

AMBUJA CEMENTS

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	577
12 month price target (INR)	763
52 Week High/Low	625/453
Market cap (INR bn/USD bn)	1,427/16.1
Free float (%)	25.25
Avg. daily value traded (INR mn)	1,740.2

SHAREHOLDING PATTERN

	Sep-25	Jun-25	Mar-25
Promoter	67.68%	67.57%	67.57%
FII	5.91%	7.43%	8.60%
DII	19.41%	18.49%	17.09%
Pledge	0%	0%	0%

FINANCIALS

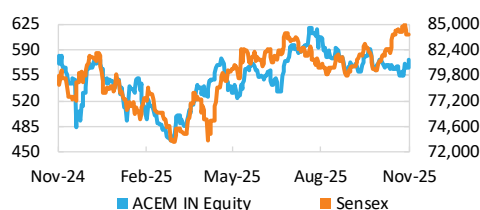
(INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	3,42,184	4,34,838	4,94,763	5,36,087
EBITDA	51,443	85,058	98,041	1,10,423
Adjusted profit	51,584	49,188	47,007	49,825
Diluted EPS (INR)	21.0	20.0	19.1	20.2
EPS growth (%)	1.4	(4.8)	(4.4)	6.0
RoAE (%)	12.5	8.9	7.9	7.9
P/E (x)	27.5	28.8	30.2	28.5
EV/EBITDA (x)	26.2	16.4	14.3	12.7
Dividend yield (%)	0.3	0.3	0.3	0.3

CHANGE IN ESTIMATES

Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	4,34,838	4,94,763	0%	1%
EBITDA	85,058	98,041	2%	0%
Adjusted profit	49,188	47,007	4%	2%
Diluted EPS (INR)	20	19	4%	2%

PRICE PERFORMANCE



Strong showing

Ambuja Cement (ACEM) delivered Q2FY26 consolidated volume growth of ~20% YoY (11% YoY ex-acquisitions) while realisation dipped 1% QoQ, taking EBITDA/t to INR1,061 (up 32% YoY/flat QoQ). Total cement capacity is ~107MnT; management upgraded the capacity guidance to 155MnT by FY28E from 140MnT earlier; additional 15MnT to be commissioned via debottlenecking at capex of USD48/t. ACEM expects to clock double-digit volume growth for the next few quarters and to bring down the total cost/t to INR3,600–3,650 by FY28E.

We calibrate our estimates in the wake of better-than-expected volumes. Retain 'BUY' with a revised TP of INR763 (earlier INR745) as we roll forward the valuation to Q2FY28E EV/EBITDA.

Outperforms industry on volumes; realisation dips sequentially

ACEM's Q2FY26 EBITDA at ~INR17.6bn beat our/consensus estimate by ~10%/18%. Highlights: i) Volume grew ~20% YoY (down ~10% QoQ) to 16.6MT (like-to-like volume growth ~11% YoY). ii) Realisation decreased ~1% QoQ (up 1.5% YoY) due to monsoon. iii) EBITDA/t came in at INR1,061 (up ~32% YoY/flat QoQ); EBITDA/t ex-of acquisitions would have been ~INR1,189. iv) Management is targeting to bring total cost/t down to INR4,000 by end-FY26E and INR3,600–3650/t by end-FY28E (refer to exhibit 12). Management reiterated expectation of industry volume growth of 7–8% in FY26E (4–5% growth in Q2FY26) and is targeting double-digit volume growth for the next few quarters (as its capacity will grow 10–15% per annum).

Capex programme on track

Adani group's cement capacity stands at ~107mtpa with a goal to reach 118/155mtpa by FY26E/FY28E (refer to exhibits 9–11). Management has revised upwards its capacity guidance by end-FY28E to 155MnT (from 140MnT); simultaneously, clinker capacity guidance has also increased from 84MT to 96MT by end-FY28E as the group would add three clinker lines of 4MTPA each. Renewable capacity (673MW currently) is expected to reach 900MW/1,122MW by end-FY26E/27E. Green power share is expected to reach 60% by FY28E from existing ~33%, which will help reduce power costs from INR6/kwh to INR4.5/kwh.

Healthy balance sheet to fund capex programme

ACEM (consolidated) remains debt free with cash/cash equivalent of ~INR18bn and net worth of ~INR695bn. The capex program to reach the target of 155MT by FY28E would be funded via internal accruals.

Financials

Year to March	Q2FY26	Q2FY25	% Change	Q1FY26	% Change
Net Revenue	91,745	75,161	22.1	1,02,891	(10.8)
EBITDA	17,609	11,114	58.4	19,611	(10.2)
Adjusted Profit	23,023	4,729	386.9	10,170	126.4
Diluted EPS (INR)	9.3	1.9	386.9	4.1	126.4

Financial Statements

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	3,42,184	4,34,838	4,94,763	5,36,087
Gross profit	1,93,431	2,56,871	2,87,204	3,11,202
Employee costs	14,034	16,415	17,565	18,794
Other expenses	1,17,959	1,55,398	1,71,599	1,81,985
EBITDA	51,443	85,058	98,041	1,10,423
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	16,343	9,061	6,956
Profit before tax	59,224	65,733	62,818	66,584
Prov for tax	7,640	16,545	15,811	16,759
Less: Other adjustment	0	0	0	0
Reported profit	51,584	49,188	47,007	49,825
Less: Excp.item (net)	72	0	0	0
Adjusted profit	51,656	49,188	47,007	49,825
Diluted shares o/s	2,463	2,463	2,463	2,463
Adjusted diluted EPS	21	20	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	1,092.8	1,118.3	1,171.1
Net Debt/EBITDA	(1.4)	(0.3)	(0.2)	(0.1)
Op. exp. as a % of Rev.	85.0	80.4	80.2	79.4
EBITDA margin (%)	15.0	19.6	19.8	20.6
Net profit margin (%)	15.1	11.3	9.5	9.3
Revenue Gth. (% YoY)	3.2	27.1	13.8	8.4
EBITDA growth (% YoY)	(19.6)	65.3	15.3	12.6
Adj. profit growth (%)	13.6	(4.8)	(4.4)	6.0

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)	84.5	86.5	85.0	85.0
Volumes (MT)	65.2	77.8	87.7	94.3
Realisation/t	5,248.2	5,586.6	5,643.5	5,685.7
P&F cost/t	1,280.3	1,345.1	1,321.4	1,349.6
Freight/t	1,273.2	1,249.9	1,233.4	1,220.6
RM cost/t	1,001.1	941.3	1,046.2	1,035.5
Other exp./t	689.3	746.6	723.9	709.5

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	27.5	28.8	30.2	28.5
Price/BV (x)	2.2	2.1	2.0	1.8
EV/EBITDA (x)	26.2	16.4	14.3	12.7
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	6,77,450	7,19,530	7,64,429
Shareholders funds	6,38,114	6,82,376	7,24,457	7,69,355
Minority interest	0	0	0	0
Borrowings	8,812	8,900	8,989	9,079
Trade payables	1,10,692	1,19,522	1,37,467	1,46,043
Other liab & prov	27,761	27,761	27,761	27,761
Total liabilities	8,09,454	8,62,875	9,23,233	9,77,042
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	31,756	27,923	21,760
Sundry debtors	15,903	17,007	20,438	21,326
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	8,62,875	9,23,233	9,77,042

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	59,224	65,733	62,818	66,584
Add: Depreciation	24,783	33,297	41,889	48,376
Interest (net of tax)	(32,647)	(13,972)	(6,666)	(4,537)
Others	5,025	(2,573)	(9,145)	(12,222)
Less: Changes in WC	(34,012)	3,166	4,961	18,849
Operating cash flow	22,374	85,651	93,856	1,17,050
Less: Capex	(85,915)	(1,25,000)	(83,513)	(1,28,376)
Free cash flow	(63,541)	(39,349)	10,343	(11,326)

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	12.5	8.9	7.9	7.9
RoCE (%)	11.5	10.2	9.2	9.1
Inventory days	96	90	83	83
Receivable days	15	14	14	14
Payable days	252	236	226	230
Working cap (% sales)	(6.2)	(4.2)	(3.8)	(6.2)
Gross debt/equity (x)	0.1	0.0	0.0	0.0
Net debt/equity (x)	(0.1)	(0.0)	(0.0)	(0.0)
Interest coverage (x)	12.3	21.8	23.4	25.7

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	1.4	(4.8)	(4.4)	6.0
RoE (%)	12.5	8.9	7.9	7.9
EBITDA growth (%)	(19.6)	65.3	15.3	12.6
Payout ratio (%)	9.5	10.0	10.5	9.9

Exhibit 1: Quarterly financial snapshot (INR mn)

Year to March (INR mn)	Q2FY26	Q2FY25	% change	Q1FY26	% change	FY26E	FY27E
Total Volumes (Mn tonnes)	16.6	13.8	20.3	18.4	(9.8)	77.8	87.7
Blended Realisation/tonne (INR)	5,527	5,446	1.5	5,592	(1.2)	5,587	5,644
Total Income	91,745	75,161	22.1	1,02,891	(10.8)	4,34,838	4,94,763
Raw material Consumed	13,085	14,202	(7.9)	15,245	(14.2)	73,266	91,716
Employee Expenses	4,051	3,486	16.2	4,177	(3.0)	16,415	17,565
Power, Oil & Fuel	22,804	18,175	25.5	25,131	(9.3)	1,04,701	1,15,843
Selling & Administrative Expense	20,632	18,252	13.0	24,225	(14.8)	97,286	1,08,134
Other Expenses	13,564	9,932	36.6	14,502	(6.5)	58,112	63,464
Total expenditure	74,136	64,047	15.8	83,280	(11.0)	3,49,780	3,96,722
EBITDA	17,609	11,114	58.4	19,611	(10.2)	85,058	98,041
Interest	768	669	14.9	671	14.4	2,371	2,395
Depreciation	8,852	5,520	60.4	7,984	10.9	33,297	41,889
Other income	2,570	3,740	(31.3)	2,561	0.4	16,343	9,061
Profit Before Tax	10,559	8,667	21.8	13,517	(21.9)	65,733	62,818
Less: Provision for Tax	(14,648)	2,398	NA	3,789	NA	16,545	15,811
Reported Profit	23,023	4,729	NA	10,170	126.4	49,188	47,007
Extra ordinary Items	(2,228)	1,562	NA	400	NA	-	-
Adjusted Profit	25,251	3,167	NA	9,770	NA	49,188	47,007
Equity Capital (FV INR 2)	4,926	4,926		4,926		4,926	4,926
No. of shares (mn)	2,463	2,463		2,463		2,463	2,463
Diluted EPS (INR)	10.25	1.29	NA	3.97	NA	20.0	19.1
as % of net revenues	0.1	0.1	10%	0.1	10%	6.1	6.1
Raw material	14.3	18.9		14.8		16.8	18.5
Staff expenses	4.4	4.6		4.1		3.8	3.6
Power & fuel	24.9	24.2		24.4		24.1	23.4
Selling & Administrative Expense	22.5	24.3		23.5		22.4	21.9
Other expenses	14.8	13.2		14.1		13.4	12.8
EBITDA	19.2	14.8		19.1		19.6	19.8
Net profit	25.1	6.3		9.9		11.3	9.5

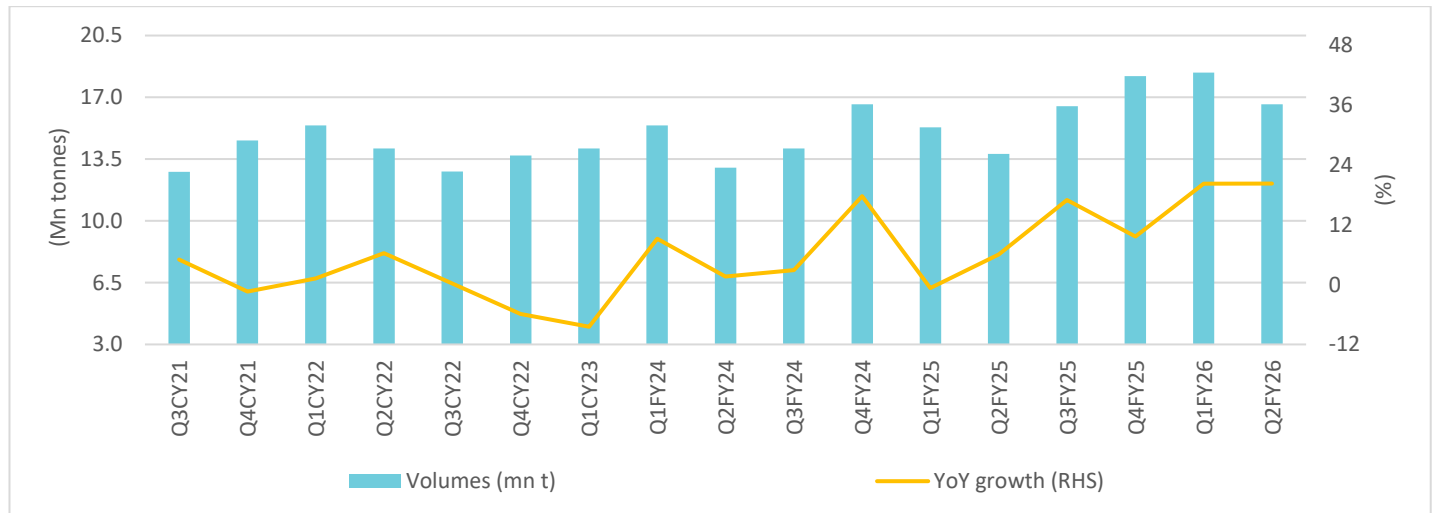
Source: Company, Nuvama Research

Exhibit 2: Per tonne analysis

(INR/tonne)	Q2FY26	Q2FY25	% change	Q1FY26	% change
Realisation	5,527	5,446	1.5	5,592	(1.2)
Raw material	788	1,029	(23.4)	829	(4.9)
Power	1,374	1,317	4.3	1,366	0.6
Freight	1,243	1,323	(6.0)	1,317	(5.6)
Staff	244	253	(3.4)	227	7.5
Others	817	720	13.5	788	3.7
Cost	4,466	4,641	(3.8)	4,526	(1.3)
EBITDA	1,061	805	31.7	1,066	(0.5)

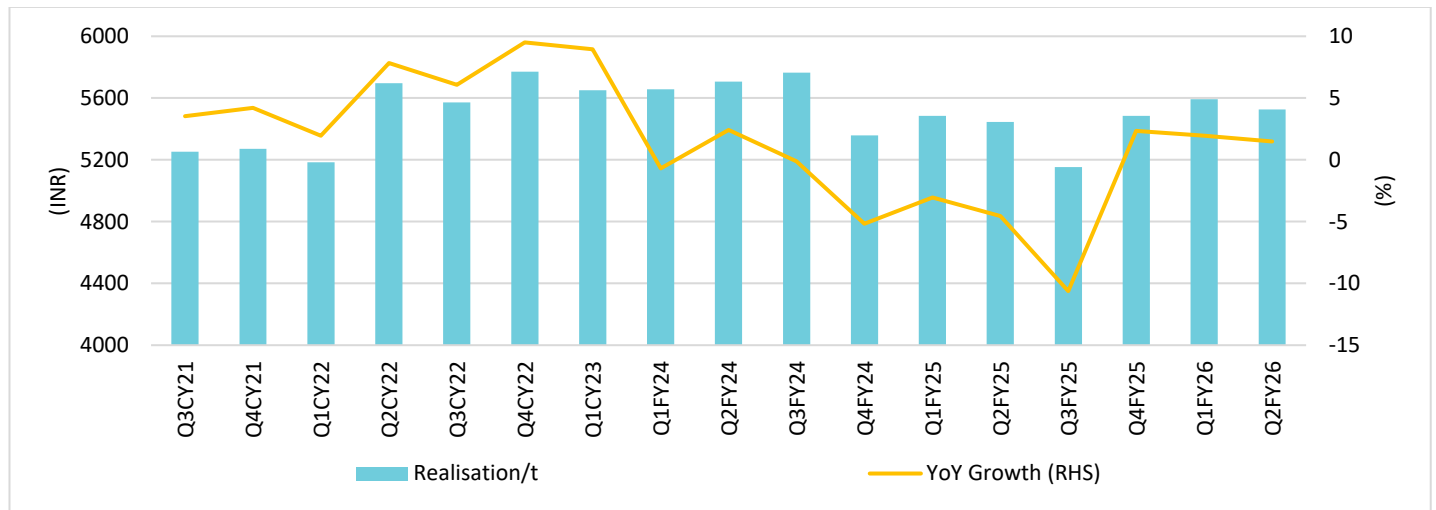
Source: Company, Nuvama Research

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



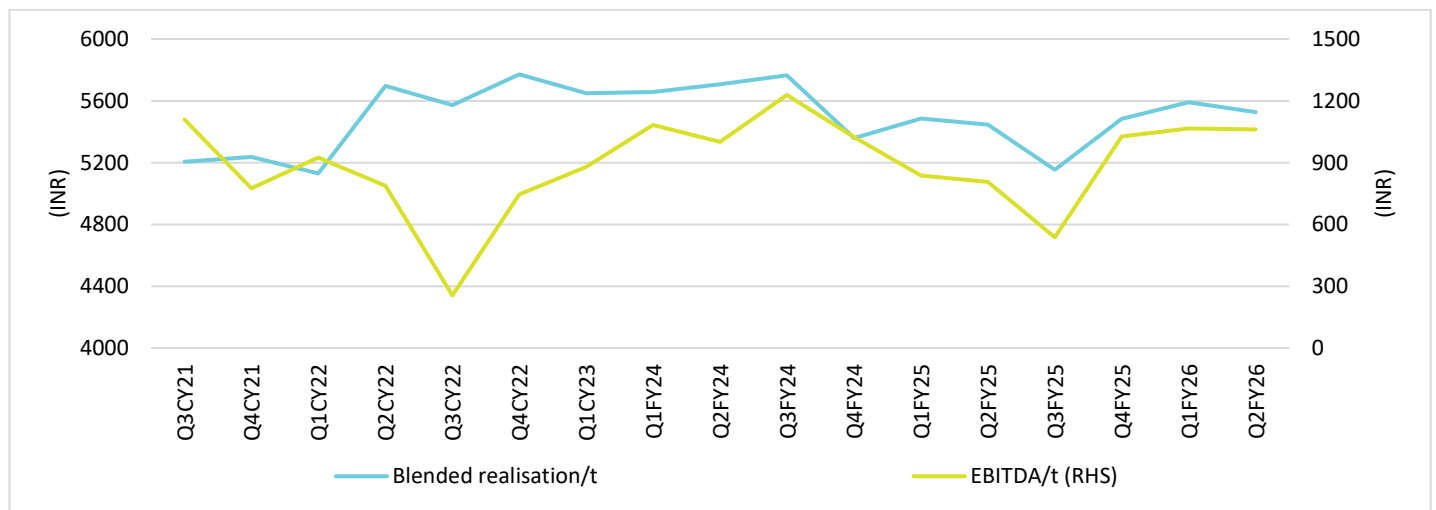
Source: Company, Nuvama Research

Exhibit 4: Realisation edges up ~1.5% YoY



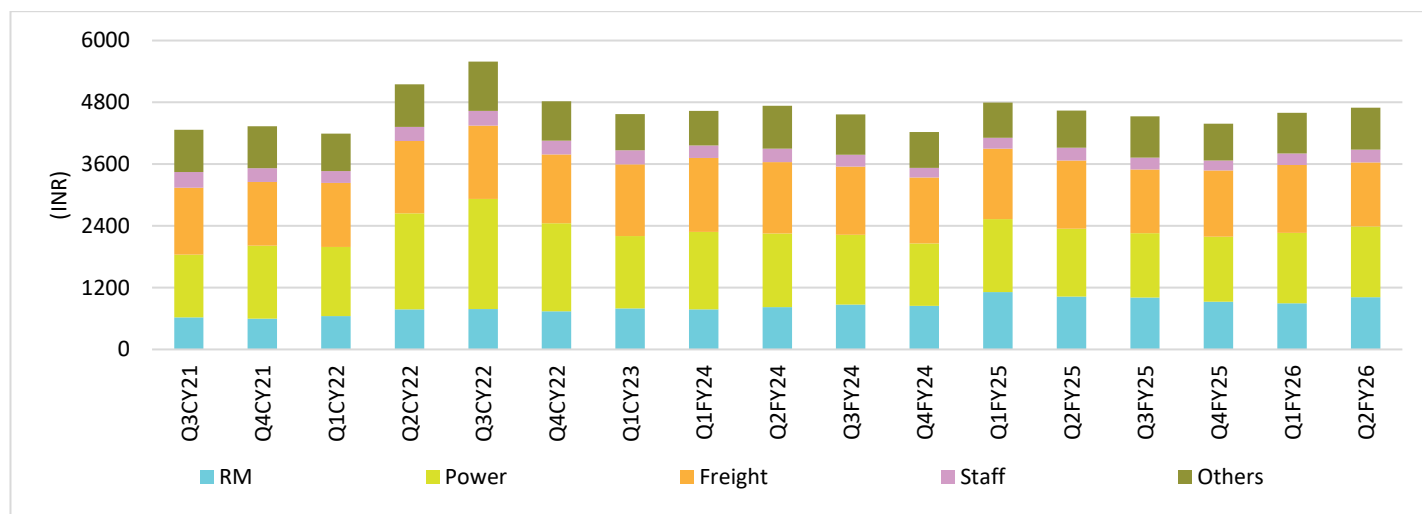
Source: Company, Nuvama Research

Exhibit 5: Blended realisation versus EBITDA/t



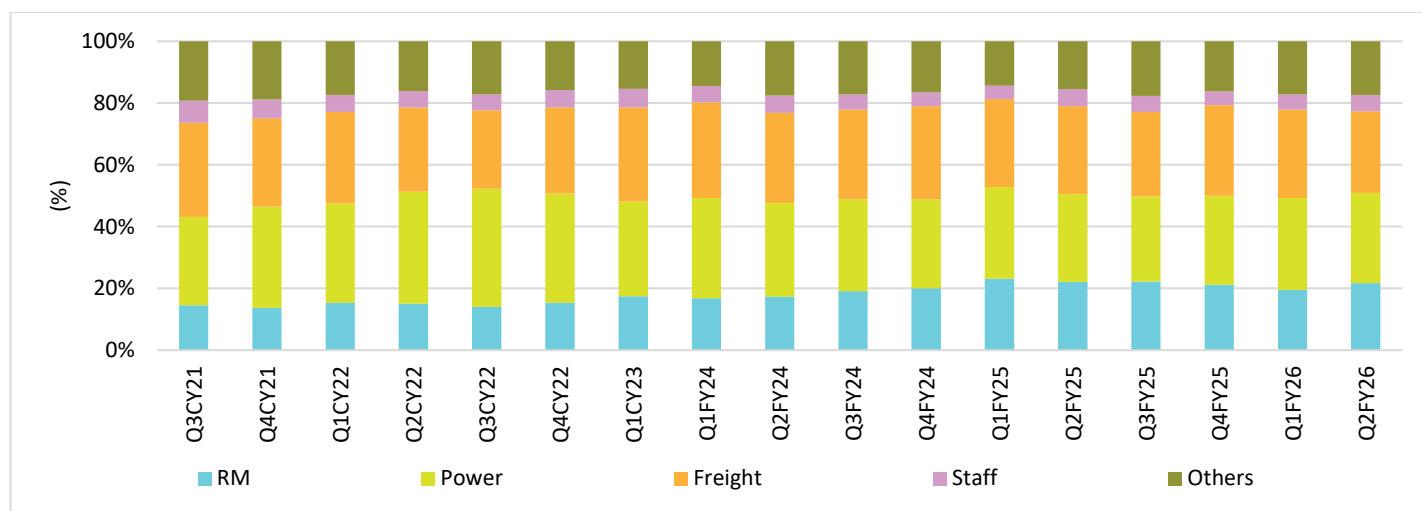
Source: Company, Nuvama Research

Exhibit 6: Opex cost split (absolute terms)



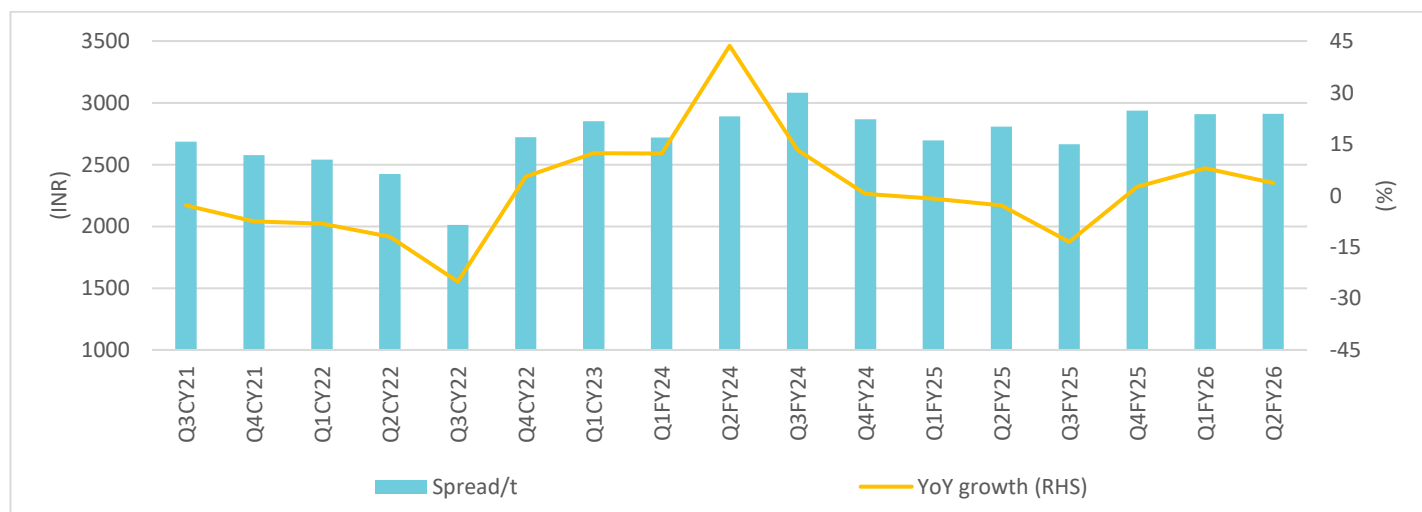
Source: Company, Nuvama Research

Exhibit 7: Opex cost split (% terms)



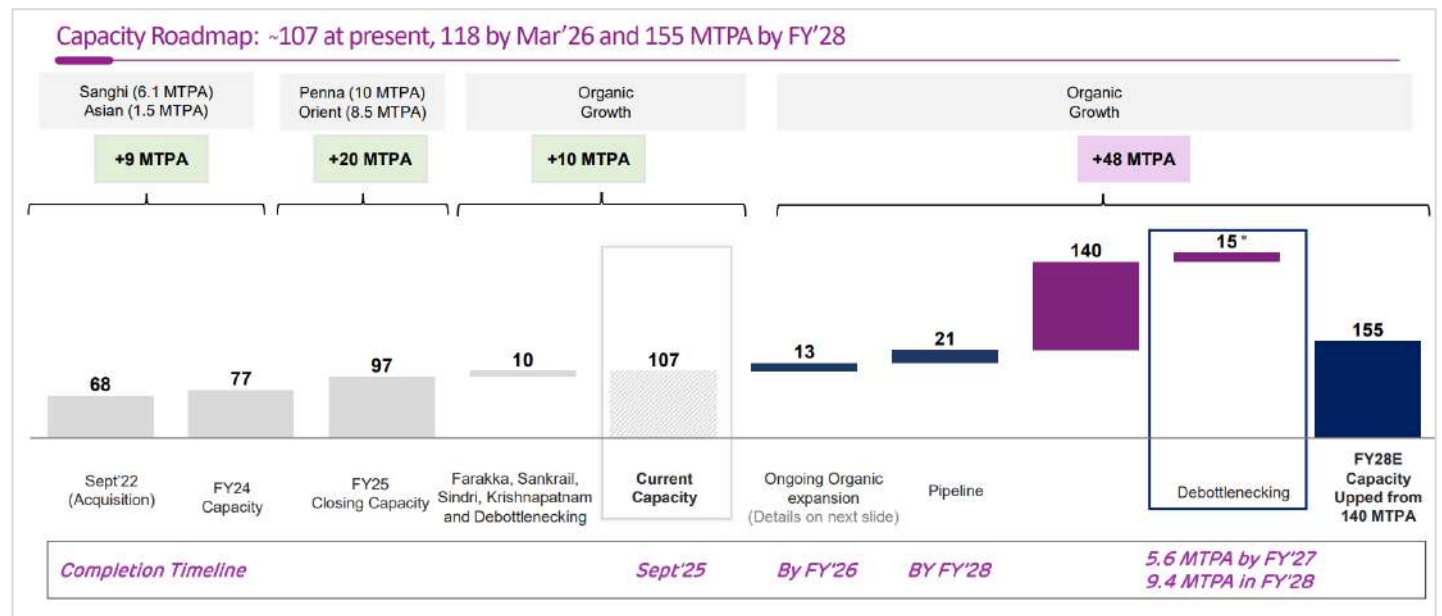
Source: Company, Nuvama Research

Exhibit 8: Spread/t rose ~4% YoY



Source: Company, Nuvama Research

Exhibit 9: Capacity expansion plans revised upwards from 140MnT to 155MnT



Source: Company, Nuvama Research

Exhibit 10: Capacity expansion plans on track to reach 118MnT by FY26E

Capacity Roadmap: Incremental capacity of 12.6 MTPA to be completed by end of FY'26

Projects under execution	Unit	State	Capacity (MTPA)		Expected Completion	Particulars	Capacity (MTPA)
			Clinker	Cement			
Bhatapara Line 3	CU	Chhattisgarh	4.0	-	Q3 FY26	Existing Capacity	107
Salai Banwa	GU	Uttar Pradesh	-	2.4	Q3 FY26	Incremental Capacity	12.6
Marwar	GU	Rajasthan	-	2.4	Q3 FY26	Less: Capacity with higher operating cost used selectively (Jamul & Sindri)	(1.6)
Dahej Line-2	GU	Gujarat	-	1.2	Q3 FY26	Total available capacity by FY'26	118
Kalamboli	GU	Maharashtra	-	1.0	Q3 FY26		
Bathinda	GU	Punjab	-	1.2	Q4 FY26		
Jodhpur - Penna	IU	Rajasthan	3.0	2.0	Q4 FY26		
Warisaliganj	GU	Bihar	-	2.4	Q4 FY26		
Maratha Line 2	CU	Maharashtra	4.0	-	Q1 FY27		
Total Capacity			11.0	12.6			

Source: Company, Nuvama Research

Exhibit 11: Debottlenecking of 15MnT by FY28E, lifting capacity to 155MnT

Capacity Roadmap: ~Debottlenecking of 15 MTPA by FY'28

Debottlenecking (FY'27)	Additional Capacity	Debottlenecking (FY'28)	Additional Capacity
Jamul	0.3	Boyareddypalli	1.1
Chanda	0.3	Rabriyawas	1.1
Sindri	0.3	Tandur	1.1
Nalagarh	0.3	Bhatapara	1.2
Ropar	1.1	Wadi	2.2
Roorkee	1.1	Tikaria	2.7
Maratha	2.2	Total FY'28	9.4
Total FY'27	5.6	Total Debottlenecking	15

- Debottlenecking to add ~15 MTPA capacity by FY'28 at a much lower capex cost of ~ \$48/ton, taking total capacity to ~ 155 MTPA (i.e., 10% of originally planned capacity of 140 MTPA)
- The debottlenecking and ongoing expansions will add 5.6 MTPA in FY 27 and 9.4 MTPA in FY 28
- In addition to above, 13 blenders will be installed at plants over a period of 12 months which will improve product mix and give higher share of premium cement, in turn improve realizations

Source: Company, Nuvama Research

Exhibit 12: Levers that will bring cost/t down by INR400–450 over next two years

Cost Reduction Journey

Aim to achieve total cost ~ Rs. 4,000 PMT by Mar'26 exit. It will set pace for further 5% reduction each year over next two years, putting trajectory to achieve Rs. 3,650 PMT by end of FY 28

Particulars	Rs PMT
Exit Mar'26	~4,000
Raw materials	~50
Power & Fuel	~200
Logistics	~100
Other overheads	~50
Exit Mar'28	~3,600 - 3,650

- Higher share of coal consumption (reduced petcoke) supported with group synergies, benefit of withdrawal of coal cess
- Latest technology of new capacities of IU/GU providing improved operational efficiencies (heat /power consumption) (average age of Plants will come down by at least 40% further)
- Lead distance expected to come down by 50 Km with the revised 155 MTPA capacity, sea logistics share to reach 5%
- 60% Green power share to reduce power to Rs. 4.5 per kwh (current power cost of Rs. 6.0 per kwh)
- Long term tie-ups of Fly Ash & Slag to ensure supplies at sustainable costs, reduce clinker factor by 1%

Source: Company, Nuvama Research

Q2FY26 conference call takeaways

Outlook

Management indicated that industry volumes grew 4–5% YoY in Q2FY26. In contrast, Ambuja consolidated volumes rose 20% YoY (11% YoY ex-acquisitions). Management reiterated their expectation of industry volumes growth of 7–8% in FY26E.

Cost/t trajectory

Management is targeting to bring total cost/t down to INR4,000/t by end-FY26. Thereafter, the aim is to reduce cost by 5% annually for the next two years to bring it to the levels of INR3,600–3,650/t by end-FY28E.

Capacity expansion

Cement GUs at Salai Banwa (2.4MTPA), Marwar (2.4MTPA), Dahej (1.2MTPA) and Kalamboli (1.0MTPA) are expected to be commissioned in Q3FY26E (total 7MTPA) while an additional 5.6MTPA (Bhatinda, Jodhpur, Warisaliganj) will come in Q4FY26 which will help to achieve the target of 118MTPA by end-FY26E.

Management has revised upwards capacity guidance by end-FY28E to 155MnT from 140MnT; this incremental 15MnT capacity will be achieved by debottlenecking at capex of USD48/ MT.

Clinker capacity will rise to 73MT by end-FY26E, 81MT by end-FY27E and 96MT by end-FY28E.

Orient Cement

97% of the Q2FY26 sales were under Ambuja/ACC brands through the MSA arrangement; the figure had increased to 100% by the end of the quarter (for only few days at the beginning of the quarter, 3% sales happened under the Orient brand).

Exhibit 13: Orient Cement performance

Particulars	UoM	Sept'25 Q	Sept'24 Q	Jun'25 Q	vs YoY	vs QoQ
Cement Capacity Utilization	%	65%	50%	75%		
Cement Sales Volume	MnT	1.4	1.1	1.6	29%	(11%)
Clinker Sales Volume	MnT	0.4	-	0.3	NM	64%
CLC Sales Volume	MnT	1.8	1.1	1.8	68%	(1%)
EBITDA	Rs cr	165	44	183	274%	(9%)
PMT EBITDA	Rs/ton	1,177	405	1,151	191%	2%

Source: Company, Nuvama Research

The company is optimistic about achieving 75–80% capacity utilization for the remaining part of the year.

Sanghi Industries

While capacity utilisation during Q2FY26 was relatively subdued due to heavy monsoon and flood-like situations, management expects to achieve capacity utilization of 70–75% for the balance period of the year.

Exhibit 14: Sanghi performance

Particulars	UoM	Sept'25 Q	Sept'24 Q	Jun'25 Q	vs YoY	vs QoQ
Cement Capacity Utilisation	%	36%	23%	36%		
Cement Sales Volume	MnT	0.6	0.4	0.6	60%	(1%)
Clinker Sales Volume	MnT	0.1	-	0.1	0%	(28%)
CLC Sales Volume	MnT	0.7	0.4	0.7	88%	(6%)
EBITDA	Rs cr	24.9	3.1	25.4	711%	(2%)
PMT EBITDA	Rs/ton	444	87	451	408%	(2%)

Source: Company, Nuvama Research

Other updates

Management reiterated its aim to reach **EBITDA/t of INR1,500 by FY28E**.

Market share stood at 16.6% (up 100bp).

Kiln fuel cost reduced to INR1.6/kcal YoY from INR1.63/kcal.

Company currently has **107MnT cement capacity** and **65MnT clinker capacity**.

Trade share stood at 68%. **Premium share** accounted for 35% of trade sales—among the highest in the industry.

The company commissioned 200MW solar power in Q2FY26, taking renewable capacity to 673MW. This is expected to reach 900/1,122 MW by FY26E/27E. **Green power** stood at 32.9%, and the aim is to reach 60% by FY28E. This will reduce existing cost of INR6/kwh to INR4.5/kwh by FY28E.

Primary lead distance stood at 265kms and is expected to further reduce by ~50kms (FY28). This will help reduce logistic cost by INR 100/t.

Cash and cash equivalents stood at INR ~18bn. Consolidated **net worth** stood at ~INR695bn.

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 763.

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

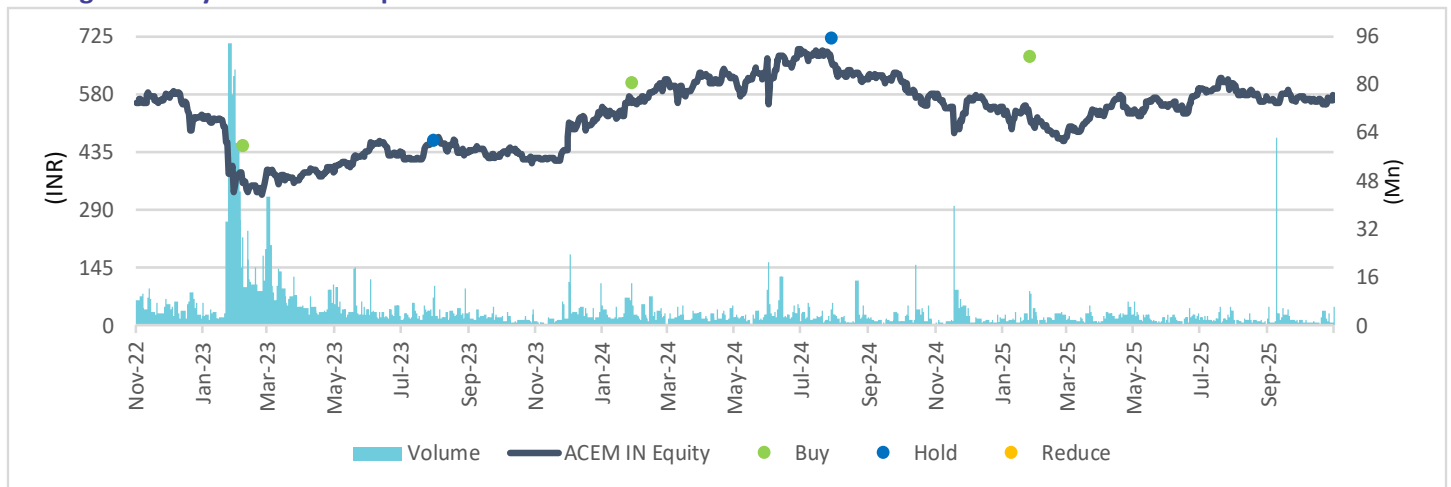
Recent Company Research

Date	Title	Price	Reco
31-Jul-25	Yet another strong quarter ; <i>Result Update</i>	593	Buy
01-Jul-25	On the right track; <i>Visit Note</i>	580	Buy
29-Apr-25	Superior performance; <i>Result Update</i>	534	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
28-Oct-25	Shree Cement	Value over volumes strategy yields resul; <i>Result Update</i>
19-Oct-25	UltraTech Cement	Bright outlook; <i>Result Update</i>
14-Oct-25	Cement	Capex improves; prices moderate; <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%	205
Hold	<15% and >-5%	68
Reduce	<-5%	37

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