

India

July 02, 2025 - 11:46 AM

ADD (no change)

Consensus ratings*: Buy 32 Hold 8 Sell 3

Current price:	Rs577
Target price:	Rs620
Previous target:	Rs620
Up/downside:	7.5%
InCred Research / Consensus:	0.6%
Reuters:	ABUJ.NS
Bloomberg:	ACEM IN
Market cap:	US\$16,586m
	Rs1,422,331m
Average daily turnover:	US\$17.2m
	Rs1473.9m
Current shares o/s:	1,985.7m
Free float:	26.9%

*Source: Bloomberg

Key financial forecast

	Mar-26F	Mar-27F
Net Profit (Rsm)	35,569	49,288
Core EPS (Rs)	14.44	20.01
Core EPS Growth	(7.0%)	38.6%
FD Core P/E	39.99	28.86
Recurring ROE	5.4%	7.1%
P/BV (x)	2.12	1.98
DPS (Rs)	3.44	4.39
Dividend Yield	0.60%	0.83%



Price performance	1M	3M	12M
Absolute (%)	4.3	9.0	(16.9)
Relative (%)	1.6	(0.9)	(21.0)

Major shareholders

	% held
Promoter & Promoter Group	67.6
Life Insurance Corporation of India	5.6
ICICI Pru MF	2.2

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Ambuja Cements Ltd

KTAs from capital market day and plant visit

- We visited Ambuja Cements' (ACEM) Marwar Mundwa plant recently and attended the company's capital market day held in Rajasthan.
- Management highlighted its plan to merge and simplify the cement business through the 'One business, One Company' strategy.
- ACEM expects its market share to reach ~18% by FY28F, while cost savings (~Rs550/t) and the premium mix to drive profitability in the coming years.

Cement business set to simplify; capacity addition to propel growth

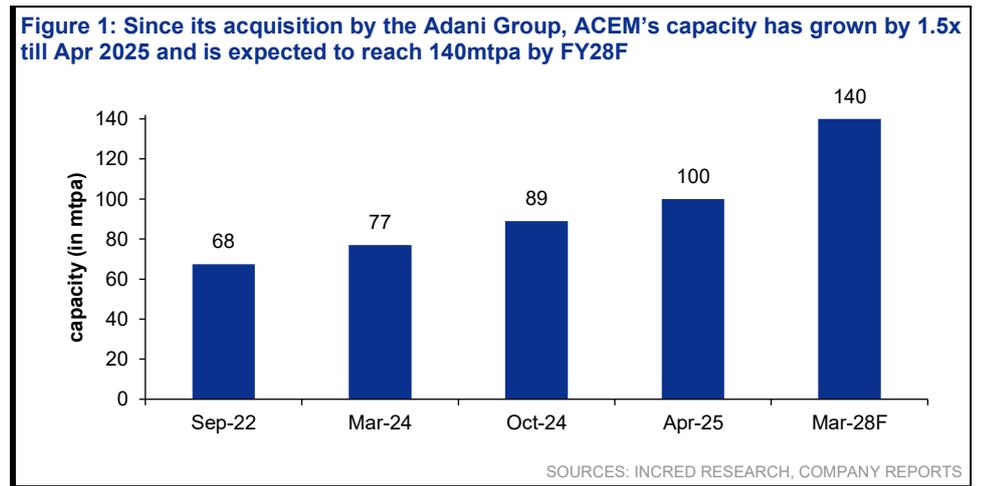
Ambuja Cements or ACEM's management highlighted its plan to simplify the cement business and merge it under a single company by amalgamating Penna Cement, Sanghi and Adani Cementation, which is expected to be completed by the end of CY25F. The merger of Ambuja Cements and ACC will be executed at an opportune time. The Group is implementing its 'One Business, One Company' approach across cement operations to drive greater integration, efficiency, and alignment under a unified structure. Around 60% of its dealers now stock ACC and ACEM products. Orient Cement is expected to function solely as a manufacturing unit. Management retained its capacity target of ~118mtpa by FY26F and ~140mtpa by FY28F aided by recent additions such as Sankrail, Farakka, and inorganic acquisitions. The ideal greenfield capex is pegged at US\$75-80/t. Clinker capacity to reach ~107mtpa, as the clinker factor improves to 67%. The aspiration is to grow by ~20-25% in volume terms (in FY26F) with a rising mix of the non-trade business driven by strong demand from the infrastructure sector. Market share to reach 18%/20%+ by FY28F/FY30F, respectively.

Targets~Rs1,500/t EBITDA by FY28F via structural cost savings

ACEM has given guidance of total cost savings of ~Rs550/t, led by savings of Rs250-300/t from power & fuel via a combination of coal and green power (60% by FY28F) and renewable energy or RE substitution. Also, Rs100/t via raw material sourcing and sea logistics (to rise from 5% to 8%) and Rs50-100/t via tech (EV fleet) as well as digital adoption. The TSR to touch ~27% by FY28F. Cost savings to materialize from FY26F, with major benefits to flow in from FY27F and full benefits by FY28F. Profitability is expected to increase further with a rising share of premium product sales, which touched ~29% in 4QFY25 and a long-term target of ~40%. Premium products earn Rs50/bag more and Rs400/t higher EBITDA. Targets EBITDA/t of Rs1,500/t by FY28F on a steady-state basis.

Positioned for strategical reset; FY26F looks solid for execution

ACEM is entering a rebound phase, after a difficult FY25, with management confident of maintaining the 4Q rebound. ACEM's renewed focus is on simplification, cost efficiency, tech adoption, and synergy-driven expansion under the Adani Group umbrella. ACEM is advancing well on its targets. Profitability is set to improve with the cost benefits continuing to flow in and improving the premium product mix.



KTAs from capital market day and plant visit

Other takeaways from the plant visit and management interaction

- **Industry outlook & utilization:** ACEM expects the industry utilization to improve by 200bp in the coming years. Demand to post a CAGR of ~7–8%, led by the infrastructure sector outpacing supply addition.
- **Market share:** ACEM's market share has improved from 11% to 14–14.5%, with 17–18% targeted by FY28F and 20%+ by FY30F.
- The company's strategy is centered on volume and value growth.
- **Long-term vision:** ACEM aims to be a building material solutions company. Transitioning beyond core cement to become a full-scale building materials solutions provider. The focus is on capital discipline, consumer orientation, and conversion-focused execution.
- ACEM expects to commission a grinding unit or GU of 2.4mtpa capacity at Marwar by the end of 3QFY26F.
- ACEM has applied for environmental clearance to its long-term expansion at the Marwar Mundwa plant ([link](#)).
- Orient Cement's acquisition was completed seamlessly, with no disruption to volume despite the differences in brand and pricing.
- Currently, ACEM holds ~9bnt or billion tonne of low-premium limestone reserves while the Marwar Mundwa plant holds 472.5m/t of reserves with more than 100 years of life.
- Management stated that ACEM is focused on developing next-generation manufacturing units that are self-optimizing, adaptive, and powered by real-time data.
- ACEM highlighted its automated bag tracking system, which enables end-to-end traceability of each cement bag back to its production batch - enhances supply chain visibility and ensures control over quality.

Figure 2: Marwar Mundwa plant's location -1

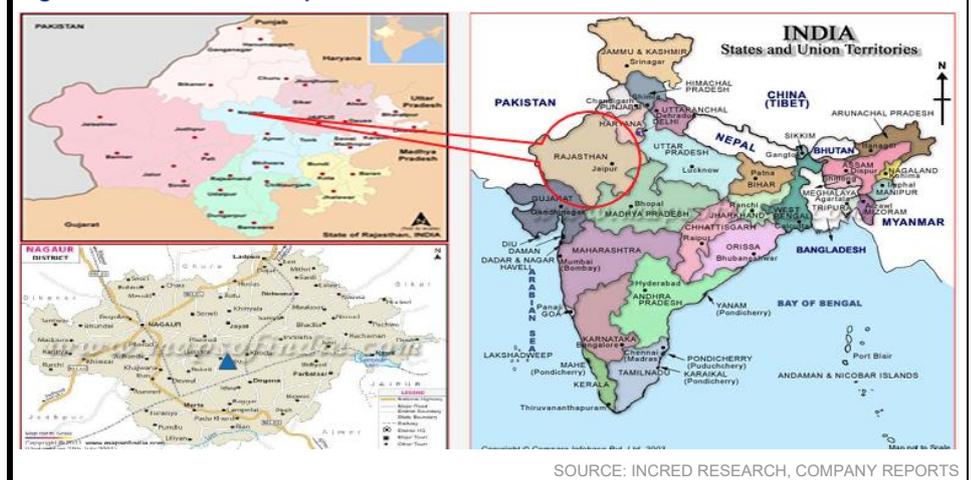
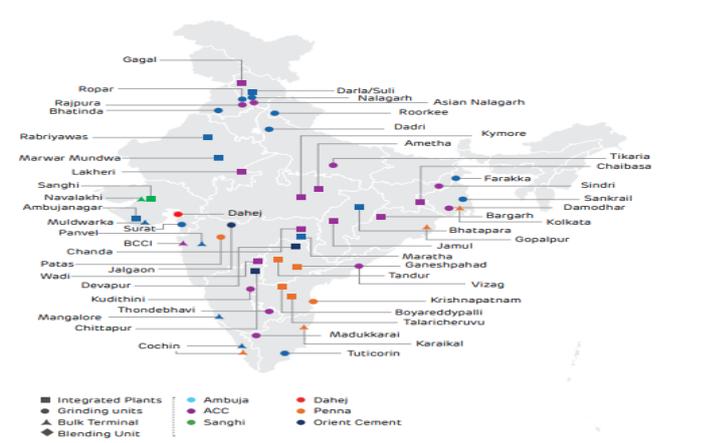


Figure 3: Marwar Mundwa plant's location - 2



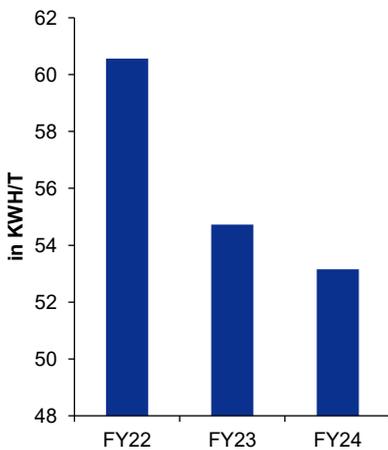
SOURCE: INCRED RESEARCH, GOOGLE MAPS INDIA

Figure 4: Adani cement plant locations across India



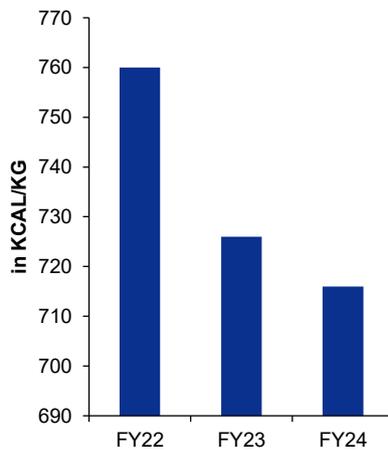
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Clinkerization power consumption at the plant



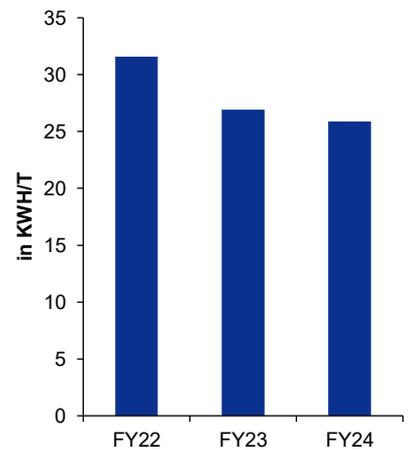
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Thermal energy consumption at the plant



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Cement grinding power consumption at the plant



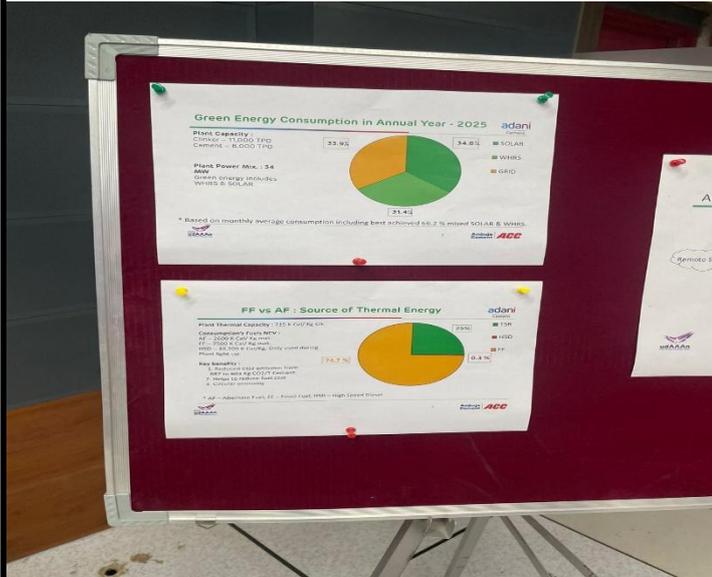
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Energy-saving projects implemented from FY22-FY24 at the plant

Year	Name of Energy-Saving Project	Investments (Rs m)	Electrical Savings (m kWh)	Thermal Savings (m Kcal)	Total Savings (Rs m)	Impact on SEC/SHC
FY22	Improvement of reliability of each section	50	5.1	100	130	4
FY22	Running raw mill in power mode	0	3	0	17	0.75
FY23	Reduction of limestone size from 90% passing on 75mm to 90% passing on 50mm	2	1.27	0	6.65	0.3
FY23	Start-and-stop delayed time optimization and auto stopping of equipment on idle running	0	1.4	0	7.4	0.45
FY23	Raw mill dam ring reduced from 145mm to 130mm and coal mill dam ring increased from 180mm to 200mm	1.5	1.45	0	7.65	0.5
FY23	Installation of HLC for kiln and mills	15	1.02	43	49.7	0.32 unit/cement & 7.5 Kcal/kg clinker
FY24	Cement mill dam ring and roller gap optimization, SEEC reduced by 0.20kwh/t of cement	0.25	3	0	3	2
FY24	BH bags replaced with improved quality bags (SEEC – reduced by 0.20kwh/t of clinker)	50	0.56	0	14.59	0.15
FY24	Optimization of cooler air distribution and bed height (STEC-reduced by 10 Kcal/kg of clinker)	0	0	57.82	57.82	10

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: Green energy statistics



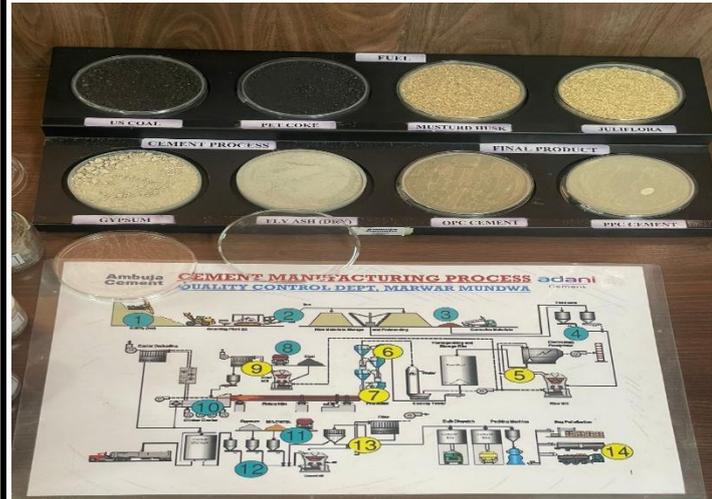
SOURCES: INCRED RESEARCH, PLANT VISIT PHOTO

Figure 14: Plant view



SOURCE: INCRED RESEARCH, PLANT VISIT PHOTO

Figure 15: Cement types and manufacturing process flow



SOURCE: INCRED RESEARCH, PLANT VISIT PHOTO

Figure 16: Raw material storage and handling at the plant



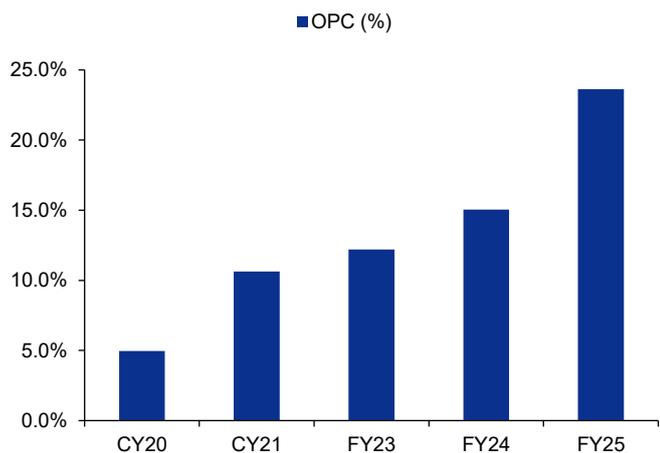
SOURCE: INCRED RESEARCH, PLANT VISIT PHOTO

Figure 17: Adani Group cement business (ACC+ACEM) planned capacity expansion status

Expansion project	Capacity mtpa		Expected timeline for completion	Current Status
	Clinker	Cement		
Bathinda	NA	1.2	3QFY26F	Civil & mechanical work is in progress; delivery of major equipment commences.
Bhatapara Line 3 (CU)	4	NA	1QFY26F	In the last stage of completion.
Maratha Line 2 (CU)	4	NA	4QFY26F	Civil & mechanical work is in progress; delivery of major equipment commences.
Sankrail (GU)	NA	2.4	1QFY26	Commissioned in Jun 2025.
Marwar (GU)	NA	2.4	3QFY26F	Civil & mechanical work is in progress; delivery of major equipment commences.
Sindri (GU)	NA	1.6	1QFY26F	In the last stage of completion.
Salai Banwa (GU)	NA	2.4	2QFY26F	67% ordering completed by the EPC partner; 11% civil work completed.
Warishaliganj (GU)	NA	2.4	4QFY26F	Contract awarded for major equipment; project work has started
Dahej Line-2 (GU)	NA	1.2	3QFY26F	Contract awarded for major equipment; civil piling work has started.
Kalamboli (Blending)	NA	1	3QFY26F	Contract awarded for major equipment; project work has started.
Jodhpur (Penna IU)	3	2	3QFY26F	EPC contract awarded, 66% civil work & 75% engg. work completed.
Krishnapatnam Penna (GU)	NA	2	2QFY26F	Project under execution.
Total	11	18.6		

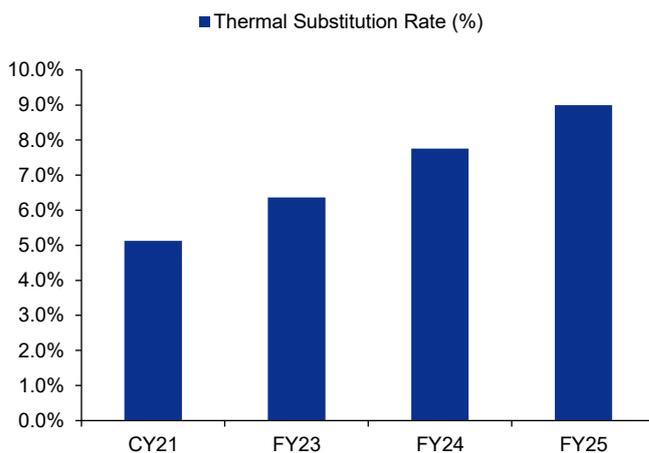
SOURCE: INCRED RESEARCH, ACC-ACEM 4QFY25 INVESTOR PRESENTATION
*EC: ENVIRONMENT CLEARANCE; EPC: ENGINEERING PROCUREMENT CONTRACT

Figure 18: Adani cement business OPC share



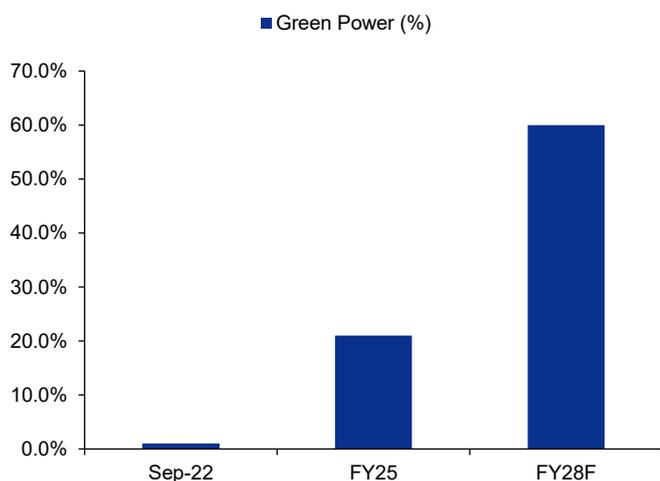
SOURCE REPORTS INCRED RESEARCH, COMPANY REPORTS

Figure 19: Adani cement business TSR rate



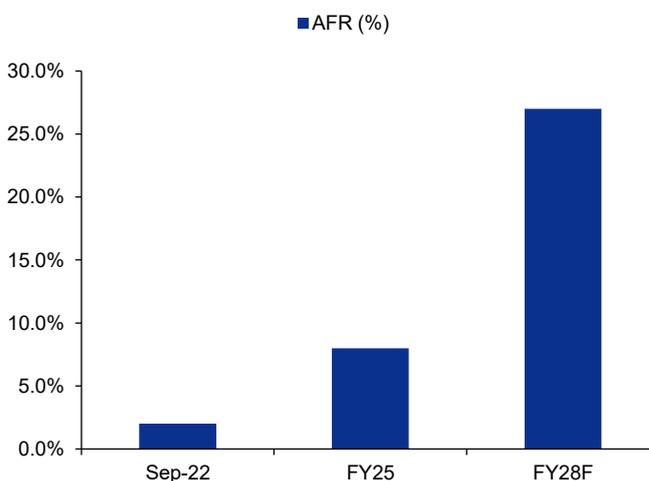
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 20: Adani cement business green energy share



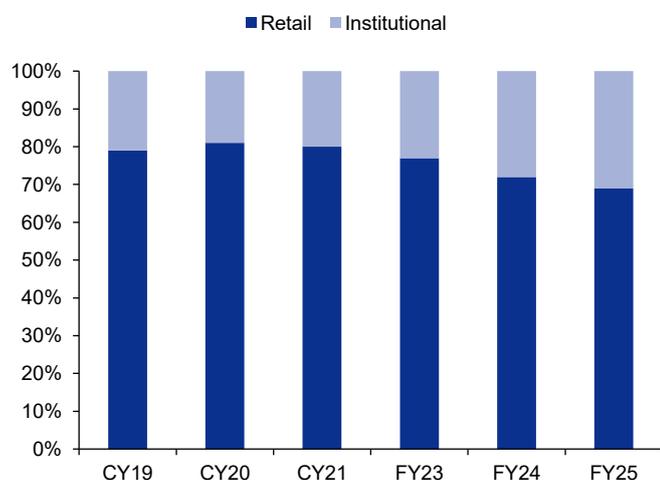
SOURCE REPORTS INCRED RESEARCH, COMPANY REPORTS

Figure 21: Adani cement business AFR share



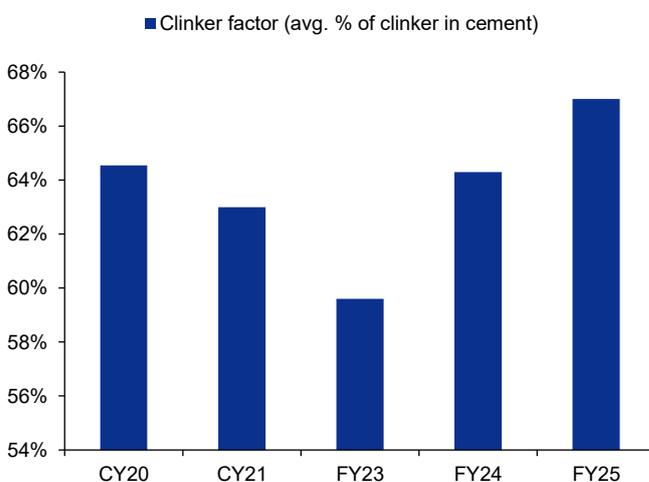
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 22: Adani cement business institutional mix continues to rise



SOURCE REPORTS INCRED RESEARCH, COMPANY REPORTS

Figure 23: Adani cement business clinker factor



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Total Net Revenues	331,596	342,184	414,727	478,462
Gross Profit	331,596	342,184	414,727	478,462
Operating EBITDA	63,995	51,443	74,162	97,616
Depreciation And Amortisation	(16,279)	(24,783)	(30,979)	(34,697)
Operating EBIT	47,716	26,660	43,183	62,919
Financial Income/(Expense)	(2,764)	(2,159)	(2,203)	(2,247)
Pretax Income/(Loss) from Assoc.				
Non-Operating Income/(Expense)	11,664	26,543	6,636	5,309
Profit Before Tax (pre-EI)	56,616	51,043	47,616	65,981
Exceptional Items	2,345	8,181		
Pre-tax Profit	58,961	59,224	47,616	65,981
Taxation	(11,615)	(7,640)	(12,046)	(16,693)
Exceptional Income - post-tax				
Profit After Tax	47,346	51,584	35,569	49,288
Minority Interests	(11,612)	(9,910)		
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	35,734	41,674	35,569	49,288
Recurring Net Profit	33,851	34,549	35,569	49,288
Fully Diluted Recurring Net Profit	33,851	34,549	35,569	49,288

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Total Cash And Equivalents	103,691	61,799	24,457	10,545
Total Debtors	11,896	15,903	17,044	19,663
Inventories	36,086	42,480	47,722	53,745
Total Other Current Assets	88,209	76,990	84,604	97,606
Total Current Assets	239,882	197,172	173,827	181,560
Fixed Assets	314,360	411,130	496,798	568,102
Total Investments	20,706	37,556	37,556	37,556
Intangible Assets	26,585	98,204	99,204	99,204
Total Other Non-Current Assets	49,505	65,393	51,245	51,745
Total Non-current Assets	411,155	612,283	684,803	756,607
Short-term Debt	179	124	124	124
Current Portion of Long-Term Debt				
Total Creditors	29,641	27,595	28,349	31,796
Other Current Liabilities	91,469	110,734	116,124	138,754
Total Current Liabilities	121,289	138,453	144,597	170,675
Total Long-term Debt	189	144	10,144	15,144
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	21,134	32,743	33,743	34,743
Total Non-current Liabilities	21,323	32,887	43,887	49,887
Total Provisions				
Total Liabilities	142,612	171,340	188,484	220,562
Shareholders Equity	508,425	638,114	670,146	717,604
Minority Interests				
Total Equity	508,425	638,114	670,146	717,604

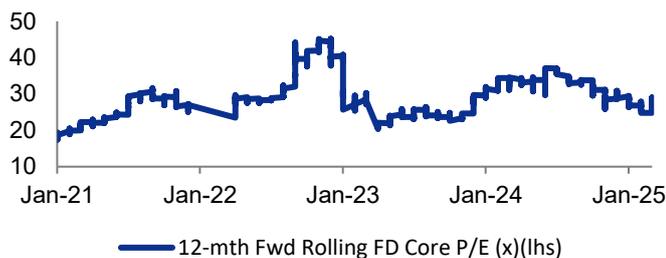
Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F
EBITDA	63,995	51,443	74,162	97,616
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(32,801)	(18,036)	(7,853)	4,433
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense	11,664	26,543	6,636	5,309
Other Operating Cashflow	27,979	(27,777)	(28,777)	(29,777)
Net Interest (Paid)/Received	(2,764)	(2,159)	(2,203)	(2,247)
Tax Paid	(11,615)	(7,640)	(12,046)	(16,693)
Cashflow From Operations	56,458	22,374	29,919	58,642
Capex	(39,611)	(85,915)	(102,500)	(106,500)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/Investments				
Other Investing Cashflow	(49,893)	10,604	(1,000)	
Cash Flow From Investing	(89,504)	(75,311)	(103,500)	(106,500)
Debt Raised/(repaid)	(241)	(11,711)	10,000	5,000
Proceeds From Issue Of Shares	66,610	83,391	4,999	9,999
Shares Repurchased				
Dividends Paid	(4,395)	(5,135)	(8,464)	(10,820)
Preferred Dividends				
Other Financing Cashflow	(5,086)	(10,624)	29,704	29,767
Cash Flow From Financing	56,888	55,920	36,239	33,947
Total Cash Generated	23,842	2,983	(37,342)	(13,912)
Free Cashflow To Equity	(33,287)	(64,648)	(63,581)	(42,858)
Free Cashflow To Firm	(30,282)	(50,778)	(71,378)	(45,611)

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F
Revenue Growth	(14.8%)	3.2%	21.2%	15.4%
Operating EBITDA Growth	24.9%	(19.6%)	44.2%	31.6%
Operating EBITDA Margin	19.3%	15.0%	17.9%	20.4%
Net Cash Per Share (Rs)	52.03	24.98	5.76	(1.92)
BVPS (Rs)	256.05	259.08	272.09	291.35
Gross Interest Cover	17.26	12.35	19.61	28.01
Effective Tax Rate	19.7%	12.9%	25.3%	25.3%
Net Dividend Payout Ratio	13.2%	14.7%	24.0%	24.0%
Accounts Receivables Days	12.90	14.83	14.50	14.00
Inventory Days	37.87	41.90	39.69	38.70
Accounts Payables Days	39.13	35.93	29.98	28.82
ROIC (%)	11.8%	4.7%	6.6%	8.7%
ROCE (%)	10.6%	4.6%	6.5%	8.9%
Return On Average Assets	8.2%	6.2%	4.5%	5.7%

12-mth Fwd Rolling FD Core P/E (x)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework**Stock Ratings**

Definition:

- 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.

Sector Ratings

Definition:

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

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.