

UltraTech Cement (UTCEM) - REDUCE

Q4FY26 Result Update

Current Market Price (CMP) Rs.12,010	Fair Value (FV) Rs.8,350
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Rationale:

- Consolidated EBITDA topped estimates, led mainly by margins and, in part, by volumes.
- Cons. volume growth of 9% yoy was above the estimated 6-7% yoy industry growth.
- UTCEM is set to expand capacity by another ~3.5 cr tpa in the next 2-3 years, leading to robust accruals.
- Declared a special dividend of Rs240/share (85% payout), & we expect higher dividend payouts in the coming years.
- We largely retain our estimates as the industry balances higher costs with pan-India hikes and roll over to Jun'28E financials with a Fair Value of Rs8,350 (from Rs7,775).
- Maintain SELL on rich valuations.

👍 Positives:

- Consolidated EBITDA up 21% yoy and +43% qoq, was above our estimates.
- Consolidated volumes of 4.47 cr tons grew ~9% yoy (+15% qoq), higher than the estimated industry growth of 6-7% yoy.
- Blended realizations up 2.7% qoq (+2.6% yoy) on improvement in prices across regions.
- Cost/ton decreased 2% qoq (+0.5% yoy) despite certain one-offs due to higher packaging costs (~Rs90 cr).
- Margins improved by ~Rs245/ton qoq to Rs1,253/ton.

👎 Negatives:

- War-led disruptions have led to an increase in packaging cost of ~Rs6 per bag (Rs 9 to Rs ~15), with cr impact in March 2026.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization, EPS: Earnings Per Share, TPA: Tons Per Annum)



The content of this document has been derived from the KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
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- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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