

ADITYA BIRLA



UltraTech



UltraTech Cement Ltd.

TP: 14050 | Upside: 10% | BUY

Cement

22nd Feb, 2026

Market Cap - ₹ 3,76,187 Cr.	Current Price - ₹ 12,766	High / Low - ₹ 13,110 / 10,048	Dividend Yield - 0.61 %
EPS - ₹ 260	Promoter holding - 59.3 %	ROE - 9.29 %	ROCE - 10.9 %

Key Sensitivities & External Factors

➤ Operational & Sector Developments

- Strong demand & volumes: Recent industry reports highlighted that UltraTech's utilization and domestic cement volumes have risen on strong demand, indicating improving operational performance.

➤ Policy & Regulatory

- AP Govt. scrutiny on idle cement land: The Andhra Pradesh Industries Minister announced plans for stringent action against cement companies (including Gujarat Ambuja, Sanghi, UltraTech, etc.) over large tracts of acquired land left undeveloped.

➤ Regulatory Filing – GST Orders

- UltraTech Cement received GST orders from Trichy authorities alleging excess input tax credit claims for FY2019-20 and FY2021-22. The company intends to contest these demands and expects no material financial impact.

➤ Q3 Results

- Quarterly performance earlier showed full-year and quarterly profit growth, which underpinned some positive sentiment in the market.
- Broader cement price recovery expectations from industry brokers are influencing sentiment for the sector into 2026.

➤ Derivatives activity spike

- UltraTech Cement Ltd saw a significant 14% surge in open interest in derivatives markets, suggesting heightened trading interest and bullish positioning by some traders.

- The management remains positive about cement demand growth over the next few years due to GoI's incremental focus on building infrastructure and mobility transformation across regions. UTCM's increasing focus on South over the past few years is yielding results, with the region witnessing higher institutional demand.



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Industry Overview

➤ Global Cement Industry

Market Size & Growth

- The global cement market was valued at around USD 384 billion in 2025 and is expected to grow to ~USD 395 billion in 2026, with further expansion in the coming decade. Asia-Pacific holds a dominant share (~67%). Projections through the 2030s show the market expanding further, with some forecasts estimating up to USD 500 billion by 2034 or more under different scenarios.

Demand & Regional Trends

- Asia is one of the strongest growth regions as housing and infrastructure spending continue to rise.
- China, the largest producer historically, has seen demand stall due to excess capacity and a protracted property downturn, which influences global totals.
- Emerging markets (Africa, Middle East, Latin America) are posting solid growth backed by infrastructure projects and urbanization.

Drivers & Opportunities

- Infrastructure investment worldwide (roads, bridges, railways) continues to be a key demand driver, particularly in developing regions.
- Urbanization & residential construction population growth and urban housing needs spur demand.

Sustainability & Decarbonisation

- Cement production is a major source of CO₂ emissions (8% of global emissions), prompting industry focus on low-carbon alternatives, blended cements, and technology like carbon capture and utilization.
- Europe is actively pursuing policy reforms and standards to accelerate low-carbon cement technologies.

Key Global Players




- Major multinational producers include Holcim, Heidelberg Materials, Cemex, CNBM, CRH, and large Asian firms. Their strategies increasingly emphasize sustainability, digital optimisation, and supply chain resilience.



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➤ Indian Cement Industry

Scale & Position

- India is the second-largest cement producer in the world, contributing around 8–13 % of global installed capacity and annual production, making it a key global player. Installed capacity in India is nearing 700 million tonnes per annum (MTPA) with plans for further expansion.

Demand Growth & Drivers

- Cement demand in India is projected to grow at 6–7.5 % per year in the fiscal periods FY26–FY27, supported by housing and infrastructure demand (roads, metros, airports, rail corridors).
- Government initiatives like PM Gati Shakti, rural and urban housing schemes, and large public works underpin this demand.
- In January 2026, India's infrastructure output including cement showed a strong increase, highlighting the sector's momentum.

Capacity & Industry Structure

- Major Indian players (e.g., UltraTech Cement, Ambuja/ACC, Shree Cement, Dalmia Bharat) are expanding capacities through brownfield and greenfield projects.
- Capacity utilisation is stable (70–71 %) amid new additions, and companies are investing to capture growth.

Trends & Innovation

- Sustainability is gaining focus; companies are exploring low-carbon cements, green fuels, and energy-efficient operations to reduce emissions.
- India's per capita cement consumption remains below the global average, suggesting room for future growth.

Opportunities & Strategic Themes




- Government capital expenditure boosts demand and helps absorb capacity additions. Urbanisation and rural housing programmes expand the addressable market.
- Export potential remains modest but emerging as quality improvements and competitive cost structures evolve. (Industry commentary)



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Business Overview

UltraTech Cement Limited is India's largest cement manufacturer and among the top global players in the building materials sector. It produces grey cement, ready-mix concrete (RMC), white cement, and other construction-related products. The company is headquartered in Mumbai, India, and operates under the Aditya Birla Group banner.

Business Model

UltraTech's business model revolves around large-scale vertical integration in the construction materials ecosystem, with multiple revenue streams:

➤ Core Manufacturing

1. Cement Production – Dominant revenue segment, producing types such as ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC), and blended cement.
2. Ready-Mix Concrete (RMC) – Supplied for urban construction and infrastructure projects.
3. White Cement and Wallcare Products – Higher-margin specialty products used for architectural and finishing applications.

➤ Complementary Construction Products

UltraTech leverages its distribution strength and brand to offer ancillary building products that enhance customer value:

- Wall care putty
- Specialty concretes
- Plastering and waterproofing solutions

Some strategic initiatives also hint at expanding into wires and cables to broaden its construction materials portfolio, though that move is earlier-stage.

➤ Distribution & Logistics

UltraTech has a massive logistics footprint a network of integrated plants, grinding units, bulk terminals, and RMC facilities across India and abroad enabling efficient supply to builders, infrastructure companies, and retail channels

Revenue Streams & Financial Drivers

UltraTech's revenue primarily comes from:

➤ Cement Sales

This is the major source of revenue:

- Grey cement remains the largest contributor. White cement and premium blended products add value and margin. Cement sales volumes have consistently risen (e.g., achieving 100 MTPA of grey cement sales in FY23).

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➤ **Ready-Mix Concrete (RMC)**

Urban infrastructure and real estate projects are key drivers of RMC demand. RMC typically yields higher profitability per unit than bulk cement because of value-added formulation.

➤ **Value-Added Products**

- Wallcare putty
- Specialty concretes
- Ancillary building solutions

These products yield higher margins and strengthen customer engagement across the full lifecycle of building projects.

➤ **Services & Logistics**

While not direct profit centers, UltraTech's integrated logistics network and dealer ecosystem help optimize costs and improve cash flows.

Expansion Strategy & Acquisitions

UltraTech has achieved rapid scale via a mix of organic investments and inorganic growth through acquisitions:

Key Acquisitions

- The India Cements Limited – Made a subsidiary after acquiring a controlling stake, significantly boosting capacity and market share, particularly in South India.
- Cement assets of Kesoram Industries – Added significant grey cement capacity in key regions of Karnataka and Telangana.
- Jaypee / Binani / Century Cement assets – Earlier acquisitions that helped propel capacity growth from 66 MTPA to 120 MTPA.
- Stake in Star Cement and others – Strategic segment expansions and regional footprint strengthening.

Growth through acquisition has been central to UltraTech's ability to scale quickly and achieve a leading position.

Organic Growth

UltraTech supplements acquisitions with:

- Greenfield plant setup
- Brownfield expansions
- Capacity debottlenecking
- Energy efficiency and sustainability projects


Together, these investments aim to push total capacity closer to 240 MTPA by FY27–28.




Competitive & Strategic Priorities

- **Capacity Leadership** - UltraTech is focused on becoming one of the top global cement producers by volume and capacity outside China, leveraging scale to achieve cost efficiencies.

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- **Market and Product Diversification** - By offering RMC and specialty products, UltraTech mitigates reliance on commodity cement markets and captures higher-margin segments.
- **Sustainability & Efficiency** - The company invests in waste heat recovery systems, renewable energy use, and other measures to reduce energy costs and carbon intensity, aligning with global sustainability trends.
- **Expansion into Building Solutions** - Plans to explore wires & cables and other construction inputs indicate a strategic tilt toward vertically integrated building solutions.

Company Financials

Financials & Valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	881	997	1,109
EBITDA	166	199	231
Adj. PAT	80	98	119
EBITDA Margin (%)	19	20	21
Adj. EPS (INR)	270	331	403
EPS Gr. (%)	30	23	22
BV/Sh. (INR)	2,570	2,784	3,059
Ratios			
Net D:E	0.2	0.1	0.1
RoE (%)	10.9	12.4	13.8
RoCE (%)	9.8	11.1	12.2
Payout (%)	36.0	35.5	31.7
Valuations			
P/E (x)	45.7	37.3	30.7
P/BV (x)	4.8	4.4	4.0
EV/EBITDA(x)	22.6	18.8	15.8
EV/ton (USD)	199	183	176
Div. Yield (%)	0.8	1.0	1.0
FCF Yield (%)	1.6	2.3	3.0

Key operating parameters

Income Statement (INR/t)	FY25				FY26				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Volume (mt)	33.6	29.4	30.4	41.0	36.8	33.9	38.9	44.4	135.8	153.6	36.7	6
Change (YoY %)	12.0	10.0	11.2	16.9	9.7	15.3	28.0	8.3	14.1	13.1	20.9	
Realization (including RMC)	5,606	5,550	5,854	5,622	5,777	5,792	5,616	5,721	5,592	5,739	5,750	(2)
Change (YoY %)	-5.3	-7.5	-4.5	-3.4	3.0	4.4	-4.1	1.8	-6.1	2.6	-1.8	
RM cost	962	995	1,055	1,060	1,037	1,149	1,133	1,119	1,009	1,112	1,100	3
Power and fuel	1,426	1,404	1,411	1,273	1,320	1,313	1,254	1,313	1,356	1,303	1,360	(8)
Staff cost	232	325	293	239	264	314	268	240	265	270	281	(5)
Freight and forwarding	1,319	1,301	1,329	1,262	1,262	1,219	1,224	1,238	1,285	1,239	1,235	(1)
Other expenditure	767	835	813	662	696	882	730	648	752	734	765	(5)
Total expenditure	4,707	4,859	4,901	4,497	4,579	4,878	4,609	4,559	4,667	4,659	4,740	(3)
EBITDA	899	690	953	1,126	1,197	914	1,007	1,163	924	1,080	1,009	(0)
YoY change (%)	(11.7)	(27.8)	(20.0)	(4.0)	33.2	32.4	5.7	3.3	(15.1)	16.8	5.9	

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Consolidated - Income Statement

(INR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	4,47,258	5,25,988	6,32,400	7,09,081	7,59,551	8,81,325	9,96,795	11,09,485
Change (%)	5.4	17.6	20.2	12.1	7.1	16.0	13.1	11.3
Raw Materials	70,858	79,650	97,150	1,19,029	1,37,037	1,70,844	1,90,812	2,07,739
Employees Cost	23,530	25,347	27,390	30,376	36,046	41,435	45,296	49,598
Other Expenses	2,37,191	3,05,848	4,01,662	4,29,991	4,60,894	5,03,180	5,62,000	6,21,121
Total Expenditure	3,31,579	4,10,845	5,26,201	5,79,396	6,33,977	7,15,459	7,98,108	8,78,458
% of Sales	74.1	78.1	83.2	81.7	83.5	81.2	80.1	79.2
EBITDA	1,15,679	1,15,144	1,06,199	1,29,686	1,25,575	1,65,866	1,98,687	2,31,027
Margin (%)	25.9	21.9	16.8	18.3	16.5	18.8	19.9	20.8
Depreciation	27,002	27,148	28,880	31,453	40,150	46,567	54,711	60,152
EBIT	88,677	87,996	77,319	98,233	85,425	1,19,299	1,43,976	1,70,875
Int. and Finance Charges	14,857	9,447	8,227	9,680	16,505	18,951	20,176	19,707
Other Income	7,342	5,078	5,031	6,170	7,442	6,970	7,448	8,347
PBT bef. EO Exp.	81,162	83,627	74,122	94,722	76,361	1,07,318	1,31,248	1,59,514
EO Items	-2,607	0	0	-720	-974	-1,276	0	0
PBT after EO Exp.	78,555	83,627	74,122	94,002	75,387	1,06,041	1,31,248	1,59,514
Total Tax	25,387	11,901	23,429	24,183	14,885	27,147	33,599	40,836
Tax Rate (%)	32.3	14.2	31.6	25.7	19.7	25.6	25.6	25.6
Minority Interest	-34	-118	54	-231	111	0	0	0
Reported PAT	53,202	71,844	50,640	70,050	60,391	78,895	97,648	1,18,678
Adjusted PAT	54,967	56,665	50,640	70,572	61,171	79,710	97,648	1,18,678
Change (%)	31.0	3.1	-10.6	39.4	-13.3	30.3	22.5	21.5
Margin (%)	12.3	10.8	8.0	10.0	8.1	9.0	9.8	10.7

Consolidated - Balance Sheet

(INR M)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	2,887	2,887	2,887	2,887	2,947	2,947	2,947	2,947
Total Reserves	4,38,860	5,01,466	5,40,359	5,99,388	7,04,121	7,54,284	8,17,308	8,98,414
Net Worth	4,41,747	5,04,353	5,43,245	6,02,275	7,07,068	7,57,231	8,20,255	9,01,361
Minority Interest	57	-31	556	559	31,866	31,866	31,866	31,866
Total Loans	2,04,878	1,02,028	99,008	1,02,984	2,30,310	2,30,310	2,30,310	2,30,310
Deferred Tax Liabilities	60,407	60,332	62,601	64,478	95,794	95,794	95,794	95,794
Capital Employed	7,07,089	6,66,683	7,05,411	7,70,296	10,65,038	11,15,201	11,78,225	12,59,331
Gross Block	6,08,332	6,33,795	7,00,914	7,62,404	11,06,057	12,11,057	13,06,057	14,01,057
Less: Accum. Deprn.	1,16,414	1,41,421	1,68,417	1,97,083	2,37,232	2,83,799	3,38,511	3,98,663
Net Fixed Assets	4,91,918	4,92,374	5,32,497	5,65,321	8,68,824	9,27,257	9,67,546	10,02,394
Goodwill on Consolidation	62,199	62,502	63,293	63,455	76,818	76,818	76,818	76,818
Capital WIP	16,867	47,847	40,404	68,112	62,342	52,342	37,342	22,342
Current Investment	1,08,939	49,633	58,366	54,848	28,591	28,591	28,591	28,591
Non-Current Investment	12,842	13,725	14,604	27,642	22,974	22,974	22,974	22,974
Curr. Assets, Loans & Adv.	1,59,034	1,71,938	2,04,460	2,28,444	2,75,395	2,97,084	3,54,153	4,34,558
Inventory	40,180	55,956	66,118	83,297	95,630	96,584	1,09,238	1,21,587
Account Receivables	25,717	30,716	38,670	42,782	58,903	60,365	68,274	75,992
Cash and Bank Balance	20,076	3,592	11,496	7,832	16,734	31,722	65,441	1,22,913
Loans and Advances	73,061	81,674	88,175	94,533	1,04,129	1,08,414	1,11,201	1,14,066
Curr. Liability & Prov.	1,52,307	1,71,595	2,08,459	2,37,724	2,71,934	2,91,901	3,11,243	3,30,399
Account Payables	46,993	58,628	72,093	84,783	93,275	1,08,229	1,22,409	1,36,248
Other Current Liabilities	96,441	1,04,309	1,28,080	1,43,660	1,66,236	1,71,214	1,76,341	1,81,622
Provisions	8,873	8,658	8,286	9,281	12,423	12,458	12,493	12,529
Net Current Assets	6,727	343	-3,999	-9,280	3,462	5,183	42,909	1,04,160
Deferred Tax assets	72	164	66	49	651	660	668	677
Net Assets held for sale	7,526	95	180	149	1,377	1,377	1,377	1,377
Appl. of Funds	7,07,089	6,66,683	7,05,411	7,70,296	10,65,038	11,15,201	11,78,225	12,59,331

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➤ Financial Interpretation

- Revenue momentum strong with consistent volume growth
- EBITDA expansion indicates operating leverage kicking in
- Low debt reduces financial risk
- Improving RoCE suggests better capital efficiency ahead
- Earnings CAGR (FY26–FY28E) strong double-digit growth
- EV/ton compression signals improving relative valuation

➤ Risks

- Cement price volatility affecting realizations
- Aggressive capacity additions across industry
- Input cost risk (fuel, freight, power)
- Infrastructure spending slowdown
- Execution risk in large-scale capex

➤ Overall View

- Market leader
- Strong balance sheet
- Improving profitability
- Earnings acceleration phase (FY26–FY28E)
- Well-positioned to benefit from India's infrastructure cycle

Peer Comparison

S.No.	Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
1.	UltraTech Cem.	12766.00	48.43	376187.43	0.61	1729.44	31.88	21829.68	22.78	10.89
2.	Grasim Inds	2832.80	41.80	192778.38	0.35	2232.95	34.68	44311.97	25.25	7.50
3.	Ambuja Cements	512.00	32.94	126557.36	0.39	366.97	-90.21	10276.65	9.19	10.50
4.	Shree Cement	26510.00	53.37	95650.06	0.41	267.65	37.90	4800.52	4.98	6.71
5.	J K Cements	5748.00	42.26	44413.79	0.26	173.61	8.41	3463.07	18.18	13.99
6.	Dalmia BharatLtd	2070.00	32.46	38826.15	0.43	128.00	136.78	3506.00	10.22	5.58
7.	ACC	1612.60	12.03	30282.57	0.47	404.25	-65.44	6482.98	8.56	17.44

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Key Strengths

Market Leadership & Scale Advantage

- UltraTech is the largest cement manufacturer in India and one of the leading global players outside China. Its extensive pan-India presence across all major regions allows it to benefit from economies of scale, stronger procurement power, and better cost absorption. The company's scale creates a structural cost advantage over smaller competitors..

Diversified Product Portfolio

- UltraTech operates across grey cement, ready-mix concrete (RMC), white cement, and other value-added building products. This diversification improves overall margins, reduces pure commodity exposure, and strengthens its brand across both retail and institutional segments. The company is positioned as a complete building materials solutions provider rather than just a cement manufacturer.

Strong Distribution & Logistics Network

- UltraTech has a wide dealer and distribution network supported by integrated plants, grinding units, and bulk terminals. Its optimized freight and logistics systems enable high market penetration, faster supply turnaround, and better operational efficiency. Distribution scale acts as a competitive moat in the cement industry.

Strong Balance Sheet

- The company maintains a low net debt-to-equity ratio of around 0.1–0.2x, even during expansion phases. Net worth continues to grow steadily, reflecting internal accrual strength. This conservative leverage profile provides financial flexibility for future capex and acquisitions while reducing downside risk during cyclical downturns.

Earnings Growth Visibility

- UltraTech is in an earnings acceleration phase supported by capacity ramp-up and operating leverage. Revenue and PAT are projected to grow steadily over the next few years, with improving EBITDA margins and rising RoCE. The company is well positioned to benefit from sustained infrastructure and housing demand in India.

Strategic Capacity Expansion

- UltraTech combines greenfield and brownfield expansions with a strong track record of integrating acquired assets successfully. Capacity additions are aligned with demand growth, helping the company consolidate market leadership. Its execution capability in scaling operations has been demonstrated consistently over time.

Sustainability & Operational Efficiency Focus

- The company invests in waste heat recovery systems, renewable energy usage, and energy-efficient technologies. These initiatives help reduce exposure to fuel and power cost volatility while improving ESG positioning. Over time, such measures support margin stability and long-term competitiveness.

Strong Parentage – Aditya Birla Group

- As part of the Aditya Birla Group, UltraTech benefits from strong governance standards, access to capital markets, and institutional credibility. The group's backing enhances strategic flexibility and long-term stability.

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Key Risks

Cement Price Volatility

- Cement is a cyclical and regionally competitive commodity, and realizations can fluctuate based on demand-supply dynamics. Aggressive pricing by competitors or regional oversupply can compress margins despite volume growth.

Input Cost Volatility

- Fuel, power, freight, and petcoke/coal prices form a significant portion of operating costs. Any sharp increase in energy or logistics costs, without corresponding price hikes, can impact EBITDA margins.

Industry Capacity Additions

- The Indian cement industry is witnessing large-scale capacity expansion by multiple players. If demand growth does not absorb new capacity, it could lead to pricing pressure and lower utilization rates.

Infrastructure & Real Estate Slowdown

- UltraTech's growth is closely linked to infrastructure spending and housing demand. Any slowdown in government capex, real estate activity, or macroeconomic growth could impact volumes.

High Capex Intensity

- Cement is a capital-intensive business requiring continuous investment in plants and logistics. Large expansion plans increase execution risk and may temporarily suppress free cash flows.

Regulatory & Environmental Risk

- The cement sector faces tightening environmental regulations and carbon emission norms. Compliance costs, carbon pricing mechanisms, or delays in environmental clearances could impact project timelines and profitability.

Logistics & Regional Concentration Risk

- Freight costs and regional demand imbalances can affect profitability. Since cement is bulky and transportation-intensive, regional disruptions or infrastructure bottlenecks may impact margins.

Cyclical Industry Nature

- Cement demand is sensitive to economic cycles. During downturns, operating leverage can amplify profit declines due to high fixed costs.

Valuation Sensitivity

- UltraTech often trades at premium valuations due to market leadership and earnings visibility. Any earnings miss, margin pressure, or sector downturn could result in valuation compression.

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Valuation and Outlook

- UltraTech Cement Limited has entered a multi-year expansion and earnings acceleration phase, supported by strong volume growth, capacity additions, operating leverage, and improving realizations. EBITDA and PAT are projected to grow meaningfully through FY28E, with RoCE improving from 10% to 12%+, reflecting better capital efficiency as new capacities ramp up.
- While valuations remain premium on P/B and EV/ton metrics, the compression in forward multiples alongside rising earnings and improving free cash flow generation could provide valuation support over the medium term. The declining Net D/E (0.1–0.2x) and strengthening balance sheet offer financial flexibility for continued expansion and potential consolidation opportunities.
- Cash flows are expected to improve gradually as capex intensity moderates post expansion cycle, positioning UltraTech as a structural infrastructure and housing growth beneficiary rather than a high dividend yield play.
- Overall, UltraTech remains fundamentally strong, with risks primarily linked to cement price volatility, input cost fluctuations (fuel and freight), aggressive industry capacity additions, execution risks in large-scale capex, and cyclical slowdowns in infrastructure or real estate demand.
- The stock appears suitable for medium- to long-term investors who are comfortable with cyclical volatility and valuation fluctuations inherent in commodity-linked industries.
- We maintain a **Buy** stance, supported by earnings visibility, balance sheet strength, and industry leadership.

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