



TM

Ambuja Cement Ltd

1 July 2025

COMPANY UPDATE

Sector: Cement **Rating:** BUY
CMP: Rs 580 **Target Price:** Rs 649

Stock Info

Sensex/Nifty	83,697 / 25,542
Bloomberg	ACEM IN
Equity shares (mn)	2,461
52-wk High/Low	Rs 707/453
Face value	Rs.2
M-Cap	Rs 1,430bn/USD 16.7bn
3-m Avg value	USD 18 mn

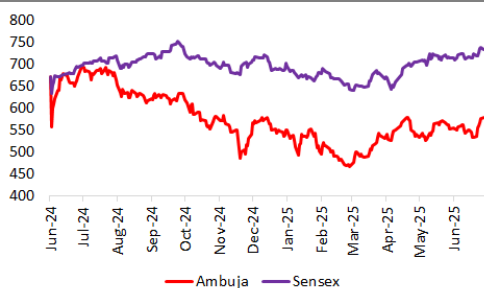
Financial Snapshot (Rs bn)

Y/E Mar	FY25	FY26E	FY27E
Sales	350	465	500
EBITDA	60	92	109
PAT	41	47	56
EPS (Rs)	16.8	18.9	22.6
PE (x)	32.0	36.6	29.2
EV/EBITDA (x)	16.7	13.7	11.0
RoE (%)	8.7	6.6	7.7
RoCE (%)	12.3	11.9	13.4

Shareholding Pattern (%)

	Mar-25	Dec-24	Sep-24
Promoter	67.6	67.6	67.6
–Pledged (%)	-	-	-
FII	8.6	9.1	10.6
DII	17.1	16.4	15.0
Others	6.7	6.8	6.6

Stock Performance (1-year)



Sudeep Anand

sudeepanand@systematixgroup.in
+91 22 6704 8085

Vidhi Shah

vidhishah@systematixgroup.in
+91 22 6704 8040

Prathmesh Kamath

prathmeshkamath@systematixgroup.in
+91 22 6704 8022

Premiumization and cost efficiency to drive growth

We attended the management meet and plant visit of Adani Cement (ACL) at Marwar, Rajasthan.

Key takeaways are:

Expecting a strong demand CAGR of 7% led by higher infra spending

The company expects cement demand in India to remain strong with a CAGR of 7%+ over the next three years. Demand growth is expected to be led by higher infra spend. Further, the company expects its market share to rise nearly 1-2% every year to reach 22-24% by 2030 from the current 15-16%. Total incremental demand in India is expected to be ~30mtpa (current demand ~450mtpa) in FY26 while incremental supply is expected to be double. However, the company's focus on value would drive the growth.

Capacity expansion on track

ACL has already reached a capacity of 103mtpa and is on track to reach its target of 140mtpa by FY28. With the acquisition of Orient Cement and commissioning of Farakka grinding unit, ACL expects to reach 118mtpa by end of FY26. Key upcoming expansions include the Bhatapara Clinker unit (4mtpa), Grinding units at Sankrail, Sindri, Salai Banwa along with the brownfield expansion at Kalamboli, Dahej, Marwar and Jodhpur. The total capex is estimated to be in the range of US\$70-80/mt for a greenfield project. The company expects the clinker ratio to be maintained at ~65% and expects the capacity of clinker to grow in line with the cement capacity addition.

Share of premium products is on the rise, benefits EBITDA by Rs400/mt

ACL has launched a few premium products which include Ambuja Kavach, a water-resistant product and ACC Gold, a water-repellent product. Further, they are providing solutions for concrete curing which saves water. Share of premium products has already reached nearly ~30% of the sales, which they expect to increase to 40% by FY28. Price of these premium products is around Rs50/bag higher while EBITDA is higher by Rs400/mt compared to the regular product.

Expect cost to be rationalized by Rs500-550/mt by FY28

Expect cost efficiency of Rs500-550/mt by FY28 led by leverage from the group company and cost efficiency across verticals. The management expects most of the benefit would flow in FY27 followed by FY28.

RM Cost to decline by Rs100/mt

The company has signed long-term contract to procure fly ash, slag and gypsum from the group company. As per the management, the group companies have the leverage of nearly 60% of the procurement which is likely to benefit immensely in the long term.

Power & Fuel (Rs250-300/mt)

ACL is consistently reducing the dependency on imported coal which has come down to 50% of total coal requirements vs earlier 70%. They expect it to further come down to 20-30% in the coming years. Green energy share is expected to increase to ~60% from ~21% at present. The company has already achieved RE capacity of 370MW, which they expect to reach 1000MW by June'26. These initiatives are expected to cut P&F cost by Rs200+/mt by FY28.

Freight cost (Rs100/mt)

The company is continuously increasing its rail co-efficient by adding new rakes. The company received 6 new rakes during the year and orders for 24 rakes are already in place. Further, the company is strengthening its transportation by sea as well. The company has already ordered for 6 new ships (Current fleet size is 7) which is expected to join in 20-24 months. This coupled with strategic expansion would lead to lower freight cost.

Employee and other expenses (Rs50/mt)

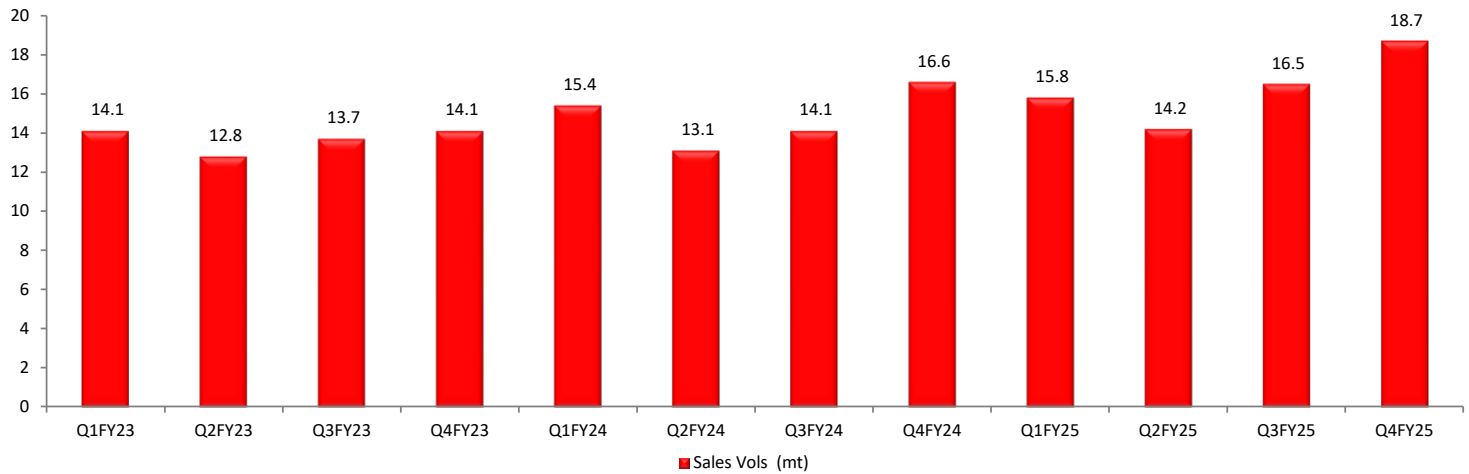
The company has already downsized their employee strength, which has enhanced the per capita revenue. Further, synergies with the recently acquired Sanghi, Orient and Penna would further help improve the cost structure.

Merger process to be completed by CY25, No timeline for ACC merger

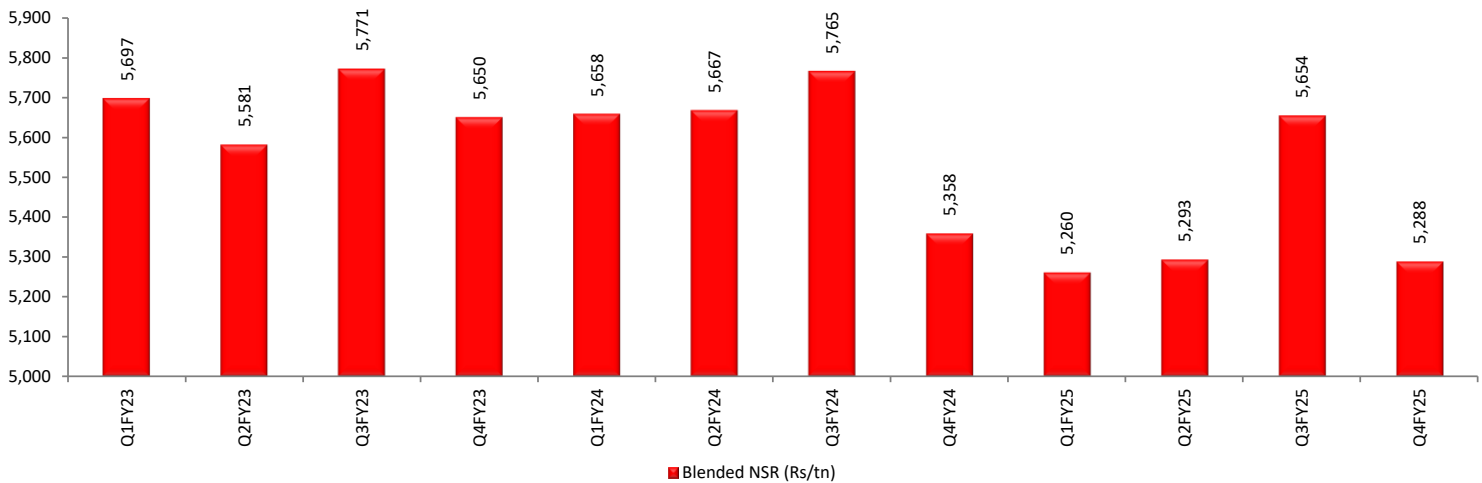
The management expects the merger of Sanghi, Penna and Orient cement is expected to complete by CY25. Also, the company reiterated its intention to merge ACC into Ambuja, but no timeline was given.

Valuation and Outlook

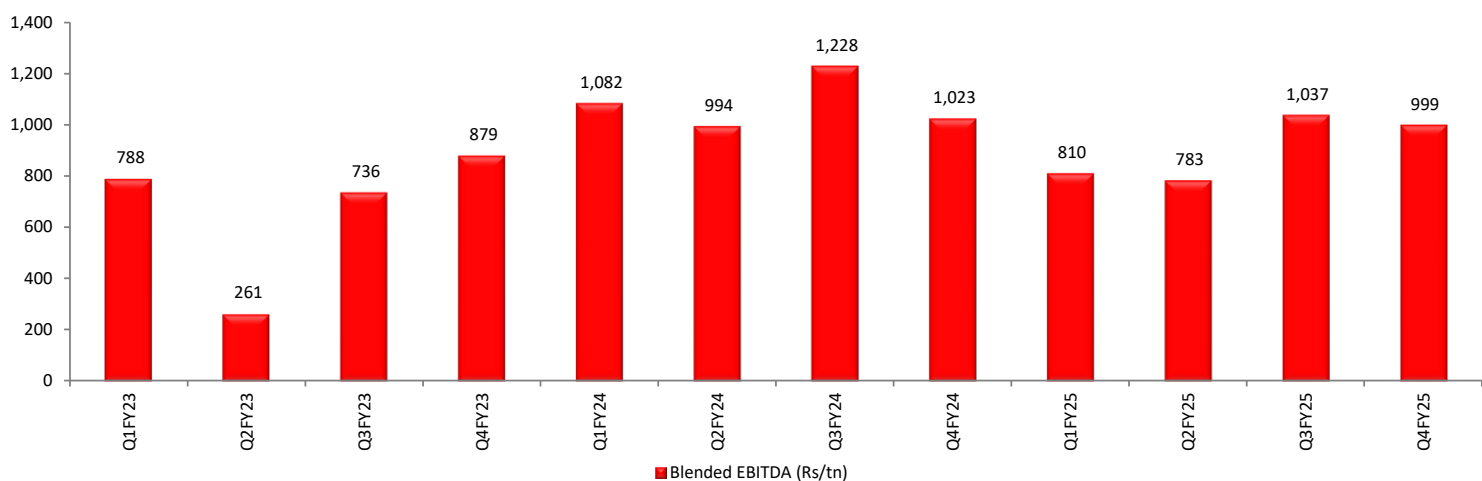
We are forecasting a revenue/EBITDA CAGR of 19%/26% during FY25-FY27E. Currently we are modeling EBITDA/tonne of Rs1,047/1202 for FY26E/FY27E vs Rs916 in FY25. The stock is trading at an EV/EBITDA of 13.7x/11.0x on FY26E/FY27E. We maintain BUY on the stock with a TP of Rs 649.

Exhibit 1: Quarterly sales volumes

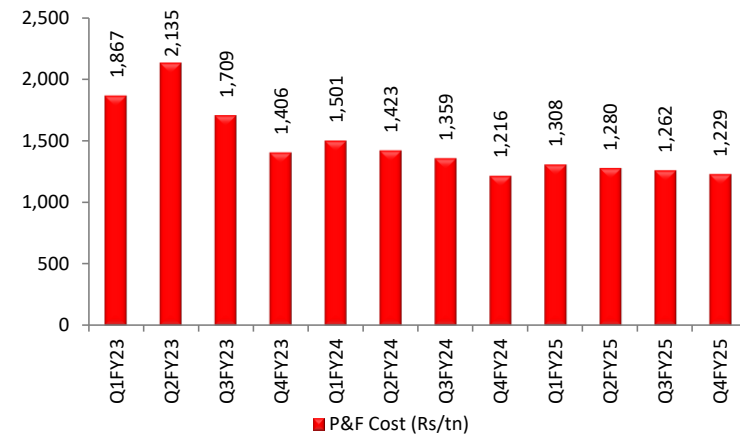
Source: Company, Systematix Institutional Research

Exhibit 2: Quarterly NSR

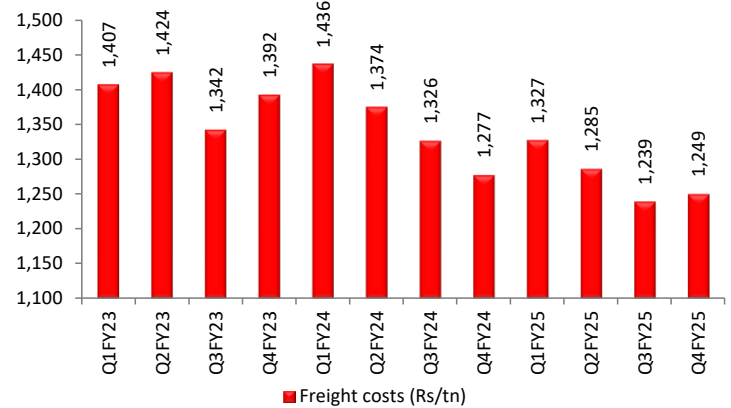
Source: Company, Systematix Institutional Research

Exhibit 3: Blended EBITDA/tn fell by 2.4% YoY and 3.7% QoQ

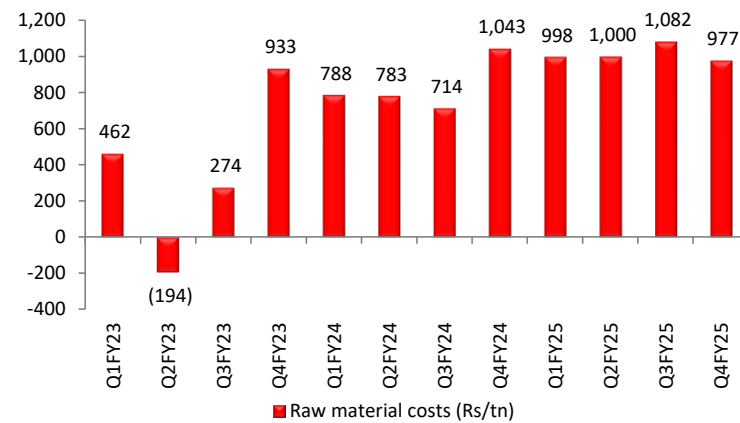
Source: Company, Systematix Institutional Research

Exhibit 4: P&F cost/tn improved 1.1% YoY but fell 2.6% QoQ

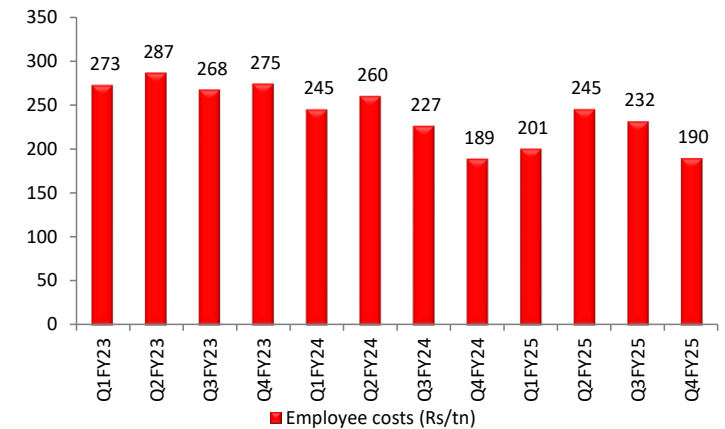
Source: Company, Systematix Institutional Research

Exhibit 5: Freight Cost/tn was down 2.1% YoY; up 0.9% QoQ

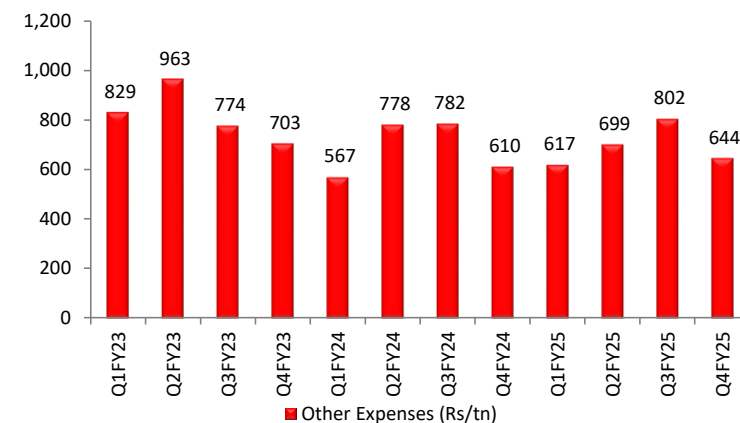
Source: Company, Systematix Institutional Research

Exhibit 6: RM Cost/tn down 6.3% YoY & 9.8% QoQ

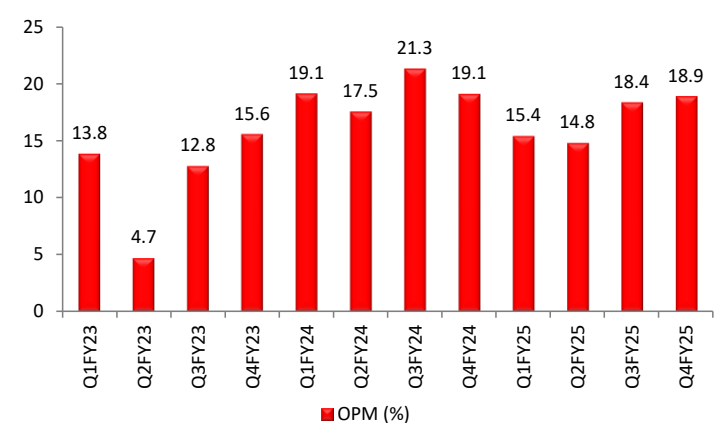
Source: Company, Systematix Institutional Research

Exhibit 7: Employee Cost/tn up 0.4% YoY and down 18.0% QoQ

Source: Company, Systematix Institutional Research

Exhibit 8: Other Expenses/tn up 5.5% YoY down 19.7% QoQ

Source: Company, Systematix Institutional Research

Exhibit 9: Margin contracted to 18.9% in 4Q'25 from 19.1% in 4Q'24

Source: Company, Systematix Institutional Research

FINANCIALS (CONSOLIDATED)

Profit & Loss Statement

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Revenue	3,89,370	3,31,596	3,50,448	4,64,707	5,00,214
EBITDA	51,224	63,995	59,706	91,957	1,08,919
Depreciation	16,447	16,279	24,783	24,265	28,242
EBIT	34,777	47,716	34,923	67,692	80,677
Interest Cost	1,949	2,764	2,159	6,261	8,247
Other Income	7,377	11,664	26,543	15,180	18,230
PBT Before Exceptionals	40,205	56,616	59,306	76,610	90,659
Exceptional Items	280	229	132	0	0
PBT	40,485	56,845	59,438	76,610	90,659
Tax	7,051	11,615	7,640	19,153	22,665
Net profit before MI	33,434	45,231	51,799	57,458	67,994
Minority Interest	4,410	11,612	9,910	10,848	12,214
Adjusted PAT	28,194	35,889	41,451	46,610	55,780
Reported EPS (Rs)	13.0	16.3	16.8	18.9	22.6
Adjusted EPS (Rs)	12.6	17.4	16.7	18.9	22.6

Source: Company, Systematix Institutional Research

Cash Flow

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Pre-Tax Profit	37,295	59,006	59,224	57,458	67,994
Depreciation	16,447	16,279	24,783	24,265	28,242
Change in Working Capital	-34,729	1,941	-34,012	25,860	8,036
Tax Paid	-7,385	-9,156	-3,802	0	0
Other Operating Activities	-4,278	-11,567	-23,820	0	0
Operating Cash Flow	7,349	56,503	22,374	1,07,583	1,04,273
Capital Expenditure	-40,659	-39,611	-85,915	-70,694	-74,514
Change in Investments	-1,09,143	-16,786	638	644	650
Other Investing Activities	0	0	0	0	0
Investing Cash Flow	-1,49,802	-56,397	-85,277	-70,050	-73,864
Free Cash Flow	-14,24,529	1,063	-6,29,038	3,75,335	3,04,097
Equity raised/(repaid)	50,000	66,610	83,391	0	0
Debt raised/(repaid)	-36	-241	-11,711	30,000	0
Other Financing Activities	-20,654	-9,481	-15,759	0	0
Financing Cash Flow	29,310	56,888	55,920	30,000	0
Change in Cash	-1,13,143	56,994	-6,983	67,533	30,410
Opening Cash Balance	1,42,753	53,695	68,705	60,434	1,26,666
Closing Cash Balance	29,610	1,10,689	61,722	1,27,967	1,57,076

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Share Capital	3,971	4,395	4,926	4,926	4,926
Reserves & Surplus	3,83,594	5,04,064	5,29,506	5,76,116	6,31,896
Networth	3,87,566	5,08,459	5,34,433	5,81,042	6,36,823
Short + Long Term Debt	477	368	268	30,268	30,268
Deferred Tax Liabilities	4,518	4,991	30,203	30,203	30,203
Capital Employed	3,92,560	5,13,817	5,64,903	6,41,513	6,97,293
Gross Block	2,30,329	2,94,484	3,41,480	4,32,174	5,26,688
Accumulated Depreciation	83,035	94,917	94,917	1,19,182	1,47,425
Net Block	1,47,294	1,99,567	2,46,563	3,12,992	3,79,263
CWIP	25,259	26,585	98,204	78,204	58,204
Total Fixed Assets	1,72,552	2,26,151	3,44,767	3,91,196	4,37,467
Long Term Invest & Others	1,26,839	1,36,092	2,67,294	2,67,938	2,68,588
Current Assets	1,92,847	2,48,694	1,97,393	2,82,699	3,17,731
Short Term Investments	276	7,863	18,511	18,511	18,511
Inventories	32,728	36,086	42,480	56,330	60,634
Sundry Debtors	11,544	12,131	15,903	21,088	22,699
Cash & Bank Balance	29,610	1,10,689	61,722	1,27,967	1,57,076
Short Term Loans & Advances	185	178	77	102	110
Others	1,18,504	81,747	58,701	58,701	58,701
Current Liabili. & Provisions	99,678	97,120	2,44,551	3,00,319	3,26,493
Creditors	27,739	31,088	27,595	36,591	39,387
Other Current Liabilities	71,939	66,033	2,16,956	2,63,728	2,87,106
Net Current Assets	93,170	1,51,574	-47,157	-17,620	-8,762
Total Assets	3,92,560	5,13,817	5,64,903	6,41,513	6,97,293

Source: Company, Systematix Institutional Research

Ratios

YE: Mar	FY23	FY24	FY25	FY26E	FY27E
Growth					
Revenue growth	34.4%	-14.8%	5.7%	32.6%	7.6%
EBITDA growth	-17.5%	24.9%	-6.7%	54.0%	18.4%
Adjusted PAT growth	-12.7%	35.3%	14.5%	10.9%	18.3%
Margins					
EBITDA margin	13.2%	19.3%	17.0%	19.8%	21.8%
PBT margin	10.3%	17.1%	16.9%	16.5%	18.1%
Effective Tax rate	17.4%	20.4%	12.9%	25.0%	25.0%
Adjusted PAT margin	7.2%	10.8%	11.8%	10.0%	11.2%
Operating Cycle					
Inventory days	23	38	31	31	31
Debtor days	10	13	10	10	10
Creditor days	33	32	33	33	33
Working Capital Cycle	87	158	-25	-39	-42
Return Ratios					
ROE	7.9%	9.8%	8.7%	8.4%	9.2%
Pre-tax ROCE	11.1%	15.1%	12.3%	14.1%	15.2%
Sales/Gross Block	1.4	1.3	1.1	1.2	1.0
Net debt / Equity	-0.1	-0.3	-0.2	-0.2	-0.3
Valuation					
P/E (x)	47.5	33.0	32.0	28.5	23.8
P/B (x)	4.0	3.1	3.1	2.8	2.5
EV/Sales (x)	3.7	3.2	2.8	2.1	1.9
EV/EBITDA (x)	28.3	16.3	16.7	10.5	8.6

Source: Company, Systematix Institutional Research

DISCLOSURES/APPENDIX

I. ANALYST CERTIFICATION

I, **Sudeep Anand, Vidhi Shah, Prathmesh Kamath**; hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

II. ISSUER SPECIFIC REGULATORY DISCLOSURES, unless specifically mentioned in point no. 9 below:

- The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
- The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
- The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
- The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
- The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
- SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
- The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
- The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
- Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

- There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

STOCK RATINGS

BUY (B): The stock's total return is expected to exceed 15% over the next 12 months.

HOLD (H): The stock's total return is expected to be within -15% to +15% over the next 12 months.

SELL (S): The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

NOT RATED (NR): The analyst has no recommendation on the stock under review.

INDUSTRY VIEWS

ATTRACTIVE (AT): Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

NEUTRAL (NL): Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

CAUTIOUS (CS): Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

III. DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy completeness or correctness.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or

Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication, redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSIL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSIL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The compensation of the analyst who prepared this document is determined exclusively by SSSIL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSIL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSIL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSIL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSIL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSIL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSIL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSIL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSIL through this presentation.

SSSIL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.

Registration granted by SEBI to SSSIL and certification from NISM to the analyst in no way guarantee performance of SSSIL or to provide any assurance of returns to investors.



Systematix Shares and Stocks (India) Limited:

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id contactus@systematixgroup.in. Visit us at: www.systematixgroup.in

Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id compliance@systematixgroup.in

Details of Email id grievance redressal cell : grievance@systematixgroup.in

Details of Registration : CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI

Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 12034600) |

PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | AMFI : ARN - 64917