

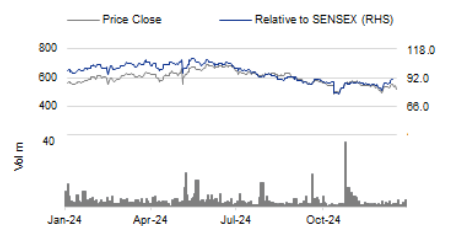
India

ADD (no change)

Consensus ratings*: Buy 28 Hold 9 Sell 5	
Current price:	Rs522
Target price:	Rs630
Previous target:	Rs775
Up/downside:	20.7%
InCred Research / Consensus:	-2.9%
Reuters:	ABUJ.NS
Bloomberg:	ACEM IN
Market cap:	US\$14,858m
	Rs1,285,997m
Average daily turnover:	US\$20.5m
	Rs1771.2m
Current shares o/s:	1,985.7m
Free float:	27.4%
*Source: Bloomberg	

Key changes in this note

- EBITDA cut by ~8% for FY26F/27F.
- Retain ADD rating with a lower target price of Rs630.




Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(4.7)	(9.2)	(9.1)
Relative (%)	(2.6)	(5.2)	(15.5)

Major shareholders	% held
Promoter & Promoter Group	67.6
Life Insurance Corporation of India	5.1
ICICI Pru MF	2.1

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Ambuja Cements Ltd

Profitability impacted due to several one-offs

- 3Q standalone/consol. adj. EBITDA stood at ~Rs6bn/Rs8.9bn, down 29%/49% yoy, respectively, on higher costs due to the inefficiency of acquired assets.
- ACEM to invest Rs10bn in acquired assets to bring their cost structure in line with group level. Cost-savings benefits to accrue gradually in coming quarters.
- We cut our FY26F-27F EBITDA estimates by ~8% to factor in weak 3QFY25 performance. Retain our ADD rating with a lower target price of Rs630.

Healthy volume rise at the cost of pricing; aims ~104mtpa by FY25F

Ambuja Cements or ACEM's standalone 3QFY25 sales volume grew by ~23% yoy to 10.1mt, including inter-company sales under MSA (4.5mt), which got nullified in the consol. numbers, while at the consol. level, volume grew by ~17% yoy (ex-acquired assets were ~7% yoy) to 16.5mt, the highest-ever, led by ramp-up of acquired plants, growing market reach and branding focus. The rising mix from the southern region has kept the qoq change in cement realization (after adjustment) against the market trend. However, most acquired assets products are sold under the 'A category' brands of ACEM & ACC vs. the 'B category' earlier. Management has highlighted that demand is showing a revival and the group will grow better than the industry growth rate in the coming quarters, and that prices have been improving from Dec 2024. PCIL's cement utilization is ~40% (~78% clinker) & usually takes time to ramp up to the normal level. It added 631mt new limestone reserves in 3QFY25, taking the total reserves to 8.3bnmt. The group to have ~104mtpa capacity by FY25F with the completion of Orient Cement buyout, ~118mtpa by FY26F & 140mtpa by FY28F.

Acquired assets drag profitability; total cost at ~Rs3,700/t by FY28F

Standalone adj. EBITDA/t was down by ~Rs188 qoq at Rs595/t while consol. adj. EBITDA/t stood at ~Rs540. During 3Q, ACEM's P&F costs fell by ~18% yoy and are expected to decline, with a growing share of green energy and a reduction in the energy basket. Freight costs declined by ~5% qoq due to the reduction in lead distance and increase in direct dispatches (~57%). However, it faced challenges with the consolidation of acquired assets facing higher overheads and lower utilization levels. Acquired assets' cost to decline by 10-15% from current levels in the long run. Management maintained its cost reduction target at ~Rs500/t+, with savings to contribute gradually over the coming quarters and reach an avg. total cost of ~Rs3,700 (Rs4,400/t currently) in the next few years. WHRS capacity to reach 218MW by FY25F vs. 197MW currently. ACEM is investing Rs10bn (already factored in) in Penna Cement and Sanghi Cement to improve their cost structure and believes that with time they will be among the lowest-cost entities for the company

Retain ADD rating with a lower target price of Rs630

We retain our ADD rating on ACEM with a lower target price of Rs630 (Mar 2026F) based on implied consol. EV/EBITDA of 19x (unchanged). Though its current valuation is at a marginal premium vs. long-term median, the premium is to reflect the possibility of a potential rise, and cost-saving synergies with group companies. On the balance sheet, ACEM had a cash balance of Rs87.3bn in Dec 2024 vs. Rs101.3bn in Sep 2024. Capex to be ~Rs80bn in FY25F, of which it has already incurred Rs62bn in 9MFY25. Downside risks: Pricing pressure, delay in projects, rise in input costs and dismal demand growth.

Financial Summary

	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue (Rsm)	199,854	179,193	192,319	226,475	265,525
Operating EBITDA (Rsm)	32,204	33,708	28,789	42,121	55,874
Net Profit (Rsm)	25,535	23,663	25,678	35,267	45,083
Core EPS (Rs)	13.5	11.9	11.5	14.3	18.3
Core EPS Growth	26.1%	(12.3%)	(2.6%)	24.0%	27.8%
FD Core P/E (x)	40.60	43.81	45.23	36.46	28.52
DPS (Rs)	2.5	2.0	2.1	3.4	4.4
Dividend Yield	0.48%	0.38%	0.40%	0.66%	0.84%
EV/EBITDA (x)	31.42	28.15	33.54	26.31	20.05
P/FCFE (x)	(14.17)	(21.38)	58.43	27.51	23.75
Net Gearing	(8.7%)	(23.8%)	(36.2%)	(31.3%)	(27.5%)
P/BV (x)	3.64	2.80	2.38	2.26	2.14
ROE	10.6%	7.2%	5.6%	6.4%	7.7%
% Change In Core EPS Estimates			(0.20%)	(0.24%)	(0.22%)
InCred Research/Consensus EPS (x)					

SOURCES: INCRED RESEARCH, COMPANY REPORTS

3QFY25 results review

Figure 1: Standalone quarterly performance

Particulars (Rs m)	3QFY25	3QFY25F	2QFY25	3QFY24	% Change		
					3QFY25F	2QFY25	3QFY24
Net Sales	50,432	45,727	42,132	44,395	10%	20%	14%
Raw Materials Consumed	18,317	12,880	12,913	11,952	42%	42%	53%
Freight and Forwarding Expenses	9,643	9,407	8,709	9,133	3%	11%	6%
Power and Fuel Costs	8,662	8,410	8,030	8,582	3%	8%	1%
Employee Costs	1,425	1,410	1,318	1,369	1%	8%	4%
Other Expenses	6,377	5,136	4,357	4,848	24%	46%	32%
Total Expenditure	44,426	37,243	35,327	35,885	19%	26%	24%
EBITDA	6,006	8,484	6,805	8,511	-29%	-12%	-29%
Depreciation	2,529	2,424	2,398	2,335	4%	5%	8%
EBIT	3,477	6,061	4,407	6,176	-43%	-21%	-44%
Interest	355	363	323	454	-2%	10%	-22%
Other Income	7,717	1,625	2,650	1,082	375%	191%	613%
PBT	8,322	7,323	6,735	6,804	14%	24%	22%
Tax	-6,740	1,941	1,728	1,668	-447%	-490%	-504%
Recurring PAT	15,063	5,382	5,007	5,137	180%	201%	193%
Extraordinary Items	2,517	0	0	0			
Reported PAT	15,063	5,382	5,007	5,137	180%	201%	193%
EPS (Rs)	6.1	2.2	2.0	2.6	180%	201%	136%
Margins (%)	3QFY25	3QFY25F	2QFY25	3QFY24			
Gross Margin	21.9%	27.6%	23.7%	27.4%	-571bp	-183bp	-549bp
EBITDA Margin	11.9%	18.6%	16.2%	19.2%	-664bp	-424bp	-726bp
EBIT Margin	6.9%	13.3%	10.5%	13.9%	-636bp	-357bp	-702bp
PBT Margin	16.5%	16.0%	16.0%	15.3%	49bp	52bp	118bp
PAT Margin	29.9%	11.8%	11.9%	11.6%	1,810bp	1,798bp	1,830bp
Tax Rate	-81.0%	26.5%	25.7%	24.5%			
Cost Items as a % of Sales							
RM + Freight + P&F Costs	72.6%	67.1%	70.4%	66.8%	549bp	224bp	579bp
Employee Costs	2.8%	3.1%	3.1%	3.1%	-26bp	-30bp	-26bp
Other Expenses	12.6%	11.2%	10.3%	10.9%	141bp	230bp	172bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: 3QFY25 results: Per tonne analysis

Per tonne analysis	3QFY25	3QFY25F	2QFY25	3QFY24	% Change		
					3QFY25F	2QFY25	3QFY24
Sales Volume (Cement)	10.10	9.25	8.70	8.20	9.2%	16.1%	23.2%
Realization	4,993	4,945	4,843	5,414	1.0%	3.1%	-7.8%
EBITDA/t	595	918	782	1,038	-35.2%	-24.0%	-42.7%
RM Costs/t	1,814	1,393	1,484	1,458	30.2%	22.2%	24.4%
P&F Costs/t	858	910	923	1,047	-5.7%	-7.1%	-18.0%
Freight Costs/t	955	1,017	1,001	1,114	-6.1%	-4.6%	-14.3%
Employee Costs/t	141	153	151	167	-7.5%	-6.8%	-15.5%
Other Expenses/t	631	555	501	591	13.7%	26.1%	6.8%
Total Costs/t	4,399	4,028	4,061	4,376	9.2%	8.3%	0.5%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Profitability impacted due to several one-offs

3QFY25 results review and earnings-call takeaways

Update on operational performance:

Demand & Pricing:

- **Volume:** During 3Q, standalone cement volume came in at 10.1mt (+9% above our expectation), +23% yoy and +16% qoq. While consol. volume stood at 16.5mt, +17% yoy. Penna Cement's clinker utilization reached ~85%.
- **Industry demand:** Improved construction activity and government spending will support cement demand growth of 4-5% in FY25F. Adani Cement to grow ahead of the industry, as per management.
- **Industry capacity addition:** Supplies are better placed and not in excess. If private players don't initiate action and invest in the cement sector, prices will increase and there will be a shortage of cement in India, as per management.
- Consolidated ~7% volume growth after excluding acquired asset numbers.
- MSA volume was 4.5mt, approximately 50%-50% for both companies' vs. 3.7mt qoq.
- Sanghi Cement and Penna Cement Industries (Penna Cement or PCIL) volume is flowing into both ACC and ACEM and get sold under their respective brands.
- **Pricing:** Cement prices have risen in Dec 2024 and Jan 2025.
- **Low realization:** 1.4mt sales were from previously non-working assets, which are from markets like South India where the prices are depressed currently.
- 3Q was the first full quarter, on a yoy basis, of operational acquired assets. Other expenses were higher due to inefficiency in acquired assets' operations, which are yet to reach the optimal operating level.
- PCIL's cement utilization is 40% (vs. >70% clinker) and usually it takes time to reach the normal level. Now its cement is selling at 'A product price' levels versus 'B product price' levels earlier, requiring an investment in the early stage (higher fixed expenses).
- **Realization:** Cement realization was up ~3% qoq at Rs4,993/t.
- Trade share stood at 71%, while the share of premium products touched 26%.

Costs & margin

- **Costs: Overall blended costs/t** were 9% above our estimate at Rs4,399 (up 8% qoq and 1% yoy on account of higher raw material costs due to excess purchase of clinker and other expenses due to A&P spending. a) P&F costs down by ~7% qoq and ~18% yoy. b) Logistics costs/t down by ~5% qoq and ~14% yoy, and total lead distance lower by 3km at 265km. c) Fixed expenses up 18% qoq and ~18% yoy. d) Raw materials consumed were up 22% qoq.
- **Kiln fuel costs (on consol. basis)** came in at Rs1.66/kcal and vs. Rs1.84 yoy. There was increased use of low-cost imported pet-coke and E-auction coal, amid the overall reduction in cost of the fuel basket. Green power share reached 21.5%.
- Expects ~15% reduction in acquired assets' costs. Rs3,650/t is the average targeted cost on overall company basis and will be achieved by FY28F. Rs500-550/t cost savings remains on path.
- A large portion of cost savings to come in the end years, mainly due to coal mine-related savings.
- **EBITDA:** Standalone EBITDA for the quarter came in at ~Rs6bn (~29% below our estimate), down by ~12% qoq and 29% yoy. Unit EBITDA stood at Rs595/t during the quarter vs. Rs782/t qoq and Rs1,038/t yoy.
- During 3Q, the company received a refund of Rs1.89bn for exemption of excise duty on captive consumption of clinker at the Darlaghat unit and Rs5.17bn for interest received and interest provision in other income.

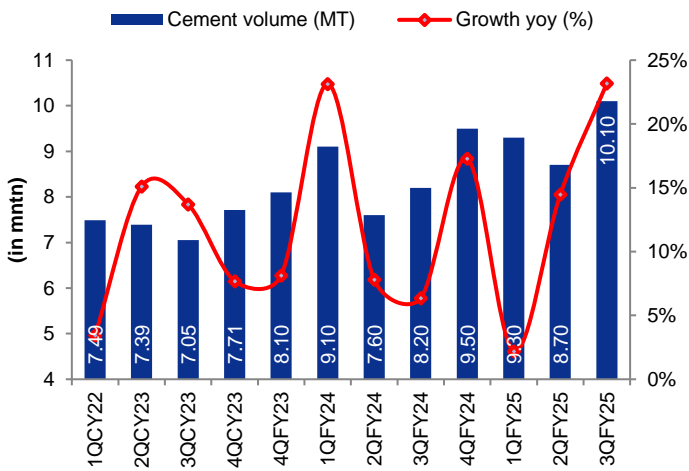
- **Freight costs:** Targeting to reduce primary lead distance by 100km. Primary lead distance was 265km vs. 268km qoq. Secondary lead distance at 45km vs. 58km qoq due to the rise in direct dispatches, which are now at 57%. The company has ordered rakes to further reduce lead costs and strengthen fly ash and clinker transportation.
- Going ahead, ~45%-50% of the current base will be highly efficient in capex, opex, green power and railway infrastructure, as per management.
- Out of the two clinker units at Sanghi Cements, one unit's optimization is already stable, while for another the work is going on with an overall 37% utilization level vs. 22% yoy. It should reach the normal level by FY26F.
- Rs10bn to be invested in acquired assets to improve the cost structure already included in the expected outflow.

Other updates during the quarter and year

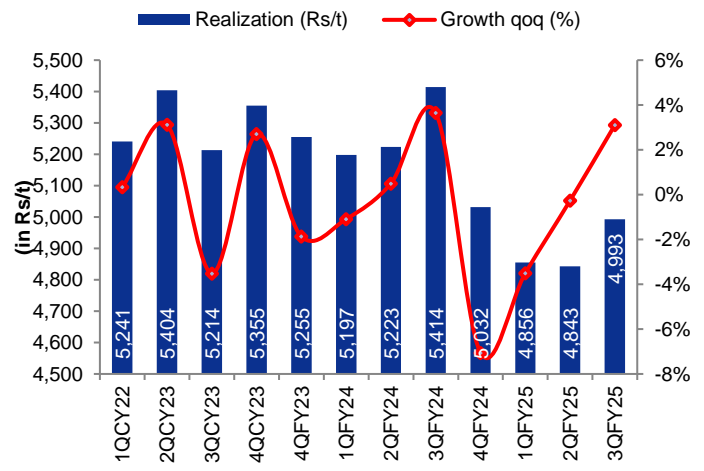
- **Consol. cash and cash equivalents** as of Dec 2024-end stood at ~Rs87.5bn vs. ~Rs101.35bn as of Sep 2024-end. Capex growth will be met through internal accruals and operating cash flow.
- During 3Q, secured an additional 631mt limestone reserves, taking the total reserves to ~8.3bn mt in possession at nil-to-nominal premium, minimizing the issues on expiry of limestone reserves by 2030F.
- Orient Cement's acquisition is expected to be closed in 4QFY25F. The merger of Penna Cement and Sanghi Cement is under progress. ACEM consol. capacity to reach 104mtpa by 4QFY25F, 118mtpa by FY26F and 140mtpa by FY28F.
- ACEM commissioned 200MW of power supply at the Khavda site & green power's share is expected to be ~22% of power consumption by FY25F.
- As per management, incremental incentives are expected on every new investment made and more incentives to accrue in the coming quarters. The company expects ~Rs5bn incremental incentive run rate, on a FY basis, on the investment made.
- ACEM expect the incentive run rate to reach Rs6-6.5bn on a full-year basis vs. Rs4bn-4.5bn currently.
- Expects incentives, in respect of the investment made worth Rs45bn, to be received over the next seven-to-nine years.
- Rs40bn outflow expected in Orient Cement.
- Tangible assets are 75% of the company's net worth.
- A significant portion (1mt) of PCIL's sales is in South India, which is a market with depressed prices. This had a negative impact on the overall price realization. The South India market is largely an OPC-led market, primarily led by the B2B segment.
- Blended cement's share stood at 82%.
- Maratha grinding unit or GU to have 40MW WHRS facility and a 30% provision for AFR.
- 13 additional GUs identified, for which land acquisition and related work is in progress.
- Waste heat recovery system or WHRS capacity is 218MW by FY25F, from 170MW currently. RE share to reach 60% and 83% for clinkerization. Can save a further Rs100/t on P&F costs by FY28F.
- **Capex:** Organic capex was Rs62bn in 9MFY25 and it expects capex at Rs70bn in FY25F.

Key charts >

Figure 3: Cement sales volume, including clinker, up by ~23% yoy Figure 4: Realization was up ~3% qoq in 3QFY25

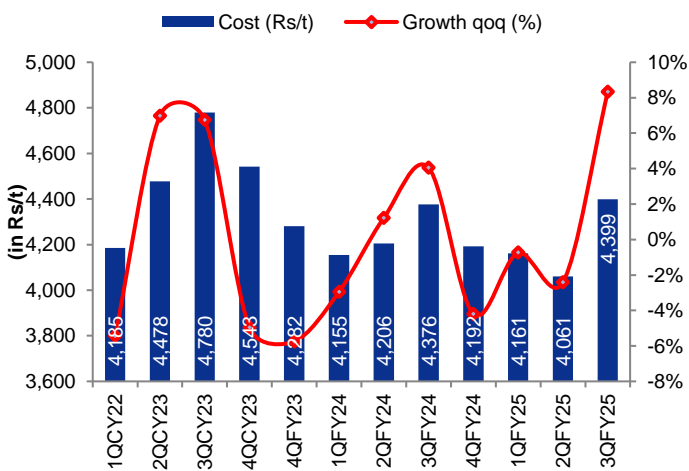


SOURCE: INCRED RESEARCH, COMPANY REPORTS



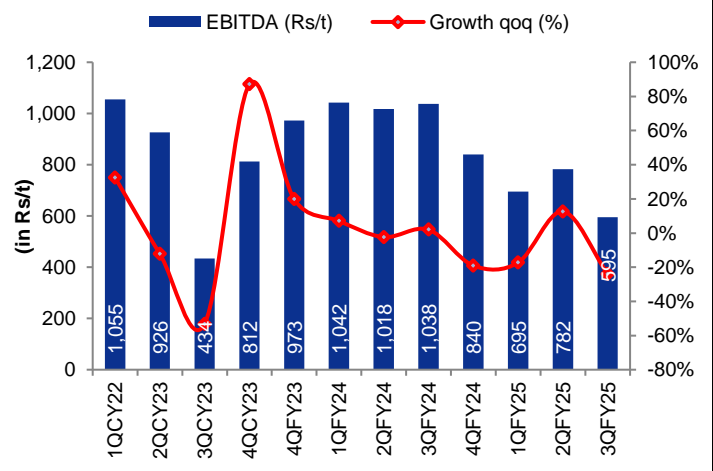
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Total operating costs/t up by ~8% qoq and 0.5% yoy



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Unit EBITDA contracted by Rs188/t qoq to Rs595/t during the quarter



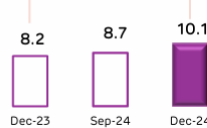
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: ACEM (standalone) cement business - 3Q operational performance overview

Ambuja Cement (Standalone) Cement Business (% Change YoY)

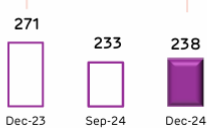
SALES VOLUME - CLC (MnT)

+24%



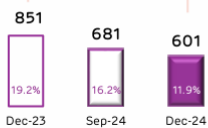
NSP (₹/Bag Cement)

-12%



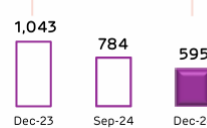
EBITDA (Excl. RMX & Other Income) (₹ Cr & Margin)

-29%



EBITDA (Excl. Other Income) (₹/ton)

-43%



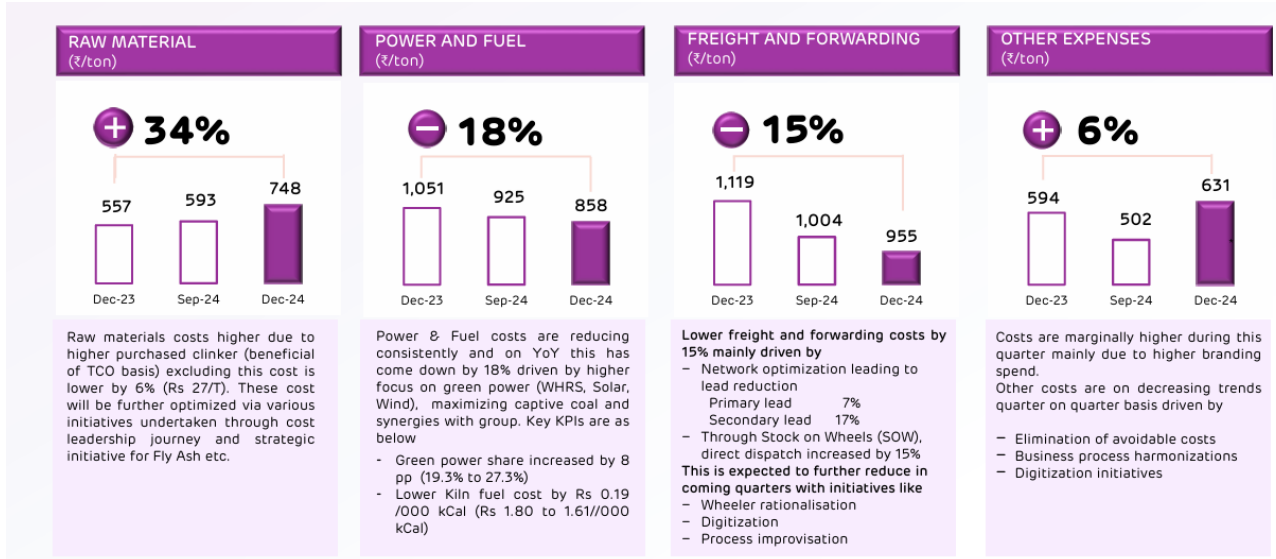
Volume growth of 24% driven by higher trade sales volume and premium products have mitigated partially the lower realization and resulted in revenue growth of 14%. Various initiatives on ground have been rolled out to push the sales volume and improve realizations.

- Technical services programs resulting in expansion of ground network
- Continuous engagement with influencers
- Improve premium products share
- Focused branding and promotional activity

Continuous focus on Operational excellence through Capex/Opex base programs and cost reduction initiatives will help in improving the cost parameters and profitability in coming quarters

SOURCE: INCRED RESEARCH, ACC-ACEM 3QFY25 INVESTOR PRESENTATION

Figure 8: ACEM (standalone) cement business - 3Q cost performance



SOURCE: INCRED RESEARCH, ACC-ACEM 3QFY25 INVESTOR PRESENTATION

Figure 9: Adani Cement's (ACC+ACEM) planned capacity expansion status

Expansion project	Capacity mtpa		Expected timeline for completion	Current Status
	Clinker	Cement		
Bathinda	NA	1.2	2QFY26F	Major equipment orders placed. Construction in progress.
Bhatapara Line 3 (CU)	4	NA	4QFY25F	At advanced stage of completion.
Maratha Line 2 (CU)	4	NA	3QFY26F	59% order placement completed by EPC partner, construction in progress.
Sankrail (GU)	NA	2.4	4QFY25F	At advanced stage of completion.
Marwar (GU)	NA	2.4	2QFY26F	Ongoing civil work, major equipment's to be received soon.
Farakka (GU)	NA	2.4	4QFY25F (Phase-I)	At advanced stage of completion.
Sindri (GU)	NA	1.6	4QFY25F	Major equipment orders placed. Construction in progress.
Salai Banwa (GU)	NA	2.4	1QFY26F	Major equipment received. Civil work in progress.
Warishaliganj (GU)	NA	2.4	4QFY26F	EPC contract awarded, pre-project activities in progress.
Dahej Line-2 (GU)		1.2	3QFY26F	
Kalamboli (Blending)		1	3QFY26F	Civil work commenced; equipment sources placed.
Jodhpur (Penna IU)	3	2	3QFY26F	85% civil work completed.
Krishnapatnam Penna (GU)		2	3QFY26F	Civil work completed; key equipment's ordered.
Total	11	21		

SOURCE: INCRED RESEARCH, ACC-ACEM 3QFY25 INVESTOR PRESENTATION
*EC: ENVIRONMENT CLEARANCE; EPC: ENGINEERING PROCUREMENT CONTRACT

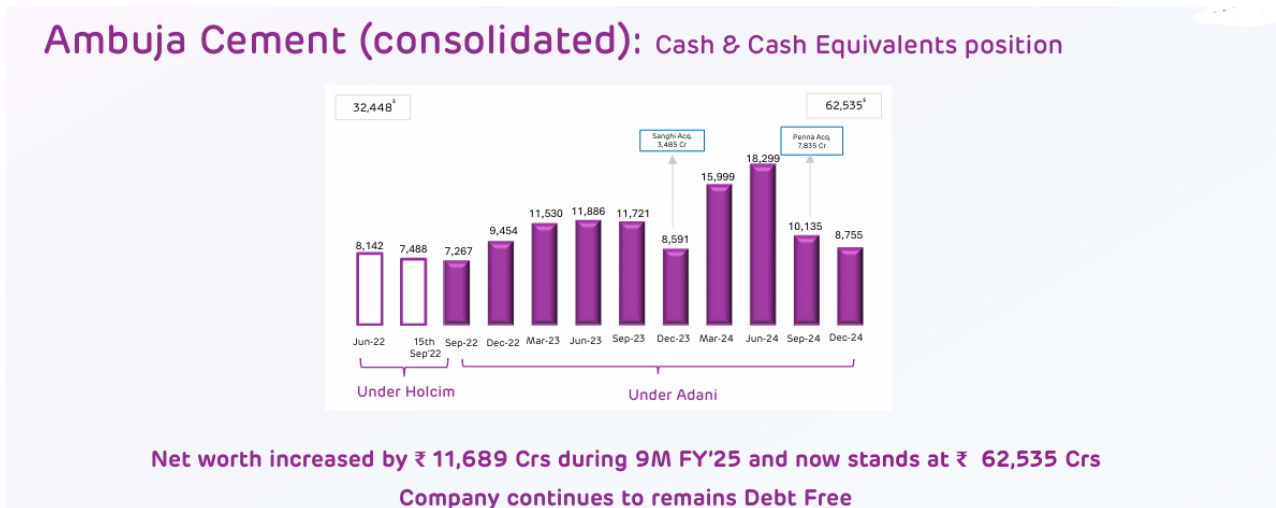
Figure 10: Adani Cement is on track to meet targeted growth with efficiency

On track to achieve targeted Growth more efficiently

- With Sindri, Farakka & Sankrail grinding units in **advance stage** of completion, completion of **Orient Cements** transaction, operational capacities to reach **104 MTPA** by Q4 FY'25, **118 MTPA** by FY'26 and **140 MTPA** target by FY'28
 - Net worth **at an all time high** of **Rs. 62,535 Cr** and Cash & Cash equivalent **at Rs 8,755 Cr (14% of the Net worth)**
 - **Added 631 Mn MT** new limestone reserves in Q3 FY'25, total reserves reaching **~8,300 Mn MT**. Besides this, high quality limestone reserves of Orient Cement adds to existing resources
 - ESG Program :
 - Ambuja Cements enters into strategic partnership with Finland-based Coolbrook to implement its proprietary **RotoDynamic Heater™ (RDH™) technology**. This will **significantly reduce fossil fuel dependency** by harnessing Renewable Electricity for zero carbon high-temperature process heating
 - **Net Zero** commitment with 2050 targets validated by **SBTi**
 - Commissioned 200 Mw in Khavda site & Green power share expected to **be 22%** of power consumption **by FY'25** & **60%** by **FY'28**
 - Water positive @ **11x** (ahead of SDP 2030 target), Plastic negative @ **8x**
 - Fuel rate has **reduced by 10%** YoY from Rs 1.84 to Rs 1.66/000 kCal with maximization of Captive coal and Group synergy. AFR @8%, therefore substantial scope to reduce fuel cost further
 - Logistics cost reduced by 5% @Rs 1,228 per Ton driven by efficiency improvement journey
 - Overall lead reduced by 4Km (289 km to 285 km)
 - Direct dispatch up by 7 pp @57%
 - Road PTPK decreased by 2% (Rs 4.21 to 4.12 PTPK)
- This will further reduce through
- Higher Sea transport share with Penna acquisition
 - Own BCFC rakes transport modes (resulting in cost reduction of Fly Ash)

SOURCE: INCRED RESEARCH, ACC-ACEM 3QFY25 INVESTOR PRESENTATION

Figure 11: Adani Cements – strong cash profile



SOURCE: INCRED RESEARCH, ACC-ACEM 3QFY25 INVESTOR PRESENTATION

Figure 12: Sustainability goal – ACEM-ACC's strategy is led by Sustainable Development (SD) 2030 Plan; ACEM/ACC are confident of achieving the 2030F target much ahead of time

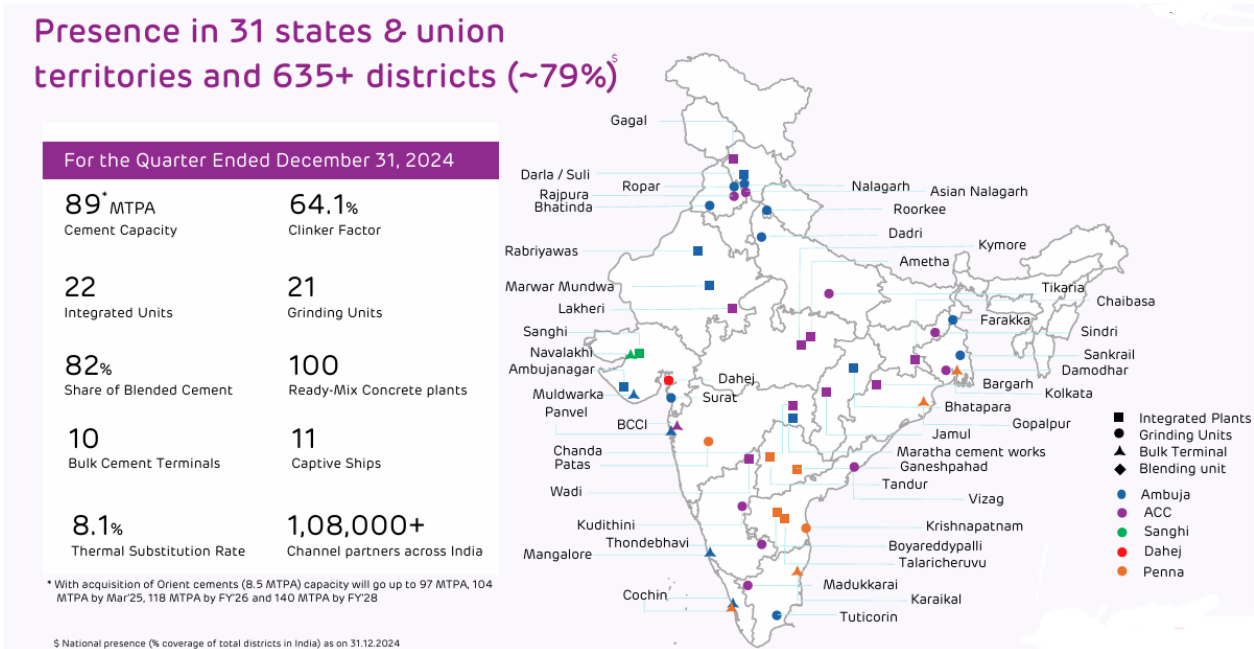
ESG Dashboard

Material topic	Ambuja		ACC		UN SDGs
	2030 TARGETS	STATUS Q3 FY 25	2030 TARGETS	STATUS Q3 FY 25	
Climate & Energy (Net specific CO ₂ emissions - Kg/T)	453	512	400	471	3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND SANITATION
Climate & Energy (Green Power)	60%	27.3%	60%	18.5%	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Circular Economy (Use of waste derived resources MnT/yr)	21	2.0	30	2.8	14 LIFE BELOW WATER, 7 AFFORDABLE AND CLEAN ENERGY
Water & Nature (Water Positive)	10x	11.2x	5x	0.17x	13 CLIMATE ACTION, 15 LIFE ON LAND
Water & Nature (Trees Planted - Million)	2.4	1.4 till FY 24	5.9	4.9 till FY 24	16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
People & Community (beneficiaries – million)	3.5	3.3 till FY 24	3.5	1.45 till FY 24	

SOURCE: INCRED RESEARCH, ACC-ACEM 3QFY25 INVESTOR PRESENTATION

NOTE: ACTUAL NUMBERS ARE FOR ACHIEVEMENT DURING 2QFY25, WHRS-WASTE HEAT RECOVERY SYSTEM; MW-MEGA WATT

Figure 13: Adani Cement - presence in 30 states and 625+ districts (~75%)



SOURCE: INCRED RESEARCH, ACC-ACEM 3QFY25 INVESTOR PRESENTATION

Figure 14: Adani Cement's industry outlook - expects infrastructure and housing sectors to revive cement demand in India

Pick up in Infrastructure and Housing spend to drive Cement Demand



Housing

Housing continue to remain as healthy recipient of total Capex spend

- Govt. of India's promotional scheme for rural housing to push demand
- Sustained healthy demand for urban housing to further aid growth
- Sanction of additional houses under the Pradhan Mantri Awas yojana has seen improved demand in Q3 and expected to improve further in Q4 of FY'25



Infrastructure

Rapid Infrastructure is the key driver of Indian economy

- Government capex on Infrastructure, which accounts for 25-30% of cement demand likely to accelerate in H2 FY2025 (remained sluggish in H1 FY2025 due to general elections effects on capex trajectory and extreme weather conditions)
- Total allocation to six core cement-related infrastructure sectors¹ in the Union Budget has increased 6% for FY 2025
- **New Economic Corridors** across the country to boost cement demand

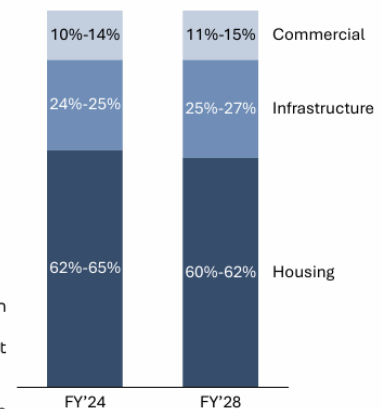


Commercial

Demand for Commercial Sector Surged

- GOI's **Make in India & PLI** schemes attracting sizeable investments ~ \$ 12.8 Bn in a year
- Development of plug-and-play industrial parks in over 100 cities to support demand
- Commercial RE to see exponential growth
 - Office market sees double powered growth (leasing space is expected to grow by 8% to 10%); Global Capability Centers to drive demand
 - Exponential growth seen in Indian data center industry propelled by advancement in AI and nationwide rollout of 5G technology; projected to reach 66% growth in capacity by 2026

Cement Demand Segments (% share)



SOURCE: INCRED RESEARCH, ACC-ACEM 2QFY25 INVESTOR PRESENTATION

Key changes ➤

Figure 15: Our revised earnings estimates

Rs. m	New		Change (%)			Old			
	FY25F	FY26F	FY27F	FY25 F	FY26 F	FY27 F	FY25F	FY26F	FY27F
Sales	1,92,319	2,26,475	2,65,525	0%	0%	0%	1,92,267	2,26,414	2,65,063
EBITDA	28,788	42,120	55,873	-12%	-8%	-7%	32,717	46,024	60,294
PAT	25,677	35,265	45,082	10%	6%	4%	23,447	33,117	43,449
EPS (Rs.)	10.4	14.3	18.3	10%	6%	4%	10	13	18

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 16: Changes in our estimates vs. Bloomberg consensus estimates

Rs. m	Incred			Consensus			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25 F	FY26 F	FY27 F
Sales	1,92,319	2,26,475	2,65,525	2,01,421	2,66,644	3,09,790	-5%	-15%	-14%
EBITDA	28,788	42,120	55,873	38,338	76,098	86,558	-25%	-45%	-35%
PAT	25,677	35,265	45,082	24,280	38,234	47,560	6%	-8%	-5%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 17: Key assumptions

	FY23F (15M)*	FY24A	FY25F	FY26F	FY27F
Volume (in mtpa)	38	34	39	45	51
yoy	40%	-9%	13%	15%	15%
Realization (per t)	5,287	5,209	4,969	5,089	5,188
yoy	4%	-1%	-5%	2%	2%
Cost (per t)	4,435	4,229	4,226	4,142	4,096
yoy	11%	-5%	0%	-2%	-1%
EBITDA (per t)	852	980	744	946	1,092
yoy	-28%	15%	-24%	27%	15%
EBITDA (Rs m)	32,204	33,708	28,788	42,120	55,873
yoy	0%	5%	-15%	46%	33%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS
*NOTE: FINANCIAL YEAR IS FOR 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR

Figure 18: Maintain ADD rating on Ambuja Cements with a Mar 2026F target price of Rs630

Particulars	Unit	Valuation
Standalone FY27F EBITDA	Rs m	55,873
1- year forward multiple	x	19
End-FY26F EV	Rs m	11,17,463
End-FY26F net debt	Rs m	(1,77,591)
End-FY26F equity value	Rs m	12,95,054
ACC's equity value at our TP	Rs m	4,51,247
ACEM's share in ACC	%	50
ACEM's share in ACC market cap.	Rs m	2,25,669
Value of Sanghi	Rs m	30,630
End FY26F equity value	Rs m	15,51,353
End FY26F equity value	Rs/share	630
1-year forward target price	Rs/share	630

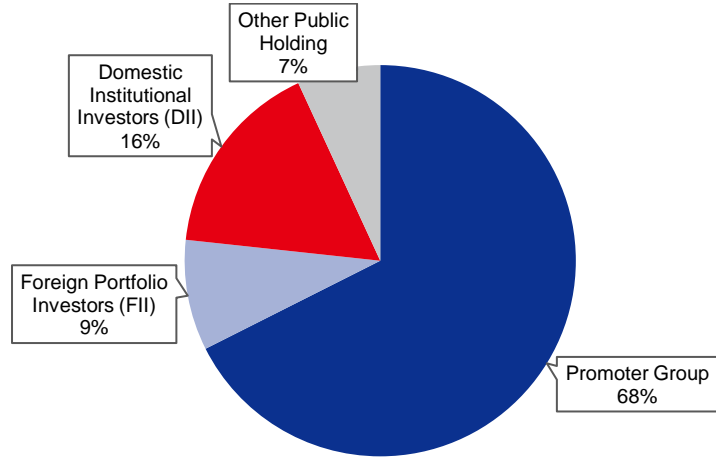
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS
NOTE: INCLUDES VALUE OF SANGHI INDUSTRIES AT RS13/SHARE

Figure 19: Maintain ADD rating on ACC with a Mar 2026F target price of Rs2,400, set at 11x EV/EBITDA

Valuation	TP
Target EV/EBITDA (x)	11
Target EV (Rs m)	4,15,818
Net debt / (cash) (Rs m)	(35,429)
No. of shares (m)	188
Fair value per share (Rs)	2,400

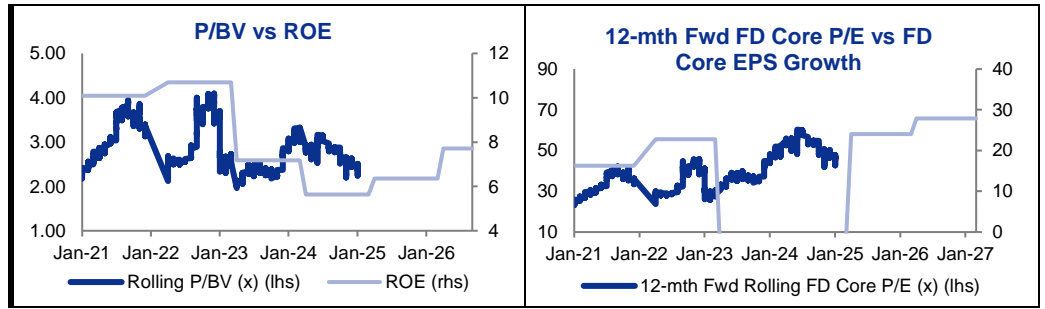
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 20: Ambuja Cements' shareholding pattern (as of end-Dec 2024)



SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Net Revenues	199,854	179,193	192,319	226,475	265,525
Gross Profit	199,854	179,193	192,319	226,475	265,525
Operating EBITDA	32,204	33,708	28,789	42,121	55,874
Depreciation And Amortisation	(8,324)	(9,380)	(9,942)	(11,135)	(12,472)
Operating EBIT	23,880	24,329	18,847	30,986	43,403
Financial Income/(Expense)	(1,280)	(1,623)	(1,525)	(1,510)	(1,495)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	9,523	8,526	17,053	17,735	18,444
Profit Before Tax (pre-EI)	32,123	31,233	34,375	47,211	60,352
Exceptional Items	(1,573)	158			
Pre-tax Profit	30,551	31,391	34,375	47,211	60,352
Taxation	(5,016)	(7,728)	(8,696)	(11,944)	(15,269)
Exceptional Income - post-tax					
Profit After Tax	25,535	23,663	25,678	35,267	45,083
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	25,535	23,663	25,678	35,267	45,083
Recurring Net Profit	26,849	23,544	25,678	35,267	45,083
Fully Diluted Recurring Net Profit	26,849	23,544	25,678	35,267	45,083

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	32,204	33,708	28,789	42,121	55,874
Cash Flow from Invt. & Assoc.					
Change In Working Capital	50,455	(25,773)	1,293	3,381	620
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	9,523	8,526	17,053	17,735	18,444
Other Operating Cashflow	(65,791)	20,462	58,462	57,462	56,462
Net Interest (Paid)/Received	(1,280)	(1,623)	(1,525)	(1,510)	(1,495)
Tax Paid	(5,016)	(7,728)	(8,696)	(11,944)	(15,269)
Cashflow From Operations	20,096	27,574	95,375	107,245	114,637
Capex	(21,116)	(18,837)	(75,500)	(60,500)	(60,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(72,156)	(57,234)			
Cash Flow From Investing	(93,272)	(76,071)	(75,500)	(60,500)	(60,500)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares	50,000	66,610	150,529	(1)	(1)
Shares Repurchased					
Dividends Paid	(4,964)	(3,971)	(5,135)	(8,464)	(10,820)
Preferred Dividends					
Other Financing Cashflow	(8,921)	(5,668)	(57,462)	(56,462)	(55,462)
Cash Flow From Financing	36,115	56,970	87,932	(64,927)	(66,283)
Total Cash Generated	(37,060)	8,473	107,807	(18,182)	(12,146)
Free Cashflow To Equity	(73,176)	(48,497)	19,875	46,745	54,137
Free Cashflow To Firm	(71,896)	(46,875)	21,400	48,255	55,631

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Total Cash And Equivalents	25,331	88,334	196,141	177,959	165,812
Total Debtors	5,649	7,168	6,850	8,066	9,457
Inventories	16,394	15,903	14,753	16,132	18,914
Total Other Current Assets	65,091	38,656	37,502	41,898	49,122
Total Current Assets	112,465	150,061	255,246	244,055	243,306
Fixed Assets	77,958	82,440	153,090	201,955	249,483
Total Investments	117,759	140,581	140,581	140,581	140,581
Intangible Assets	8,419	15,485	15,485	15,485	15,485
Total Other Non-Current Assets	42,441	52,720	47,629	48,129	48,629
Total Non-current Assets	246,576	291,227	356,784	406,149	454,177
Short-term Debt	135	179	179	179	179
Current Portion of Long-Term Debt					
Total Creditors	15,711	14,522	16,980	19,154	21,799
Other Current Liabilities	48,389	49,944	46,157	54,354	63,726
Total Current Liabilities	64,235	64,645	63,315	73,687	85,704
Total Long-term Debt	342	189	189	189	189
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	9,409	6,389	7,389	8,389	9,389
Total Non-current Liabilities	9,751	6,578	7,578	8,578	9,578
Total Provisions					
Total Liabilities	73,986	71,223	70,893	82,265	95,282
Shareholders Equity	285,055	370,065	541,137	567,939	602,201
Minority Interests					
Total Equity	285,055	370,065	541,137	567,939	602,201

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	43.1%	(10.3%)	7.3%	17.8%	17.2%
Operating EBITDA Growth	0.4%	4.7%	(14.6%)	46.3%	32.7%
Operating EBITDA Margin	16.1%	18.8%	15.0%	18.6%	21.0%
Net Cash Per Share (Rs)	12.52	44.30	79.49	72.10	67.17
BVPS (Rs)	143.56	186.37	219.71	230.59	244.50
Gross Interest Cover	18.66	14.99	12.36	20.52	29.04
Effective Tax Rate	16.4%	24.6%	25.3%	25.3%	25.3%
Net Dividend Payout Ratio	18.3%	16.9%	20.0%	24.0%	24.0%
Accounts Receivables Days	7.85	13.05	13.30	12.02	12.04
Inventory Days	28.34	32.89	29.09	24.89	24.09
Accounts Payables Days	29.57	37.93	35.16	35.77	35.65
ROIC (%)	15.7%	16.4%	8.9%	12.0%	14.2%
ROCE (%)	9.4%	7.4%	4.1%	5.6%	7.4%
Return On Average Assets	8.9%	6.3%	5.2%	5.8%	6.9%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

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- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
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