

10 March 2026

India | Equity Research | Company Update

Ambuja Cements

Cement

Sanghi Ind. unit – ready for its next leap

We recently visited Sanghi Industries' (Sanghi) integrated facility [Ambuja Cement (ACEM)'s subsidiary] at Kutch, Gujarat. The on-site assessment affirms our confidence towards the unit being ready for its next leap. The plant presently operates at >75% utilisation (vs. ~25–30% when acquired in Dec'23) with room to scale. As per ACEM, the unit's clinker manufacturing cost has shrunk to ~INR 2,000/t (~INR 2,400–2,500/t earlier); the ongoing ~INR 6bn efficiency capex should shave off another ~INR 500/t. Medium-term initiatives – potential rail connectivity and better cargo-handling capacity at the private jetty – can be sweeteners. ACEM's priorities, learned during management discussions, to ramp up its existing assets' utilisation as supposed to its earlier capacity addition plans appear convincing. It is with this confidence that we continue to value ACEM at 15x FY28E EV/EBITDA and maintain **ADD** with an unchanged TP of INR 540.

Sanghi assets – unleashing potential

Sanghi was acquired by ACEM in Dec'23 with an installed ~6.6mtpa clinker and 6mtpa cement capacity – being one of the largest single-location integrated plants in India (based in the Kutch region of Gujarat). ACEM's sustained efforts have helped reduce the plant's clinker cost to <INR 2,000/t (vs. ~INR 2,400–2,500/t in the past) and attempts are underway to prune it to INR 1,500/t. To meet the same, ACEM has committed INR 6bn in capex, which includes installation of 18MW WHRS-based power plants, augmenting high tension transmission lines (to help consume captive green power) and other efficiency enhancement initiatives. The unit boasts of the high-quality limestone mines, with reserves of >1,000mn tonnes – enough to cater multiple additional clinker lines. Over the medium term, ACEM also plans to enhance the logistics capacity at the unit by facilitating rail connectivity and boost the cargo handling capacity at the private jetty. These initiatives should not only help in enabling higher despatches at lower costs, but also in sourcing fly ash from the group's power plant in Mundra. ACEM appears confident to make Sanghi one of the most profitable units in India.

Sanghi ramp-up benefits factored in; maintain ADD

Ramp-up of the Sanghi unit is expected to reduce overall operating costs and meet ACEM's target of ~INR 3,800/t by FY27E and INR 3,650/t by FY28E. Management's keenness in prioritising the sweating of existing assets (over chasing 155mtpa capacity target by FY28) appears convincing. This should ensure higher margins and RoE over time. It is with this confidence that we continue to value ACEM at 15x FY28E EV/EBITDA and maintain **ADD** with an unchanged TP of INR 540.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	3,53,364	4,17,564	4,71,844	5,25,008
EBITDA	59,707	74,261	89,282	1,00,916
EBITDA (%)	16.9	17.8	18.9	19.2
Net Profit	43,031	46,829	35,074	40,223
EPS (INR)	17.5	17.3	12.4	14.3
EPS % Chg YoY	15.1	(1.2)	(28.2)	14.7
P/E (x)	25.8	26.1	36.4	31.7
EV/EBITDA (x)	19.6	19.1	16.1	14.2
RoCE (%)	5.3	6.0	4.4	4.9
RoE (%)	9.4	7.5	4.5	4.9

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Market Data

Market Cap (INR)	1,117bn
Market Cap (USD)	12,100mn
Bloomberg Code	ACEM IN
Reuters Code	ABUJ.BO
52-week Range (INR)	625 /443
Free Float (%)	25.0
ADTV-3M (mn) (USD)	12.3

Price Performance (%)	3m	6m	12m
Absolute	(15.2)	(20.4)	(9.6)
Relative to Sensex	(6.8)	(16.0)	(13.9)

ESG Score	2024	2025	Change
ESG score	61.9	66.6	4.7
Environment	48.6	52.9	4.3
Social	62.6	66.2	3.6
Governance	73.7	79.5	5.8

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

03-02-2026: [Q3FY26 results review](#)

24-12-2025: [Company Update](#)

Exhibit 1: Valuation

Particulars (all items are in INR mn unless otherwise mentioned)	FY28E
Assumed EV/EBITDA multiple (x)	15.0
EBITDA (INR mn)	1,00,916
EV (INR mn)	15,13,740
Less: Net debt	(4,164)
Mcap of Ambuja	15,17,904
Shares o/s (mn)	2,811
Value per share (INR)	540
Potential Upside (%)	19.5

Source: I-Sec research, Company data

Key risks: Sharp decline in prices/demand and sharp increase in input costs.

Exhibit 2: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	67.6	67.7	67.7
Institutional investors	24.3	23.5	25.7
MFs and others	7.9	8.0	8.2
FIs/Banks	0.5	0.5	0.5
Insurance	8.4	9.0	11.2
FIIIs	7.4	5.9	5.8
Others	8.1	8.8	6.7

Source: Bloomberg, I-Sec research

Exhibit 3: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 4: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	3,53,364	4,17,564	4,71,844	5,25,008
Operating Expenses	2,28,384	2,75,412	3,02,946	3,36,515
EBITDA	59,707	74,261	89,282	1,00,916
EBITDA Margin (%)	16.9	17.8	18.9	19.2
Depreciation & Amortization	22,970	36,823	41,158	44,838
EBIT	36,736	37,438	48,124	56,078
Interest expenditure	2,159	2,588	2,602	2,615
Other Non-operating Income	26,543	6,758	1,341	312
Recurring PBT	61,119	41,608	46,864	53,775
Profit / (Loss) from Associates	132	188	160	160
Less: Taxes	8,096	(7,014)	11,950	13,713
PAT	53,023	48,622	34,914	40,063
Less: Minority Interest	9,910	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	52,941	46,829	35,074	40,223
Net Income (Adjusted)	43,031	46,829	35,074	40,223

Source Company data, I-Sec research

Exhibit 5: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	2,18,685	1,46,792	1,41,080	1,44,844
of which cash & cash eqv.	1,01,246	18,896	4,432	(328)
Total Current Liabilities & Provisions	1,38,328	1,42,739	1,46,418	1,50,743
Net Current Assets	80,356	4,053	(5,338)	(5,899)
Investments	894	894	894	894
Net Fixed Assets	2,61,211	4,31,744	4,80,587	5,25,748
ROU Assets	-	-	-	-
Capital Work-in-Progress	1,23,002	76,417	66,417	56,417
Total Intangible Assets	1,65,220	2,44,708	2,44,708	2,44,708
Other assets	24,690	24,690	24,690	24,690
Deferred Tax assets	-	-	-	-
Total Assets	6,71,126	7,98,259	8,27,711	8,62,311
Liabilities				
Borrowings	268	268	268	268
Deferred Tax Liability	24,076	24,076	24,076	24,076
provisions	2,541	2,541	2,541	2,541
other Liabilities	6,127	6,127	6,127	6,127
Equity Share Capital	4,926	5,622	5,622	5,622
Reserves & Surplus	5,29,506	7,59,625	7,89,077	8,23,678
Total Net Worth	5,34,433	7,65,247	7,94,699	8,29,300
Minority Interest	1,03,682	-	-	-
Total Liabilities	6,71,126	7,98,259	8,27,711	8,62,311

Source Company data, I-Sec research

Exhibit 6: Quarterly trend

(INR mn, year ending March)

	Mar-25	Jun-25	Sep-25	Dec-25
Net Sales	99,806	1,02,891	91,475	1,02,767
% growth (YOY)	12.2	22.6	21.5	10.2
EBITDA	18,676	19,611	17,609	13,531
Margin %	18.7	19.1	19.2	13.2
Other Income	5,733	2,561	2,570	873
Extraordinaries	1,347	400	(2,228)	(152)
Adjusted Net Profit	11,475	9,297	25,251	3,822

Source Company data, I-Sec research

Exhibit 7: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	60,188	76,639	88,182	98,773
Working Capital Changes	(34,012)	(5,342)	(4,369)	(4,199)
Capital Commitments	(85,915)	(1,55,030)	(80,000)	(80,000)
Free Cashflow	1,08,288	2,33,340	1,51,863	1,60,862
Other investing cashflow	10,604	-	-	-
Cashflow from Investing Activities	(75,311)	(1,55,030)	(80,000)	(80,000)
Issue of Share Capital	83,391	-	-	-
Interest Cost	(10,130)	-	-	-
Inc (Dec) in Borrowings	(11,711)	-	-	-
Dividend paid	(5,630)	(5,630)	(6,326)	(5,622)
Others	-	-	-	-
Cash flow from Financing Activities	55,920	(5,630)	(6,326)	(5,622)
Chg. in Cash & Bank balance	2,983	(82,350)	(14,464)	(4,760)
Closing cash & balance	50,409	(31,917)	(46,380)	(51,140)

Source Company data, I-Sec research

Exhibit 8: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	17.5	17.3	12.4	14.3
Adjusted EPS (Diluted)	17.5	17.3	12.4	14.3
Cash EPS	26.8	30.4	27.1	30.2
Dividend per share (DPS)	1.8	1.8	2.0	2.0
Book Value per share (BV)	217.0	272.2	282.7	295.0
Dividend Payout (%)	1,019.5	1,013.2	1,610.3	1,403.3
Growth (%)				
Net Sales	6.6	18.2	13.0	11.3
EBITDA	(6.7)	24.4	20.2	13.0
EPS (INR)	15.1	(1.2)	(28.2)	14.7
Valuation Ratios (x)				
P/E	25.8	26.1	36.4	31.7
P/CEPS	16.8	14.9	16.7	15.0
P/BV	2.1	1.7	1.6	1.5
EV / EBITDA	19.6	19.1	16.1	14.2
EV / te (USD)	150.1	137.2	127.1	118.7
Dividend Yield (%)	0.4	0.4	0.4	0.4
Operating Ratios				
Gross Profit Margins (%)	81.5	83.7	83.1	83.3
EBITDA Margins (%)	16.9	17.8	18.9	19.2
Effective Tax Rate (%)	13.2	(16.9)	25.5	25.5
Net Profit Margins (%)	12.2	11.2	7.4	7.7
NWC / Total Assets (%)	12.0	0.5	(0.6)	(0.7)
Net Debt / Equity (x)	(0.2)	0.0	0.0	0.0
Net Debt / EBITDA (x)	(1.7)	(0.3)	0.0	0.0
Profitability Ratios				
RoCE (%) (Post Tax)	5.3	6.0	4.4	4.9
RoE (%)	9.4	7.5	4.5	4.9
RoC (%)	12.4	8.0	4.8	5.2
Fixed Asset Turnover (x)	1.5	1.2	1.0	1.0
Inventory Turnover Days	62	63	66	66
Receivables Days	14	15	15	15
Payables Days	46	41	43	44

Source Company data, I-Sec research

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