

AMBUJA CEMENTS

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	593
12 month price target (INR)	745
52 Week High/Low	687/453
Market cap (INR bn/USD bn)	1,460/16.7
Free float (%)	30.0
Avg. daily value traded (INR mn)	1,506.1

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	67.57%	67.57%	67.57%
FII	7.43%	8.60%	9.14%
DII	18.49%	17.09%	16.41%
Pledge	0%	0%	0%

FINANCIALS

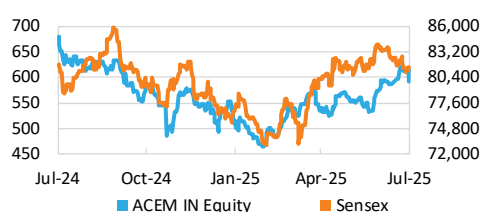
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	3,42,184	4,36,963	4,90,043	5,29,217
EBITDA	51,443	82,984	97,580	1,11,020
Adjusted profit	51,656	47,419	46,275	49,830
Diluted EPS (INR)	21.0	19.3	18.8	20.2
EPS growth (%)	1.4	(8.2)	(2.4)	7.7
RoAE (%)	12.5	8.6	7.8	7.9
P/E (x)	28.3	30.8	31.5	29.3
EV/EBITDA (x)	27.0	17.3	14.8	13.1
Dividend yield (%)	0.3	0.3	0.3	0.3

CHANGE IN ESTIMATES

Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	4,36,963	4,90,043	-4%	-2%
EBITDA	82,984	97,580	5%	2%
Adjusted profit	47,419	46,275	-3%	-5%
Diluted EPS (INR)	19	19	-3%	-5%

PRICE PERFORMANCE



Yet another strong quarter

Ambuja Cement (ACEM) delivered ~20% YoY consolidated volume growth in Q1FY26 (13% YoY excluding acquisitions) while realisation improved 2% QoQ, taking EBITDA/t to INR1,066 (up 27% YoY/4% QoQ). Its total cement capacity stands at ~105MnT; management reiterated their goal of 118/140mtpa in capacity by end-FY26E/FY28E. ACEM expects 7–8% industry volume growth in FY26E. It has achieved cost savings to the tune of INR175–200/t against a target of INR530/t by FY28E. Capex for FY26E is likely to be ~INR100bn.

We are calibrating estimates considering better volumes and pricing in the industry. Retain 'BUY' with a revised TP of INR745 (earlier INR694) based on 20x Q1FY28E EV/EBITDA.

Outperforms industry on volumes; realisation improves sequentially

ACEM's Q1FY26 EBITDA at ~INR19.61bn (highest quarterly ever) beat consensus estimate by ~3%. Highlights: i) Volumes shot up ~20% YoY (up ~1% QoQ) to 18.4MT—highest quarterly volumes ever; adjusted for acquisitions, volume growth was ~13% YoY. Realisation improved ~2% YoY/QoQ due to price hikes taken primarily in southern and eastern regions EBITDA/t came in at INR1,066 (up ~27% YoY/~4% YoY/QoQ). As per management, INR175–200/t cost savings have already been achieved against targeted cost savings of INR530/t by FY28E through efficiency measures. They expect industry volumes to grow 7–8% in FY26E (earlier estimate of 6–7%), and reckon 75–78% capacity utilisation for the company in FY26E.

Capex programme on track

Consolidated cement capacity of the group stands at ~105mtpa with a goal to reach 118/140mtpa by FY26E/FY28E (refer to exhibit 9). Beyond FY26E, the company will focus on achieving a better regional mix of capacities (refer to exhibit 10) with emphasis on the north and central regions. ACEM commissioned 57MW wind power in Q1FY26, taking its renewable capacity to 473MW. Green power share is expected to reach 60% by FY28E from existing ~28%, which will help in reducing power cost from INR5.9/kWh to INR4.5/kWh. Capex guidance for FY26E stands at ~INR100bn (including acquisition-related payments). As per management, ACEM's consolidated market share has increased by 200bp to 15.5%.

Healthy balance sheet to fund capex programme

ACEM (consolidated) remains debt free with cash/cash equivalents of ~INR30bn and a net worth of INR~664bn. The capex program to reach the target of 140MT by FY28E will be funded via internal accruals.

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	1,02,891	83,921	22.6	99,806	3.1
EBITDA	19,611	12,798	53.2	18,676	5.0
Adjusted Profit	9,697	7,832	23.8	12,822	(24.4)
Diluted EPS (INR)	3.9	3.6	10.5	5.2	(24.4)

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	3,42,184	4,36,963	4,90,043	5,29,217
Gross profit	1,93,431	2,59,542	2,91,729	3,15,982
Employee costs	14,034	16,199	17,332	18,546
Other expenses	1,27,954	1,60,359	1,76,816	1,86,416
EBITDA	51,443	82,984	97,580	1,11,020
Depreciation	24,783	33,297	41,889	48,376
Less: Interest expense	2,159	2,371	2,395	2,419
Add: Other income	34,806	16,053	8,544	6,366
Profit before tax	59,224	63,369	61,840	66,591
Prov for tax	7,640	15,950	15,565	16,761
Less: Other adjustment	0	0	0	0
Reported profit	51,584	47,419	46,275	49,830
Less: Excp.item (net)	72	0	0	0
Adjusted profit	51,656	47,419	46,275	49,830
Diluted shares o/s	2,463	2,463	2,463	2,463
Adjusted diluted EPS	21	19	19	20
DPS (INR)	2.0	2.0	2.0	2.0
Tax rate (%)	12.9	25.2	25.2	25.2

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
EBITDA/tonne	789.0	1,060.7	1,125.8	1,199.7
Net Debt/EBITDA	(1.4)	(0.3)	(0.2)	(0.1)
Op. exp. as a % of Rev.	85.0	81.0	80.1	79.0
EBITDA margin (%)	15.0	19.0	19.9	21.0
Net profit margin (%)	15.1	10.9	9.4	9.4
Rev. Growth (% YoY)	3.2	27.7	12.1	8.0
EBITDA growth (% YoY)	(19.6)	61.3	17.6	13.8
Adj. profit growth (%)	13.6	(8.2)	(2.4)	7.7

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	7.2	7.0	6.8	6.8
10 year yield (%)	6.0	5.3	5.3	5.3
USD/INR (average)	84.4	86.5	85.0	85.0
Volumes (MT)	65.2	78.2	86.7	92.5
Realisation/t	5,248.2	5,585.5	5,653.7	5,718.7
P&F cost/t	1,280.3	1,299.4	1,261.0	1,288.0
Freight/t	1,273.2	1,291.4	1,299.8	1,286.5
RM cost/t	1,001.1	968.5	1,027.0	1,016.2
Other exp./t	689.3	758.4	740.1	727.9

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	28.3	30.8	31.5	29.3
Price/BV (x)	2.3	2.1	2.0	1.9
EV/EBITDA (x)	27.0	17.3	14.8	13.1
Dividend yield (%)	0.3	0.3	0.3	0.3

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	4,926	4,926	4,926	4,926
Reserves	6,33,188	6,75,681	7,17,030	7,61,933
Shareholders funds	6,38,114	6,80,607	7,21,956	7,66,860
Minority interest	0	0	0	0
Borrowings	8,812	8,900	8,989	9,079
Trade payables	1,10,692	1,19,804	1,36,507	1,45,939
Other liab & prov	27,761	27,761	27,761	27,761
Total liabilities	8,09,454	8,61,387	9,19,772	9,74,443
Net block	2,46,563	3,31,942	3,63,566	4,33,566
Intangible assets	1,79,215	1,79,215	1,79,215	1,79,215
Capital WIP	98,204	1,04,528	1,14,528	1,24,528
Total fixed assets	5,23,982	6,15,685	6,57,309	7,37,309
Non current inv	56,292	52,292	57,292	49,292
Cash/cash equivalent	79,943	29,679	26,309	19,160
Sundry debtors	15,903	17,168	19,920	21,309
Loans & advances	19,009	23,009	28,009	22,009
Other assets	39,886	43,886	48,886	43,886
Total assets	8,09,454	8,61,387	9,19,772	9,74,443

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	59,224	63,369	61,840	66,591
Add: Depreciation	24,783	33,297	41,889	48,376
Interest (net of tax)	(32,647)	(13,682)	(6,149)	(3,947)
Others	5,025	(2,268)	(9,416)	(12,814)
Less: Changes in WC	(34,012)	2,858	6,156	17,857
Operating cash flow	22,374	83,574	94,320	1,16,063
Less: Capex	(85,915)	(1,25,000)	(83,513)	(1,28,376)
Free cash flow	(63,541)	(41,426)	10,807	(12,313)

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	12.5	8.6	7.8	7.9
RoCE (%)	11.5	9.8	9.0	9.2
Inventory days	96	91	86	86
Receivable days	15	14	14	14
Payable days	252	237	236	242
Working cap (% sales)	(6.2)	(4.1)	(4.0)	(6.3)
Gross debt/equity (x)	1.4	1.3	1.2	1.2
Net debt/equity (x)	(1.1)	(0.3)	(0.2)	(0.1)
Interest coverage (x)	12.3	21.0	23.3	25.9

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	1.4	(8.2)	(2.4)	7.7
RoE (%)	12.5	8.6	7.8	7.9
EBITDA growth (%)	(19.6)	61.3	17.6	13.8
Payout ratio (%)	9.5	10.4	10.6	9.9

Exhibit 1: Quarterly financial snapshot (INR mn)

Year to March (INR mn)	Q1FY26	Q1FY25	% change	Q4FY25	% change	FY26E	FY27E
Total Volumes (Mn tonnes)	18.4	15.3	20.3	18.2	1.1	78.2	86.7
Blended Realisation/tonne (INR)	5,592	5,485	1.9	5,484	2.0	5,585	5,654
Total Income	1,02,891	83,921	22.6	99,806	3.1	4,36,963	4,90,043
Raw material Consumed	15,245	14,727	3.5	18,268	(16.6)	75,765	89,014
Employee Expenses	4,177	3,170	31.8	3,555	17.5	16,199	17,332
Power, Oil & Fuel	25,131	21,715	15.7	22,988	9.3	1,01,655	1,09,300
Selling & Administrative Expense	24,225	20,961	15.6	23,361	3.7	1,01,027	1,12,664
Other Expenses	14,502	10,549	37.5	12,958	11.9	59,332	64,153
Total expenditure	83,280	71,123	17.1	81,130	2.6	3,53,979	3,92,462
EBITDA	19,611	12,798	53.2	18,676	5.0	82,984	97,580
Interest	671	678	(1.0)	143	NA	2,371	2,395
Depreciation	8,616	4,761	81.0	7,864	9.6	33,297	41,889
Other income	2,561	3,547	(27.8)	5,733	(55.3)	16,053	8,544
Profit Before Tax	12,885	10,907	18.1	16,402	(21.4)	63,369	61,840
Less: Provision for Tax	3,630	3,109	17	4,973	(27.0)	15,950	15,565
Reported Profit	9,697	7,832	23.8	12,822	(24.4)	47,419	46,275
Extra ordinary Items	400	-	NA	1,347	(70.3)	-	-
Adjusted Profit	9,297	7,832	18.7	11,475	(19.0)	47,419	46,347
Equity Capital (FV INR 2)	4,926	4,395		4,926		4,926	4,926
No. of shares (mn)	2,463	2,198		2,463		2,463	2,463
Diluted EPS (INR)	3.77	3.56	5.9	4.66	(19.0)	19.3	18.8
as % of net revenues							
Raw material	14.8	17.5		18.3		17.3	18.2
Staff expenses	4.1	3.8		3.6		3.7	3.5
Power & fuel	24.4	25.9		23.0		23.3	22.3
Selling & Administrative Expense	23.5	25.0		23.4		23.1	23.0
Other expenses	14.1	12.6		13.0		13.6	13.1
EBITDA	19.1	15.3		18.7		19.0	19.9
Net profit	9.4	9.3		12.8		10.9	9.5

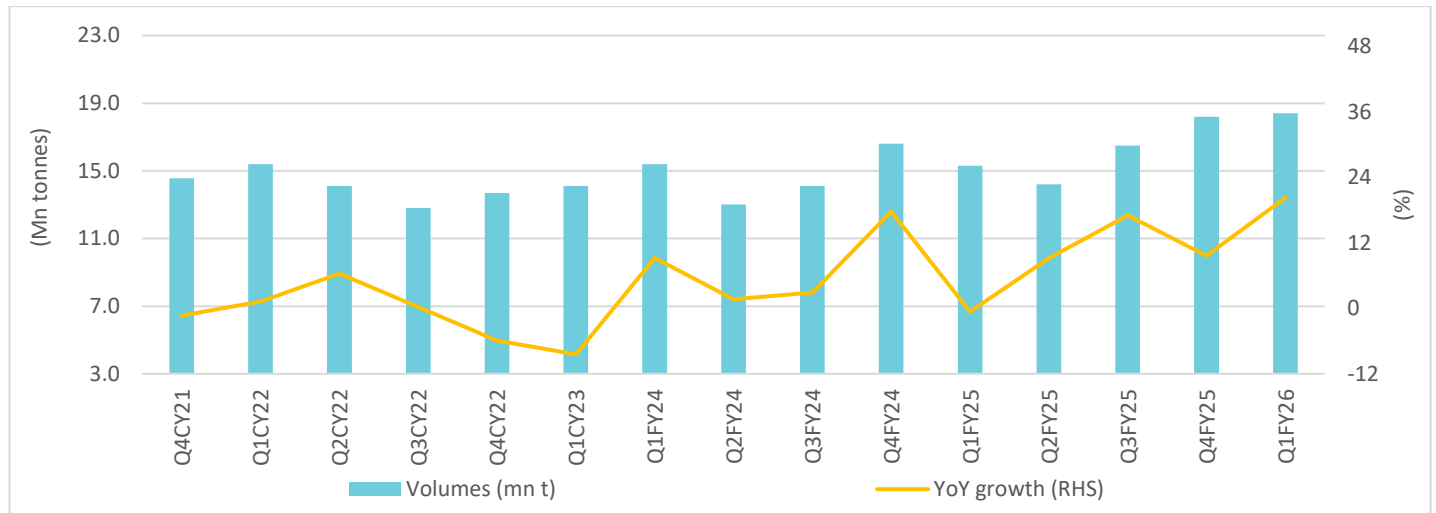
Source: Company, Nuvama Research

Exhibit 2: Per tonne analysis

(INR/tonne)	Q1FY26	Q1FY25	% change	Q4FY25	% change
Realisation	5,592	5,485	1.9	5,484	2.0
Raw material	829	963	(13.9)	1,004	(17.5)
Power	1,366	1,419	(3.8)	1,263	8.1
Freight	1,317	1,370	(3.9)	1,284	2.6
Staff	227	207	9.6	195	16.2
Others	788	689	14.3	712	10.7
Cost	4,526	4,649	(2.6)	4,458	1.5
EBITDA	1,066	836	27.4	1,026	3.9

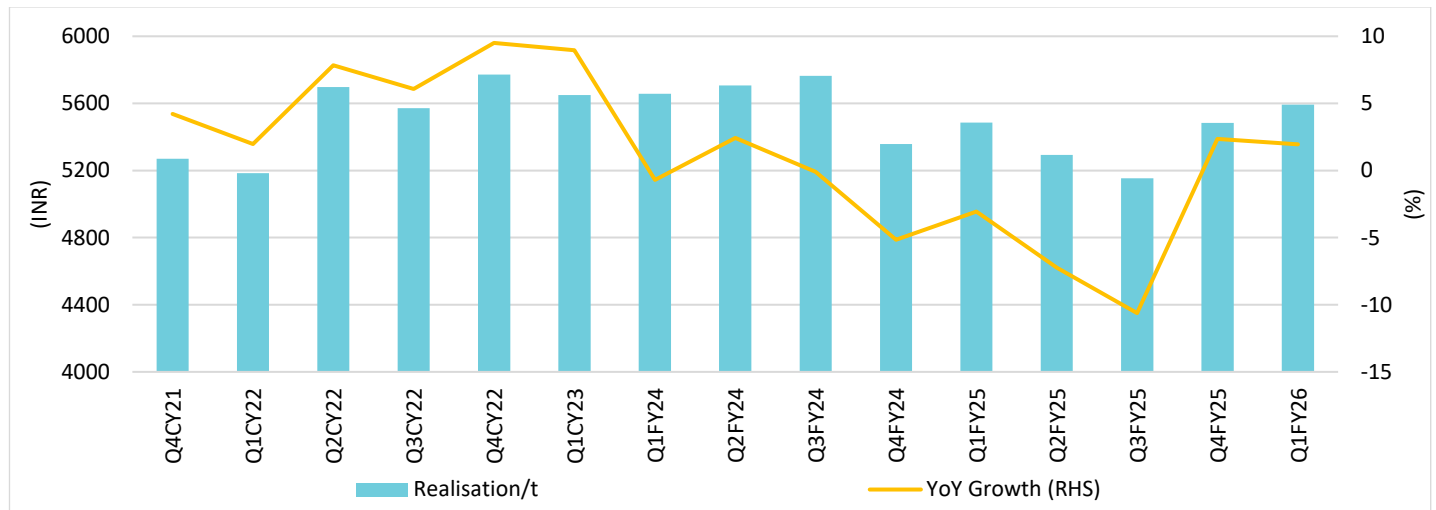
Source: Company, Nuvama Research

Exhibit 3: Volumes surge ~20% YoY aided by acquisitions



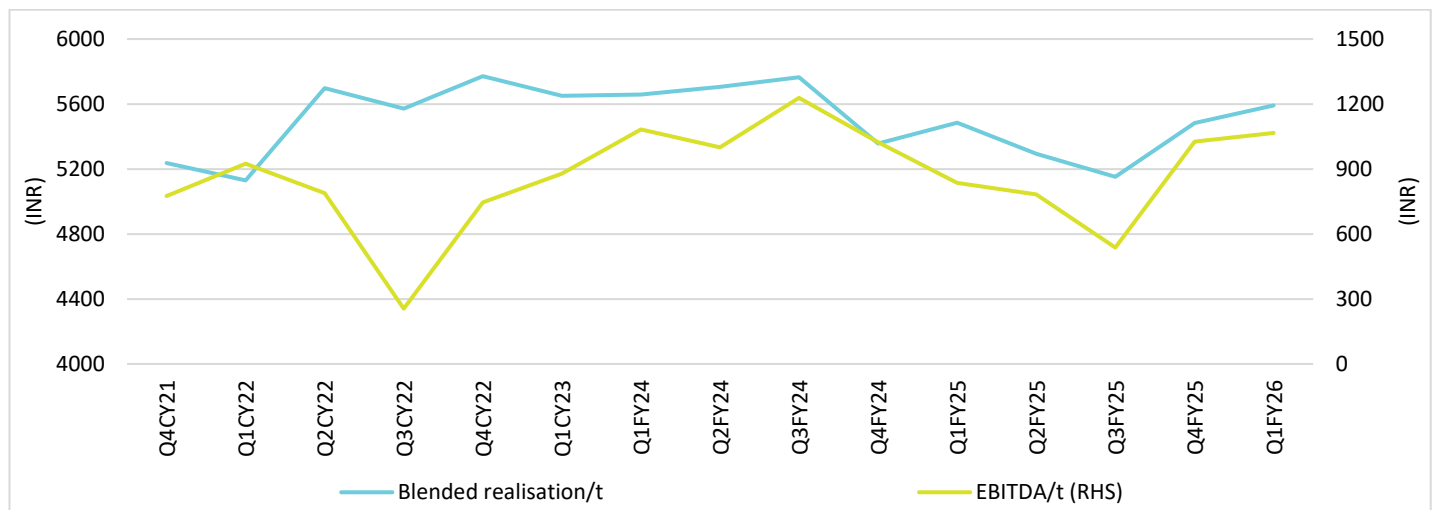
Source: Company, Nuvama Research

Exhibit 4: Realisation up ~2% YoY



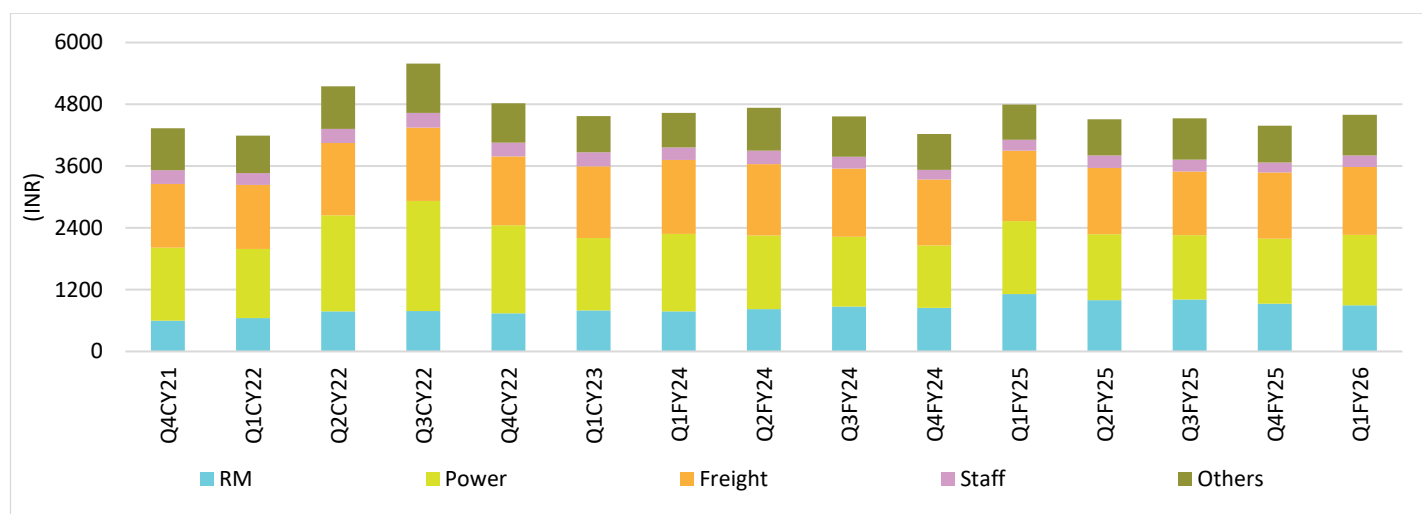
Source: Company, Nuvama Research

Exhibit 5: Blended realisation versus EBITDA/t



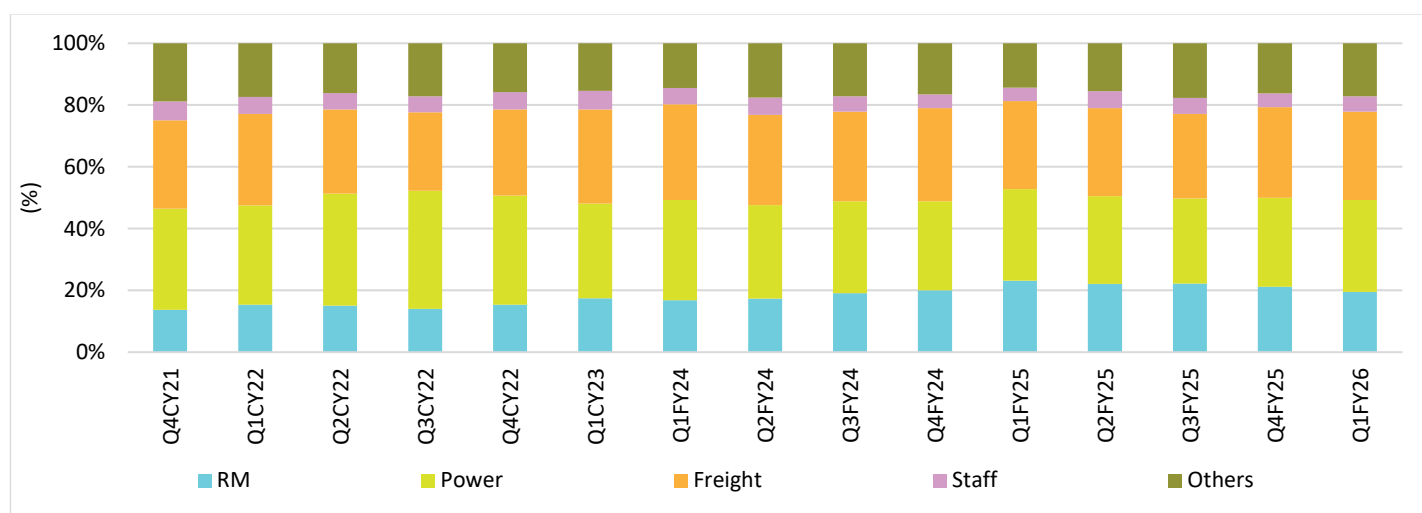
Source: Company, Nuvama Research

Exhibit 6: Opex cost split (absolute terms)



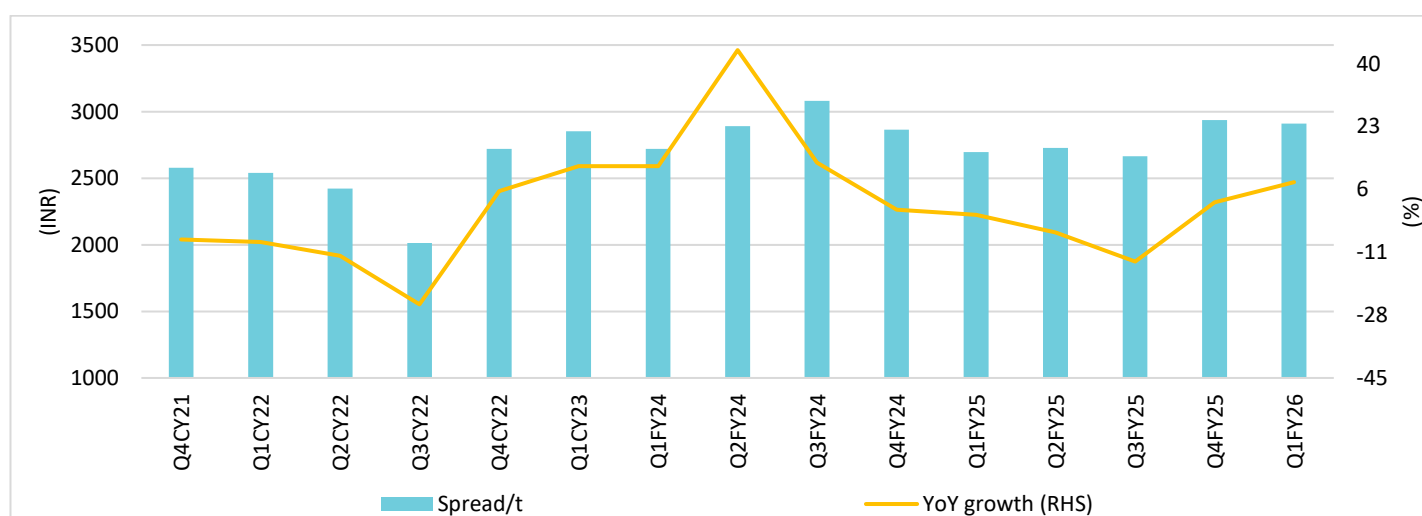
Source: Company, Nuvama Research

Exhibit 7: Opex cost split (% terms)



Source: Company, Nuvama Research

Exhibit 8: Spread/t rises ~8% YoY

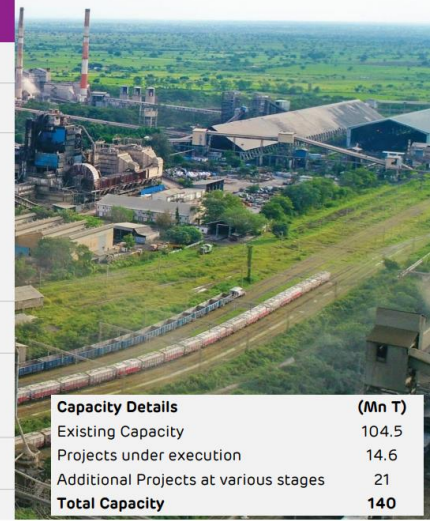


Source: Company, Nuvama Research

Exhibit 9: Progress on organic capacity expansion plans

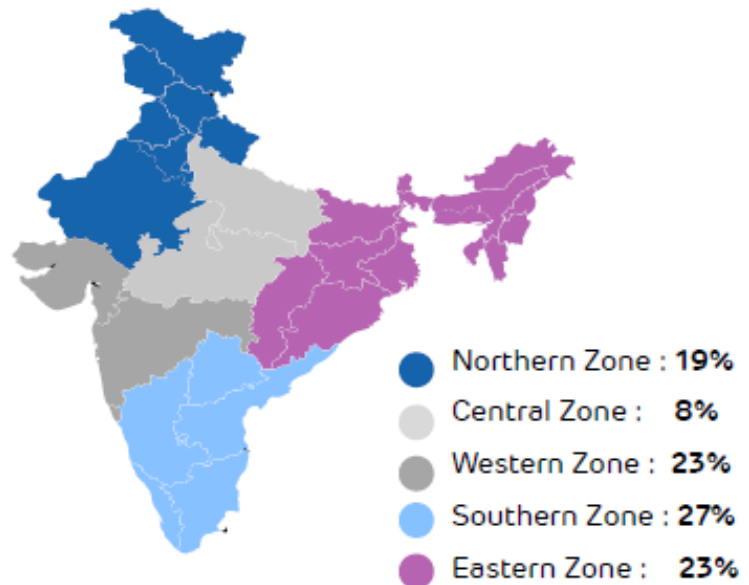
Roadmap to 140 MTPA - 104.5 at present, 118 by Mar'26 and 140 MTPA by FY'28

Expansion Project	State	Capacity (MTPA)		Status Update
		Clinker	Cement	
Bhatapara Line 3 (CU)	Jharkhand	4.0	-	• Drives trial run are in progress and commissioning by Q2' FY'26
Salai Banwa (GU)	Uttar Pradesh	-	2.4	• Salai Banwa Project under advanced stage of construction
Bathinda	Punjab	-	1.2	• Civil & Mechanical work is in progress, Delivery of major equipments' commenced,
Marwar (GU)	Rajasthan	-	2.4	
Maratha Line 2 (CU)	Maharashtra	4.0	-	
Dahej Line-2 (GU)	Gujarat	-	1.2	
Kalamboli (Blending)	Maharashtra	-	1.0	• Civil work is in progress, delivery of major equipments has commenced
Jodhpur (Penna IU)	Rajasthan	3.0	2.0	• Major equipments received at site, Civil work completed for Main plant buildings. Equipments installation is in progress.
Krishnapatnam Penna (GU)	Andhra Pradesh	-	2.0	• Civil work is in progress,, delivery of major equipments commenced.
Warisaliganj (GU)	Bihar	-	2.4	
Total		11.0	14.6	



Source: Company, Nuvama Research

Exhibit 10: Adani's cement geographical spread (capacity share)



Source: Company, Nuvama Research

Q1FY26 conference call: Key takeaways

Outlook

Management indicated that industry volumes grew ~4% YoY in Q1FY26. In contrast, Ambuja's consolidated volumes rose 13% YoY organically. Management expects industry volumes to grow 7–8% in FY26E (revised up from initial expectations of 6–7% growth).

Realisations improved sequentially due to prices hikes taken primarily in the southern and eastern regions.

Total capex for FY26 will be ~INR100bn.

Orient Cement

Orient Cement has become a subsidiary w.e.f. 22nd Apr-25. The primary focus of management in FY26E is to improve the overall efficiency at Orient Cement and then it will emphasise on expansion plans, viz., Chittapur, Devapur, MP, etc. in FY27E.

Cost/t trajectory

Power & fuel cost/t decreased 4% YoY (up ~8% QoQ), freight cost/t decreased ~4% YoY (up ~3% QoQ), other expenses/t increased ~14% YoY (up ~11% QoQ) and raw material cost/t decreased ~14% YoY (down ~17% QoQ).

Other updates

Management believes the outlook is **positive on the pricing front**. ACEM has increased prices in its premium segment.

It reiterated the aim to reach **EBITDA/t of INR1,500 by FY28E**.

Cost reduction of INR175–200/t has already been achieved by the company.

Market share stood at 15.5% (up 200bp YoY).

Kiln fuel cost reduced to INR1.59/kcal YoY from INR1.74/kcal.

Currently, it has **105MnT cement capacity** and **64MnT clinker capacity**.

Trade share stood at 74%. **Premium share** accounted for 33% of trade sales—among the highest in the industry.

The company commissioned 57MW wind power in Q1FY26, thereby taking its renewable capacity to 473MW. **Green power** stood at 28.1% and the aim is to reach 60% by FY28E. This will reduce existing cost of INR5.9/kWh to INR4.5/kWh by FY28E.

Primary lead distance stood at 269km and is expected to further reduce by ~50km (FY28E). This will help reduce logistic cost by INR150/t.

Cash & cash equivalents stood at INR30bn. Consolidated **net worth** stood at INR~664bn.

Company Description

Ambuja Cements Limited is among India's leading cement companies. ACEM (consol) has a capacity of ~105 mtpa. The company has launched innovative products like Ambuja Plus, Ambuja Cool Walls, Ambuja Compocem and Ambuja Kawach etc. Adani Group acquired ~63.2% stake in the company from the Holcim Group in July'22. ACEM also holds a controlling 50.05% stake in ACC

Investment Theme

ACEM has one of the strongest balance Sheet and one of the highest ROEs in the Indian cement space. Adani group has ambitious plans to double the combined capacity of ACC and Ambuja Cement to ~140 mtpa by FY28 and emerge as the most efficient and profitable player in the country by 2030. We recommend BUY with TP of INR 745.

Key Risks

Sharp decrease in cement prices/cement demand.

Additional Data

Management

Chairman	Mr. Gautam Adani
MD	Mr. Ajay Kapur
CEO	Mr. Vinod Bahety
Director	Mr. Rajnish Kumar
Auditor	SRBC & CO LLP

Holdings – Top 10*

	% Holding		% Holding
Life Insurance	6.80	SBI Pension Fun	1.15
ICICI Pru AMC	1.93	Kotak Mahindra	1.06
HDFC AMC	1.51	Mirae Asset	0.96
CQG Partners LL	1.42	Blackrock	0.89
Vanguard	1.34	Aditya Birla Su	0.54

*Latest public data

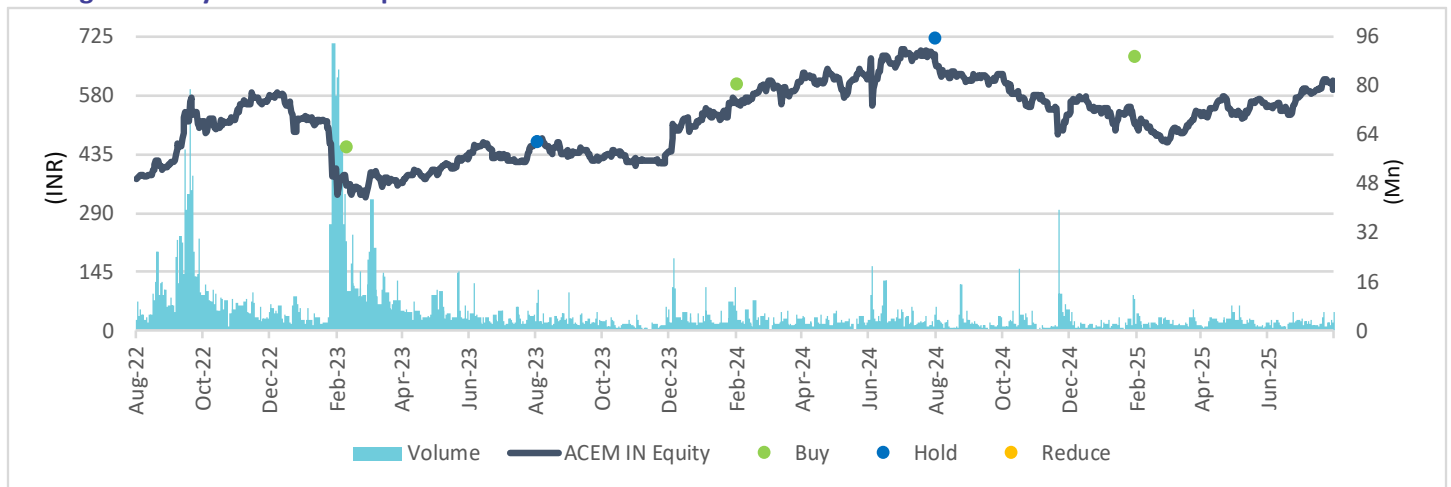
Recent Company Research

Date	Title	Price	Reco
01-Jul-25	On the right track; <i>Visit Note</i>	580	Buy
29-Apr-25	Superior performance; <i>Result Update</i>	534	Buy
29-Jan-25	Minor blip; bright outlook; <i>Result Update</i>	519	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
21-Jul-25	J K Cements	All-round beat; <i>Result Update</i>
21-Jul-25	UltraTech Cement	Focus on profitability and growth; <i>Result Update</i>
11-Jul-25	Cement	Prices cool off; capex improves; <i>Sector Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

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