

ACC & Orient Merger Will Establish 'One Cement Platform'

Ambuja Cements Limited, part of the Adani Group, has received approval for two separate Schemes of Amalgamation from its Board of Directors to merge ACC Limited and Orient Cement Limited, establishing a single consolidated 'One Cement Platform'. The current cement capacity is 107 MTPA and is expected to be 155 MTPA by FY28.

For every 100 equity shares of ACC with a face value of Rs 10/share, Ambuja Cements will issue 328 equity shares with a face value of Rs 2/share, to eligible shareholders of ACC. For every 100 equity shares of Orient Cement with a face value of Rs 1/share, Ambuja Cements will issue 33 equity shares with a face value of Rs 2/share, to eligible shareholders of Orient Cement.

For ACC Ltd., the Appointed Date is 1st January 2026 and for Orient Cement Ltd. Appointed Date is 1st May 2025. Subject to requisite approvals such as Shareholders, Creditors, SEBI, NCLT, etc, the transaction is expected to be completed over a period of 12 months.

Strategic Rationale of the Deal

- The merger is expected to create operational synergies by improving manufacturing and logistics efficiency, simplifying the corporate structure, strengthening the balance sheet, and enabling better capital allocation to support growth and reinforce market leadership.
- The merger will streamline the network, branding, and sales promotion expenses, leading to cost optimisation, margin improvement of at least Rs 100 PMT, and support the achievement of targeted cost, margin expansion, and growth objectives.
- The amalgamation will integrate manufacturing and supply chain operations, optimise resource use, simplify the group structure by eliminating multiple entities, and result in all stakeholders dealing with a single unified company.
- The amalgamation will allow more efficient deployment of financial, managerial, and operational resources by centralising them under a single entity, optimising allocation and utilisation to support the group's strategic goals.
- The amalgamation aligns with the group's long-term vision of consolidation and sustainable growth and is expected to enhance shareholder value while supporting consistent, sustainable returns over time.

Post-Merger

- Post merger of the subsidiaries with Ambuja, there is no specific MSA required with ACC, Orient, Penna and Sanghi as these companies will become an integral part of Ambuja.
- Promoter & Promoter Group holding in Ambuja will be 60.94% from 67.65% post approval of all ongoing and proposed schemes of merger of Sanghi, Penna, Orient and ACC.
- Adani Ambuja Cements and Adani ACC brands will continue to operate as usual, depending on the leading product brands in their respective segments.
- ACC is currently availing incentives in the state of Maharashtra, Madhya Pradesh and Uttar Pradesh. Post merger, the benefit should continue to accrue to Ambuja for the residual period of the incentive scheme.

Outlook

The merger of ACC and Orient Cement with Ambuja Cement is expected to enhance operating efficiency. The consolidation will improve transparency across operations, enable better capacity utilisation, and provide a stronger platform for capacity expansion and industry consolidation. A unified operating structure is also likely to drive cost efficiencies, streamline procurement and logistics, and strengthen the company's competitive positioning in the cement sector. Its capacity expansion strategy remains firmly on schedule, supporting its objective of strengthening market share across key regions. With a strong pan-India footprint, ongoing cost optimisation, and portfolio-wide integration benefits within the Adani group, the company is positioned to sustain its growth trajectory.

Additionally, continued government focus on infrastructure development and affordable housing, alongside rising private sector capex and healthy real estate demand, provides a favourable macro backdrop. These factors reinforce expectations of ACL delivering industry-leading performance over the medium term.

Valuation & Recommendation

The stock is currently trading at 17.5x/15x FY26E/FY27E EV/EBITDA. We maintain our **BUY** rating on the stock, with a target price of Rs 630/share (Earlier TP: Rs 705), implying an upside of 15% from the CMP, valuing the company at 17x FY27E EV/EBITDA.

(CMP as of 23rd December, 2025)

CMP (Rs)	547
Upside /Downside (%)	15%
High/Low (Rs)	625/455
Market cap (Cr)	1,35,888
Avg. daily vol. (6m) Shrs.	14,75,000
No. of shares (Cr)	277.9

Shareholding (%)

	Mar-25	Jun-25	Sep-25
Promoter	67.6	67.6	67.7
FII's	8.6	7.4	5.9
MFs / UTI	7.8	7.9	8.0
Others	16.0	17.1	18.4

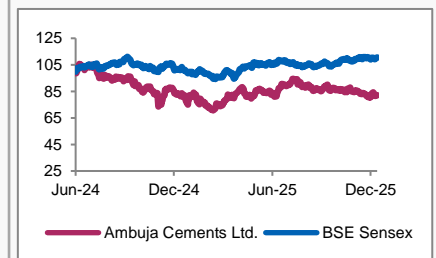
Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	35,045	41,274	46,783
EBITDA	5,971	8,048	9,803
Net Profit	4,227	4,370	3,887
EPS (Rs)	11.8	12.7	14.3
PER (x)	32	35	39
P/BV (x)	2.1	2.2	2.1
EV/EBITDA (x)	21	18	15
RoE (%)	11	10	8

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0%	0%
EBITDA	0%	0%
PAT	0%	0%

Relative Performance



Source: Ace Equity, Axis Securities Research

Results Gallery

[Q2FY26](#)

[Q1FY26](#)

[Q4FY25](#)

[Q3FY25](#)

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ACC Limited: Discontinuing Active Coverage

ACC remains under our fundamental coverage; however, following the proposed amalgamation with Ambuja Cement, we expect the standalone price performance of ACC to be relatively limited. The merger will effectively subsume ACC's growth and valuation trajectory into the larger Ambuja Cement platform.

In this backdrop, we have decided to remove ACC from our active coverage universe. Our advice to investors is to continue holding ACC shares and await the allotment of Ambuja Cement shares pursuant to the merger. We believe Ambuja Cement offers superior medium to long-term growth prospects, driven by scale benefits, capacity expansion, and improved operating efficiencies post-consolidation.

Accordingly, our positive sector view will now be reflected through Ambuja Cement, which will serve as our preferred vehicle within the cement space going forward.

Key Risks to Our Estimates and TP

- Lower realisation and demand in its key market and a delay in capacity expansion.
- Higher input costs may impact margins.

Change in Estimates

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	41274	46783	41274	46783	0%	0%
EBITDA	8048	9803	8048	9803	0%	0%
PAT	4376	3892	4376	3892	0%	0%

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26E	FY27E
Net sales	35045	41274	46783
Other operating income	0	0	0
Total income	35045	41274	46783
Raw Material	6610	6269	6959
Power & Fuel	8265	10162	11178
Freight & forwarding	8301	9431	10374
Employee benefit expenses	1403	1643	1889
Other Expenses	4494	5722	6580
EBITDA	5971	8048	9803
Other income	2655	1033	1170
PBIDT	8626	9081	10973
Depreciation	2470	3454	3940
Interest & Fin Chg.	216	280	281
E/o income / (Expense)	21.47	0	0
Pre-tax profit	5961	5347	6752
Tax provision	766	-289	1823
RPAT	5195	5637	4929
Minority Interests	991	1280	1060
Associates	22.9	13.22	18.55
APAT after EO item	4227	4370	3887

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26E	FY27E
Total assets	80945	86368	91079
Net Block	34477	40382	46844
CWIP	9820	9820	9820
Investments	0	0	0
Wkg. cap. (excl cash)	3079	3534	3954
Cash / Bank balance	6172	4914	3428
Misc. Assets	27397	27717	27032
Capital employed	80945	86368	91079
Equity capital	440	493	556
Reserves	38236	52951	56770
Minority Interests	0	0	0
Borrowings	19	14	14
DefTax Liabilities	1549	2408	2408
Other Liabilities and Provision	40702	30502	31330

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY25	FY26E	FY27E
Profit before tax	5922	5347	6752
Depreciation	2478	3454	3940
Interest Expenses	216	280	281
Non-operating/ EO item	-2598	-1052	-1193
Change in W/C	-2353	-455	-420
Income Tax	380	-289	1823
Operating Cash Flow	3286	7864	7537
Capital Expenditure	-8687	-10318	-9357
Investments	9142	0	0
Others	-180	2033	1170
Investing Cash Flow	275	-8285	-8187
Borrowings	0	0	0
Interest Expenses	-176	-280	-281
Dividend paid	-493	-556	-556
Others	6321	0	0
Financing Cash Flow	5653	-836	-837
Change in Cash	298	-1258	-1486
Opening Cash	3007	5043	3786
Closing Cash	5043	3786	2299

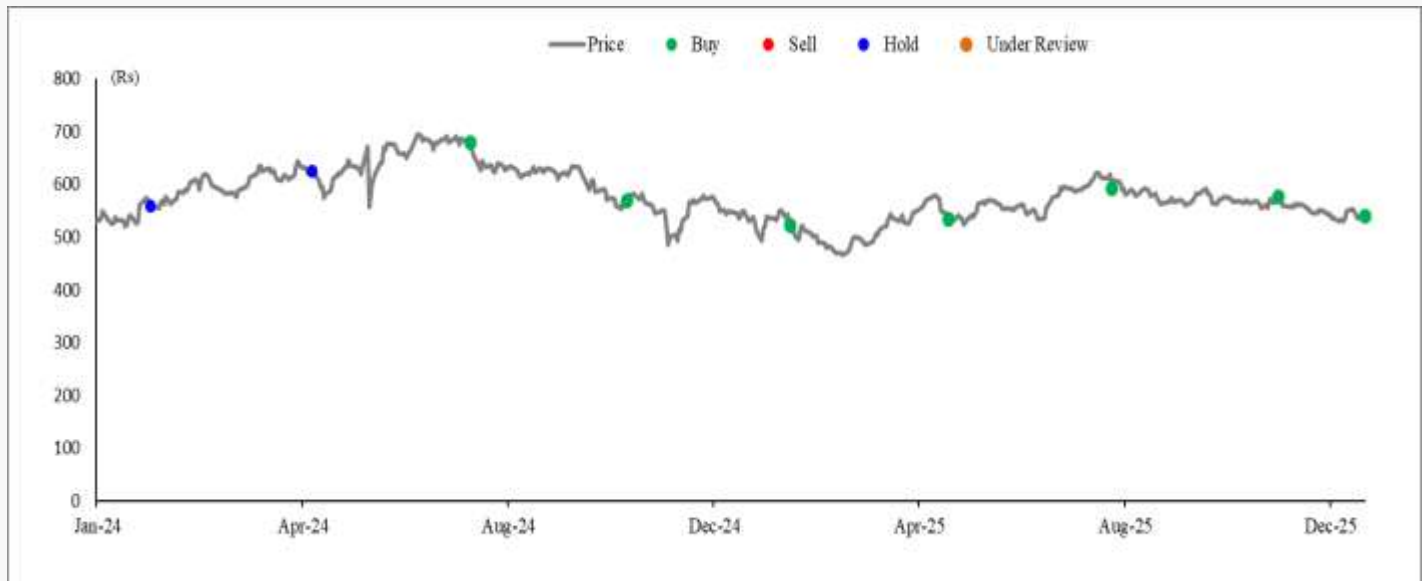
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY25	FY26E	FY27E
Operational Ratios			
Sales growth	6%	18%	13%
OPM	17.0%	19.5%	21.0%
Op. profit growth	-7%	35%	22%
COGS / Net sales	66%	63%	61%
Overheads/Net sales	17%	18%	18%
Depreciation / G. block	5.8%	6.6%	6.4%
Efficiency Ratios			
Total Asset Turnover (x)	0.96	0.88	0.83
Sales/Gross block (x)	0.83	0.79	0.76
Sales/Net block(x)	0.87	0.90	0.89
Working capital/Sales (x)	0.02	0.03	0.02
Valuation Ratios			
PER	32	35	39
P/BV (x)	2.12	2.22	2.08
EV/EBITDA (x)	20.7	17.7	14.8
EV/Sales (x)	3.52	3.44	3.09
EV/Tonne \$ (x)	145	147	143
Return Ratios			
ROE	10.8	10.4	8.4
ROCE	10.2	8.1	9.4
ROIC	12.9	9.6	10.7
Leverage Ratios			
Debt/equity (x)	0.00	0.00	0.00
Net debt/ Equity (x)	-0.19	-0.16	-0.11
Net debt/EBITDA	-2.01	-1.34	-0.84
Interest Coverage ratio (x)	28.51	20.10	25.05
Cash Flow Ratios			
OCF/Sales	0.07	0.18	0.20
OCF/EBITDA	0.44	0.94	0.95
OCF/Capital Employed	0.04	0.11	0.13
FCF/Sales	-0.35	-0.06	-0.04
Payout ratio (Div/NP)	11.8	12.7	14.3
AEPS (Rs)	16.9	15.7	14.0
AEPS Growth	16.7	4.8	-11.1
CEPS (Rs)	27	28	28
DPS (Rs)	2	2	2

Source: Company, Axis Securities Research

Ambuja Cements Price Chart and Recommendation History



Date	Reco	TP	Research
01-Feb-24	HOLD	535	Result Update
03-May-24	HOLD	590	Result Update
01-Aug-24	BUY	750	Result Update
29-Oct-24	BUY	675	Result Update
30-Jan-25	BUY	655	Result Update
30-Apr-25	BUY	655	Result Update
01-Aug-25	BUY	660	Result Update
04-Nov-25	BUY	705	Result Update
24-Dec-25	BUY	630	Company Update

Source: Axis Securities Research

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