



**3R MATRIX**

	+	=	-
Right Sector (RS)	✓	■	■
Right Quality (RQ)	✓	■	■
Right Valuation (RV)	■	✓	■

+ Positive = Neutral - Negative

**What has changed in 3R MATRIX**

	Old		New
RS	■	↔	■
RQ	■	↔	■
RV	■	↔	■

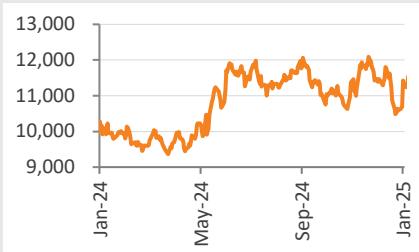
**Company details**

Market cap:	Rs. 3,42,596 cr
52-week high/low:	Rs. 12,341 / 9,415
NSE volume: (No of shares)	3.39 lakh
BSE code:	532538
NSE code:	ULTRACEMCO
Free float: (No of shares)	11.8 cr

**Shareholding (%)**

Promoters	59.2
FII	15.2
DII	16.8
Others	8.8

**Price chart**



Source: NSE India, Mirae Asset Sharekhan Research

**Price performance**

(%)	1m	3m	6m	12m
Absolute	5.4	7.3	9.2	21.5
Relative to Sensex	1.8	1.6	8.9	14.1

Source: Mirae Asset Sharekhan Research, Bloomberg

**UltraTech Cement Ltd**

**Focus on cost optimization, capacity expansion**

Cement	Sharekhan code: ULTRACEMCO		
Reco/View: Buy	↔	CMP: Rs. 11,867	Price Target: Rs. 13,647 ↑
↑ Upgrade	↔ Maintain	↓ Downgrade	

**Summary**

- Consolidated revenue grew by 13% y-o-y in Q4FY25 to Rs. 23,063 crore, while EBITDA increased by 12% y-o-y to Rs. 4,618 crore. Industry wide cement demand grew 4% y-o-y, while UltraTech achieved a 10% growth in sales volume.
- Management eyes double-digit volume growth in FY26 organically. Company is also on track to achieve cost savings of Rs. 300 per tonne by FY27.
- The company expects to spend Rs. 9,000-10,000 crore in FY26 and aims to increase its capacity to 211 MT by FY27, versus 183.4 MT in FY25.
- We maintain a Buy rating on UltraTech with a revised target price (PT) of Rs. 13,647, given its strong growth outlook over the next three years.

**UltraTech Cement (UltraTech) reported consolidated revenue of Rs. 23,063 crore (up 13% y-o-y) for Q4FY2025. The consolidated operating profit of Rs. 4,618 crore (up 12% y-o-y). Indian Cement sold 2.64 MT in volume and reached breakeven in Q4FY25, with an EBITDA of Rs. 40/tonne. The company expects this to improve to Rs. 500 /tonne by FY26, Rs. 800/tonne by FY27, and Rs. 1,000/tonne by FY28, driven by investments in WHRS, alternative fuel mixes, and renewable energy, with profits anticipated by Q4FY27. Kesoram sold 1.53 MT and achieved an EBITDA of Rs. 399/tonne in Q4FY25, and it expects to reach an EBITDA of Rs. 1,000/tonne by Q4FY26. The company stated that Kesoram is ahead of India Cement and will begin delivering cost benefits a year earlier, with the rebranding to UltraTech planned over time. The current debt/EBITDA ratio stands at 1.16x, but the company aims to reduce this to 0.5x as sales volume and profitability improve. The industry is expected to add 40-50 MT of capacity annually, with UltraTech expects to contribute 16.8 MT of this. Consolidated total volumes reached 41.02 MT, up 17% y-o-y for Q4FY25. For the full year, volume was 135.83 MT, up 14%, while total capacity reached 183.4 MT in FY25 and is expected to reach 211 MT by FY27.**

**Key positives**

- Industrywide cement demand grew by 4% y-o-y in Q4, while UltraTech achieved a 10% growth in sales volume.
- Management has guided for double-digit volume growth organically, and the consolidation of Kesoram and India Cement will further boost this growth in FY26.

**Management Commentary**

- UltraTech spent Rs 9,000 crore in FY25 and plans to allocate Rs 9,000-10,000 crore in FY26.
- The company is on track to achieve cost cuts of Rs. 300/tonne by FY27, with Rs. 86/tonne already achieved.
- The Building Products segment revenue stood at Rs. 921 crore in FY25, up 21%. The company expects it to reach Rs. 3,000 crore in the next three years.

**Our Call**

**Valuation - Maintain Buy with a revised PT of Rs. 13,647:** UltraTech is well poised to benefit from a good demand environment, led by the return of government capex and strong demand from the housing sector. The company remains on track concerning its capacity expansion plans through organic and inorganic routes. Industry consolidation and structural demand drivers provide operational profitability growth tailwinds. The pricing environment is also expected to improve. Hence, we maintain a Buy rating on the stock, with a revised price target (PT) of Rs. 13,647. The stock is currently trading at an EV/EBITDA of 20.5x/16.0x its FY2026E/ FY2027E earnings, respectively.

**Key Risks**

A weak macro environment leading to lower cement demand and pressure on cement prices would negatively affect profitability.

**Valuation (Consolidated)**

Particulars	FY24	FY25	FY26E	FY27E
Revenue	70,908	75,955	87,348	96,957
OPM (%)	18.3	16.5	19.1	20.0
Adjusted PAT	7,005	6,039	8,298	11,635
y-o-y growth (%)	-	-13.8	37.4	40.2
Adjusted EPS (Rs.)	242.7	205	287	403
P/E (x)	48.90	57.89	41.3	29.5
P/B (x)	5.60	4.60	4.3	3.8
EV/EBITDA (x)	27.0	29.0	20.5	16.0
RoNW (%)	11.6	8.5	10.8	13.6
RoCE (%)	15.0	10.8	12.0	15.2

Source: Company; Mirae Asset Sharekhan estimates

## Key conference takeaways

- ◆ **Industry Growth:** The Indian cement industry grew its capacity to 655 million tonnes (MT) in FY25, up from 625 MT. UltraTech contributed 57% of the additional 30 MT capacity. In Q4FY25, Industry cement demand grew by 4% y-o-y, while UltraTech achieved a 10% growth in sales volumes. The industry is expected to add 40 MT of capacity per year, and UltraTech is expected to contribute 16.8 MT annually.
- ◆ **Debt/EBITDA:** The ratio currently stands at 1.16x and target is to reduce it to 0.5x, as the as sales and profitability improve.
- ◆ **Capex:** UltraTech spent Rs 9,000 crore in FY25 and plans to spend Rs 9,000-10,000 crore in FY26. The company aims to increase its capacity to 212 MT by FY27.
- ◆ **Cost efficiency:** The company stated fuel costs increased slightly but remained stable due to softening global fuel prices. However, ocean freight may be affected by US tariffs. The company is on track with its target cost savings of Rs 300 per tonne by FY27. Out of this, Rs 86 per tonne was achieved in FY25.
- ◆ **Volume target:** UltraTech aims for double-digit growth in volume organically. The consolidation of Kesoram and India Cement will further boost this growth.
- ◆ **India Cement:** India Cement reached a breakeven in Q4FY25, with an EBITDA per tonne of Rs 40 in Q4FY25. The company expects this to improve to Rs 500 per tonne by FY26, Rs 800 per tonne by FY27, and potentially Rs 1,000 per tonne by FY28. This improvement will be driven by investments in WHRS, alternate fuel mixes and renewable energy, which are expected to start delivering profits by Q4FY27. UltraTech plans to use a tolling agreement for India Cement and gradually rebrand it as UltraTech by FY27.
- ◆ **Kesoram:** The company stated that Kesoram is ahead of India Cement and will begin delivering cost benefits a year earlier. In Q4FY25, Kesoram sold 1.53 MT and achieved EBITDA/ tn of RS 399/tn and expects to have Rs1000/tonne EBITDA by Q4FY26.
- ◆ **Blended ratio target:** The blended ratio has improved to 1.45, and the company aims to reach 1.54 by FY27.
- ◆ **Building Products:** Revenue from this segment stood at Rs 921 crore in FY25, up by 21%. The company expects it to reach Rs 3,000 crore in the next three years.
- ◆ **Utilisation:** Cement capacity utilisation stood at 90% in Q4FY25, and 79% for the FY25.

### Results (Consolidated)

Particulars			Rs cr		
	Q4FY2025	Q4FY2024	Y-o-Y (%)	Q3FY2025	Q-o-Q (%)
<b>Net Sales</b>	<b>23063.3</b>	<b>20418.9</b>	<b>12.95</b>	<b>17193.3</b>	<b>34.14</b>
<b>Operating Profit</b>	<b>4618.4</b>	<b>4113.9</b>	<b>12.26</b>	<b>2887.1</b>	<b>59.97</b>
Other Income	102.1	135.6	-24.71	244.3	-58.21
EBITDA	4721	4250	11.08	3131	50.75
Interest	475	261.2	81.85	381.9	24.38
Depreciation	1124.6	814.9	38.0	916.7	22.68
<b>PBT</b>	<b>3121</b>	<b>3173.5</b>	<b>-1.65</b>	<b>1832.8</b>	<b>70.29</b>
Tax	626.1	851.9	-26.51	358	74.89
<b>Reported PAT</b>	<b>2504.3</b>	<b>2249.5</b>	<b>11.3</b>	<b>1474.8</b>	<b>69.81</b>
Exceptional items	-9.4	-72	NA	-	NA
<b>Adj. PAT</b>	<b>2494.9</b>	<b>2321.5</b>	<b>7.47%</b>	<b>1474.8</b>	<b>69.17</b>
<b>Margins</b>			<b>Bps</b>		<b>Bps</b>
OPM	20.0	20.1	-12	16.8	323
PATM	10.8	11.4	-55	8.6	224
Tax Rate	20.1	26.8	-678	19.5	53

Source: Company; Mirae Asset Sharekhan Research

## Outlook and Valuation

### ■ Sector View - Improving demand brightens outlook

The Indian cement has witnessed a lot of consolidation in the last few years with a slew of inorganic acquisitions happening. The consolidation and the weak demand have put a pressure on the pricing environment. But with the return of government capex, the demand and pricing are expected to improve. The margins of the whole sector are expected to improve from here-on and will result in increase in profitability.

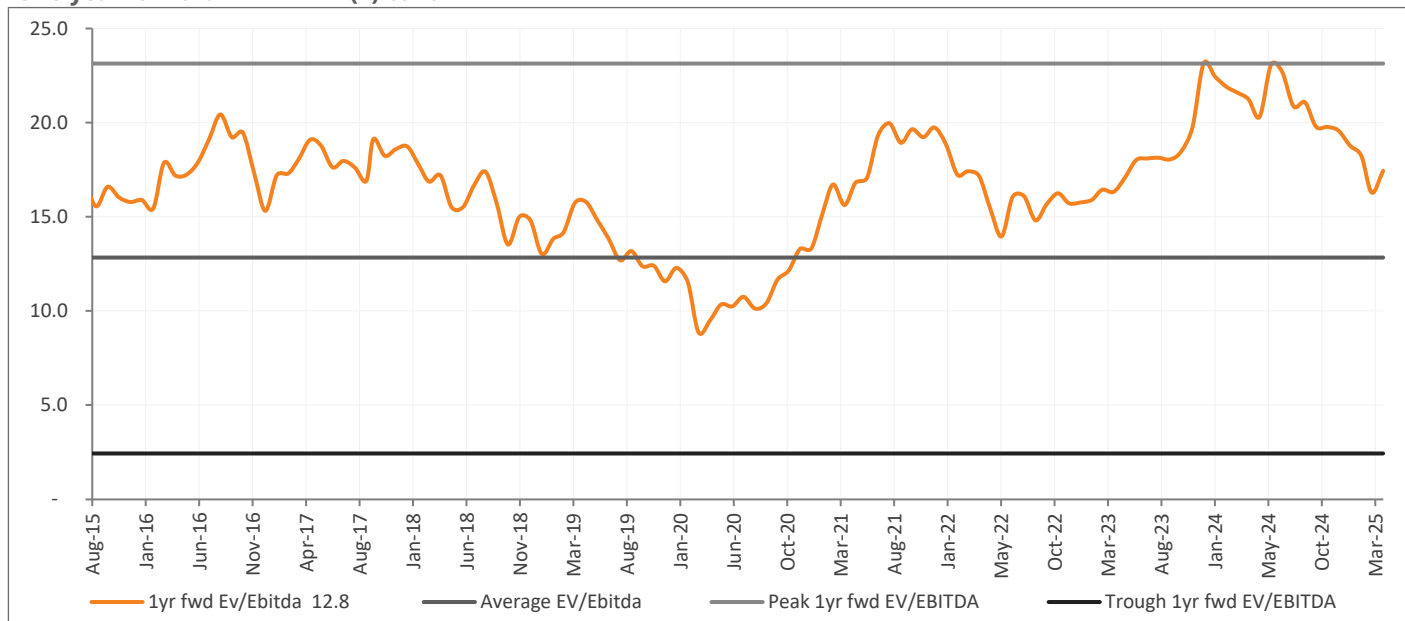
### ■ Company Outlook - Improving cement demand, prices and industry consolidation to aid growth

UltraTech is expected to see improved demand from the infrastructure sector. Further, the real estate sector is seeing continued momentum. Management is optimistic about the volume growth trajectory going forward. The company's organic capacity expansion plans along with the acquisitions of India Cement and Kesoram would take its total cement capacity to 211 mtpa from 183 mtpa in FY25. The company is well-placed to benefit from rising cement demand over the next 4-5 years. Overall, the company's outlook regarding cement demand, profitability, and balance sheet is expected to remain favourable.

### ■ Valuation - Maintain Buy with an revised PT of Rs. 13,647

UltraTech is well poised to benefit from a good demand environment, led by the return of government capex and strong demand from the housing sector. The company remains on track concerning its capacity expansion plans through organic and inorganic routes. Industry consolidation and structural demand drivers provide operational profitability growth tailwinds. The pricing environment is also expected to improve. Hence, we maintain a Buy rating on the stock, with a revised price target (PT) of Rs. 13,647. The stock is currently trading at an EV/EBITDA of 20.5x/16.0x its FY2026E/FY2027E earnings, respectively.

One-year forward EV/EBITDA (x) band



Source: Company; Mirae Asset Sharekhan Research

## About company

UltraTech Cement, part of the Aditya Birla Group, is India's largest cement manufacturer. Founded in 1999, the company has a significant market share in the Indian cement industry. It operates multiple cement plants across India and has an annual production capacity of over 165 million tons. UltraTech is known for its sustainable practices, innovative technologies, and commitment to quality. The company serves construction, infrastructure, and industrial sectors, providing various cement products for residential, commercial, and industrial applications.

## Investment theme

UltraTech is India's largest cement company. We expect UltraTech to report industry-leading volume growth on account of timely capacity expansion (inorganic and organic expansions) and a revival in demand (demand pick-up in infrastructure and urban housing along with continued demand emanating from the rural housing segment). We expect the company to be the biggest beneficiary of industry consolidation, being a market leader, and timely scaling up capacities and profitability in the shortest possible time.

## Key Risks

- ◆ Slowdown in government spending on infrastructure and increased essential input costs led by pet coke and diesel prices.
- ◆ Slowdown in the housing sector, especially affordable housing projects.
- ◆ Inability to improve capacity utilisation and profitability of acquired units.

## Additional Data

### Key management personnel

Name	Designation
KC Jhanwar	Managing Director
Atul Daga	Executive Director and CFO
Sanjeeb K. Chatterjee	Company Secretary

Source: Company Website

### Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	ICICI Prudential Asset Management	2.46
2	Life Insurance Corp of India	2.28
3	Vanguard Group Inc/The	1.60
4	SBI Funds Management Ltd	1.51
5	Blackrock Inc	1.47
6	Republic of Singapore	1.42
7	Kotak Mahindra Asset Management Co	1.21
8	Pilani Investment & Industries Co	1.19
9	Nippon Life India Asset Management	0.77
10	Axis Asset Management Co Ltd/India	0.73

Source: Bloomberg

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## Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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