Ultratech Cement Limited

June 23, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	2,000.00	CARE AAA; Stable	Assigned
Long-term / Short-term bank facilities	14,100.00	CARE AAA; Stable / CARE A1+	Reaffirmed
Fixed deposit	74.00	CARE AAA; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings on bank loan facilities and fixed deposit of UltraTech Cement Limited (UltraTech). Ratings continue to reflect its sustained market leadership position in India, supported by its large and well-diversified cement capacities across India. UltraTech has the largest installed cement capacity in India, 185.06 million tonne per annum (MTPA) as on May 22, 2025, and including overseas cement capacity, its overall grey cement capacity is 190.46 MTPA. Under the ongoing capacity expansion plan, the company's installed capacities are expected to rise to 215.9 MTPA by FY27-end, which is likely to further aid its market position in the medium term. Existing capacities reflect the cement capacities from The India Cements Limited (ICL, rated CARE AAA; Stable/CARE A1+) and KIL.

The company continues to undertake organic capacity expansion. It is expected to scale up its installed capacity to 210.5 MTPA in India and 215.9 MTPA globally by FY27-end. Apart from additional grey cement capacity, the company is expanding its green power generation capacity to ~60% of its expected power requirements by FY27-end. The company also has plans to increase its Waste Heat Recovery System (WHRS) capacity from 351 MW as on March 31, 2025, to 500 MW by FY27 end and renewable power from 1.02 GW as on March 31, 2025, to 2 GW by FY27 end. The company has announced its foray in cables and wire division with capital investment of ₹1800 in the next two fiscal years. Current expectation of execution of cable and wire project is December 2026 with revenue largely being generated from FY28 onwards.

Ratings also draw comfort from UltraTech's sound operating efficiencies supported by highly integrated operations with adequate limestone reserves in its captive mines, captive coal block, and strong distribution network consisting of 34,000+ dealers, 1,00,000+ retailers and 3950+ UltraTech Building Solutions (UBS) outlets. The company has highly integrated operations, with captive thermal power plants (TPP) of 1,333 MW, WHRS of 351 MW and renewable energy capacity (solar and wind energy) of 1.02 GW and captive limestone reserves. Presence of split grinding units (GUs) and bulk terminals have improved efficiencies to cater different markets in India.

Ratings also factor UltraTech's robust financial profile, which is characterised by its healthy capital structure and strong debt coverage indicators. Accretion to reserves over the years have kept the company's net worth strong. Recent spate of capex, inorganic acquisitions and incremental working capital requirements led to increase in debt recently. However, the company's financial risk profile remains robust with net debt (Including letter of credit acceptances [LC] acceptances and security deposits [SD]) to profit before interest, lease rentals, depreciation and taxation (PBILDT) was 1.89x by FY25 ending and gradually expected to strengthen hereafter with incremental operational efficiencies of acquired assets and limited incremental debt. The company's liquidity is also superior with significant generation of cashflow from operations, moderate working capital limit utilisation and healthy cash and cash equivalents plus liquid investments.

However, CareEdge Ratings notes despite these strengths, the company will remain exposed to cyclicality in the cement industry and volatility in input costs and realisations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: NA

Negative factors

- Significant debt-funded capital expenditure (capex) or acquisition plans which leads to deterioration in the net debt to PBILDT (inclusive of SD and LC) beyond 2x on a sustained basis.

Analytical approach:

CareEdge Ratings has considered a consolidated view of the parent (UltraTech) and its subsidiaries owing to significant business, operational and financial linkages between the parent and subsidiaries. Details of subsidiaries and associates consolidated as on March 31, 2025, are listed under Annexure - 6.

Outlook: Stable

The rating outlook "Stable" indicates the expected sustenance of its market leadership in the cement business and its strong credit metrics. The company is expected to continue growing its scale of operations supported by incremental cement capacities

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

at a healthy operating profitability margin. With no major incremental debt expected going forward, the company's credit metrics are expected to continue to remain strong.

Detailed description of key rating drivers:

Key strengths

Market leader in Indian cement market supported by continuous capacity additions

UltraTech is the largest selling cement brand in India supported by its 185.06 MTPA in India as on May 22, 2025. The company has 5.4 MTPA cement capacity overseas and is the third largest by cement capacity globally (excluding China). These capacities are a mix of organic and inorganic assets, with key acquired assets in the recent-past being ICL – 14.45 MTPA, KIL's cement division – 10.8 MTPA, Jaiprakash Associates Limited – 21.2 MTPA, cement business of Century Textiles and Industries Limited (Century) – 14.6 MTPA and Binani Cement Limited (subsequently known as UltraTech Nathdwara Cement Limited and now merged with UltraTech) - 6.25 MTPA.

The recent acquisition of ICL and KIL's cement division and its current capacity expansion plans positions UltraTech as the dominant player in the Indian cement market. Post the current expansion plan, the company's capacity in India shall increase to 210.5 MTPA and 215.9 MTPA overall by FY27 end.

The company is also leading white cement + putty player in India with capacity of 2.6 MTPA, with two manufacturing unit of white cement and three manufacturing units of wall care production facilities.

The company's net sales have grown at compound annual growth rate (CAGR) of 14% in the last five fiscal years through FY25 to ₹74,936 crore. The company's cement sales volume increased by 14% in FY25 year-over-year (y-o-y) to 135.83 million tonnes (MT) while the blended realisation moderated by 5.96% in FY25 y-o-y, leading to net sales growth of 14% in FY24. Volume growth was supported by incremental sales volumes from ICL (2.82 MT in FY25) and KIL's cement capacities (6.86 MT in FY25). The company's overall volume growth is expected to be high.

Regionally diversified revenue streams supported by pan-India installed capacities

Being a commoditised product, cement is significantly cost sensitive and freight/transportation cost is among major costs. Plant location usually dictates the company's major target geographies. UltraTech has 35 integrated units (34 in India and one overseas), 34 grinding units (30 in India and four overseas), ten bulk packaging terminals – sea + rail (seven in India and one overseas), two white cement units and three putty units and five jetties across India, the UAE, Bahrain, and Sri Lanka. The company has presence in all regions, with highest in South (50.5 MTPA) post consolidating cement assets from ICL and KIL, North (35.2 MTPA), West (33.4 MTPA), East (33.3 MTPA) and Central India (31.1 MTPA) as on March 31, 2025. The company is undertaking capacity additions to maintain its market position in each geography under its ongoing capacity expansion plan. Major capacities are coming up in East (9.1 MTPA) and South India (8.7 MTPA) followed by northern (5.7 MTPA), central (1.8 MTPA) and western India (1.8 MTPA).

Sound operating efficiencies supported by integrated operations

The company's large scale of operations is supported by its internal operating efficiencies, allowing it to control costs and have a wide market reach. The company has established captive TPP of 1333 MW, WHRS of 351 MW and renewable energy (solar and wind energy) of 1.02 GW as on March 31, 2025. This makes the company self-sufficient for a significant portion of its power requirements being cost effective. The company has also benefitted from increasing its low-cost green power mix to 33% in FY25, rising from 10% in FY20. It is targeting to increase green power mix to 85% by 2030 with interim target being 60% by FY27-end. The company also has captive limestone reserves to fully meet its requirements for the long term. The company also has split grinding units (GUs) for accessing wider market. This has helped the company maintain healthy operating margins in the range of 21%-26% in three fiscal years through FY22, though moderation was observed in FY23 to 15.97% considering significant cost inflation particularly in power and fuels costs. However, in FY24 and FY25, prices of pet coke and coal moderated leading to power and fuel cost reducing from ₹1749 per tonne in FY23 to ₹1536 per tonne in FY24 and ₹1356 per tonne in FY25. This led to improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) per tonne from ₹947 in FY23 to ₹1015 in FY24. However, operating profitability saw pressure in FY25 with PBILDT per tonne decreasing to 924 per tonne considering dip in realisations by ~6% y-o-y.
Pet coke and coal prices continue to remain volatile and significant adverse events may lead to sharp spike in input costs. The company is targeting cost savings of ₹300 per tonne in the next three fiscal years through FY27 by focussing on internal operating efficiency. Increasing green power mix to 60% by FY27 end, higher usage of alternative fuels in the fuel mix for kiln which is 15% in FY27 from 6.1% in FY25, increasing clinker conversion ratio, and lower lead distance to market, among others are some focus areas to achieve targeted cost reduction.
With higher push towards green power mix and further softening of fuel costs, the company is expected to improve its PBILDT per tonne in the range of ₹1150-1250 per tonne over the medium term.

Robust capital structure and strong debt coverage indicators

The company's net worth stood at ₹56,180 crore as on March 31, 2025, against ₹48,448 crore as on March 31, 2024. Continuous robust accretion in reserves considering substantial scale of operations and above-average operating margins, led to robust net worth. The company's capital structure is robust as observed from overall gearing of 0.50x (0.32x) as on March 31, 2025 (2024).

The company has been undertaking significant capacity expansion in the last few years. It had completed its phase-I capacity expansion of 19.9 MTPA by July 2023-end. In FY23, the company announced its phase-2 cumulative capacity expansion of 22.6 MTPA by the mid of FY26. Currently, phase-2 capacity expansion is estimated at ₹12,886 crore. In Q3FY24, the company announced, its phase-III capacity expansion of 21.9 MTPA. Amidst the ongoing capex plans, the company has acquired majority stake in ICL which led to significant cash outflow while acquisitions of Kesoram's cement assets led to incremental gross debt of ~₹2101 crore. The capacity expansion, organic and inorganic and incremental working capital requirements due to rising scale has led to rise in the company's net debt. Over the medium term, the company is expected to add further 25.55 MTPA and capex on different operational efficiency and cost savings projects which is expected to lead to capital outlay of ₹10,000 crore annually over the medium term. The company has also announced its plan to foray in cable and wire business. The capital outlay for this is pegged at ₹1800 crore. However, with expectation of significant cashflow generation, no major incremental debt is expected.
Despite rise in debt in FY25, debt coverage metrics continue to remain strong. The interest coverage ratio was 7.61x (12.66x) in FY25 (FY24) and net debt to PBILDT was 1.89x (0.65x) in FY25 (FY24). These metrics are expected to remain strong in the medium term.

Key weaknesses

Cyclicality of the cement industry

The cement industry is highly cyclical and depends largely on the country's economic growth. There is a high degree of correlation between the GDP growth and growth in cement consumption. Being a cyclical industry, cement goes through phases of ups and downs, and accordingly impacts unit realisations.

Exposure to volatile input costs and price realisations

The company is exposed to commodity price risk, arising from raw material price fluctuation (gypsum, fly ash and slag) and fuel (coal and pet coke). Coal (indigenous and international) is used for power generation to run its plants and fuel for kilns. In the recent past, the cement industry witnessed significant spike in power and fuel costs; post pent-up demand for fuel after multiple COVID-19 waves. Russia-Ukraine war exacerbated fuel cost in FY22 and FY23. Spike in fuel costs impacted profitability margins in FY22 and FY23, while subdued realisations have been constraining factor in profitability margins in FY25. The company's profitability will remain exposed to significant input cost volatility and cement price realisation, which depends on each region's demand and supply dynamics (volume growth and installed capacity) to cater the demand in a particular region.

Liquidity: Superior

UltraTech's strong liquidity is supported by healthy cash and cash equivalents, significant generation of gross cash accruals (GCA) and moderate bank limit utilisation. The company generated GCA of ₹10715 crore in FY25. The company's repayment obligations (excluding lease liabilities) in FY26 are ~₹2400 crore and ~₹2150 crore in FY27, which can be serviced by its internal accruals. The company had current investments of ₹2859 and cash and cash equivalent to ₹1673 crore as on March 31, 2025. The company has significant cushion in its working capital limits for incremental working capital requirements and has the capability to raise funds from markets at competitive rates. Average fund-based bank limit utilisation was at 69% for the last 12 months through March 2025. UltraTech has robust capital structure, which provides headroom for incremental debt, if required.

Environment, social, and governance (ESG) risks

The cement sector has a significant impact on the environment owing to higher emissions, waste generation and water consumption. This is because of energy intensive cement manufacturing process and its high dependence on natural resources, such as limestone and coal, among others as key raw materials. The sector has social impact due to its operations affecting local community and health hazards involved.
UltraTech has been focusing on energy management, emission reduction, raw material procurement and waste management to reduce its ecological footprint.

Environment:

- Target of reduction in CO_2 emission to 462 kg CO_2/tonne of cement by FY32. It was 545 CO_2/tonne of cement in FY25.
- Short-term target of 60% electricity by renewable energy and WHRS by FY27, of which 32.7% electricity was met through green energy in FY27. The company is targeting to increase green power mix to 85% by 2030 and 100% of its electricity requirement through renewables sources by 2050, as part of its RE100 commitment.
- In FY25, Ultratech utilised 39.3 million tonnes' recycled and alternative raw materials in cement production. The company also used multiple industrial, biomass-based and municipal solid waste as alternative fuels in its kilns and captive thermal power plants. Ultratech has achieved a thermal substitution rate (TSR) of 5.1% in its kilns and targets to increase it to 15%b in FY27.
- UltraTech has achieved its target of being 5.3x water positive in FY25.

Social:

- The company's lost time injury frequency rate (LTIFR) target is less than 0.25x in FY24. It was within target rate in FY23 with 0.10x LTIFR.
- Over five lakh people benefitted from UltraTech's healthcare initiative. The mobile health camps reached out to 154,312 patients, 60% of which are women.

Governance:

- The boards of directors constitute 50% independent directors, of which, two are women. Women constitue 30% board of directors. The chairman and managing director are separate.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Cement

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Construction materials	Cement and cement products	Cement and cement products

UltraTech is an Aditya Birla group entity and was incorporated in August 2000. However, it commenced its cement manufacturing operations since 2004 post acquisition of the L&T Cement Limited (a 100% subsidiary of Larsen & Toubro Limited) by Grasim Industries Limited (GIL, rated CARE AAA; Stable/CARE A1+), the flagship company of the Aditya Birla group. UltraTech is the market leader in Indian cement industry with 185.06 MPTA grey cement capacity as on March 31, 2025, with pan-India presence. UltraTech has UltraTech has 35 integrated units (34 in India and one overseas), 34 grinding units (30 in India and four overseas), ten bulk packaging terminals – Sea + Rail (seven in India and one overseas), two white cement units and three putty units and five jetties across India, the UAE, Bahrain, and Sri Lanka.

Brief Financials (₹ crore) Consolidated	March 31, 2024 (A)	March 31, 2025 (A)#
Total operating income	**70028**	**75955**
PBILDT	12074	12557
PAT	7004	6040
Overall gearing (times)	0.32	0.50
Interest coverage (times)	12.66	7.61

A: Audited UA: Unaudited; Note: these are latest available financial results
Abridged financials. Hence, detailed items of other operating income and non-operating income are not available.
*Please note Overall gearing and Net Debt/PBILDT ratios factor in security deposits and Letter of Credit Acceptances

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fixed Deposit		-	-	-	74.00	CARE AAA; Stable
Fund-based-LT/ST		-	-	-	4610.00	CARE AAA; Stable / CARE A1+
Fund-based/Non-fund-based-LT/ST		-	-	-	9490.00	CARE AAA; Stable / CARE A1+
Term Loan-Long Term		-	-	26-11-2027	2000.00	CARE AAA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based-LT/ST	LT/ST	4610.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (09-Apr-25)	1)CARE AAA; Stable / CARE A1+ (07-Mar-25) 2)CARE AAA; Stable / CARE A1+ (25-Jun-24)	1)CARE AAA; Stable / CARE A1+ (19-Dec-23) 2)CARE AAA; Stable / CARE A1+ (21-Aug-23)	1)CARE AAA; Stable / CARE A1+ (10-Mar-23)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	9490.00	CARE AAA; Stable / CARE A1+	1)CARE AAA; Stable / CARE A1+ (09-Apr-25)	1)CARE AAA; Stable / CARE A1+ (07-Mar-25) 2)CARE AAA; Stable / CARE A1+ (25-Jun-24)	1)CARE AAA; Stable / CARE A1+ (19-Dec-23) 2)CARE AAA; Stable / CARE A1+ (21-Aug-23)	1)CARE AAA; Stable / CARE A1+ (10-Mar-23)
3	Fixed Deposit	LT	74.00	CARE AAA; Stable	1)CARE AAA; Stable (09-Apr-25)	1)CARE AAA; Stable (07-Mar-25)	-	-
4	Term Loan-Long Term	LT	2000.00	CARE AAA; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fixed Deposit	Simple
2	Fund-based-LT/ST	Simple
3	Fund-based/Non-fund-based-LT/ST	Simple
4	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
	Subsidiary		
1.	Harish Cement Limited	Full	Wholly owned subsidiary
2.	Bhagwati Limestone Company Private Limited (BLCPL)	Full	Wholly owned subsidiary
3.	Gotan Limestone Khanij Udyog Private Limited	Full	Wholly owned subsidiary
4.	UltraTech Cement Middle East Investments Limited (UCMEIL)	Full	Wholly owned subsidiary
5.	Star Cement Co. LLC, Dubai	Full	Subsidiary of UCMEIL
6.	Star Cement Co. LLC, Ras-Al-Khaimah	Full	Subsidiary of UCMEIL
7.	Al Nakhla Crusher LLC, Fujairah	Full	Subsidiary of UCMEIL
8.	Arabian Cement Industry LLC, Abu Dhabi	Full	Subsidiary of UCMEIL
9.	UltraTech Cement Bahrain Company WLL, Bahrain	Full	Subsidiary of UCMEIL
10.	Star Super Cement Industries LLC (SSCILLC)	Full	Subsidiary of UCMEIL
11.	Binani Cement Tanzania Limited	Full	Subsidiary of SSCILLC
12.	BC Tradelink Limited., Tanzania	Full	Subsidiary of SSCILLC
13.	Binani Cement (Uganda) Limited	Full	Subsidiary of SSCILLC
14.	Duqm Cement project International, LLC, Oman	Full	Subsidiary of UCMEIL
15.	Ras Al Khaimah Co. For White Cement and Construction Materials PSC, UAE (RAKUAE)	Moderate	Associate of UCMEIL
16.	Modern Block Factory Establishment	Moderate	Wholly owned Subsidiary of RAKUAE
17.	Ras Al Khaimah Lime Co. Noora LLC	Moderate	Wholly owned Subsidiary of RAKUAE
18.	Letein Valley Cement Limited	Full	Wholly owned subsidiary
19.	UltraTech Cement Lanka Private Limited (UCLPL)	Full	Subsidiary
20.	Bhumi Resources PTE Limited (BHUMI)	Full	Wholly owned subsidiary
21.	PT Anggana Energy Resources, Indonesia	Full	Wholly owned Subsidiary of BHUMI
22.	The India Cements Limited (on December 24, 2024)	Full	Subsidiary of ICL
23.	PT. Coromandel Minerals Resources, Indonesia	Full	Subsidiary of ICL
24.	Coromandel Minerals PTE Limited, Singapore	Full	Subsidiary of ICL
25.	India Cements Infrastructures Limited	Full	Subsidiary of ICL
26.	ICL Financial Services Limited	Full	Subsidiary of ICL
27.	ICL International Limited	Full	Subsidiary of ICL
28.	ICL Securities Limited	Full	Subsidiary of ICL
29.	PT Adcoal Energindo, Indonesia	Full	Subsidiary of ICL
30.	Raasi Minerals Pte. Ltd, Singapore	Full	Subsidiary of ICL
31.	Industrial Chemicals and Monomers Limited	Full	Subsidiary of ICL
32.	PT Mitra Setia Tanah Bumbu, Indonesia	Moderate	Associate of ICL

33.	**Joint Operations**		
34.	Bhaskarpara Coal Company Limited	Moderate	Joint Operations
35.	**Associate**		
36.	Madanpur (North) Coal Company Private Limited	Moderate	Associate
37.	Aditya Birla Renewable SPV 1 Limited	Moderate	Associate
38.	Aditya Birla Renewable Energy Limited	Moderate	Associate
39.	ABReL (Odisha) SPV Limited	Moderate	Associate
40.	ABReL (MP) Renewables Limited	Moderate	Associate
41.	ABReL Green Energy Limited	Moderate	Associate
42.	ABReL (RJ) Projects Limited	Moderate	Associate

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Sabyasachi Majumdar Senior Director **CARE Ratings Limited** Phone: +91-120-445-2006 E-mail: Sabyasachi.majumdar@careedge.in Ravleen Sethi Director **CARE Ratings Limited** Phone: 91-120-4452016 E-mail: ravleen.sethi@careedge.in Sahil Goyal Assistant Director **CARE Ratings Limited** Phone: E-mail: Sahil.goyal@careedge.in

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