Choice
Institutional Equities

Event Update

Ultratech Cement Ltd: A Strategic Step beyond Cement

BUY

Sept 02, 2026 | CMP: INR 11,332 | Target Price: INR 15,210

Sector View: Positive

Expected Share Price Return: 34.2% I Dividend Yield: 2.1% I Potential Upside: 36.3%

Change in Estimates	✗
Target Price Change	✗
Recommendation Change	✗

Company Info	
BB Code	UTCEM IN EQUITY
Face Value (INR)	10.0
52-week High/Low (INR)	13,104.0 / 10,329.0
Mkt Cap (Bn)	INR 3,300.4 / USD 34.8
Shares o/s (Mn)	294.7
3M Avg. Daily Volume	2,75,192

Key Financials

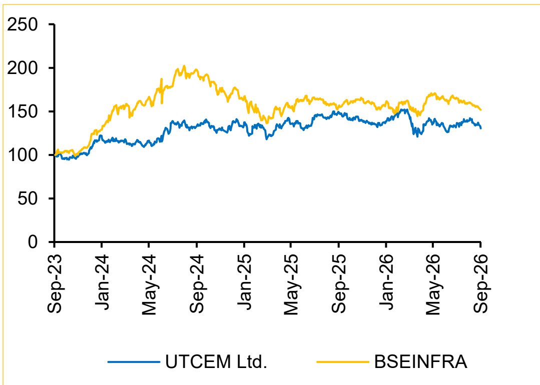
INR Bn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	759.6	885.1	989.4	1,143.2	1,263.5
YoY (%)	7.1	16.5	11.8	15.5	10.5
EBITDA	125.6	170.2	183.8	213.1	241.2
EBITDAM %	16.5	19.2	18.6	18.6	19.1
Adj PAT	60.4	81.7	89.6	114.1	135.6
EPS	205	278	304	387	460
ROE %	8.2	10.1	10.2	11.8	12.5
ROCE %	8.4	11.5	11.7	13.4	14.3
PE(x)	56.1	43.3	36.8	28.9	24.3
EV/EBITDA	28.3	21.7	18.7	16.0	13.9
EV/IC	3.8	3.8	3.3	3.1	2.8

Shareholding Pattern (%)

	Jun-26	Mar-26	Dec-25
Promoters	59.33	59.33	59.28
FIIs	12.36	13.61	14.44
DIIs	19.69	18.42	17.45
Public	8.62	8.64	8.83

Relative Performance (%)

YTD	3Y	2Y	1Y
BSE Infra	51.5	(23.3)	(3.0)
UTCEM Ltd.	30.4	(2.1)	(12.1)



UTCEM – C&W foray to be EPS/value-accretive; strategic diversification into high-ROCE adjacencies is a key positive

UTCEM **INR 18 Bn foray into the wires and cables segment** may appear relatively modest in the context of the company's overall balance sheet — representing only **~2% of its current capital employed** — but we view the move as strategically and directionally positive. With the company targeting a **6–7% share of the domestic wires and cables market by FY30**, the initiative represents a measured entry into an attractive adjacent category rather than an aggressive diversification bet.

At full capacity utilisation, which we estimate could be achieved around **FY30–31**, the business has the potential to generate an annual revenue of **~INR 90 Bn**. This translates into an **asset turnover of around 5x**, which we believe is achievable for a scaled-up wires and cables operation. Assuming **EBITDA margin broadly in line with established industry players at 10–12%**, the business could deliver an **asset-level ROCE of over 20% at peak utilisation**.

Importantly, our calculations suggest that the investment is estimated to generate **shareholder returns of ~8%**, making the **project value-accretive**. From a capital-allocation perspective, the wires and cables business also compares favourably with several alternative deployment opportunities.

Valuation: We value UTCEM using an EV/CE-based methodology, assigning a **3.8x FY28E EV/CE multiple**, which translates into a 12-month TP of **INR 15,210/share.** Importantly, **our current valuation does not factor in any potential value accretion from the company's wires and cables foray, as we prefer to monitor the execution and progress of the new business before incorporating its contribution**. UTCEM remains our preferred large-cap cement play, supported by its superior long-term earnings visibility and strong execution capabilities.

Jhagadia commissioning marks a key diversification milestone for UTCEM: The company has reached an important execution milestone, with the Jhagadia facility having started commercial production on **Sept 01, 2026**, with an installed capacity of **10.98 lakh kilometres for house wires and light-duty cables, which was originally expected to commence in Q3FY27.** Beyond the addition of a new manufacturing capacity, the development highlights the company's ability to establish and operationalise a new business segment within a relatively short timeframe.

We view the entry into wires and cables as an extension of UTCEM's broader strategy to strengthen its presence across the construction and home-building ecosystem. While the financial contribution from this business is likely to remain limited in the initial phase, the opportunity could scale up meaningfully over the longer term, supported by **UTCEM's strong brand recall, extensive distribution network and deep presence within the building materials value chain.**

Particulars	FY26 Cement	FY30 Wires & Cable addition on full capacity utilisation
Revenue (INR Mn)	8,85,115	90,000
EBITDA (INR Mn)	1,70,202	9,000
EBITDA Margin (%)	19.2	10.0
Multiple assigned (x)		30
Additional value created (INR Mn)		2,70,000
Current Value of UTCEM (INR Mn)	33,21,270	
Additional benefit (%)		**8.1**

Source: UTCEM, Choice Institutional Equities

Q1FY27_UTCEM_Result Update

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Exhibit 2: Volume & realisation growth to drive EBITDA (Consolidated in INR/t)

Particular	FY24	FY25	FY26	FY27E	FY28E	FY29E
Volume (in Mnt)	119.1	135.8	154.3	166.6	181.6	199.7
YoY change (%)	11.9	14.1	13.6	8.0	9.0	10.0
Realisation/t	5,956	5,592	5,738	5,939	5,998	6,028
YoY change (%)	0.2	(6.1)	2.6	3.5	1.0	0.5
COGS/t	1,000	1,009	1,114	1,164	1,384	1,387
Employee Cost/t	255	265	270	279	292	294
Power & Fuel Cost/t	1,536	1,356	1,270	1,334	1,374	1,367
Freight Expenses/t	1,334	1,285	1,243	1,286	1,312	1,305
Other Expenses/t	742	752	737	772	760	765
Total Cost/t	4,867	4,667	4,635	4,835	5,122	5,118
EBITDA/t	1,089	924	1,103	1,104	1,174	1,208
Revenue (in INR Mn)	7,09,081	7,59,551	8,85,115	9,89,382	11,43,211	12,63,522
YoY change (%)	12.1	7.1	16.5	11.8	15.5	10.5
EBITDA (in INR Mn)	1,29,686	1,25,575	1,70,202	1,83,838	2,13,119	2,41,227
YoY change (%)	22.1	(3.2)	35.5	8.0	15.9	13.2
PAT (in INR Mn)	70,050	60,391	81,656	89,647	1,14,147	1,35,585

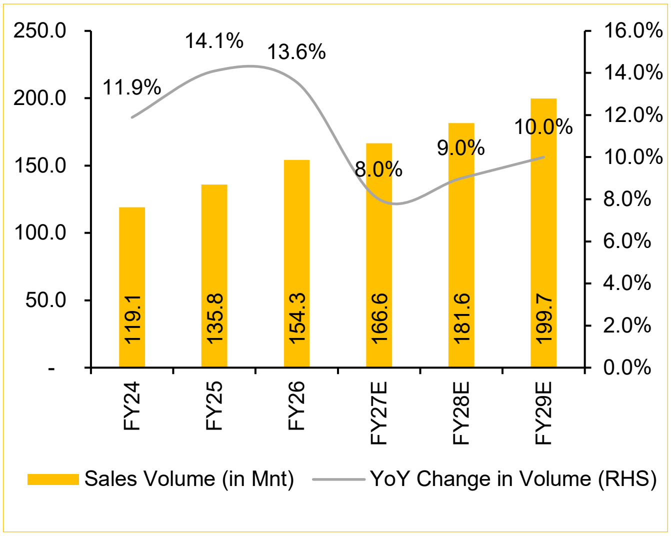
Source: UTCEM, Choice Institutional Equities

Exhibit 3: EV/CE valuation framework

INR Mn	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
ROCE	11.4	13.3	8.4	11.5	11.7	13.4	14.3
EV	22,87,417	29,08,951	37,83,557	37,83,943	37,79,536	37,45,964	36,93,688
Capital Employed	6,79,551	7,38,961	10,13,322	10,75,444	11,39,463	12,17,983	13,17,941
EV/CE	**3.4**	**3.9**	**3.7**	**3.5**	**3.3**	**3.1**	**2.8**
Target EV/CE					**3.8**	**3.8**	**3.8**
Target EV					**43,29,961**	**46,28,335**	**50,08,174**
Gross Debt					2,17,807	1,87,807	1,57,807
Cash & Equivalents					45,607	49,179	71,455
Net Debt					**1,72,199**	**1,38,628**	**86,352**
LT Provision					9,350	9,350	9,350
Equity value					**41,48,412**	**44,80,357**	**49,12,473**
Equity value per share					**14,078**	**15,210**	**16,671**
1-yr forward TP (INR/share)						**15,210**	
Implied Multiples							
EV/EBITDA (x)					23.6	21.7	20.8
PE (x)					46.3	39.3	36.2
P/BV (x)					4.7	4.6	4.5

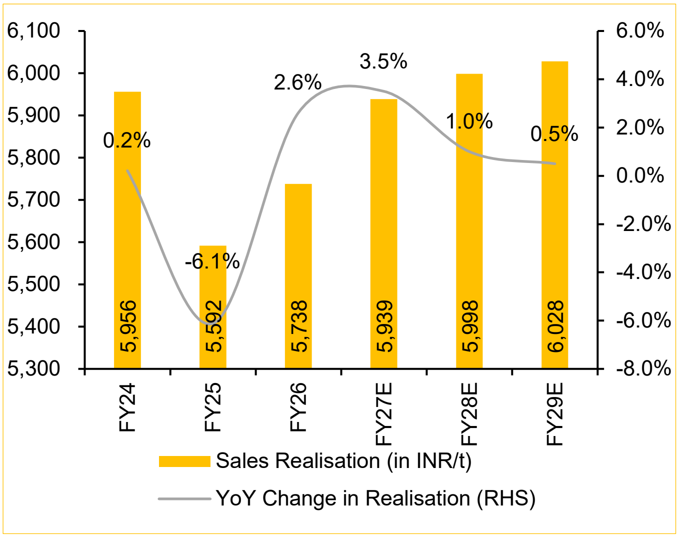
Source: UTCEM, Choice Institutional Equities

Volume is expected to reach 181.6 Mnt in FY28E



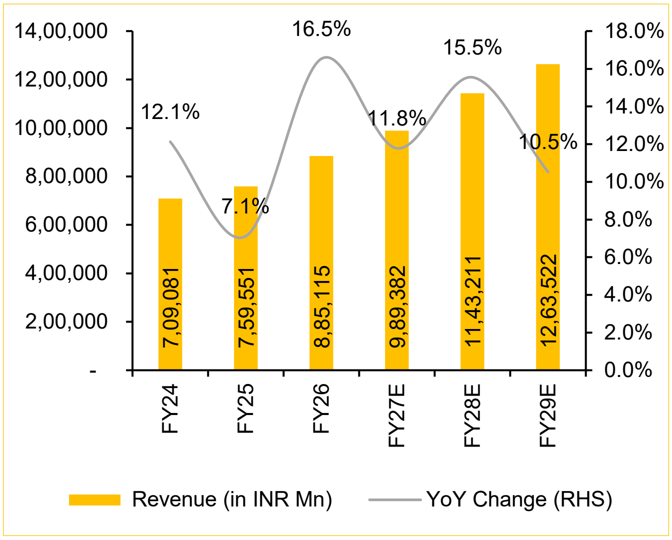
Source: UTCEM, Choice Institutional Equities

Realisation projected to be at a healthy level



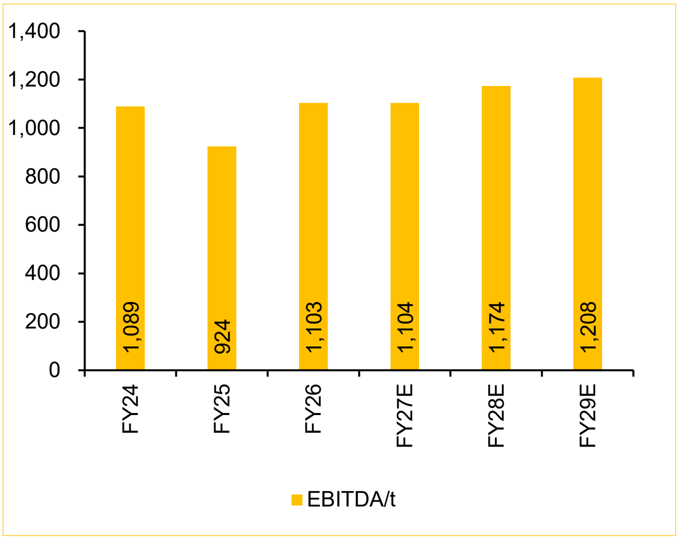
Source: UTCEM, Choice Institutional Equities

Supported by higher volumes, revenue anticipated to expand



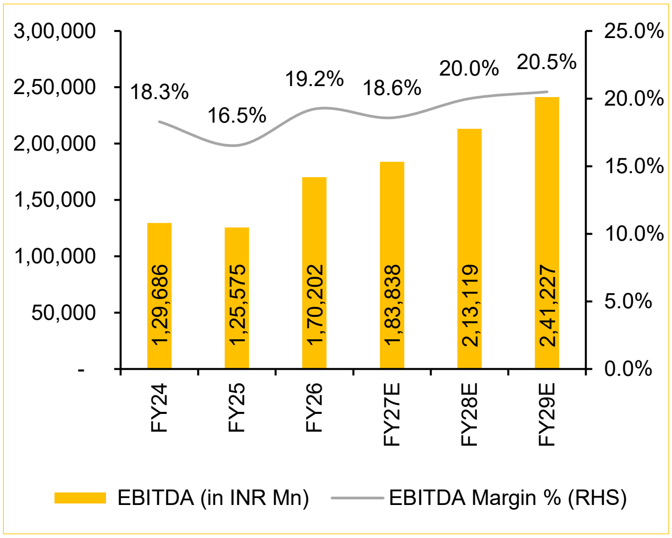
Source: UTCEM, Choice Institutional Equities

Cost-reduction initiatives will lead to an increase in EBITDA/t



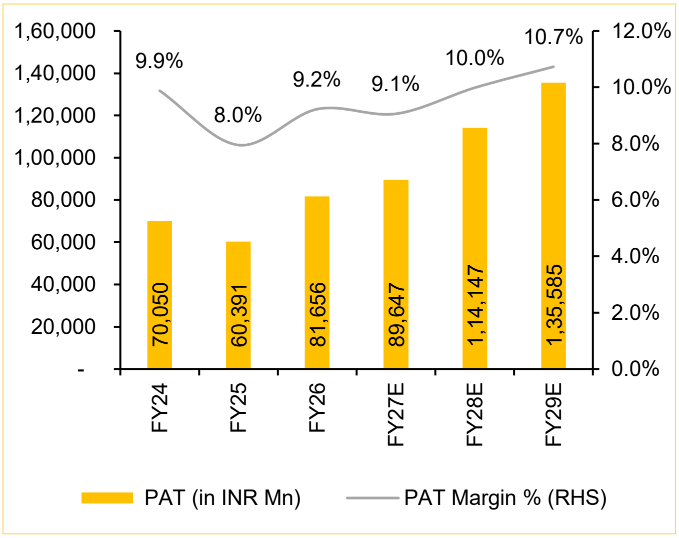
Source: UTCEM, Choice Institutional Equities

EBITDA expected to expand at a CAGR of 12.3% over FY26–29E



Source: UTCEM, Choice Institutional Equities

PAT is projected to rise at a CAGR of 18.4% over FY26–29E



Source: UTCEM, Choice Institutional Equities

Income Statement (Consolidated in INR Bn)

Particular	FY25	FY26	FY27E	FY28E	FY29E
Revenue	760	885	989	1,143	1,264
Gross Profit	623	713	795	892	987
EBITDA	126	170	184	213	241
Depreciation	40	46	50	50	53
EBIT	85	124	133	163	188
Other Income	7	6	6	7	8
Interest Expense	17	19	19	17	14
PBT	77	112	120	153	182
Reported PAT	60	82	90	114	136
EPS (INR)	205	278	304	387	460

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios					
Revenues	7.1	16.5	11.8	15.5	10.5
EBITDA	(3.2)	35.5	8.0	15.9	13.2
PAT	(13.8)	35.2	9.8	27.3	18.8
Margins					
EBITDA Margin	16.5	19.2	18.6	18.6	19.1
PAT Margin	8.0	9.2	9.1	10.0	10.7
Profitability					
Return On Equity (ROE)	8.2	10.1	10.2	11.8	12.5
Return On Invested Capital (ROIC)	7.5	9.8	9.8	11.1	12.0
Return On Capital Employed (ROCE)	8.4	11.5	11.7	13.4	14.3
Financial Leverage					
OCF/EBITDA (x)	0.8	0.9	0.7	0.7	0.7
OCF / IC (%)	11.4	15.6	12.8	14.3	14.9
EV/EBITDA (x)	28.3	21.7	18.7	16.0	13.9
Earnings					
EPS	205	278	304	387	460
Shares Outstanding	289	295	295	295	295
Working Capital					
Inventory Days (x)	46	40	42	42	42
Receivable Days (x)	28	25	25	25	25
Creditor Days (x)	45	42	42	42	40
Working Capital Days	29	23	25	25	27

Source: UTCEM, Choice Institutional Equities

Balance Sheet (Consolidated in INR Bn)

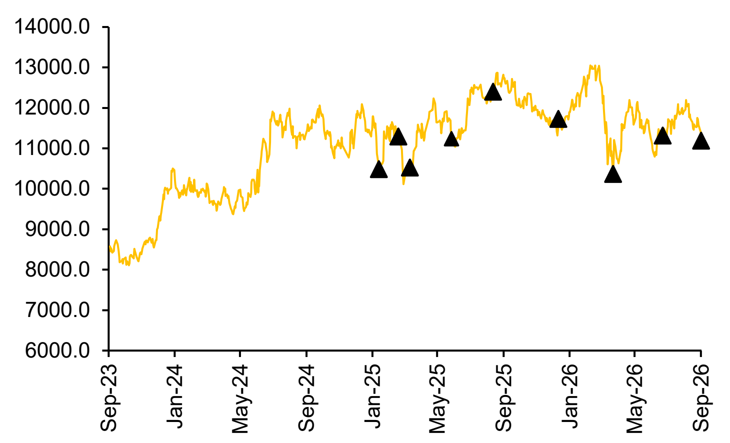
Particular	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	739	807	876	970	1,085
Borrowings	230	228	218	188	158
Deferred Tax	96	99	99	99	99
Other Liabilities & Provisions	179	178	165	153	142
Total Net Worth & Liabilities	**1,244**	**1,311**	**1,357**	**1,409**	**1,484**
Net Block	946	988	1,028	1,057	1,084
Capital WIP	62	83	83	91	100
Goodwill & Intangible Assets	-	-	-	-	-
Investments	52	67	67	67	67
Cash & Cash Equivalents	17	14	8	12	34
Loans & Other Assets	107	105	105	105	105
Net Working Capital	61	55	67	77	93
Total Assets	**1,244**	**1,311**	**1,357**	**1,409**	**1,484**

Cash Flows (INR Bn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	107	153	134	159	176
Cash Flows from Investing	(165)	(95)	(90)	(88)	(89)
Cash Flows from Financing	51	(60)	(50)	(67)	(65)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden (%)	78.0	72.7	74.7	74.7	74.7
Interest Burden (%)	90.7	90.8	89.9	93.9	96.6
EBIT Margin (%)	11.2	14.0	13.5	14.2	14.9
Asset Turnover (x)	0.6	0.7	0.7	0.8	0.9
Equity Multiplier (x)	1.7	1.6	1.5	1.5	1.4
ROE (%)	**8.2**	**10.1**	**10.2**	**11.8**	**12.5**

Source: UTCEM, Choice Institutional Equities

Historical share price chart: Ultratech Cement Limited



Date	Rating	Target Price
January 24, 2025	BUY	13,246
March 03, 2025	BUY	12,160
April 29, 2025	BUY	15,210
July 22, 2025	BUY	15,210
October 20, 2025	BUY	15,210
January 25, 2026	BUY	15,210
April 28, 2026	BUY	15,210
July 20, 2026	BUY	15,210
Sept 02, 2026	BUY	15,210

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Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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