BP Wealth | STOXBOX

Result Update

Q2 FY26

UltraTech Cement Ltd.

Institutional Research

UltraTech Cement Ltd.

BP WEALTH

Cement & Cement Products | Q2FY26 Result Update — **20th October 2025**

Long-term outlook remains strong despite near-term margin pressure

UltraTech Cement Ltd. recorded a net revenue from operations of Rs. 19,607 crores (down 7.8% QoQ / up 20.3% YoY), driven by annual volume growth of 13.2%. The sales volume for the quarter ended September 2025 stood at 33.85 MT. Domestic sales volume grew 6.8% YoY on a consolidated basis, which included volumes of Indian Cements. The sales realization stood at Rs. 5,088/Mt (down 1.4% QoQ / up 4.5% YoY). The raw material cost for the company stood at Rs. 3,891 crores (up 1.9% QoQ / up 33.3% YoY). The logistics stood at Rs. 4,127 crores (down 11.2% QoQ / up 8.0% YoY). Other costs stood at Rs 2,986 crores (16.5% QoQ / up 21.8% YoY). The power and fuel cost stood at Rs. 4,444 crores (down 8.6% QoQ / up 7.8% YoY). The operating costs were impacted due to higher maintenance shutdowns, increased advertising expenditure, and raw material cost inflation, while lower sales volume diluted operating leverage and raised costs. The quarter's EBITDA stood at Rs. 3,094 crores (down 29.8% QoQ / up 52.6% YoY), missing market estimates of Rs. 3,286 crores. EBITDA/Mt stood at Rs. 966 (down 19.4% QoQ / up 33.2% YoY), and the EBITDA margin stood at 15.8% (down 495 bps QoQ / down 334 bps YoY). The company earned a PAT of Rs. 1,238 crores (down 44.3% QoQ / up 74.9% YoY) for the quarter ended September 2025. The net profit margin stood at 6.3% (down 412 bps QoQ / up 197bps YoY). Cement capacity of 3.5 MTPA was added during the quarter ended September 2025. The primary lead distance was reduced to 366 km, compared to 370 km in Q1FY26 and 388 km in Q2FY25. The company's green power mix increased to 41.6% compared to 39.5% in Q1FY26, with the renewable power capacity rising to 1.19 GW and WHRS capacity standing at 369 MW. Demand remained strong in the East and South regions, supported by heightened infrastructure activity and rural and urban housing demand. In contrast, the West, Central and North regions saw a decline due to seasonal disruptions in specific parts and delayed project announcements.

Valuation and Outlook

Despite a softer quarter, UltraTech Cement continues to maintain its industry leadership. The company remains focused on long-term value creation through operational efficiency, disciplined cost management, and capacity-led expansion. Its recently announced 22.8 MTPA capex plan highlights management's confidence in sustained cement demand, supported by India's infrastructure and housing push. The ongoing optimization of logistics and energy efficiency, visible through a reduced lead distance and higher green power mix, demonstrates UltraTech's commitment to cost competitiveness. The integration of acquired assets such as India Cements and Kesoram is progressing well, paving the way for improvement in profitability. At the same time, consistent investments in debottlenecking and brownfield projects ensure capacity growth remains aligned with India's infrastructure momentum. While near-term profitability was impacted by maintenance and one-off expenses, underlying fundamentals remain strong, with healthy demand in key markets. With a pan-India presence, disciplined capital deployment, and confident long-term demand outlook, UltraTech is well-positioned to capture incremental market share, deliver steady volume growth and margin improvement over the next few quarters, maintaining its leadership in the competitive Indian cement industry.

Key Highlights

Particulars (Rs. Crs.)	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)
Net Sales	19,607	16,294	20.3%	21,275	-7.8%
Gross Profit	15,716	13,374	17.5%	17,456	-10.0%
Gross Margin (%)	80.2%	82.1%	-192bps	82.0%	-189bps
EBITDA	3,094	2,027	52.6%	4,410	-29.8%
OPM (%)	15.8%	12.4%	334bps	20.7%	-495bps
Net Profit	1,238	708	74.9%	2,221	44.3%
PAT Margin (%)	6.3%	4.3%	197bps	10.4%	-412bps

Source: Company, BP Equities Research

Sector Outlook — **Positive**

Stock

CMP (Rs.)	12,365
BSE code	532538
NSE Symbol	ULTRACEMCO
Bloomberg	UTCEM IN
Reuters	ULTC.BO

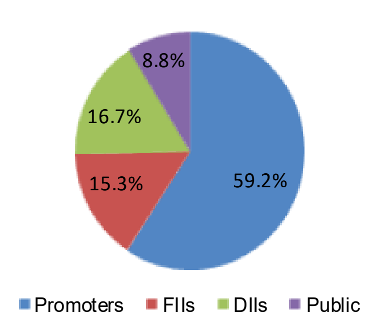
Key Data

Nifty	25,843
52 Week H/L (Rs.)	13,097 / 10,048
O/s Shares (Crs.)	29.5
Market Cap (Rs. Crs.)	3,64,371
Face Value (Rs.)	10

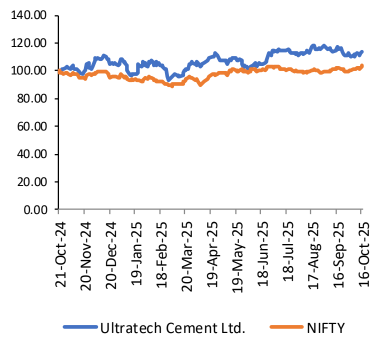
Average Volume

3 months	24,270
6 months	267,750
1 year	310,850

Share Holding (%)



Relative Price Chart



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Key Concall Highlights

Capacity Expansion:

- UltraTech plans to complete the current financial year with 200 million tonnes of cement capacity.
- Of the planned incremental capacity, 18 million tonnes is for Northern markets and 4.8 million tonnes for Western markets.
- The company aims to reach 148 million tonnes of clinker capacity with a clinker conversion factor close to 1.6 times after expansion.
- Beyond FY29, the company sees scope for an additional 20-25 million tonnes of capacity, including greenfield clinker units.
- The capacity expansion will be largely funded by internal accruals, keeping net debt/EBITDA below 0.7 times.
- India Cements' assets are being expanded from 14.45 million tonnes to an expected 17.55 million tonnes through brownfield projects.
- Kesoram assets are undergoing CapEx of around Rs. 500 crores for WHRS and other efficiency improvements, with brand transition expected to complete by June 2026.

“The company is focusing the next phase of growth on North and Western markets, adding 22.8 million tonnes of incremental capacity, mostly brownfield with some greenfield.”

CapEx Plans:

- The company expects ongoing CapEx spend around Rs. 10,000 crores annually for at least the next two years.
- Key projects include development around Vadhavan Port, Amravati, new Mumbai airport, and data centers, which are expected to boost cement demand.
- India Cements is executing CapEx for debottlenecking, renewable energy projects, and capacity expansions, expected to yield IRRs above 20%.
- The CapEx plan for upcoming expansions, with cost per tonne below Rs. 500 crores, includes about 15.68 million tonnes of clinker capacity additions mainly through debottlenecking.

Pricing and Volumes:

- The company sold over 31 million tonnes of cement in Q2 despite heavy rains, with brand UltraTech growing 13.2% annually.
- Rural markets grew around 13%, with industry growth expected around 10% in rural areas.
- GST 2.0 is expected to stimulate demand for premium cement due to reduced cost of purchase, promoting premiumization.

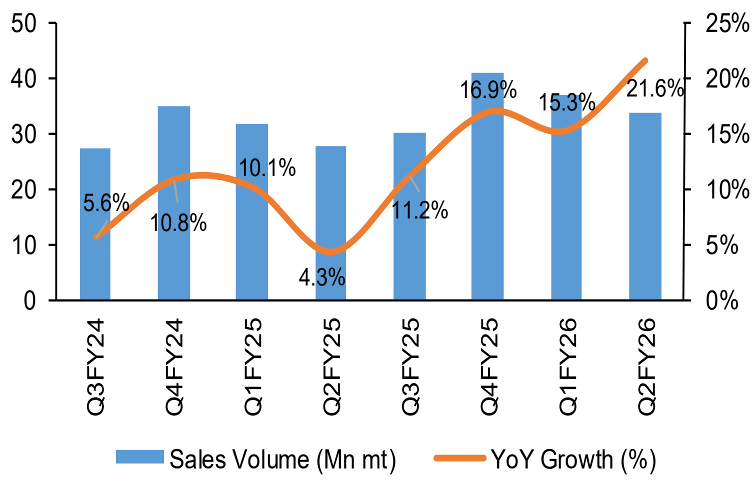
“The cable and wires business is on track to launch production in Q3FY26 with land and buildings secured and long lead machinery items in place.”

Other Key Concall Highlights:

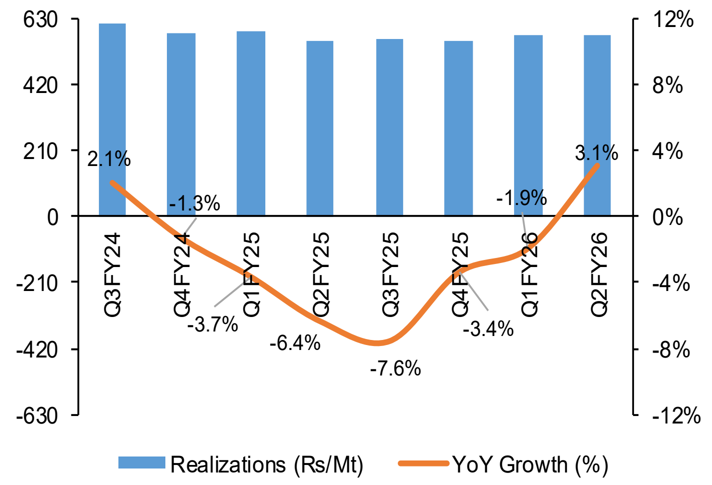
- UltraTech operates around 75 physical locations and over 400 RMC plants, with RMC contributing about 4% of cement volumes.
- The retail presence includes approximately 5,000 UBS stores, contributing 21% of total sales this quarter.
- The company exited coal assets in Indonesia, and the cash flows that will be realized from the sale of these assets will help with debt reduction for India Cements.

Quarterly Snapshot

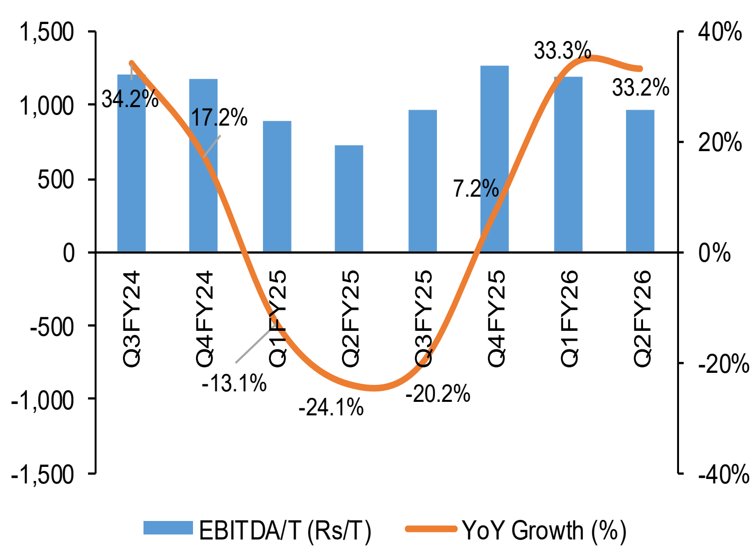
Sales Volume (Mn Mt)



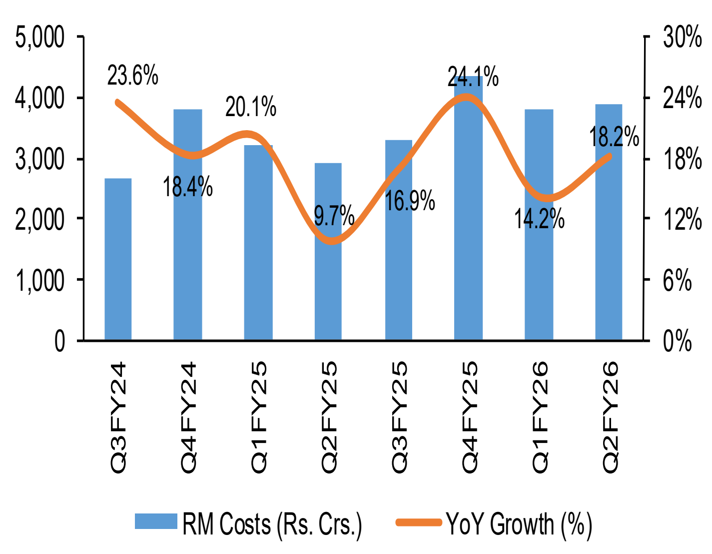
Realizations (Rs./Mt)



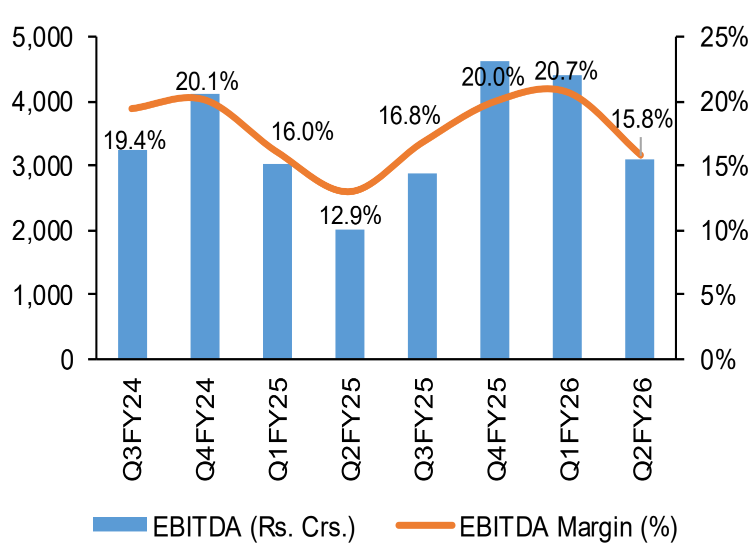
EBITDA/T (Rs./T)



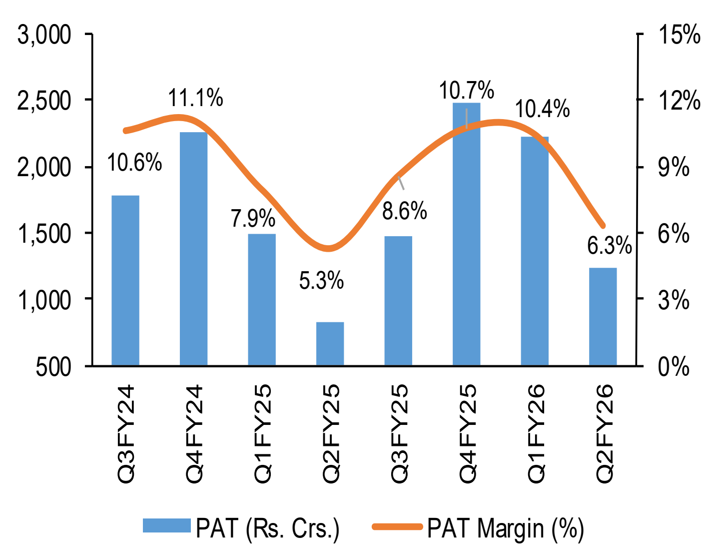
RM Costs



EBITDA & EBITDA Margin



PAT & PAT Margin



Key Financials						
YE March (Rs. Crs.)	**FY22**	**FY23**	**FY24**	**FY25**	**FY26E**	**FY27E**
Revenue	**52,599**	**63,240**	**70,908**	**75,955**	**85,883**	**96,887**
Revenue Growth (Y-o-Y)	*17.6%*	*20.2%*	*12.1%*	*7.1%*	*13.1%*	*12.8%*
EBITDA	**11,514**	**10,620**	**12,969**	**12,547**	**14,501**	**19,041**
EBIDTA Growth (Y-o-Y)	*(0.5%)*	*(7.8%)*	*22.1%*	*(3.3%)*	*15.6%*	*31.3%*
Net Profit	**7,334**	**5,073**	**7,004**	**6,040**	**8,098**	**10,345**
Net Profit Growth (Y-o-Y)	*34.3%*	*(30.8%)*	*38.1%*	*(13.8%)*	*34.1%*	*27.7%*
Diluted EPS	**254.5**	**175.5**	**242.9**	**205.1**	**274.5**	**350.7**
Diluted EPS Growth (Y-o-Y)	*34.4%*	*(31.0%)*	*38.4%*	*(15.5%)*	*33.8%*	*27.7%*
Key Ratios						
EBIDTA margin (%)	**21.9%**	**16.8%**	**18.3%**	**16.5%**	**16.9%**	**19.7%**
NPM (%)	13.9%	8.0%	9.9%	8.0%	9.4%	10.7%
RoE (%)	**14.5%**	**9.3%**	**11.6%**	**8.2%**	**9.9%**	**11.2%**
RoCE (%)	15.0%	12.3%	13.9%	8.8%	9.5%	12.2%
Valuation Ratios						
P/E (x)	**48.6x**	**70.4x**	**50.9x**	**60.3x**	**45.0x**	**35.3x**
EV/EBITDA (x)	32.5x	35.2x	28.9x	30.8x	26.7x	20.3x
Market Cap. / Sales (x)	**6.9x**	**5.8x**	**5.1x**	**4.8x**	**4.2x**	**3.8x**

Source: Company, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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