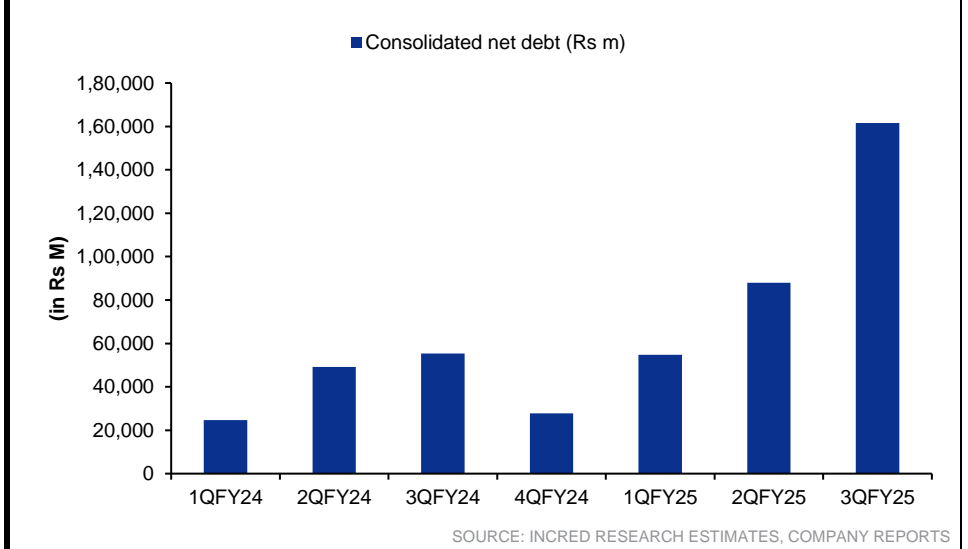
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Power mix trend – UTCEM aims to increase its green power mix to 85% by FY30F from 35% currently



SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: Consolidated net debt was ~Rs162bn and is expected to reduce from FY26F



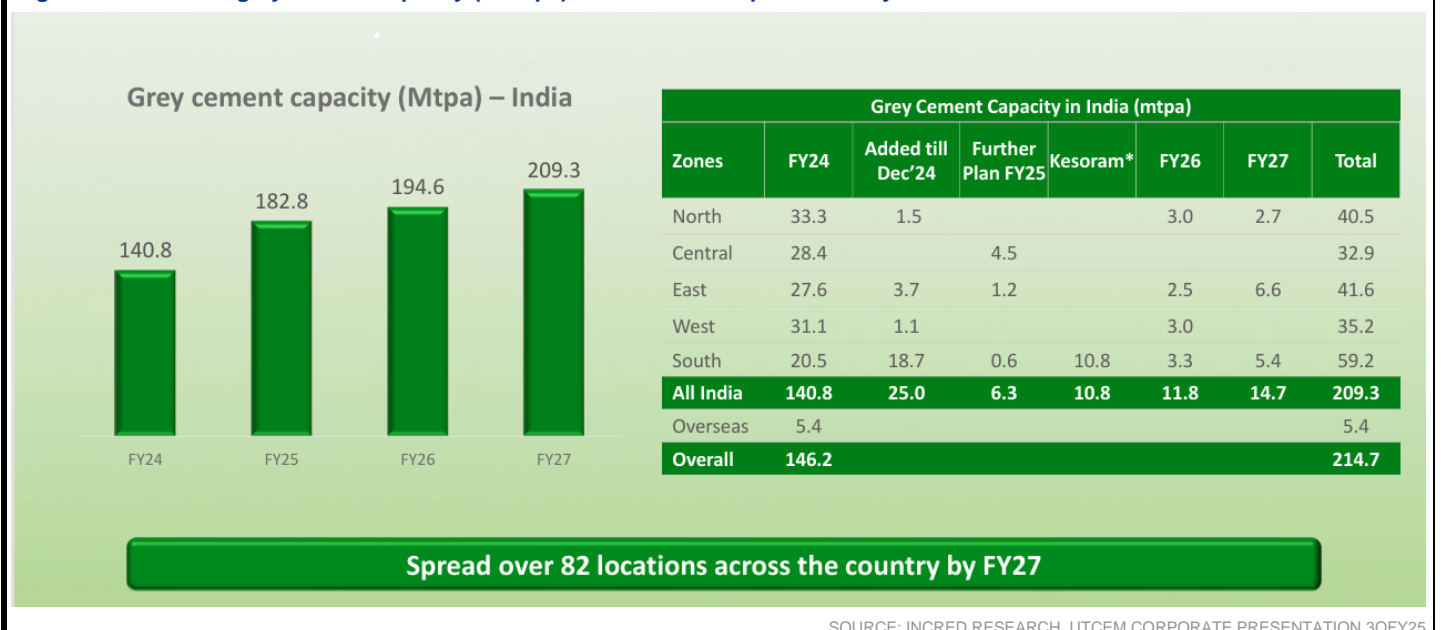
Phase-wise expansion plan of UTCEM ➔

Figure 13: UTCEM's expansion status update

Particulars	Unit	Project	Cement Capacity (Mtpa)	Timelines
Capacity as at Mar-24				140.8
Till Dec'24	Karur, Tamil Nadu	GU	2.7	Commissioned
	Kukurdihi, Chhattisgarh	IU	2.7	Commissioned
	Jharsuguda, Odisha	GU	0.4	Commissioned
	APCW, Andhra Pradesh	IU	1.8	Commissioned
	Arakkonam, Tamil Nadu	GU	1.2	Commissioned
	Kukurdihi, Chhattisgarh	GU	0.6	Commissioned
	Karur, Tamil Nadu	GU	0.6	Q4 FY25
	Sonar Bangla, West Bengal	GU	0.6	Q4 FY25
	Durgapur, West Bengal	GU	0.6	Q4 FY25
	Maihar, Madhya Pradesh	IU	4.5	Q4 FY25
Lucknow, Uttar Pradesh	BT	1.8	Q4 FY25	
Panvel, Maharashtra	BT	1.0	Q4 FY25	
Capacity addition in FY25 (Excl. BT)				15.7
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 addition in FY26 and FY27				26.5

SOURCE: INCRED RESEARCH, UTCEM INVESTOR PRESENTATION 3QFY25
IG=INTEGRATED UNIT, GU=GRINDING UNIT, BT=BULK TERMINAL, G=GREENFIELD, B=BROWNFIELD

Figure 14: UTCEM's grey cement capacity (in mtpa) to touch ~209mtpa in India by FY27F



Sectoral update by UTCEM ➤

Figure 15: Demand drivers by region and key segments during 3QFY25

Zone	I	C	H	R	Key drivers
North	↓	↑	↑	↑	<ul style="list-style-type: none"> ✓ Housing segment registered growth in both rural and urban areas. ✓ Infrastructure segment registered degrowth on account of pollution control measures taken in Delhi and surrounding regions, projects on hold due to farmers agitation in Punjab and completion of major projects like RRTS. ✓ Commercial segment registered overall growth.
Central	↔	↑	↑	↑	<ul style="list-style-type: none"> ✓ Housing segment registered growth across regions except Prayagraj which faced restrictions on heavy vehicles movement owing to Kumbh Mela preparations. ✓ Infrastructure segment demand was supported by various NHAI projects, Jabalpur Ring Road, Prayagraj railway station, Boras Dam etc. ✓ Commercial segment registered overall growth.
East	↔	↑	↑	↑	<ul style="list-style-type: none"> ✓ Housing segment registered strong growth across regions except Odisha due to cyclone Dana. ✓ Infrastructure segment demand was stable. Shortage of sand and aggregates, assembly election in Jharkhand impacted the momentum. ✓ Commercial segment registered growth across region.
West	↓	↔	↑	↑	<ul style="list-style-type: none"> ✓ Maharashtra: Infrastructure registered degrowth on account of lower fund flows due to assembly elections in Maharashtra. ✓ Housing segment registered growth in both rural and urban areas. ✓ Commercial segment registered strong growth across all regions. ✓ Gujarat: Housing segment demand remained flat. ✓ Infrastructure segment registered degrowth on account of extended monsoon, strike by aggregate manufacturer, non-availability of labour due to festivities. ✓ Commercial segment demand was muted.
South	↓	↑	↑	↑	<ul style="list-style-type: none"> ✓ Housing registered slow growth across regions owing to extended monsoon, cyclone impacting demand in Tamil Nadu, some parts of Telangana and Andhra Pradesh. ✓ Infrastructure demand was lower on account of issues related to fund allocation and floods impacting construction activities. ✓ Commercial segment demand was fairly good.

SOURCE: INCRED RESEARCH, UTCEM 3QFY25 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	7,29,802	8,24,135	9,22,557	7,36,984	8,38,833	9,44,174	-1%	-2%	-2%
EBITDA	1,24,306	1,61,311	1,98,639	1,26,543	1,58,512	1,97,887	-2%	2%	0%
PAT	61,686	84,470	1,10,894	62,867	82,826	1,11,192	-2%	2%	0%
EPS (Rs.)	213.7	292.6	384.2	217.8	287.0	385.2	-2%	2%	0%

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	7,29,802	8,24,135	9,22,557	7,44,432	8,61,553	9,54,073	-2%	-4%	-3%
EBITDA	1,24,306	1,61,311	1,98,639	1,29,921	1,73,463	2,06,276	-4%	-7%	-4%
PAT	61,686	84,470	1,10,894	67,982	95,681	1,17,783	-9%	-12%	-6%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 18: Key assumptions

	FY23A	FY24A	FY25F	FY26F	FY27F
Volume (in mtpa)	106	119	129	144	158
Yoy	12%	13%	8%	12%	10%
Realization (per tonne)	5,900	5,864	5,583	5,644	5,735
Yoy	7%	-1%	-5%	1%	2%
Cost (per tonne)	4,981	4,867	4,699	4,609	4,571
Yoy	14%	-2%	-3%	-2%	-1%
EBITDA (per tonne)	1,005	1,089	965	1,122	1,254
Yoy	-18%	8%	-11%	16%	12%
EBITDA (Rs m)	1,06,199	1,29,686	1,24,306	1,61,311	1,98,639
Yoy	-8%	22%	-4%	30%	23%

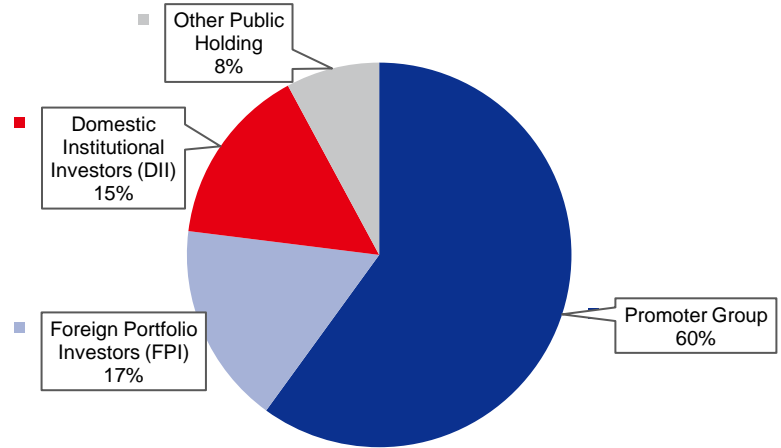
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 19: Maintain ADD rating on the stock with a Mar 2026F target price of Rs12,900, set at an EV/EBITDA of 19x

Valuation	Target price
Target EV/EBITDA (x)	19
Target EV (Rs m)	37,88,452
Net debt / (cash) (Rs m) – one-year lag	65,010
No. of shares (m)	289
Fair value per share (Rs)	12,900

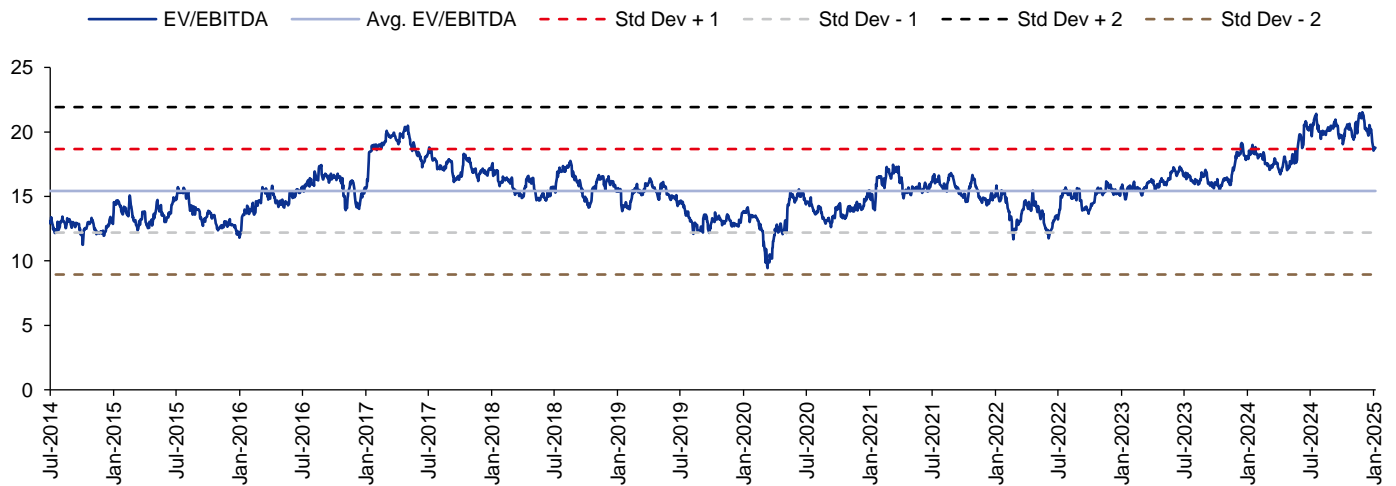
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

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



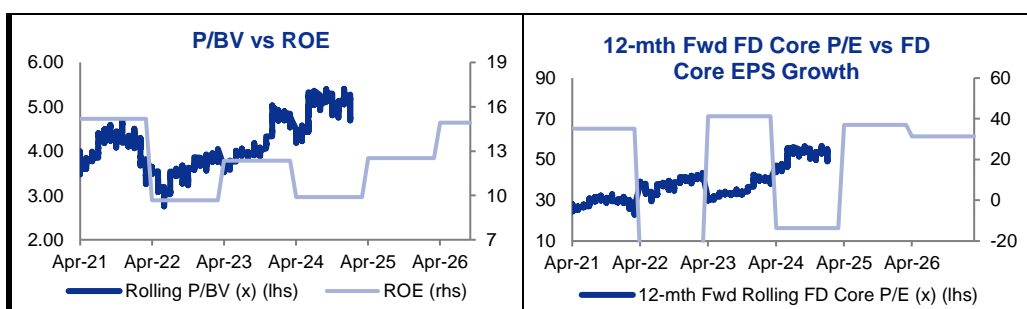
SOURCE: INCRED RESEARCH, COMPANY REPORTS

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	729,802	824,135	922,558
Gross Profit	632,400	709,081	729,802	824,135	922,558
Operating EBITDA	106,199	129,686	124,306	161,311	198,640
Depreciation And Amortisation	(28,880)	(31,453)	(35,919)	(41,307)	(47,503)
Operating EBIT	77,319	98,233	88,387	120,004	151,136
Financial Income/(Expense)	(8,227)	(9,680)	(13,358)	(14,427)	(10,099)
Pretax Income/(Loss) from Assoc.	40	220	220	220	220
Non-Operating Income/(Expense)	5,031	6,170	8,020	8,261	8,509
Profit Before Tax (pre-EI)	74,163	94,942	83,269	114,058	149,766
Exceptional Items		720			
Pre-tax Profit	74,163	95,662	83,269	114,058	149,766
Taxation	(23,429)	(24,183)	(21,593)	(29,598)	(38,882)
Exceptional Income - post-tax					
Profit After Tax	50,734	71,480	61,676	84,460	110,884
Minority Interests	(94)	10	10	10	10
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	50,640	71,490	61,686	84,470	110,894
Recurring Net Profit	50,640	70,952	61,686	84,470	110,894
Fully Diluted Recurring Net Profit	50,640	70,952	61,686	84,470	110,894

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	106,199	129,686	124,306	161,311	198,640
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(3,372)	(3,372)	5,427	7,557	5,244
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	5,031	6,170	8,020	8,261	8,509
Other Operating Cashflow	2,296	(20,877)	(20,877)	(20,877)	(20,877)
Net Interest (Paid)/Received	(8,227)	(9,680)	(13,358)	(14,427)	(10,099)
Tax Paid	11,243	16,505	(21,593)	(29,598)	(38,882)
Cashflow From Operations	113,169	118,431	81,924	112,227	142,534
Capex	(61,056)	(88,841)	(94,192)	(87,805)	(66,608)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(10,815)	16,970	(35,919)	(41,307)	(47,503)
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)	(3,392)	(4,559)	(33,637)
Shares Repurchased					
Dividends Paid	(13,219)	(24,351)	(18,583)	(25,447)	(33,407)
Preferred Dividends					
Other Financing Cashflow	(4,709)	4,872	34,269	30,437	59,514
Cash Flow From Financing	(16,310)	(19,257)	55,294	(5,569)	(33,529)
Total Cash Generated	24,989	27,304	7,107	(22,454)	(5,107)
Free Cashflow To Equity	43,934	47,608	(5,187)	(22,885)	2,422
Free Cashflow To Firm	49,526	56,241	(34,829)	(2,458)	38,521

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	69,787	47,333	42,225
Total Debtors	38,670	42,782	41,989	45,158	48,024
Inventories	66,118	83,297	81,978	88,058	96,047
Total Other Current Assets	32,779	42,825	39,409	42,855	46,128
Total Current Assets	207,429	231,584	233,163	223,404	232,424
Fixed Assets	532,497	565,321	657,514	744,318	809,927
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	870,629	958,433	1,025,042
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	80,390	86,428	94,461
Other Current Liabilities	116,781	134,370	138,662	152,877	164,215
Total Current Liabilities	234,318	269,060	283,958	302,211	313,582
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	458,084	477,337	475,708
Shareholders Equity	543,245	602,275	645,148	703,941	781,198
Minority Interests	556	559	559	559	559
Total Equity	543,802	602,834	645,707	704,500	781,757

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	20.2%	12.1%	2.9%	12.9%	11.9%
Operating EBITDA Growth	(7.8%)	22.1%	(4.1%)	29.8%	23.1%
Operating EBITDA Margin	16.8%	18.3%	17.0%	19.6%	21.5%
Net Cash Per Share (Rs)	(100.96)	(139.61)	(263.99)	(320.99)	(248.61)
BVPS (Rs)	1,881.76	2,086.23	2,235.13	2,438.82	2,706.48
Gross Interest Cover	9.40	10.15	6.62	8.32	14.97
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	21.20	19.30	18.43
Inventory Days	(35.23)	(38.46)	(41.33)	(37.65)	(36.42)
Accounts Payables Days	45.34	49.41	49.78	45.93	45.60
ROIC (%)	12.1%	14.1%	11.2%	13.8%	16.3%
ROCE (%)	12.4%	14.6%	11.8%	14.7%	17.4%
Return On Average Assets	6.7%	8.4%	7.1%	8.7%	9.9%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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InCred Research Services Private Limited

Research Analyst SEBI Registration Number: INH000011024

Registered Office: Unit No 1203, 12th Floor, B Wing, The Capital, C-70, G Block, BKC, Bandra (E), Mumbai – 400051

Phone: +91-22-6844-6100

Corporate Office: 05th floor, Laxmi Towers, Plot No. C-25, G Block, Bandra – Kurla Complex, Bandra (East), Mumbai – 400051

Phone: +91-22-4161-1500

Name of the Compliance Officer: Mr. Yogesh Kadam

Email ID: compliance@incredresearch.com, Phone No: +91-22-41611539

For any queries or grievances, you may contact the Grievance Officer.

Name of the Grievance Officer: Mr. Rajarshi Maitra

Phone no. +91-022-41611546

Email ID: rajarshi.maitra@incredresearch.com

CIN: U74999MH2016PTC287535

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- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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