

India

**ADD** (no change)

Consensus ratings\*: Buy 37 Hold 4 Sell 3

Current price:	Rs12,114
Target price: ▲	Rs13,550
Previous target:	Rs12,900
Up/downside:	11.9%
InCred Research / Consensus:	9.1%
Reuters:	ULTC.NS
Bloomberg:	UTCEM IN
Market cap:	US\$41,980m Rs3,569,744m
Average daily turnover:	US\$45.8m Rs3897.1m
Current shares o/s:	288.7m
Free float:	37.5%

\*Source: Bloomberg

**Key changes in this note**

- Raise EBITDA by 4% for FY26F-27F.
- Retain the ADD rating with a higher target price of Rs13,550.

# UltraTech Cement Ltd

## Strong in-line operational performance

- 4QFY25 consol. EBITDA stood at Rs46.2bn, ~2% above our estimate. Domestic volume grew by ~10% yoy while grey cement realization rose by 1.6% qoq.
- The outlook is strong with near-term headwinds (temporary). UTCEM expects to grow in double digits in FY26F. Cement prices are better vs. FY25 exit level.
- Raise EBITDA estimates by ~4% for FY26F-27F to reflect cost savings and ramp-up of acquired assets. Retain ADD rating with a higher TP of Rs13,550.

### Volume up ~6% in 4Q; double digits in FY26F on a like-for-like basis

Ultratech Cement or UTCEM's 4QFY25 consol. sales volume grew by ~17% yoy to ~41mt. As per UTCEM, industry grew by ~4% yoy in 4QFY25 vs. UTCEM in mid-single digit, driven by positive momentum of government capex, although 1QFY26F faces some headwinds from heatwaves and a temporary urban realty segment slowdown. Normalization is expected post-heatwaves, with UTCEM targeting double-digit like-for-like (LFL) growth in FY26F. There are already early signs of a faster ramp-up of India Cements (ICEM), with >1mt sales (highest-ever) in Mar 2025. UTCEM is likely to ink a tolling arrangement with ICEM to leverage its brand network, and it will rebranded to UTCEM by FY27F. UTCEM's domestic grey cement realization improved by 1.6% qoq (led by the northern region). As per UTCEM, current prices are better vs. Mar 2025 exit prices and are likely to remain a function of demand-supply in the long run.

### UTCEM drives cost-saving efficiency; ICEM – Kesoram catching up

Total operating costs witnessed a decline of ~8% qoq to Rs4,497/t (led by variable costs). With targeted ~Rs300/t cost improvement by FY27F-end, UTCEM has achieved ~Rs86/t in FY25 (with >50% savings from freight). Kesoram is already ahead of ICEM in profitability and is set to top four-digit EBITDA/t by FY26F-end. For ICEM, it targets EBITDA of Rs>500/t in FY26F (led by quick ramp-up, freight costs saving + cement pricing improvement), >Rs800/t in FY27F and >Rs1,000 in FY28F. Yield from investment in efficiency measures (Rs10bn in the next three years) to bring its profitability on par with UTCEM's southern plants.

### Growth capex on track; capacity to top >210mtpa by FY27F

Organic capex incurred stood at ~Rs90bn in FY25, and UTCEM expects ~Rs100bn (including C&W capex) in FY26F, largely for growth. UTCEM accounted for >50% of organic capacity addition in FY25. Net debt may dip to the historical level in the coming year. All expansion projects are progressing as per plan, & it will add ~12mtpa in FY26F.

### Maintain ADD rating; recommend accumulation on any weakness

We retain ADD rating on the stock with a Mar 2026F target price of Rs13,550 (Rs12,900 earlier) on 19x EV/EBITDA (no change). 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.



Source: Bloomberg

<b>Price performance</b>	1M	3M	12M
Absolute (%)	5.3	4.9	21.6
Relative (%)	1.6	0.1	13.2

<b>Major shareholders</b>	% held
Promoter & Promoter Group	59.2
LIC	2.5
ICICI Pru	2.5

Research Analyst(s)



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Financial Summary	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Revenue (Rsm)	632,400	709,081	759,551	895,294	990,757
Operating EBITDA (Rsm)	106,199	129,686	125,575	170,798	215,066
Net Profit (Rsm)	50,640	70,050	60,391	84,280	116,043
Core EPS (Rs)	175.4	244.5	211.6	292.0	402.0
Core EPS Growth	(29.5%)	39.4%	(13.4%)	38.0%	37.7%
FD Core P/E (x)	69.06	49.92	57.91	41.49	30.13
DPS (Rs)	38.0	70.0	77.5	73.0	100.5
Dividend Yield	0.38%	0.70%	0.77%	0.60%	0.00%
EV/EBITDA (x)	33.21	27.28	29.58	21.82	17.22
P/FCFE (x)	163.05	157.95	126.01	194.40	63.35
Net Gearing	5.4%	6.7%	25.0%	24.9%	20.0%
P/BV (x)	6.44	5.81	4.95	4.56	4.13
ROE	9.7%	12.3%	9.3%	11.4%	14.4%
% Change In Core EPS Estimates				(0.35%)	(0.30%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Strong in-line operational performance

### Overall review

#### 4QFY25 results review and earnings-call takeaways ►

#### Update on operational performance:

##### Demand & pricing outlook

- **Demand:** UTCEM reports positive momentum driven by government capital expenditure. Infrastructure activities are typically slow at the start of the year but are expected to improve post-heatwaves.
- **Urban real estate:** The current slowdown is temporary, with demand expected to normalize soon.
- **Capacity growth:** Industry capacity touched 655mtpa in FY25, up from 625mtpa yoy. UTCEM accounted for ~57% of the 30mtpa added in FY25. ~40–50mtpa capacity addition is projected for FY26F, with UTCEM contributing a major portion.
- **4QFY25 performance:** Industry growth: 4% yoy; UTCEM growth: ~10% YoY (~mid-single-digit excluding acquired assets).
- **Short-term outlook:** 1QFY26F may face heatwave-related challenges (very short term), but UTCEM anticipates double-digit like-for-like (LFL) growth in FY26F.
- **Capacity utilization:** 90% overall (97% peak, ~85% lowest) for 4Q. Effective capacity utilization: ~79%.
- **EBITDA/t:** Achieved Rs1,270/t on LFL organic capacity.
- **Pricing:** Prices have improved in the current month compared to Mar 2025 exit levels.
- **Volume:** Consolidated volume came in at 41.02mt, up 17% yoy and ~35% qoq, in line with Incred estimate. Volume in FY25 stood at 135.83mt, up ~14% yoy. The trade volume grew by 7.2% yoy. Capacity utilization stood at ~78% in FY25.
- **Realization/t:** Domestic grey cement realization/t: Rs5,052, an improvement of 1.6% qoq but down 2.3% yoy.

##### Costs & Margin

- **Total operating costs rose** by ~3% yoy and ~8% qoq to Rs4,497/t (~4% below our estimate) on savings in all variable costs. For the grey cement business, reported freight expenses declined by 0.5% qoq to Rs1,167/t while power & fuel costs declined by ~5% qoq to Rs1,218/t. Blended average fuel consumption cost stood at US\$122/t vs. US\$125 qoq and 20% lower yoy, Pet-coke consumption stood at 55% vs. 58% qoq. Fixed costs fell by ~16% qoq and were up ~2% yoy.
- **Consolidated EBITDA** improved by ~12% yoy and was up ~60% qoq at ~Rs46.2bn (vs. our expectation of ~Rs45.1bn); Consolidated EBITDA/t stood at Rs1,126/t (up Rs173/t qoq and down Rs47/t yoy) during the quarter and domestic EBITDA/t improved >Rs300/t on qoq basis vs. Dalmia Bharat's Rs922/t).
- **Reported PAT** was up ~83% qoq at ~Rs24.8bn vs. our expectation of ~Rs24bn. Depreciation was up by ~38% yoy at ~Rs11.3bn.
- **UTCEM standalone:** Cost-saving measures are on track, unaffected by parallel efficiency programs at Kesoram, and India Cements.
- **Logistics and operations:** Improvement in logistics costs, branding, and other key areas are being addressed.
- Rs300/t of cost improvement target by FY27-end (achieved Rs86/t in FY25). This doesn't include cost improvement at India Cements, and Kesoram.

- Tariffs can impact ocean freight costs, as per UTCEM.

**Other updates:**

- India Cements (ICEM) has significant potential for brownfield expansions. Lease expiry in 2030F is not a major concern.
- Achieved EBITDA breakeven in the first quarter post-acquisition. 4QFY25 EBITDA at Rs40/t.
- ICEM recorded >1mt sales volume in Mar 2025, the highest-ever.
- For ICEM, over Rs10bn is allocated for Waste Heat Recovery Systems (WHRS) installation. Investments in renewable energy (RE), alternate fuel and raw materials (AFR), and WHRS are expected to yield returns from 4QFY27F. Cost-saving measures are projected to have a payback period of <three years.
- **EBITDA targets:** >Rs500/t in FY26F (led by logistic costs and price improvement), Rs800/t in FY27F and four digits from FY28F. Aiming at profitability, comparable to UTCEM's southern plants, at target levels.
- UTCEM to ink tolling arrangements leveraging India Cements' strong brand image. Full integration is expected by FY27F.
- UTCEM plans to reduce its stake in ICEM to 75%
- **Kesoram integration:** 4QFY25 volume:1.53mt; FY25 volume: 6.87mt.
- **EBITDA/t:** Rs112–115 in FY25; Rs399 in 4QFY25. Kesoram will be rebranded under UTCEM over time.
- Kesoram is already ahead of ICEM in terms of profitability and is expected to achieve four-digit EBITDA/t by FY26F.
- **Capital expenditure:** In FY25, incurred Rs90bn on organic capex. FY26F Rs90–100bn, primarily towards growth-related expansion.
- **Debt management:** Net debt-to-EBITDA ratio comfortable at 0.5x.
- **Debt level** is expected to decline significantly going ahead (as seen historically).
- Building materials to add Rs10bn revenue/year.
- Green power mix at 35.4% vs 33.4% qoq.
- Premium product mix stood at 30.8% of trade sales vs. 26.5% qoq.
- Lead distance stood at 384km in 4QFY25 vs. 377km in 3QFY25 and 400km in 4QFY24.
- UBS contribution to domestic-grey sales volume touched 21.3% vs. 19.5% qoq.
- The clinker conversion ratio was at 1.47x vs. 1.45x in 3QFY25.
- The trade mix stood at 66.4% vs. 65.4% qoq, Road:rail mix 72%:26% vs. 74%:24% qoq

Figure 1: Consolidated quarterly performance

Particulars (Rs m)	4QFY25	4QFY25F	3QFY25	4QFY24	% Change		
					4QFY25F	3QFY25	4QFY24
<b>Net Sales</b>	<b>2,30,633</b>	<b>2,36,638</b>	<b>1,77,788</b>	<b>2,04,189</b>	<b>-3%</b>	<b>30%</b>	<b>13%</b>
Raw Materials Consumed	43,490	47,236	32,039	38,094	-8%	36%	14%
Freight and Forwarding Expenses	51,762	53,908	40,361	46,472	-4%	28%	11%
Power and Fuel Costs	52,236	53,476	42,859	48,388	-2%	22%	8%
Employee Costs	9,815	9,817	8,901	7,494	0%	10%	31%
Other Expenses	27,146	27,123	24,683	22,602	0%	10%	20%
<b>Total Expenditure</b>	<b>1,84,449</b>	<b>1,91,559</b>	<b>1,48,841</b>	<b>1,63,050</b>	<b>-4%</b>	<b>24%</b>	<b>13%</b>
<b>EBITDA</b>	<b>46,184</b>	<b>45,079</b>	<b>28,947</b>	<b>41,139</b>	<b>2%</b>	<b>60%</b>	<b>12%</b>
Depreciation	11,246	9,453	9,928	8,149	19%	13%	38%
<b>EBIT</b>	<b>34,939</b>	<b>35,626</b>	<b>19,020</b>	<b>32,990</b>	<b>-2%</b>	<b>84%</b>	<b>6%</b>
Interest	4,750	4,048	4,568	2,612	17%	4%	82%
Other Income	1,021	1,973	2,473	1,356	-48%	-59%	-25%
<b>PBT</b>	<b>31,210</b>	<b>33,551</b>	<b>16,925</b>	<b>31,015</b>	<b>-7%</b>	<b>84%</b>	<b>1%</b>
Tax	6,261	9,227	3,278	8,519	-32%	91%	-27%
<b>PAT before MI &amp; Associates</b>	<b>24,949</b>	<b>24,324</b>	<b>13,647</b>	<b>22,495</b>	<b>3%</b>	<b>83%</b>	<b>11%</b>
Minority Interest	-73	-88	40	5	-18%	-281%	-1676%
Profit from Assoc.	-201	218	-13	91	-192%	1510%	-322%
<b>Recurring PAT</b>	<b>24,820</b>	<b>24,630</b>	<b>13,594</b>	<b>22,581</b>	<b>1%</b>	<b>83%</b>	<b>10%</b>
Extraordinary Items	0	0	0	-720			
Reported PAT	24,820	24,630	13,594	22,581	1%	83%	10%
EPS (Rs)	86.0	85.3	47.1	78.2	1%	83%	10%
<b>Margins (%)</b>	<b>4QFY25</b>	<b>4QFY25</b>	<b>3QFY25</b>	<b>4QFY24</b>	<b>Est.</b>	<b>qoq</b>	<b>yoy</b>
Gross Margin	36.1%	34.7%	35.2%	34.9%	139bp	88bp	116bp
EBITDA Margin	20.0%	19.0%	16.3%	20.1%	98bp	374bp	-12bp
EBIT Margin	15.1%	15.1%	10.7%	16.2%	9bp	445bp	-101bp
PBT Margin	13.5%	14.2%	9.5%	15.2%	-65bp	401bp	-166bp
PAT Margin	10.8%	10.4%	7.6%	11.1%	35bp	312bp	-30bp
Tax Rate	20.1%	27.5%	19.4%	27.5%	-744bp	69bp	-741bp
Cost Items as a % of Sales							
RM Costs	19%	20.0%	18.0%	18.7%	-110bp	84bp	20bp
Freight Costs	22%	22.8%	22.7%	22.8%	-34bp	-26bp	-32bp
P&F Costs	23%	22.6%	24.1%	23.7%	5bp	-146bp	-105bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: 4QFY25 results on per tonne analysis

Per tonne analysis	4QFY25	4QFY25F	3QFY25	4QFY24	% Change		
					4QFY25F	3QFY25	4QFY24
<b>Sales Volume</b>	<b>41.0</b>	<b>41.0</b>	<b>30.4</b>	<b>35.1</b>	<b>0%</b>	<b>35.1%</b>	<b>16.9%</b>
Blended Realization	5,555	5,698	5,796	5,721	-2%	-4.1%	-2.9%
<b>EBITDA/t</b>	<b>1,126</b>	<b>1,099</b>	<b>953</b>	<b>1,173</b>	<b>2%</b>	<b>18%</b>	<b>-4%</b>
RM Costs/t	1,060	1,152	1,055	1,086	-8%	0%	-2%
P&F Costs/t	1,273	1,304	1,411	1,379	-2%	-10%	-8%
Freight Costs/t	1,262	1,315	1,329	1,325	-4%	-5%	-5%
Employee Costs/t	239	239	293	214	0%	-18%	12%
Other Expenses/t	662	662	813	644	0%	-19%	3%
<b>Costs/t</b>	<b>4,497</b>	<b>4,672</b>	<b>4,901</b>	<b>4,648</b>	<b>-4%</b>	<b>-8%</b>	<b>-3%</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Key charts ➤

Figure 3: Consolidated sales volume rose by ~17% yoy in 4QFY25 Figure 4: Total India operations, incl. exports, in 4QFY25

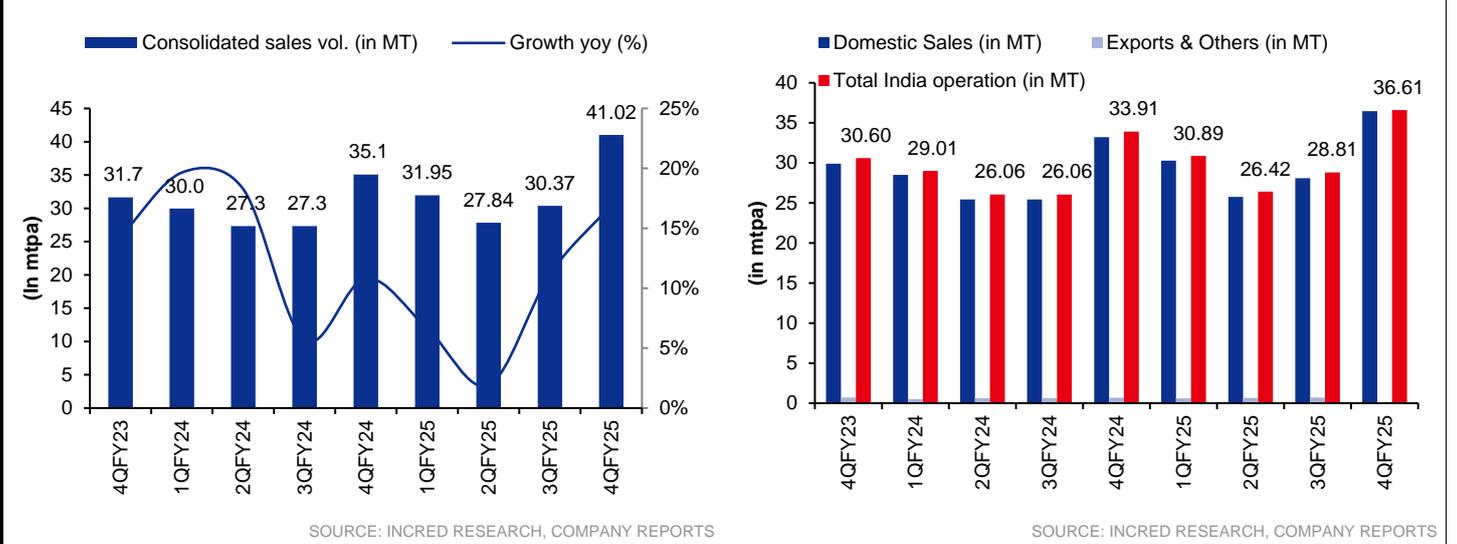


Figure 5: Blended cement realization declines by 3% yoy

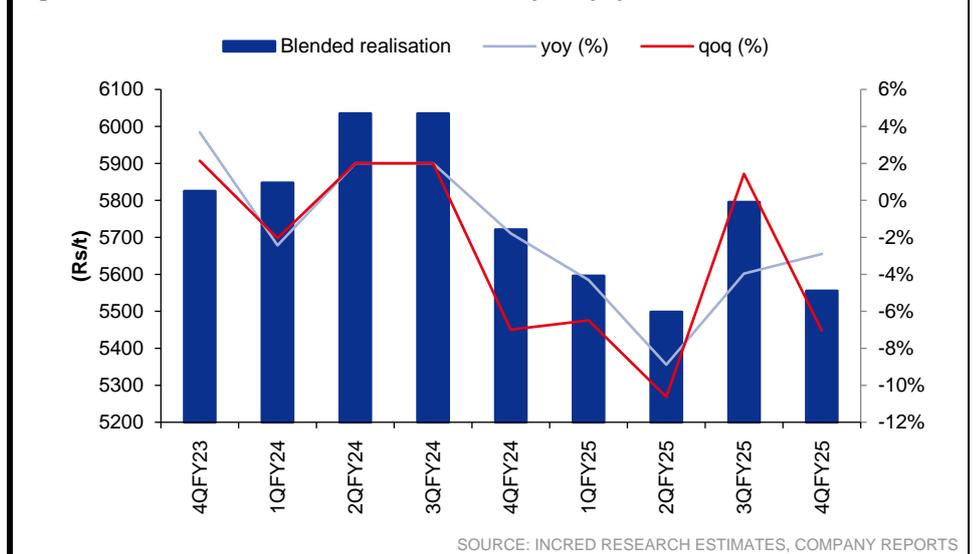
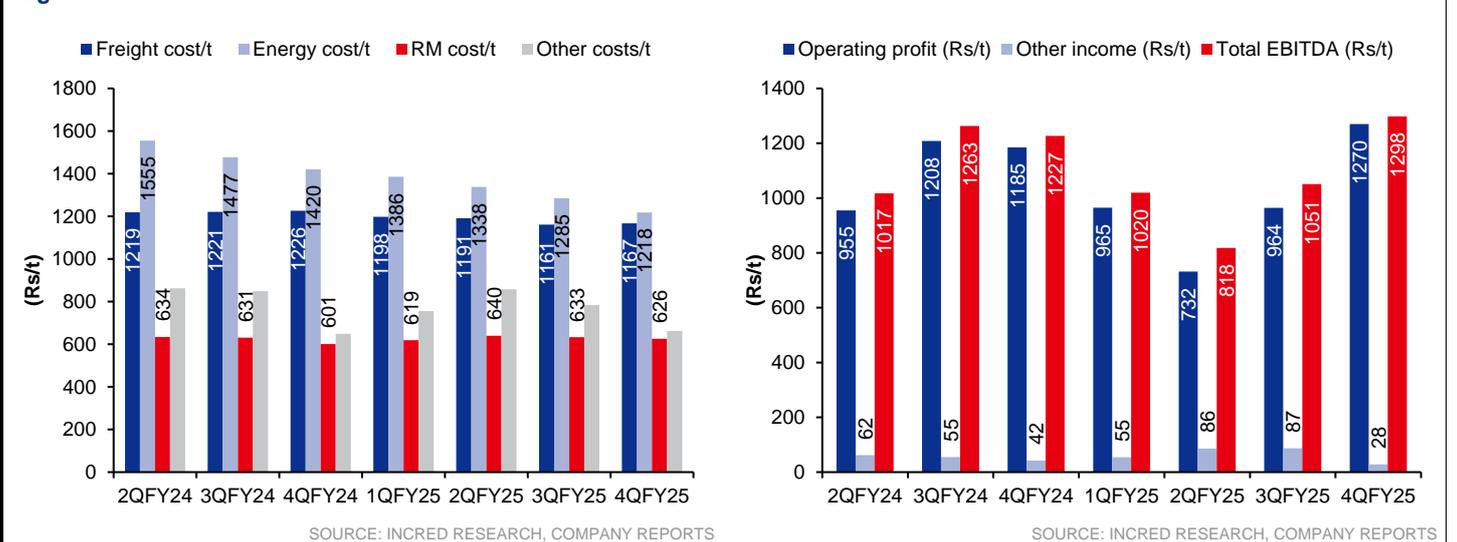


Figure 6: Reported operating costs/t trend in line with its savings target on the costs front Figure 7: Reported EBITDA/t improves by Rs247 qoq

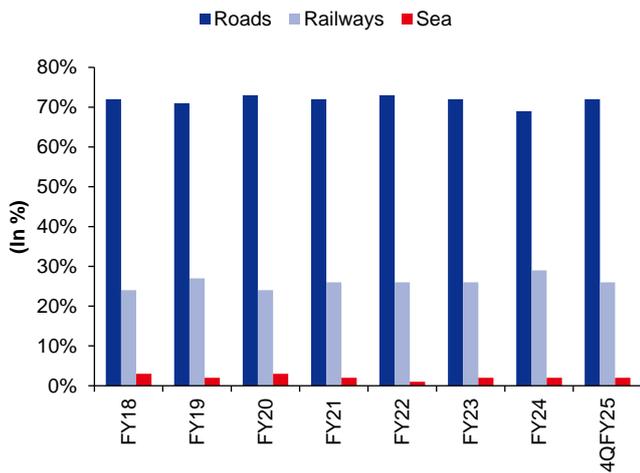


**Figure 8: Key cost indicators of grey cement in 4QFY25, as reported by UTCEM**

Cost (Rs/t)	4QFY25	3QFY25	4QFY24	yoy	qoq	Comment
Logistics	1,167	1,161	1,226	-5%	1%	YoY: Benefit on account of lead optimization and improved operating efficiency, QoQ: Lead time reduced to 384km in 4QFY25 vs. 377km qoq and 400km yoy.
Energy	1,218	1,285	1,420	-14%	-5% qoq.	YoY and QoQ: Blended pet-coke/ coal costs at US\$122/t; pet-coke consumption was 55% vs. 58%
Raw Material	626	633	601	4%	-1%	Improved clinker conversion ratio: 1.47x vs. 1.45 qoq and 1.44x yoy.
Other costs	662	784	649	2%	-16%	YoY & QoQ: Operating leverage benefit.

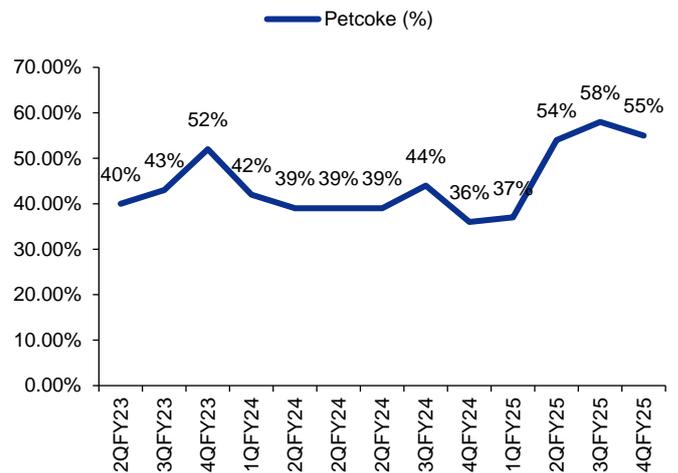
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 9: Share of various transportation modes (%)**



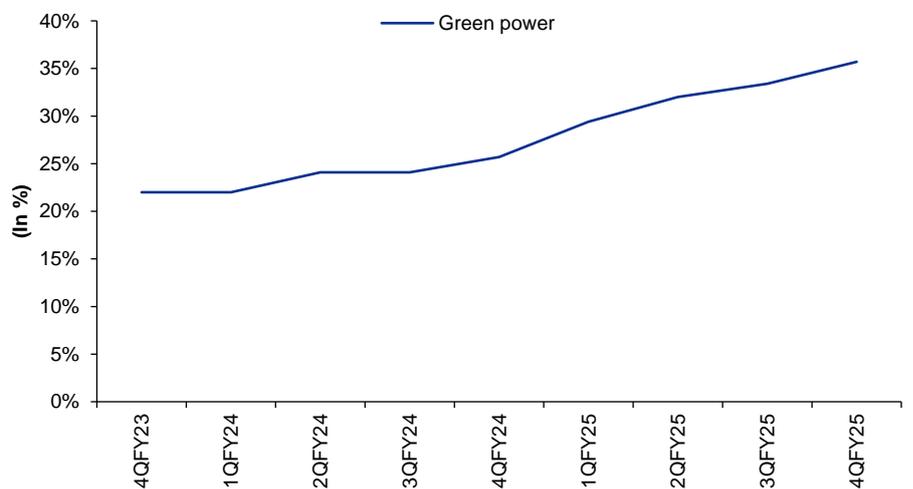
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 10: Pet-coke accounted for 55% of kiln fuel mix vs. 58% qoq**



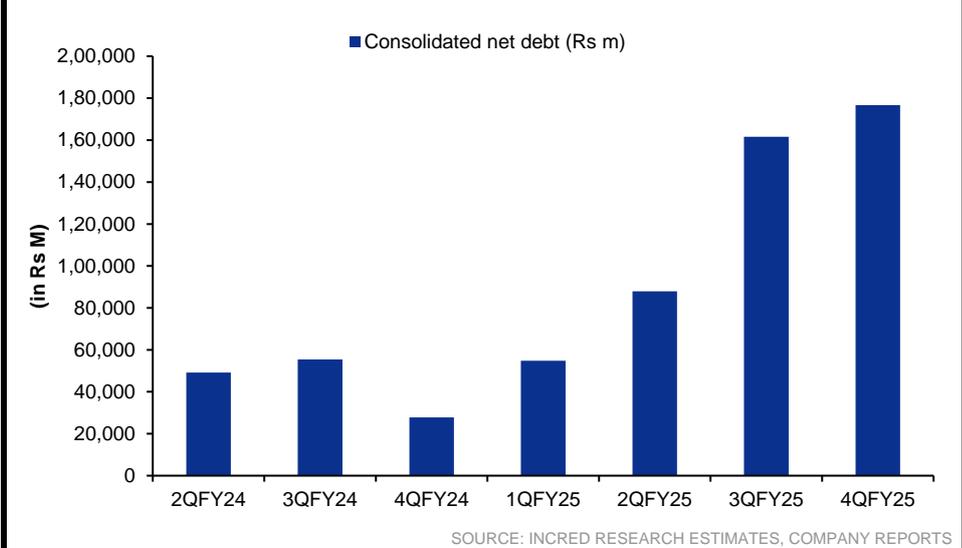
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 11: Power mix trend – UTCEM aims to increase its green power mix to 85% by FY30F from ~36% currently**



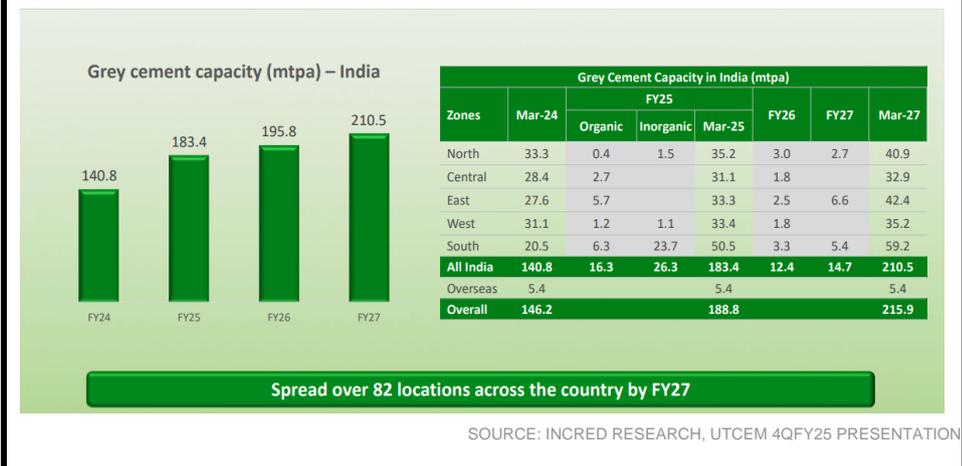
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 12: Consolidated net debt was ~Rs177bn and is expected to reduce post-FY26F**



**Phase-wise expansion & cost savings plan of UTCEM ➤**

**Figure 13: UTCEM’s capacity expansion status as of FY25-end**

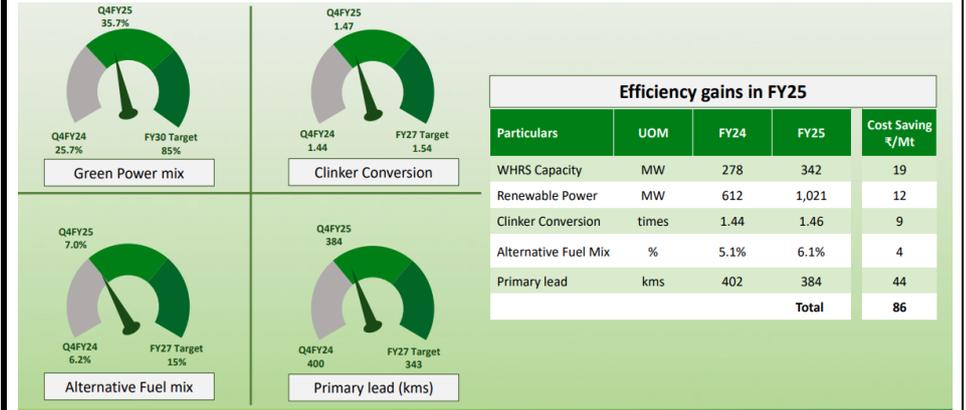


**Figure 14: Location-wise expansion status in 4QFY25**

Particulars	Unit	Project	Cement Capacity (Mtpa)
<b>Capacity as at March-24</b>			<b>140.8</b>
Karur, Tamil Nadu	GU	G	3.3
Kukurdihi, Chhattisgarh	IU	G	3.3
Jharsuguda, Odisha (Debottlenecking)	GU	B	0.4
APCW, Andhra Pradesh	IU	B	1.8
Arakkonam, Tamil Nadu	GU	B	1.2
Sonar Bangla, West Bengal	GU	B	0.6
Durgapur, West Bengal	GU	B	0.6
Hirmi, Chhattisgarh (Debottlenecking)	IU	B	0.8
Roorkee, Uttarakhand (Debottlenecking)	GU	B	0.4
Maihar, Madhya Pradesh (Phase I)	IU	B	2.7
Dhule, Maharashtra (Phase I)	GU	B	1.2
Lucknow, Uttar Pradesh	BT	G	1.8
<b>Capacity addition in FY25 (Excl. BT)</b>			<b>16.3</b>
<b>To be commissioned in FY26</b>			
Patratu, Jharkhand	GU	B	2.5
Maihar, Madhya Pradesh (Phase II)	IU	B	1.8
Shahjahanpur, Uttar Pradesh	GU	G	1.8
Nathdwara, Rajasthan	IU	B	1.2
Dhule, Maharashtra (Phase II)	GU	B	0.6
Visakhapatnam, Andhra Pradesh	GU	G	3.3
Parli, Maharashtra	GU	B	1.2
Panvel, Maharashtra	BT	B	1.0
<b>To be commissioned in FY27</b>			
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
<b>Capacity addition in FY26 and FY27 (Excl. BT)</b>			<b>27.1</b>

SOURCE: INCRED RESEARCH, UTCEM 4QFY25 PRESENTATION  
G : GREENFIELD, B : BROWNFIELD, GU : GRINDING UNIT, IU : INTEGRATED UNIT, BT : BULK TERMINAL

**Figure 15: UTCEM achieves ~28% of its targeted cost savings of Rs200-300/t**



SOURCE: INCRED RESEARCH, UTCEM 4QFY25 PRESENTATION

## Sectoral update by UTCEM ►

**Figure 16: Demand drivers by region and key segments during 4QFY25**

Zone	I	C	H	R	Key drivers
North	↓	↑	↑	↑	<ul style="list-style-type: none"> <li>✓ Housing segment registered growth in both rural and urban areas</li> <li>✓ Infrastructure segment registered degrowth on account of GRAP IV restrictions in January-February, completion of major projects and lack of announcement of new projects as well as intermittent labour shortage due to festivals</li> <li>✓ Commercial segment registered overall growth</li> </ul>
Central	↓	↓	↑	↑	<ul style="list-style-type: none"> <li>✓ Housing segment demand was stable except in Prayag due to vehicle movement restriction owing to Maha Kumbh</li> <li>✓ Infrastructure and commercial segment registered degrowth due to vehicle movement restrictions as well as non-availability of labour on account of Maha Kumbh</li> </ul>
East	↑	↑	↑	↑	<ul style="list-style-type: none"> <li>✓ Housing segment registered growth in both rural and urban areas</li> <li>✓ Infrastructure segment demand was stable</li> <li>✓ Commercial segment registered overall growth</li> </ul>
West	↑	↑	↑	↑	<ul style="list-style-type: none"> <li>✓ Maharashtra: Infrastructure demand was supported by projects like Mumbai metro, Mumbai-Delhi Expressway, Nagpur metro extension, High Speed Rail corridor, various NHAI projects etc.</li> <li>✓ Housing demand registered growth across regions</li> <li>✓ Commercial segment registered strong growth across all regions</li> <li>✓ Gujarat: Housing segment registered growth with strong demand led by rural areas</li> <li>✓ Infrastructure segment registered degrowth on account lack of new project announcements and non-availability of labour due to festivals</li> <li>✓ Commercial segment demand was muted</li> </ul>
South	↓	↑	↑	↑	<ul style="list-style-type: none"> <li>✓ Housing demand registered growth in both urban and rural areas</li> <li>✓ Infrastructure demand was lower on account of lack of new project announcements as well as scarcity of funds with state governments</li> <li>✓ Commercial segment demand was strong</li> </ul>

SOURCE: INCRED RESEARCH, UTCEM 4QFY25 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 17: Our revised earnings estimates**

Rs. m	New		Old		Change (%)	
	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
Sales	8,95,294	9,90,757	8,39,135	9,32,558	6%	6%
EBITDA	1,70,798	2,15,066	1,64,311	2,06,640	4%	4%
PAT	84,280	1,16,043	84,470	1,10,894	0%	4%
EPS (Rs.)	292.0	402.0	293.0	384.0	0%	4%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 18: Changes in our estimates vs. Bloomberg consensus estimates**

Rs. m	Incred		Consensus		Change (%)	
	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
Sales	8,95,294	9,90,757	8,72,431	9,75,600	3%	2%
EBITDA	1,70,798	2,15,066	1,72,270	2,07,298	-1%	4%
PAT	84,280	1,16,043	91,601	1,17,019	-8%	-1%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

**Figure 19: Key assumptions**

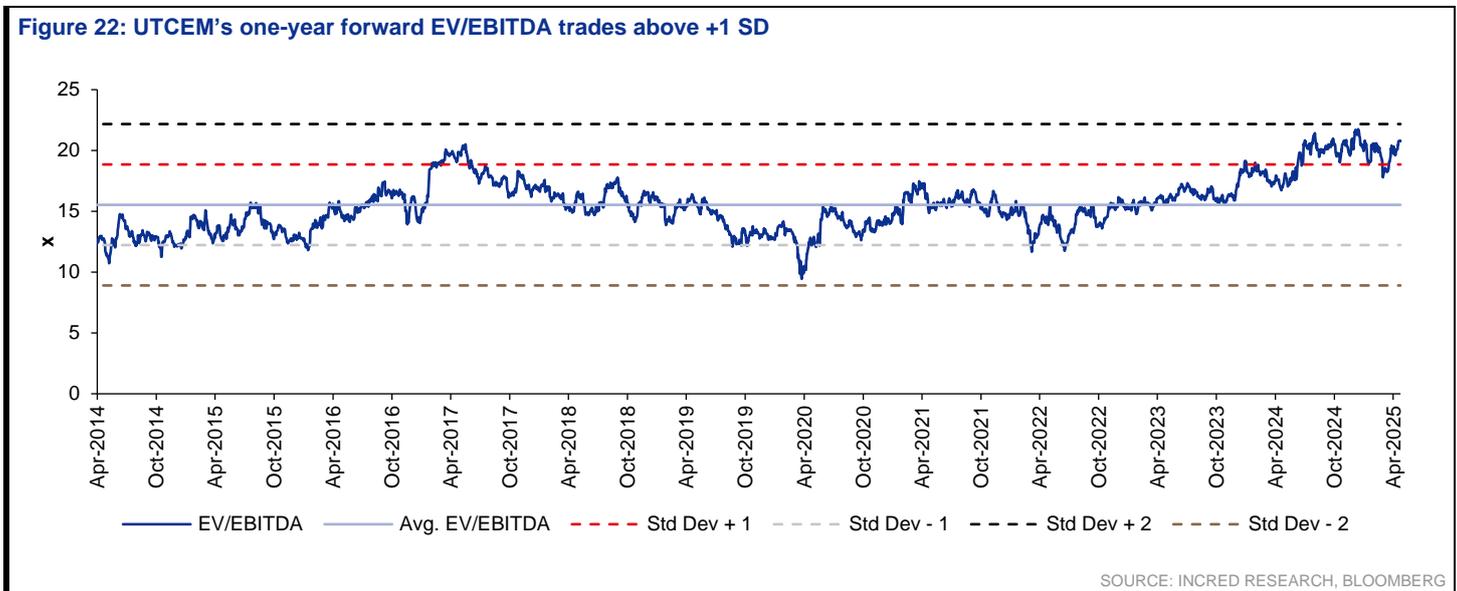
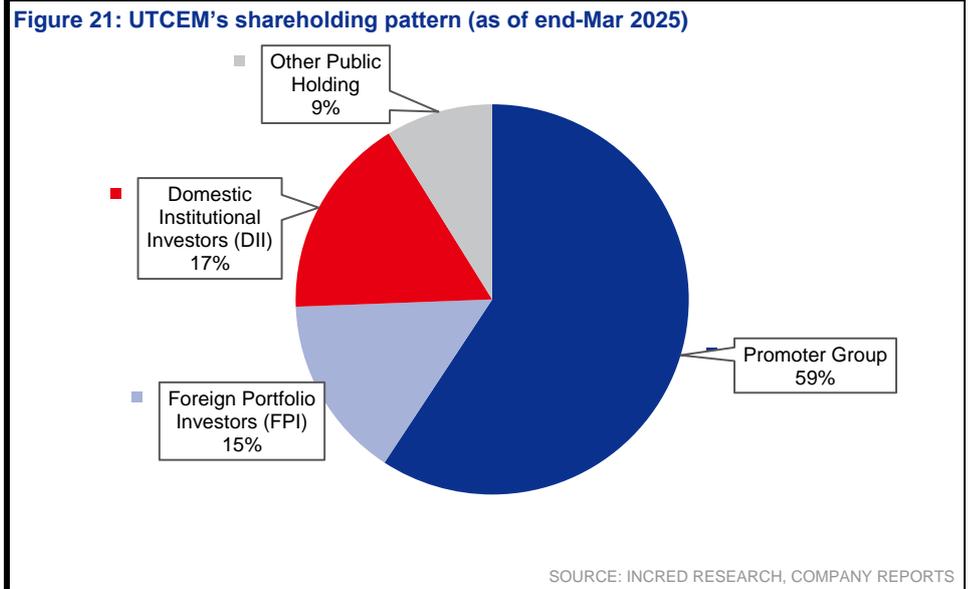
	FY23	FY24	FY25	FY26F	FY27F
<b>Volume (in mtpa)</b>	106	119	136	159	173
Yoy	12%	13%	14%	17%	9%
<b>Realization (per tonne)</b>	5,900	5,864	5,517	5,572	5,650
Yoy	7%	-1%	-6%	1%	1%
<b>Cost (per tonne)</b>	4,981	4,867	4,667	4,568	4,486
Yoy	14%	-2%	-4%	-2%	-2%
<b>EBITDA (per tonne)</b>	1,005	1,089	924	1,077	1,244
Yoy	-18%	8%	-15%	16%	15%
<b>EBITDA (Rs m)</b>	1,06,199	1,29,686	1,25,575	1,70,798	2,15,066
Yoy	-8%	22%	-3%	36%	26%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

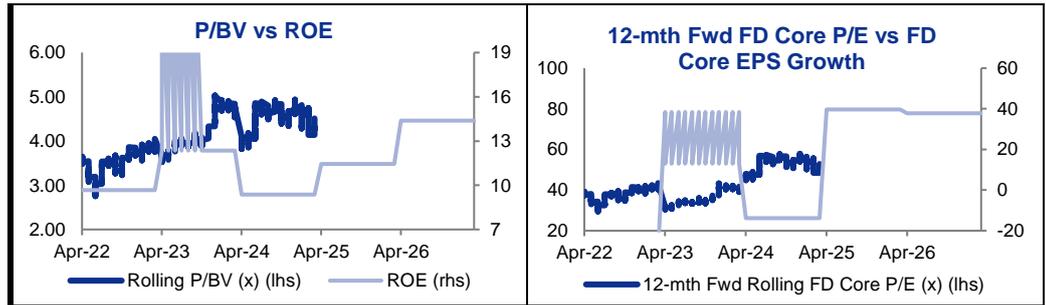
**Figure 20: Maintain ADD rating on the stock with a Mar 2026F target price of Rs13,550, set at an EV/EBITDA of 19x (unchanged)**

Valuation	Target price
Target EV/EBITDA (x)	19
Target EV (Rs m)	40,86,251
Net debt / (cash) (Rs m) – one-year lag	1,75,353
No. of shares (m)	289
<b>Fair value per share (Rs)</b>	<b>13,550</b>

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS



BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
<b>Total Net Revenues</b>	<b>632,400</b>	<b>709,081</b>	<b>759,551</b>	<b>895,294</b>	<b>990,757</b>
<b>Gross Profit</b>	<b>632,400</b>	<b>709,081</b>	<b>759,551</b>	<b>895,294</b>	<b>990,757</b>
<b>Operating EBITDA</b>	<b>106,199</b>	<b>129,686</b>	<b>125,575</b>	<b>170,798</b>	<b>215,066</b>
Depreciation And Amortisation	(28,880)	(31,453)	(40,150)	(44,967)	(50,364)
<b>Operating EBIT</b>	<b>77,319</b>	<b>98,233</b>	<b>85,425</b>	<b>125,830</b>	<b>164,702</b>
Financial Income/(Expense)	(8,227)	(9,680)	(16,505)	(19,476)	(15,581)
Pretax Income/(Loss) from Assoc.	40	220	(199)	(199)	(199)
Non-Operating Income/(Expense)	5,031	6,170	7,442	7,814	7,970
<b>Profit Before Tax (pre-EI)</b>	<b>74,163</b>	<b>94,942</b>	<b>76,162</b>	<b>113,969</b>	<b>156,892</b>
Exceptional Items		(720)	(881)		
<b>Pre-tax Profit</b>	<b>74,163</b>	<b>94,222</b>	<b>75,281</b>	<b>113,969</b>	<b>156,892</b>
Taxation	(23,429)	(24,183)	(14,885)	(29,684)	(40,844)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>50,734</b>	<b>70,040</b>	<b>60,396</b>	<b>84,285</b>	<b>116,048</b>
Minority Interests	(94)	10	(5)	(5)	(5)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>50,640</b>	<b>70,050</b>	<b>60,391</b>	<b>84,280</b>	<b>116,043</b>
Recurring Net Profit	50,640	70,585	61,098	84,280	116,043
<b>Fully Diluted Recurring Net Profit</b>	<b>50,640</b>	<b>70,585</b>	<b>61,098</b>	<b>84,280</b>	<b>116,043</b>

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25A	Mar-26F	Mar-27F
<b>EBITDA</b>	<b>106,199</b>	<b>129,686</b>	<b>125,575</b>	<b>170,798</b>	<b>215,066</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(3,372)	(4,811)	(6,711)	(292)	3,758
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	5,031	6,170	7,442	7,814	7,970
Other Operating Cashflow	2,296	4,116	9,941	9,941	9,941
Net Interest (Paid)/Received	(8,227)	(9,680)	(16,505)	(19,476)	(15,581)
Tax Paid	(11,243)	(16,505)	(13,006)	(29,684)	(40,844)
<b>Cashflow From Operations</b>	<b>90,683</b>	<b>108,975</b>	<b>106,734</b>	<b>139,100</b>	<b>180,310</b>
Capex	(61,056)	(88,841)	(89,506)	(88,144)	(72,748)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(10,815)	959	(75,538)	(28,967)	(40,364)
<b>Cash Flow From Investing</b>	<b>(71,871)</b>	<b>(87,881)</b>	<b>(165,045)</b>	<b>(117,112)</b>	<b>(113,112)</b>
Debt Raised/(repaid)	2,636	1,047	86,064	(4,000)	(12,000)
Proceeds From Issue Of Shares	(1,018)	(825)	(670)	(4,115)	(34,753)
Shares Repurchased					
Dividends Paid	(13,219)	(24,351)	(26,960)	(25,389)	(34,958)
Preferred Dividends					
Other Financing Cashflow	(4,709)	4,872	(7,676)	(5,826)	24,813
<b>Cash Flow From Financing</b>	<b>(16,310)</b>	<b>(19,257)</b>	<b>50,758</b>	<b>(39,330)</b>	<b>(56,898)</b>
Total Cash Generated	2,502	1,838	(7,553)	(17,341)	10,299
<b>Free Cashflow To Equity</b>	<b>21,448</b>	<b>22,141</b>	<b>27,754</b>	<b>17,989</b>	<b>55,198</b>
<b>Free Cashflow To Firm</b>	<b>27,040</b>	<b>30,774</b>	<b>(41,805)</b>	<b>41,465</b>	<b>82,779</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25A</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Total Cash And Equivalents	69,862	62,680	45,324	27,983	38,282
Total Debtors	38,670	42,782	58,903	61,322	67,860
Inventories	66,118	83,297	95,630	103,020	111,291
Total Other Current Assets	32,779	42,825	37,516	42,974	47,556
<b>Total Current Assets</b>	<b>207,429</b>	<b>231,584</b>	<b>237,372</b>	<b>235,298</b>	<b>264,989</b>
Fixed Assets	532,497	565,321	868,824	955,969	1,027,717
Total Investments	14,604	27,642	22,974	22,974	22,974
Intangible Assets	103,697	131,567	168,427	152,427	142,427
Total Other Non-Current Assets	55,643	51,907	39,374	40,374	41,374
<b>Total Non-current Assets</b>	<b>706,441</b>	<b>776,436</b>	<b>1,099,600</b>	<b>1,171,744</b>	<b>1,234,492</b>
Short-term Debt	45,444	49,906	72,502	72,502	72,502
Current Portion of Long-Term Debt					
Total Creditors	72,093	84,783	93,275	96,017	101,029
Other Current Liabilities	116,781	134,370	157,873	170,106	188,244
<b>Total Current Liabilities</b>	<b>234,318</b>	<b>269,060</b>	<b>323,650</b>	<b>338,626</b>	<b>361,775</b>
Total Long-term Debt	53,564	53,078	157,808	153,808	141,808
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	82,186	83,049	116,581	116,581	116,581
<b>Total Non-current Liabilities</b>	<b>135,750</b>	<b>136,126</b>	<b>274,388</b>	<b>270,388</b>	<b>258,388</b>
Total Provisions					
<b>Total Liabilities</b>	<b>370,068</b>	<b>405,186</b>	<b>598,038</b>	<b>609,014</b>	<b>620,163</b>
Shareholders Equity	543,245	602,275	707,062	766,157	847,447
Minority Interests	556	559	31,872	31,872	31,872
<b>Total Equity</b>	<b>543,802</b>	<b>602,834</b>	<b>738,934</b>	<b>798,029</b>	<b>879,318</b>

<b>Key Ratios</b>					
	<b>Mar-23A</b>	<b>Mar-24A</b>	<b>Mar-25A</b>	<b>Mar-26F</b>	<b>Mar-27F</b>
Revenue Growth	20.2%	12.1%	7.1%	17.9%	10.7%
Operating EBITDA Growth	(7.8%)	22.1%	(3.2%)	36.0%	25.9%
Operating EBITDA Margin	16.8%	18.3%	16.5%	19.1%	21.7%
Net Cash Per Share (Rs)	(100.96)	(139.61)	(640.78)	(687.11)	(609.85)
BVPS (Rs)	1,881.76	2,086.23	2,449.21	2,654.37	2,936.00
Gross Interest Cover	9.40	10.15	5.18	6.46	10.57
Effective Tax Rate	31.6%	25.7%	19.8%	26.0%	26.0%
Net Dividend Payout Ratio	26.1%	34.4%	44.0%	25.0%	
Accounts Receivables Days	20.02	20.96	24.43	24.51	23.80
Inventory Days	(35.23)	(38.46)	(42.99)	(40.49)	(39.48)
Accounts Payables Days	45.34	49.41	51.26	47.68	46.36
ROIC (%)	12.1%	14.1%	8.4%	11.5%	14.3%
ROCE (%)	12.4%	14.6%	10.2%	12.6%	15.6%
Return On Average Assets	6.7%	8.4%	6.6%	7.6%	9.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- 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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- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

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Definition:

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- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
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