



Equity Research Report Cement

Ultratech Cement Ltd

Equity Research

Date: April 28, 2025

Analyst Recommendation: **BUY**

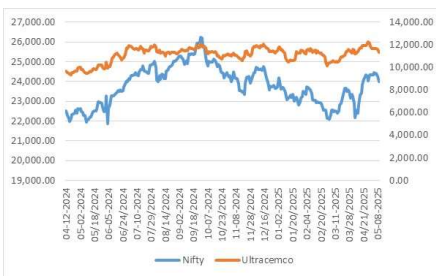
BSE Code: 532538

NSE:Ultracemco

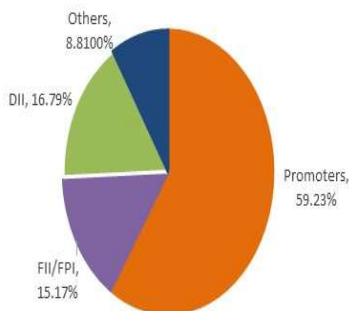
CMP: Rs 12108
2 Year Target - Rs 14777

Face Value	10.0
Market Cap (Rs cr)	3,56,800
Stock PE	58.2
Dividend Yield	0.46%
Shares O/S (Cr)	29.0
Book Value per Share (Rs)	2399
Sensex	80,218
Nifty	24,312

1 yr. Price Chart of Stock and Nifty



Shareholding pattern as on 31st March 2025



Investor's Rationale

Leading with Scale

UltraTech's domestic grey cement capacity has risen to 184 mtpa, and management has guided double-digit volume growth in FY26E. Organic capex of Rs. 90–100 bn is planned over FY26, including Rs. 7,000 cr towards strategic projects. Capacity is targeted to expand to 212 mtpa by FY27, maintaining UltraTech's leadership with approximately 28–30% market share

Cost Efficiency and Renewable Energy

UltraTech continues to make strong progress on cost optimization. Renewable energy capacity increased to 752 MW in FY25 from 612 MW a year ago, with a target of reaching 2.1 GW by FY27, covering ~30% of total energy needs. Investment in waste heat recovery systems (WHRS) is ongoing, with Rs. 10 bn being deployed in projects expected to pay back within three years. Management remains committed to delivering Rs. 300+/tn EBITDA improvement in core operations, of which Rs. 86/tn has already been achieved. For newly acquired entities, India Cements is targeted to reach Rs. 500/tn EBITDA by FY26, Rs. 800/tn by FY27, and Rs. 1,000+/tn by FY28, while Kesoram's EBITDA/tn is expected to cross Rs. 1,000 by Q4FY26E..

Valuation

Ultratech reported a strong set of results with Revenue/EBITDA/PAT largely in line with our estimates. We forecast a strong 14%/32%/44% CAGR in revenue/EBITDA/PAT over FY25-27E. We rollover our estimates to FY27 and maintain BUY on the stock with a TP of Rs 14,777 based on 20x EV/EBITDA.

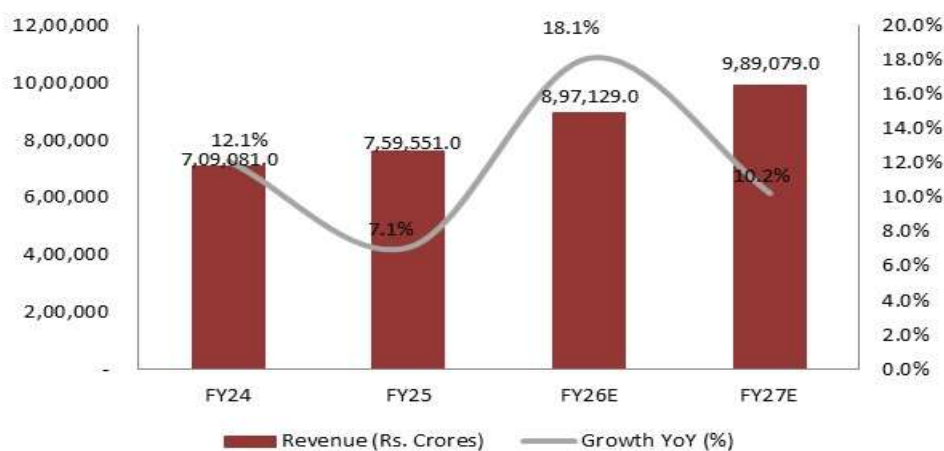
YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E
Revenue (Rs.Cr)	7,09,081.0	7,59,551.0	8,97,129.0	9,89,079.0
EBITDA (Rs. cr)	1,29,686.0	1,25,697.0	1,79,702.0	2,19,542.0
Adj. profit (Rs.Cr)	70,540.0	61,599.0	1,00,501.0	1,28,367.0
P/E (x)	49.8	58.2	35.7	27.9
EV/Sales (x)	5.0	5.0	4.3	3.8
EV/EBITDA (x)	27.4	30.0	21.2	17.1
EV/Tonne (Con)	289.0	273.0	252.0	225.0



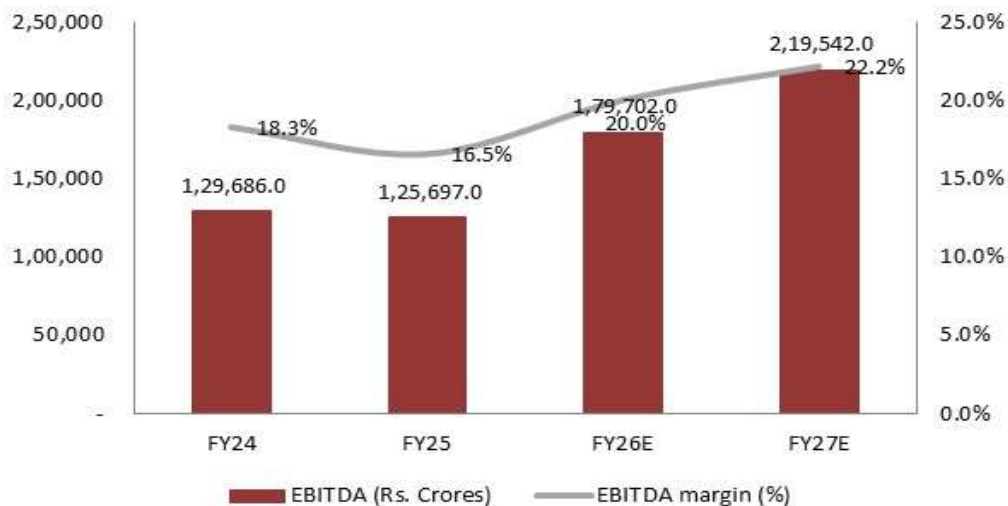
Key Con-Call Take Aways

- Capacity and Demand:
 - Industry cement demand grew 4%, while UltraTech's volume growth was higher at 10%, reflecting strong market share gains.
 - Effective capacity utilization was 79%; management targets double-digit volume growth for FY26E.
 - Overall grey cement capacity in India to expand to 212 mtpa by FY27. Renewable Energy and Cost Synergies:
 - WHRS investments (waste heat recovery systems) will continue; a Rs10bn WHRS investment with <3 years payback is underway.
 - Capex:
 - Organic Capex planned at Rs90–100bn over FY26, including Rs7bn for Kesoram.
 - The company remains focused on brownfield expansions at India Cements and debottlenecking initiatives. Cost and Operational
 - Efficiency Initiatives:
 - Rs 300+/tn EBITDA improvement targeted over 3 years; Rs 86/tn already achieved.
 - India Cements' EBITDA/tn is guided to improve to:
 - Rs 500/tn in FY26, Rs 800/tn in FY27, and Rs 1000+/tn by FY28.
 - Kesoram's EBITDA/tn is also guided to reach Rs 1000+ by Q4FY26E.
 - Leverage:
 - Net Debt/EBITDA ended at 1.16x in FY25.
 - Management targets a further reduction to ~0.5x Net Debt/EBITDA, similar to past deleveraging cycles.
 - Pricing:
 - Cement prices improved 1.6% QoQ in Q4FY25 and continued showing improvement into April.
 - South market prices especially saw strong momentum, aiding performance of newly acquired assets.
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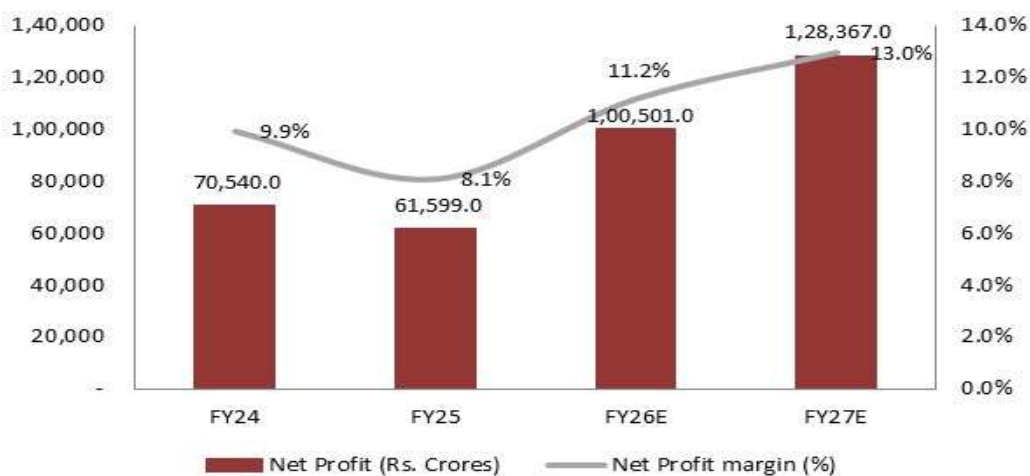
Revenue growth to be steady



EBITDA to grow going ahead



Net profit to surge going ahead





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Outlook and Valuation

Ultratech reported a strong set of results with Revenue/EBITDA/PAT largely in line with our estimates. We forecast a strong 14%/32%/44% CAGR in revenue/EBITDA/PAT over FY25-27E. We rollover our estimates to FY27 and maintain BUY on the stock with a TP of Rs 14,777 based on 20x EV/EBITDA.

Ultracemco Ltd - Company Overview

UltraTech Cement Limited is the cement flagship company of the Aditya Birla Group. A \$5.9 Bn building solutions powerhouse, UltraTech is the largest manufacturer of grey cement, ready mix concrete (RMC), and white cement in India. It is the third-largest cement producer in the world, excluding China.

It also has a slew of speciality concretes that meet the specific needs of discerning customers. The company's Building Products business is an innovation hub that offers an array of scientifically engineered products to cater to new-age constructions



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Balance sheet (Consolidated)

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E
Equity share capital	2887	2947	2947	2947
Reserves & surplus	599947	735987	813370	941737
Shareholders Funds	602834	738934	816317	944684
Net Deferred Taxes	64478	95794	95794	95794
Total Liabilities	770296	1065038	1151113	1235520
Gross Block	770798	1074240	1234448	1334458
Less: Acc Depreciation	205477	205477	281453	319113
Net block	565321	868763	952994	1015344
Capital WIP	68112	62342	55171	49654
Investment	82490	51565	53065	54565
Current Assets	292098	354238	409316	467316
Inventories	83297	95630	112951	124528
Sundry Debtors	42782	58903	69572	76702
Cash and Bank	7832	16733	-15702	-1244
Loans and Advances	172	262	270	278
Other current assets	158014	182710	242225	267051
Current Liab & Prov	237724	271934	319439	351355
Miscellaneous Exps	0	0	0	0
Total Assets	770296	1064974	1151107	1235524

Profit & Loss Account (Consolidated)

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E
Net Sales	709081	759551	897129	989079
Growth (%)	12.1	7.1	18.1	10.2
Total Expenditure	579396	633854	717427	769538
EBIDTA	129686	125697	179702	219542
Growth (%)	22.1	-3.1	43	22.2
EBIDTA %	18.3	16.5	20	22.2
Depreciation	31453	40150	35827	37660
EBIT	98233	85548	143875	181882
EBIT Margin (%)	13.9	11.3	16	18.4
Other income	6170	7442	7457	7471
Interest	9680	16505	17331	18197
EBT	94722	76484	134001	171156
Tax	24183	14885	33500	42789
Effective tax rate (%)	25.5	19.5	25	25
Adjusted PAT	70540	61599	100501	128367
Growth (%)	39.1	-12.7	63.2	27.7



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Cash Flow (Consolidated)

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E
PBT (Ex-Other income)	94222	75281	126544	163684
Depreciation	31453	40150	35827	37660
Interest Provided	9680	16505	17331	18197
Other Non-Cash items	-5064	-5485	0	0
Chg in working cap	-4810	-6711	-40008	-11626
Tax paid	-16505	-13006	-33500	-42789
Operating Cashflow	108976	106734	106194	165126
Capital expenditure	-88841	-89506	-112829	-94483
Free Cash Flow	20136	17228	-6635	70644
Other income	-193	-113934	7457	7471
Investments	1153	38396	-1500	-1500
Investing Cashflow	959	-75538	5957	5971
Equity Capital Raised	-825	-670	0	0
Loans Taken / (Repaid)	1679	86942	8691	-43960
Interest Paid	-9167	-15398	-17331	-18197
Dividend paid (incl tax)	-10944	-20117	-23117	0

Key Ratios & Valuations (Consolidated)

YE: Mar	FY24	FY25	FY26E	FY27E
Profitability (%)				
EBITDA Margin	18.3	16.5	20	22.2
Per Share Data (Rs)				
EPS	244.3	209	341.1	435.6
CEPS	353.3	345.3	462.6	563.4
BVPS	2088.2	2507.6	2770.2	3205.8
DPS	55	60	65	0
Valuations (x)				
PER	49.8	58.2	35.7	27.9
EV/EBITDA	27.4	30	21.2	17.1
P/BV	5.8	4.9	4.4	3.8
EV / Sales	5	5	4.3	3.8
EV / EBITDA	27.4	30	21.2	17.1
Dividend Yield (%)	0.5	0.5	0.5	0
Gearing Ratio (x)				
Net Debt/ Equity	0.1	0.3	0.3	0.2
EV/Tonne (Con)	289	273	252	225



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Large Cap.	Return	Mid/Small Cap.	Return
Buy	More than equal to 10%	Buy	More than equal to 15%
Hold	Between 10% & -5%	Accumulate*	Upside between 10% & 15%
Reduce	Less than -5%	Hold	Between 0% & 10%
		Reduce/sell	Less than 0%

** To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.*



Member: BSE, NSE, MCX, MCX-SX, CDSL

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