

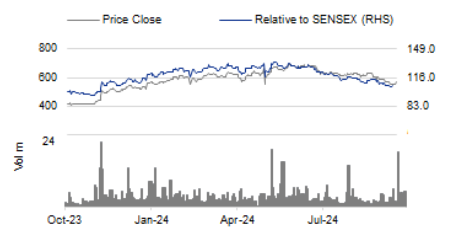
India

ADD (no change)

Consensus ratings*: Buy 22 Hold 11 Sell 8	
Current price:	Rs569
Target price:	Rs700
Previous target:	Rs775
Up/downside:	23.0%
InCred Research / Consensus:	1.9%
Reuters:	ABUJ.NS
Bloomberg:	ACEM IN
Market cap:	US\$19,314m
	Rs1,402,503m
Average daily turnover:	US\$31.8m
	Rs2307.5m
Current shares o/s:	1,985.7m
Free float:	27.4%
*Source: Bloomberg	

Key changes in this note

- EBITDA cut by ~9-13% for FY26F/27F.
- Retain ADD rating with a lower TP of Rs700.
- Roll forward our TP to Mar 2026F from Sep 2025F.




Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(10.2)	(17.0)	36.5
Relative (%)	(3.9)	(15.6)	8.8

Major shareholders	% held
Promoter & Promoter Group	70.3
Life Insurance Corporation of India	5.1
SBI Pension Fund	1.5

Research Analyst(s)



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Ambuja Cements Ltd

Strong beat; set to attain aimed cost savings

- 2Q standalone/consol. EBITDA stood at Rs6.8bn/Rs11bn, respectively, above our estimate, on higher volume, stable realization and cost-savings benefits.
- ACEM has achieved 25-30% of its targeted cost savings of Rs500/t+ from FY24 level and expects further benefits to accrue over the coming quarters.
- We cut our FY26F-27F EBITDA estimates by ~9-13% to factor in near-term industry headwinds. Retain our ADD rating with a lower target price of Rs700.

Strong volume/realization performance; Penna assets on the move

Ambuja Cements or ACEM's standalone 2QFY25 sales volume grew by ~15% yoy to 8.7mt, including the inter-company cement/clinker sales under MSA (3.7mt), which got nullified in the consol. numbers, while at the consol. level, volume grew by ~8% yoy (ex-Penna, My Home, growth was closer to ~5% yoy) to 14.2mt. ACEM's volume grew in all regions (except the eastern) led by ramp-up of its new capacity (both organic and inorganic) along with ground initiatives to promote volume and the robust B2B segment. Cement realization was flat qoq (vs. most peers' declining trend) due to higher OPC sales and premium sales (~26%, +330bp yoy). Management has highlighted that demand, post-monsoon, has been better and the industry to grow by 8-9% in 2HFY25F and the pricing momentum to be largely driven by demand. ACEM registered low-teen volume growth in South India led by ramp-up of Penna assets. These assets were operational for 45 days during the quarter, with an overall volume of ~0.1mt (~75% utilization) and are expected to touch the targeted utilization rate earlier than expected. The acquired assets are expected to provide volume boost and cost efficiency to the company in the long run. It added 70mt new limestone reserves in 2QFY25, taking the total reserves to 8.2bnmt at a premium of <3%. The group to have ~100mtpa capacity by FY25F and ~118mtpa by FY26F.

Consol. unit EBITDA at Rs780; cost reduction efforts show gains

Standalone unit EBITDA was up by ~Rs88/t qoq at Rs785/t while consol. unit EBITDA was down by only ~Rs27 qoq at ~Rs780. During 2Q, Ambuja Cements or ACEM's P&F costs declined by 27% yoy and the first phase of 200MW green power has already started showing benefits while the FY25F targeted green share got delayed due to rainfall. Freight costs declined by ~9% qoq due to the reduction in lead distance and increase in direct dispatches (~60%). Management maintained its cost reduction target at ~Rs500/t+, out of which Rs150 (25-30%) has been achieved, and it expects more savings to show gradually over coming quarters. WHRS capacity to reach 218MW by FY25F vs. 196MW currently. ACEM is also bidding for various coal mines to optimize fuel costs. ACEM has stockpiled lower-cost coal for (inventory of 65-70 days) to benefit from low spot prices currently.

Retain ADD rating with a lower target price of Rs700

We retain our ADD rating on ACEM and roll forward its target price to Rs700 (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 Rs101.3bn in Sep 2024 vs. ~Rs183bn in Jun 2024. Capex to be ~Rs70-80bn in FY25F, of which it has already incurred Rs35bn in 1H. 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	192,267	226,414	265,063
Operating EBITDA (Rsm)	32,204	33,708	32,718	46,025	60,295
Net Profit (Rsm)	25,535	23,663	23,448	33,119	43,450
Core EPS (Rs)	13.5	11.9	10.5	13.4	17.6
Core EPS Growth	26.1%	(12.3%)	(11.1%)	27.6%	31.2%
FD Core P/E (x)	44.28	47.78	54.01	42.35	32.28
DPS (Rs)	2.5	2.0	1.9	3.2	4.2
Dividend Yield	0.44%	0.35%	0.33%	0.57%	0.74%
EV/EBITDA (x)	34.34	30.93	32.80	26.70	20.61
P/FCFE (x)	(15.45)	(23.31)	74.16	31.52	26.82
Net Gearing	(8.7%)	(23.8%)	(35.9%)	(30.7%)	(26.8%)
P/BV (x)	3.97	3.06	2.60	2.48	2.35
ROE	10.6%	7.2%	5.2%	6.0%	7.5%
% Change In Core EPS Estimates			(0.22%)	(0.25%)	(0.22%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

2QFY25 results review

Figure 1: Standalone quarterly performance

Particulars (Rs m)	2QFY25	2QFY25F	1QFY25	2QFY24	% Change		
					2QFY25F	1QFY25	2QFY24
Net Sales	42,132	37,356	45,158	39,698	13%	-7%	6%
Raw Materials Consumed	12,913	10,189	13,768	8,032	27%	-6%	61%
Freight and Forwarding Expenses	8,709	8,764	10,181	8,525	-1%	-14%	2%
Power and Fuel Costs	8,030	7,950	9,099	9,653	1%	-12%	-17%
Employee Costs	1,318	1,387	1,382	1,490	-5%	-5%	-12%
Other Expenses	4,357	5,088	4,268	4,263	-14%	2%	2%
Total Expenditure	35,327	33,378	38,698	31,964	6%	-9%	11%
EBITDA	6,805	3,978	6,460	7,734	71%	5%	-12%
Depreciation	2,398	2,366	2,450	2,286	1%	-2%	5%
EBIT	4,407	1,612	4,010	5,449	173%	10%	-19%
Interest	323	409	409	435	-21%	-21%	-26%
Other Income	2,650	3,611	4,203	3,781	-27%	-37%	-30%
PBT	6,735	4,815	7,675	8,795	40%	-12%	-23%
Tax	1,728	1,204	1,969	2,357	44%	-12%	-27%
Recurring PAT	5,007	3,611	5,707	6,438	39%	-12%	-22%
Extraordinary Items	0	0	129	0			
Reported PAT	5,007	3,611	5,707	6,438	39%	-12%	-22%
EPS (Rs)	2.5	1.8	2.9	3.2	39%	-12%	-22%
Margins (%)	2QFY25	2QFY25F	1QFY25	2QFY24			
Gross Margin	24%	22%	21%	28%	221bp	261bp	-476bp
EBITDA Margin	16%	11%	14%	19%	550bp	185bp	-333bp
EBIT Margin	10%	4%	9%	14%	614bp	158bp	-326bp
PBT Margin	16%	13%	17%	22%	310bp	-101bp	-617bp
PAT Margin	12%	10%	13%	16%	222bp	-75bp	-434bp
Tax Rate	26%	25%	26%	27%	66bp	1bp	-114bp
Cost Items as % of Sales							
RM + Freight + P&F Costs	70%	72%	73%	66%	-164bp	-280bp	435bp
Employee Costs	3%	4%	3%	4%	-58bp	7bp	-62bp
Other Expenses	10%	14%	9%	11%	-328bp	89bp	-40bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: 2QFY25 results: Per tonne analysis

Per tonne analysis	2QFY25	2QFY25F	1QFY25	2QFY24	% Change		
					2QFY25F	1QFY25	2QFY24
Sales Volume (Cement)	8.70	7.84	9.30	7.60	10.9%	-6.5%	14.5%
Realization	4,843	4,763	4,856	5,223	1.7%	-0.3%	-7.3%
EBITDA/t	782	507	695	1,018	54%	13%	-23%
RM Costs/t	1,484	1,299	1,480	1,057	14%	0%	40%
P&F Costs/t	923	1,014	978	1,270	-9%	-6%	-27%
Freight Costs/t	1,001	1,117	1,095	1,122	-10%	-9%	-11%
Employee Costs/t	151	177	149	196	-14%	2%	-23%
Other Expenses/t	501	649	459	561	-23%	9%	-11%
Total Costs/t	4061	4,256	4,161	4,206	-5%	-2%	-3%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Strong beat; set to attain aimed cost savings 2QFY25 results review and earnings-call takeaways

Update on operational performance:

Demand & Pricing:

- **Volume:** During 2Q, standalone cement volume came in at 8.7mt (~11% above our expectation), up ~11% yoy, while consol. volume stood at 14.2mt, up 8% yoy (highest volume growth in 2Q in the last five years) driven by higher trade volume. Registered yoy volume growth in all regions except the eastern region.
- During 2Q, volume growth was driven by both current capacity and scale-up of expanded capacity. Sanghi Industries grew significantly yoy, and B2B also contributed to growth, along with the brand promotion strategy. Volume grew by ~7% excluding clinker sales.
- OPC sales were higher in 2Q. My Home volume also contributed to 2QFY25. During 2Q, there was ~5.5% yoy organic growth, excluding acquisition assets, still way ahead of the industry.
- Penna Cement and Orient Cement will help on both cost efficiency and volume. Adding new expansion under plans at low cost.
- **Penna Cement:** New assets are being utilized at a higher rate. 2Q witnessed 45 days of operations for Penna Cement. Penna Cement benefited the company in clinker sales. Overall, volume at Penna Cement was 100,000-1,25,000t (achieved ~75% utilization rate in 45 days) in 2Q. 45,000 cement volume from Penna Cement. Expects Penna Cement to achieve a utilization rate of 80-85% earlier than expected.
- **Penna Cement's** clinker kilns are operating at ~85% of their capacity. Targets 90-95% by the end of FY25F. Expects sales to be better in 3QFY25F. Penna Cement's clinker is helping other plants in the southern region.
- **Management outlook on the sector:** Demand is improving after rains, and it believes that industry will grow by 8-9% in 2HFY25F. Pre-Diwali demand remains better.
- **Pricing:** It will follow demand. Pricing has declined, but OPC, premium sales qoq contributed to realization. Prices are at the lowest level, as per the company.
- **Sanghi Industries:** In 2Q, Sanghi Industries was affected due to monsoon rains, with flooding taking place for some days. Expects full production by 3Q-4QFY25F. Second kiln line under EC approval, Orders for ships are under process to transport production from the plant.
- Adani Cement has ~15% current market share across India; targets 20% by FY28F.
- **Realization:** Cement realization was flat qoq at ~Rs4,843/t (~2% above our estimate).

Costs & margins

- **Costs: Overall blended costs/t** were 5% below our estimate (down 2% qoq and 3% yoy on account of a) P&F costs down by ~6% qoq and ~27% yoy, b) logistics costs/t down by ~9% qoq and ~11% yoy, and total lead distance lower by 22km at 268km, c) fixed expenses up 7% qoq and down ~14% yoy, and d) raw materials consumed being flat qoq.
- **Kiln fuel costs (on consol. basis)** came in at Rs1.59/Kcal and vs. Rs1.73 qoq and Rs1.82 yoy. Higher increased use of low-cost imported pet-coke and E-auction coal, along with the overall reduction in the cost of fuel basket, have contributed to a 13% reduction in kiln fuel costs (consolidated).
- **The Rs500/t+ cost** reduction target is yet to contribute significantly. 25-30% has been achieved out of the Rs500/t cost-savings target.

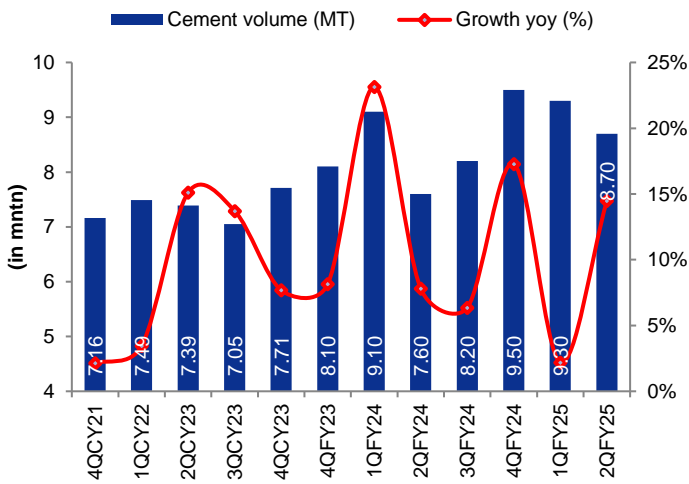
- **EBITDA:** Standalone EBITDA for the quarter came in at ~Rs6.81bn (~71% above our estimate), up ~5% qoq and down 12% yoy. Unit EBITDA stood at Rs782/t during the quarter vs. our estimate of Rs507/t vs. Rs695/t qoq and Rs1,098/t yoy.
- **Reported PAT** came in at ~Rs5bn, down ~12% qoq and ~22% yoy. Other income was down by ~30% yoy at Rs2.7bn.

Other updates during the quarter and year

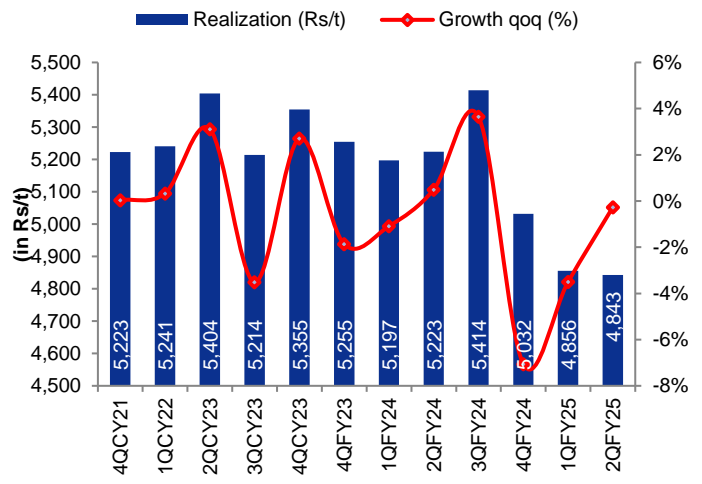
- Consol. cash and cash equivalents as of Sep 2024-end stood at ~Rs101.35bn vs. ~Rs183bn in Jun 2024. Capex growth from the existing 78.9mtpa to 140mtpa by 2028F will be met through internal accruals and operating cash flows.
- **Capex:** Organic capex was Rs35bn in 1HFY25 and it expects capex at Rs70bn in FY25F. ACC's capex stood at Rs10bn in 2HFY25F.
- MSA volume in 2Q stood at 3.7mt.
- Added 70mt new limestone reserves in 2QFY25, with the total reserves touching 8.2bnmt at a premium of <3%.
- Achieved capacity utilization of 74% in 1HFY25.
- Penna Cement transaction completed in 2QFY25, acquired a 46.8% stake in Orient Cement in Oct 2024, on a consol, basis, capacity will go to 89mtpa (97mtpa including Orissa Cement) and on track to achieve 140mtpa plan by FY28F.
- Orient Cement acquisition to reduce the lead distance and provide better market access.
- First phase of renewable energy generation, with a capacity of 200MW, in Kolkata has been started.
- Premium products accounted for 26% of trade sales in 2QFY25.
- Transportation costs declined due to cost optimization.
- Overall installed capacity to reach 100mtpa by FY25F. Capacity to reach 140mtpa by FY28F, 115mtpa by 3QFY26F, 118mtpa by FY26F, and three grinding unit or GU projects under the starting phase.
- Cost savings secured through efficient raw material costs.
- WHRS to reach 218MW by FY25F vs. 196MW currently.
- Bidding for coal mines at government auction will optimize fuel costs more by mixing pet coke and captive coal mines.
- Targeting reducing primary road lead distance by 100km. Ordered rakes to further reduce lead costs and strengthen fly ash.
- Won limestone bids in Madhya Pradesh and Maharashtra during 2QFY25.
- **Incentives:** Rs1.3bn of incentives were received during 2QFY25 through the Supreme Court's ruling in the company's favour.
- Incentives worth Rs2.2bn for FY25F in West Bengal, except Rs6-6.5bn annual run rate incentives for the overall company.
- FY25F green share target was delayed due to heavy rainfall at plant locations.
- Cash reduced in 1HFY25 due to spending on capex ~Rs50bn. Penna Cement spent Rs78bn in 1HFY25. The company has Rs430bn tangible net worth (73%). PPE share in net worth at ~Rs290bn.
- Balance sheet numbers are not comparable on a yoy basis.
- During 2Q, the Penna brand was used in regions where the brand is required as per contract.

Key charts ➤

Figure 3: Cement sales volume, including clinker, up by ~15% yoy Figure 4: Realization remained flat qoq during the quarter

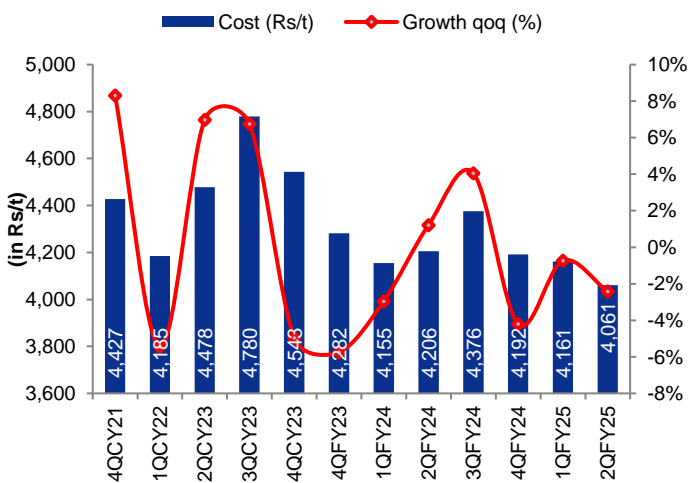


SOURCE: INCRED RESEARCH, COMPANY REPORTS



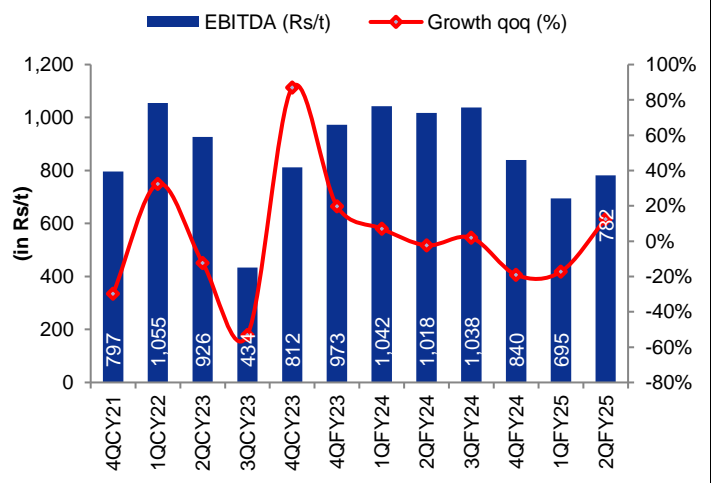
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Total operating costs/t decreased by 2% qoq and 3% yoy



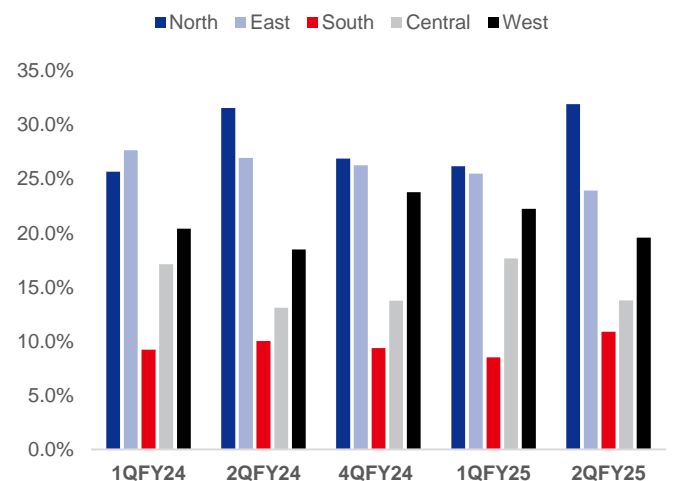
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Unit EBITDA improved by Rs88/t qoq to Rs782/t during the quarter



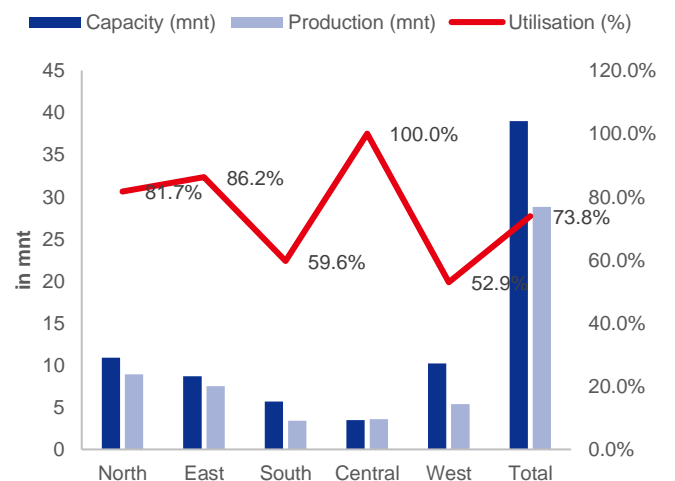
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Adani Cement's region-wise trade sales mix (in %)



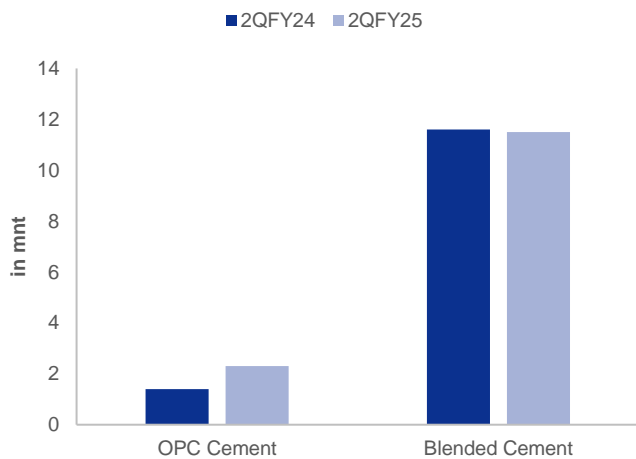
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Adani Cement's region-wise capacity & production in 1HFY25



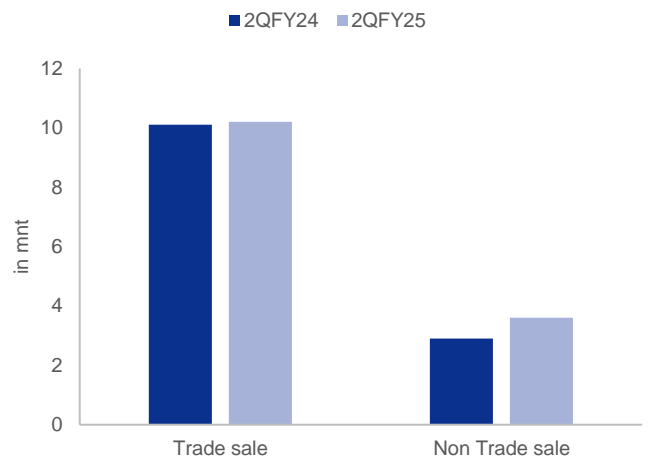
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Adani Cement's sales mix by cement type



SOURCE: INCRED RESEARCH, COMPANY REPORTS

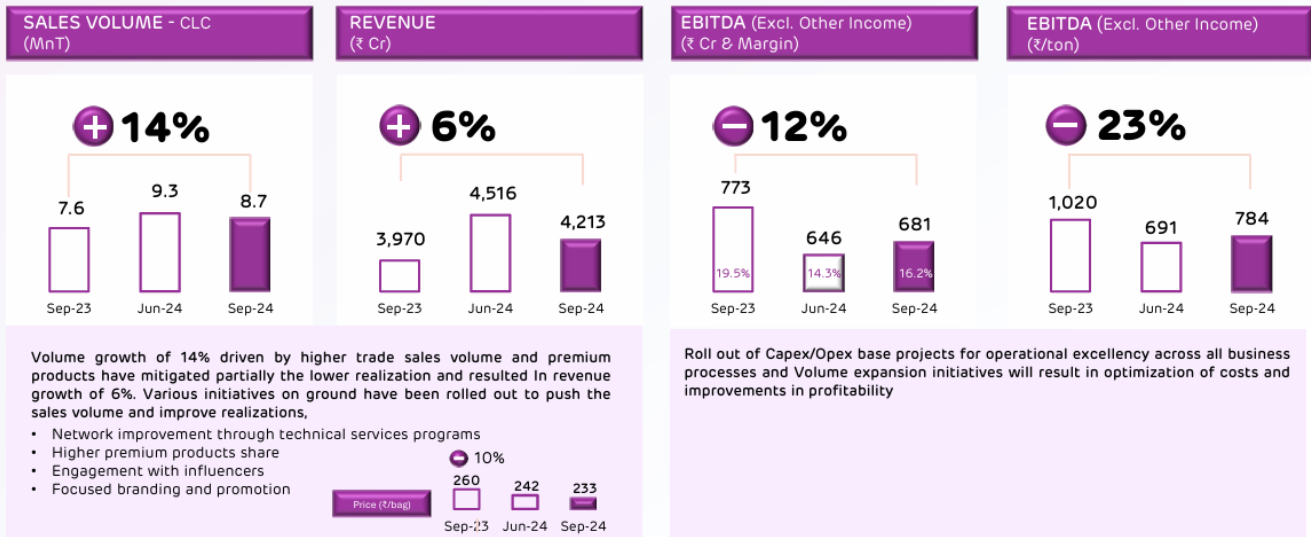
Figure 10: Adani Cement's segment-wise sales



SOURCE: INCRED RESEARCH, COMPANY REPORTS

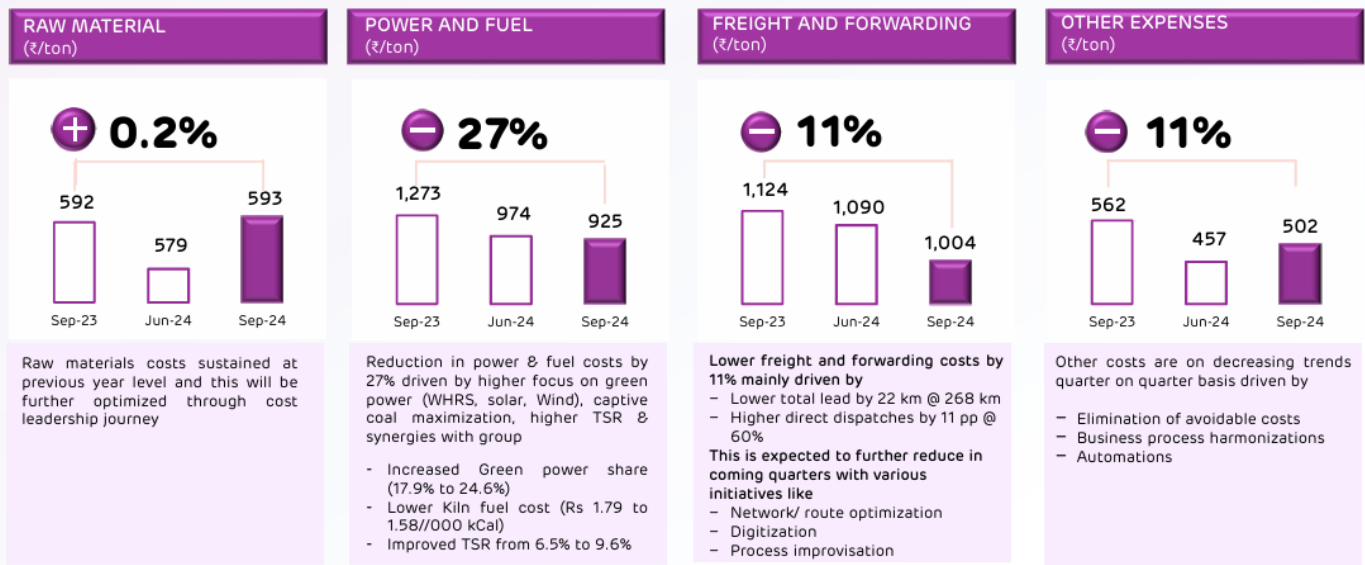
Figure 11: ACEM (standalone) cement business - 2Q operational performance overview

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



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

Figure 12: ACEM (standalone) cement business - 2Q cost performance



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

Figure 13: Adani Group's cements (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	Civil work 91% completed, overall project 65% complete. Receipt of major equipment received at site.
Maratha Line 2 (CU)	4	NA	3QFY26F	59% order placement completed by EPC partner, construction in progress.
Sankrail (GU)	NA	2.4	4QFY25F	EPC contract awarded; 88% civil work has been completed. Overall project 61% complete. Major equipment received at site.
Marwar (GU)	NA	2.4	2QFY26F	31% order placement completed by EPC partner, construction in progress.
Farakka (GU)	NA	2.4	4QFY25F (Phase-I)	Civil work 97% & overall project 73% complete. Major equipment received at site.
Sindri (GU)	NA	1.6	4QFY25F	Civil work 86% & overall project 53% complete. Major equipment received at site.
Salai Banwa (GU)	NA	2.4	1QFY26F	Civil work 26% & overall project 34% complete. Delivery of major equipment commences.
Warishaliganj (GU)	NA	2.4	4QFY26F	EPC contract awarded, pre-project activities in progress.
Dahej Line-2 (GU)	NA	1.2	3QFY26F	Contract awarded for major equipment; 85% civil piling work completed.
Kalamboli (Blending)	NA	1	3QFY26F	Contract awarded for major equipment; project work started.
Jodhpur (Penna IU)	3	2	3QFY26F	70% civil work, 64% ordering & overall project 65% complete.
Krishnapatnam Penna (GU)	NA	2	3QFY26F	Project under execution.
Total	11	21		

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

*EC: ENVIRONMENT CLEARANCE; EPC: ENGINEERING PROCUREMENT CONTRACT

Figure 14: Adani Cements– on track to meet targeted growth with efficiency

On track to achieve Targeted Growth more efficiently

- With recent acquisition of **Orient Cement** and projects under **advanced stage** of completion, operational capacity to cross **100+ MTPA** by this fiscal year
- Net worth **all time high** at **Rs. 59,916 Cr** and Cash & Cash equivalent at **Rs 10,135 Cr**
- **Added 70 Mn MT** new limestone reserves secured in Q2 FY'25, total reserves reaching **8.2 Bn MT** at a **premium < 3%**. In addition to this, OCL has substantial high quality limestone reserves which adds to existing resources. This will help deliver targeted capacity of 140 MTPA by FY'28.
- ESG Program :
 - Ambuja becomes the **world's first** cement company to join the **Alliance for Industry Decarbonization (AFID)**, an initiative of IRENA (International Renewable Energy Agency)
 - **Net Zero** commitment with 2050 targets validated by **SBTi**
 - Green power share expected to **be 20%** of power consumption **by FY'25** & **60%** by **FY'28**
 - Water positive @ **19x** (ahead of SDP 2030 target), Plastic negative @ **8x**
- Maximizing share of Captive coal and Group synergy **lead to lower fuel cost in H1 FY'25 by 15%** (Rs 1.96 to 1.67/000 kCal)
- Logistics cost will further **optimize** with
 - Higher Sea transport share (Target to achieve 10% by FY'28)
 - Own BCFC rakes transport modes (resulting in cost reduction of Fly Ash)

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

Figure 15: Adani Cements – improving cash profile

Ambuja Cement (consolidated): Cash & Cash Equivalents position

Synopsis of the movements in Cash & Cash Equivalent

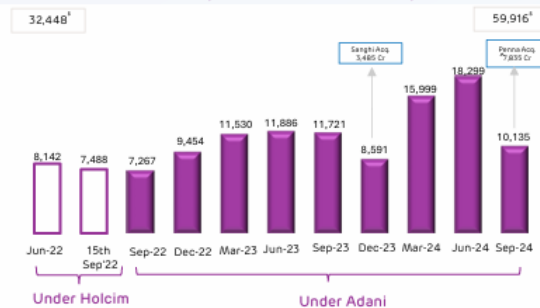
Particulars	₹ Crs
Opening balance as on 1 st Apr 2024 [*]	15,999
(+) Cash flow from operating activities	(1,884)
(+) Cash flow from Investing activities	(9,766)
(+) Cash flow from Financing activities	5,786
Free Cash (other than lien marked)- as on 30 th Sept 2024	9,769
(+) Lien marked cash for CCI and other ongoing matters	366
Total Cash & Cash Equivalents as on 30th Sept 2024	10,135

Capex growth from existing 89* to 140 MTPA will be met through internal accruals and operating cash flows

*Including orient cement this will go up to 97 MTPA

Includes Lien marked Cash of 366 Cr

Cash & Cash Equivalent for the last eleven quarters



Net worth increased by ₹ 9,073 Crs during H1 FY'25 and now stands at ₹ 59,916 Crs.

Company continues to remain Debt Free

* Net worth in Cr
* Out of this Rs 510 Cr in closing cash

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

Figure 16: 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

Material topic	Ambuja		ACC		UN SDGs
	2030 TARGETS	STATUS Q2 FY 25*	2030 TARGETS	STATUS Q2 FY 25*	
Climate & Energy (Net specific CO ₂ emissions - Kg/T, without CPP)	453	529	400	458	
Circular Economy (Use of waste derived resources MnT/yr)	21	2.1	30	2.9	
Water & Nature	10x Water positive	19x Water positive	5x Water positive	0.56x Water positive	
People & Community (Number of beneficiaries – million)	3.5	3.27	3.5	1.45	
Management confident of achieving ESG targets ahead of schedule time					

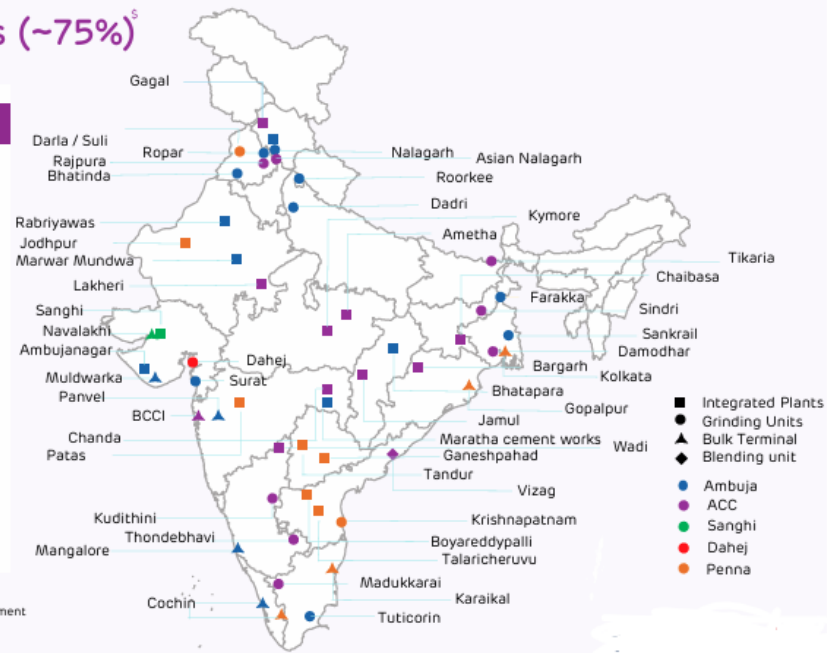
SOURCE: INCRED RESEARCH, ACC-ACEM 1QFY25 INVESTOR PRESENTATION
NOTE: ACTUAL NUMBERS ARE FOR ACHIEVEMENT DURING 2QFY25, WHRS-WASTE HEAT RECOVERY SYSTEM; MW-MEGA WATT

Figure 17: Adani Cement - presence in 30 states and 625+ districts (~75%)

Presence in 31 states & union territories and 625+ districts (~75%)⁵

For the Quarter Ended September 30, 2024

89 MTPA Cement Capacity	63.5% Clinker Factor
22 Integrated Units	11 Captive Ships
84% Share of Blended Cement	88+ Ready-Mix Concrete plants
9.5% Thermal Substitution Rate	10 Bulk Cement Terminals
1,05,000+ Channel partners across India	21 Grinding Units



Note:
1. With acquisition of Orient cements (8.5 MTPA) capacity will go up to 97 MTPA
2. Projects under advance stages of execution for 11 MTPA Clinker and 21 MTPA Cement
⁵ National presence (%age coverage of total districts in India) as on 30.09.2024

SOURCE: INCRED RESEARCH, ACC-ACEM 2QFY25 INVESTOR PRESENTATION
*AS OF JUN 2024, ORDER PLACED FOR CAPACITY EXPANSION OF 21MTPA CEMENT INCL. 11MTPA CL (BHATAPARA, MARATHA & JODHPUR), UNDER IMPLEMENTATION

Figure 18: Adani Cement on the industry outlook

Infrastructure and Housing sectors to fuel Cement Demand Growth



Housing

Housing remains as the healthy recipient of Capex

- Government continues to reinforce its commitment to achieve "Housing For All"
- New phase of PMAY scheme launched
- Additional 3 Cr houses to be constructed under PMAY (Urban and Rural)

Rapid Infrastructure is the key driver of Indian economy

- Steps to advance India's infrastructure have taken shape in the form of
 - PM Gati Shakti National Master Plan
 - National Logistics Policy
 - Smart Cities Mission
- Substantial Budget allocation (~Rs.11 lakh Cr.) for infrastructure development
- Phase IV of PMGSY to be launched to offer all weather road connectivity
- Industrial parks to be developed in around 100 cities
- Government focuses on to augment capacity and modernize Indian railways to drive the growth. The metro network, including regional rapid transit systems (RRTS) is proposed, to be expanded to 1,700 kms across 27 cities by 2025 and subsequently to 50 cities. The operational metro line to be doubled in the next 4-5 years



Infrastructure

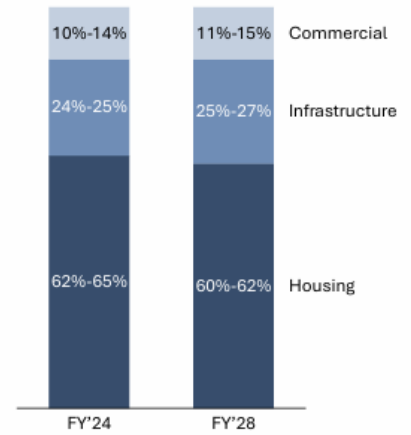


Commercial

Demand for Commercial Sector Surged

- Rising demand for office spaces to boost commercial construction
- Government to continue focus on industrial capital expenditure
- PLI scheme to enhance manufacturing capabilities and associated utilities

Cement Demand Segments (% share)



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

Key changes ➤

Figure 19: Our revised earnings estimates

Rs. m	New			Change (%)			Old		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Sales	1,92,267	2,26,414	2,65,063	-5%	-4%	-3%	2,02,646	2,36,306	2,74,469
EBITDA	32,717	46,024	60,294	-19%	-13%	-9%	40,233	52,917	66,431
PAT	23,447	33,117	43,449	-17%	-12%	-8%	28,318	37,601	47,467
EPS (Rs.)	9.5	13.4	17.6	-17%	-12%	-8%	11	15	19

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 20: Changes in our estimates vs. Bloomberg consensus estimates

Rs. m	Incred			Consensus			Change (%)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Sales	1,92,267	2,26,414	2,65,063	1,93,790	2,50,036	2,71,720	-1%	-9%	-2%
EBITDA	32,717	46,024	60,294	44,842	64,794	76,215	-27%	-29%	-21%
PAT	23,447	33,117	43,449	30,039	46,034	52,572	-22%	-28%	-17%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 21: Key assumptions

	FY23F (15M)*	FY24A	FY25F	FY26F	FY27F
Volume (in mtpa)	38	34	39	44	51
yoy	40%	-9%	12%	15%	15%
Realization (per t)	5,287	5,209	4,990	5,110	5,202
yoy	4%	-1%	-4%	2%	2%
Cost (per t)	4,435	4,229	4,141	4,071	4,019
yoy	11%	-5%	-2%	-2%	-1%
EBITDA (per t)	852	980	849	1,039	1,183
yoy	-28%	15%	-13%	22%	14%
EBITDA (Rs m)	32,204	33,708	32,717	46,024	60,294
yoy	0%	5%	-3%	41%	31%

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

Figure 22: Maintain ADD rating on Ambuja Cements with a Mar 2026F target price of Rs700

Particulars	Unit	Valuation
Standalone FY27F EBITDA	Rs m	60,294
1- year Forward Multiple	x	21
End FY26F EV	Rs m	12,60,147
End FY26F Net Debt	Rs m	(1,73,506)
End FY26F Equity Value	Rs m	14,33,653
ACC's Equity Value at our TP	Rs m	5,18,780
ACEM's share in ACC	%	50
ACEM's share in ACC Market Cap	Rs m	2,59,442
Value of Sanghi Industries	Rs m	30,630
End FY26F Equity Value	Rs m	17,23,725
End FY26F Equity Value	Rs/share	700
1-year Forward Target Price	Rs/share	700

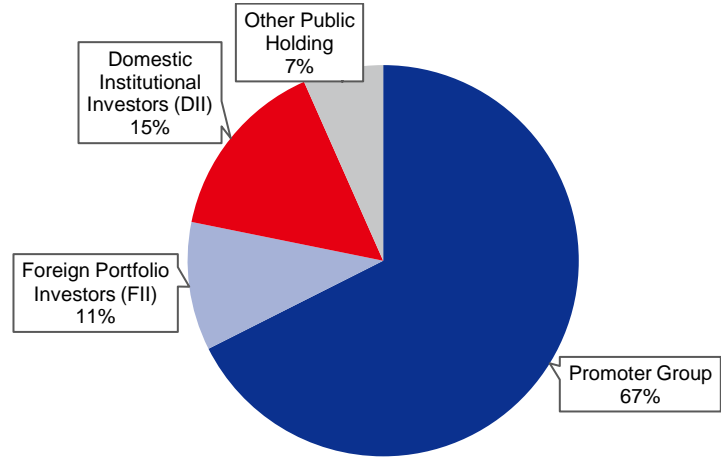
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS
NOTE: INCLUDES VALUE OF SANGHI INDUSTRIES AT RS13/SHARE

Figure 23: Maintain ADD rating on ACC with a Mar 2026F target price of Rs2,760, set at 12x EV/EBITDA

Valuation	TP
Target EV/EBITDA (x)	12.5
Target EV (Rs m)	4,79,692
Net debt / (cash) (Rs m)	(39,088)
No. of shares (m)	188
Fair value per share (Rs)	2,760

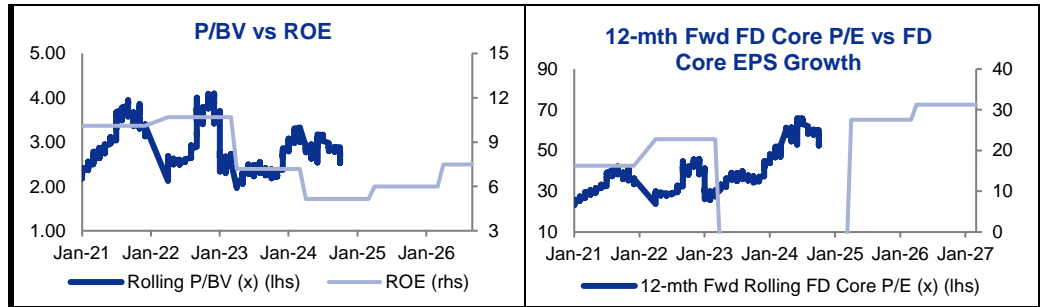
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 24: Ambuja Cements' shareholding pattern (as of end-Sep 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	192,267	226,414	265,063
Gross Profit	199,854	179,193	192,267	226,414	265,063
Operating EBITDA	32,204	33,708	32,718	46,025	60,295
Depreciation And Amortisation	(8,324)	(9,380)	(9,848)	(11,030)	(12,354)
Operating EBIT	23,880	24,329	22,870	34,995	47,941
Financial Income/(Expense)	(1,280)	(1,623)	(1,541)	(1,526)	(1,511)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	9,523	8,526	10,061	10,866	11,735
Profit Before Tax (pre-EI)	32,123	31,233	31,389	44,335	58,166
Exceptional Items	(1,573)	158			
Pre-tax Profit	30,551	31,391	31,389	44,335	58,166
Taxation	(5,016)	(7,728)	(7,941)	(11,216)	(14,716)
Exceptional Income - post-tax					
Profit After Tax	25,535	23,663	23,448	33,119	43,450
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	25,535	23,663	23,448	33,119	43,450
Recurring Net Profit	26,849	23,544	23,448	33,119	43,450
Fully Diluted Recurring Net Profit	26,849	23,544	23,448	33,119	43,450

Cash Flow

(Rs mn)	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
EBITDA	32,204	33,708	32,718	46,025	60,295
Cash Flow from Invt. & Assoc.					
Change In Working Capital	50,455	(25,773)	820	3,384	529
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	9,523	8,526	10,061	10,866	11,735
Other Operating Cashflow	(65,791)	20,462	58,462	57,462	56,462
Net Interest (Paid)/Received	(1,280)	(1,623)	(1,541)	(1,526)	(1,511)
Tax Paid	(5,016)	(7,728)	(7,941)	(11,216)	(14,716)
Cashflow From Operations	20,096	27,574	92,578	104,995	112,796
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	150,530	(1)	(1)
Shares Repurchased					
Dividends Paid	(4,964)	(3,971)	(4,689)	(7,948)	(10,428)
Preferred Dividends					
Other Financing Cashflow	(8,921)	(5,668)	(57,462)	(56,462)	(55,462)
Cash Flow From Financing	36,115	56,970	88,378	(64,411)	(65,891)
Total Cash Generated	(37,060)	8,473	105,456	(19,916)	(13,595)
Free Cashflow To Equity	(73,176)	(48,497)	17,078	44,495	52,296
Free Cashflow To Firm	(71,896)	(46,875)	18,620	46,021	53,806

SOURCE: 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	193,790	173,874	160,278
Total Debtors	5,649	7,168	6,848	8,064	9,441
Inventories	16,394	15,903	14,749	16,128	18,881
Total Other Current Assets	65,091	38,656	37,492	41,887	49,037
Total Current Assets	112,465	150,061	252,879	239,952	237,637
Fixed Assets	77,958	82,440	153,184	202,154	249,800
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	356,878	406,348	454,494
Short-term Debt	135	179	179	179	179
Current Portion of Long-Term Debt					
Total Creditors	15,711	14,522	16,503	18,681	21,215
Other Current Liabilities	48,389	49,944	46,144	54,339	63,615
Total Current Liabilities	64,235	64,645	62,826	73,200	85,009
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	70,404	81,778	94,587
Shareholders Equity	285,055	370,065	539,353	564,522	597,544
Minority Interests					
Total Equity	285,055	370,065	539,353	564,522	597,544

Key Ratios					
	Mar-23A	Mar-24A	Mar-25F	Mar-26F	Mar-27F
Revenue Growth	43.1%	(10.3%)	7.3%	17.8%	17.1%
Operating EBITDA Growth	0.4%	4.7%	(2.9%)	40.7%	31.0%
Operating EBITDA Margin	16.1%	18.8%	17.0%	20.3%	22.7%
Net Cash Per Share (Rs)	12.52	44.30	78.53	70.44	64.93
BVPS (Rs)	143.56	186.37	218.98	229.20	242.61
Gross Interest Cover	18.66	14.99	14.84	22.93	31.73
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	12.05
Inventory Days	28.34	32.89	29.10	24.89	24.10
Accounts Payables Days	29.57	37.93	35.49	35.60	35.56
ROIC (%)	15.7%	16.4%	10.8%	13.5%	15.6%
ROCE (%)	9.4%	7.4%	5.0%	6.3%	8.2%
Return On Average Assets	8.9%	6.3%	4.8%	5.5%	6.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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