

Ambuja Cements Limited

BUY

Sector: Cement & Cement Products

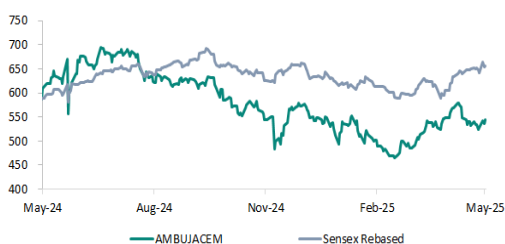
15th May, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 627
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	ACEM:IN	81,331	AMBUJACEM	500425	12 Months
				CMP	Rs. 544
				Return	+15%

Data as of: 14-05-2025

Company Data			
Market Cap (Rs.cr)	133,969		
52 Week High — Low (Rs.)	707– 453		
Enterprise Value (Rs. cr)	138,534		
Outstanding Shares (cr)	246.3		
Free Float (%)	27.0		
Dividend Yield (%)	0.4		
6m average volume (cr)	0.3		
Beta	1.0		
Face value (Rs.)	2.0		
Shareholding (%)	Q2FY25	Q3FY25	Q4FY25
Promoters	67.6	67.6	67.6
FII's	10.6	9.1	8.6
MFs/Institutions	15.2	16.6	17.3
Public	5.6	5.8	5.7
Others	1.0	0.9	0.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	11.1%	-0.1%	-10.8%
Absolute Sensex	7.1%	4.8%	11.3%
Relative Return	4.0%	-5.0%	-22.1%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	35,045	42,404	50,461
Growth (%)	5.7	21.0	19.0
EBITDA	5,971	8,385	10,714
EBITDA Margin (%)	17.0	19.8	21.2
PAT Adjusted	4,189	4,055	5,469
Growth (%)	24.6	-3.2	34.9
Adjusted EPS	17.0	16.5	22.2
Growth (%)	11.2	-3.2	34.9
P/E	32.0	33.0	24.5
P/B	2.5	2.4	2.2
EV/EBITDA	23.2	16.5	12.9
ROE (%)	7.8	7.1	8.8
D/E	0.0	0.0	0.0

Cementing a promising outlook

Ambuja Cements Ltd (Ambuja) is a leading cement company in India. Ambuja is a part of the Adani Group, the largest and fastest-growing portfolio of diversified sustainable businesses.

- Consolidated revenue from operations increased 11.2% YoY to Rs. 9,889cr, with cement segment growing 10.5% YoY in Q4FY25.
- The revenue growth is attributed to the effective implementation of micro-market management strategies, expansion of ground network, consistent high-blended cement levels at 82% and a notable rise in premium products to 29.1% of overall trade sales.
- Operating expenses for Q4FY25 reached Rs. 4,104 per ton, fuelled by efficient energy management and a heightened emphasis on renewable sources.
- Transportation costs decreased 2% to Rs. 1,238 per ton due to optimized logistics and a closer-to-market approach.
- EBITDA rose 9.9% YoY to Rs. 1,868cr, while EBITDA margin fell to 18.9%, down 20bps YoY.
- Consolidated reported PAT plummeted 15.7% YoY to Rs. 1,282cr in Q4FY25 from Rs. 1,521cr in Q4FY24.

Outlook & Valuation

Ambuja Cements put up a robust financial performance and crossed 100 million tons of cement capacity, becoming the 9th-largest cement company globally. With a strategic focus on growth, operational excellence, increasing market presence, strengthening ground network, improving efficiency and cost leadership, Ambuja is well-positioned to maintain its market leadership and achieve sustainable performance. The company's growth will be further supported by a strong leadership team which will be instrumental in achieving organizational goals. Therefore, **we upgrade our rating on the stock to BUY with a revised target price of Rs. 627 using a target multiple of 14.5x FY27E EV/EBITDA.**

Quarterly Financials Consol.

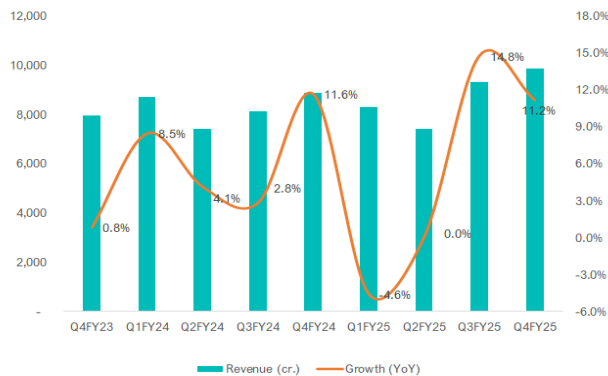
Rs.cr	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY25	FY24	YoY (%)
Sales	9,889	8,894	11.2	9,329	6.0	35,045	33,160	5.7
EBITDA	1,868	1,699	9.9	1,712	9.1	5,971	6,400	-6.7
Margin (%)	18.9	19.1	-20bps	18.4	50bps	17.0	19.3	-230bps
EBIT	1,081	1,239	-12.8	1,048	3.2	3,492	4,772	-26.8
PBT	1,780	1,595	11.6	2,336	-23.8	5,922	5,896	0.4
Rep. PAT	1,282	1,521	-15.7	2,620	-51.1	5,158	4,735	9.0
Adj PAT	822	839	-2.1	2,115	-61.2	4,189	3,362	24.6
EPS Adj. (Rs)	3.3	3.8	-12.6	8.6	-61.2	17.0	15.3	11.2



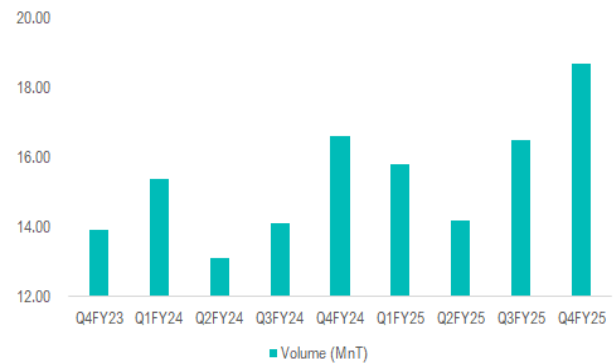
Key concall highlights

- Industry outlook remains positive, with cement consumption growing 6.5-7% in Q4. Demand growth is expected to reach 8% in FY 2026, driven by increased construction activity, rural demand, housing, and government spending.
- Ambuja surpassed 100 million tons capacity, marking a 50% growth in just 30 months. The company aims to reach capacity of 118 million tons by FY 2026 and 140 million tons by FY 2028, driven primarily by organic growth initiatives.
- Logistics efficiency has improved, with primary lead distance down 15km to 265km and secondary lead distance down 2km to 46km. Additionally, direct dispatch to customers has increased 600 basis points to 58%.
- The company has 218 MW of WHRS (Waste Heat Recovery Systems) capacity, aiming for 30% of total energy by the time it reaches 140 million tons capacity. It is also aiming to achieve 1,000 MW of renewable energy by 2026, with 300 MW already operational.
- Ambuja has achieved cost savings through competitive raw material procurement and efficiency gains. It expects an additional 8-10% reduction in raw material costs from capital expenditure. It has set a cost target of Rs. 3,650 per ton by FY 2028 through long-term supplier agreements, supply chain synergies and operational efficiencies.

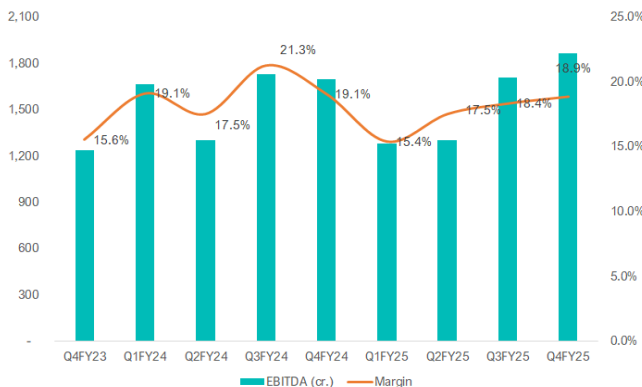
Revenue



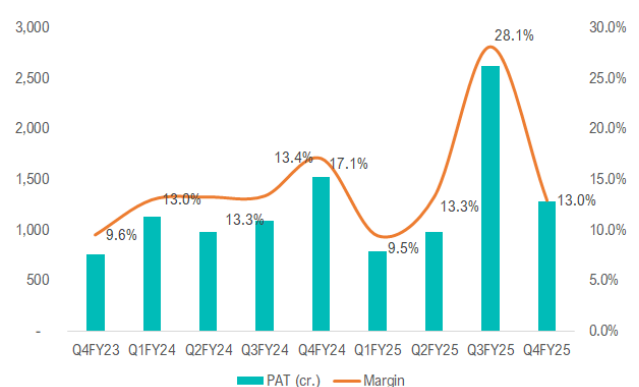
Volume



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	42,328	-	42,404	50,461	0.2	-
EBITDA	10,420	-	8,385	10,714	-19.5	-
Margins (%)	24.6	-	19.8	21.2	-480bps	-
Adj. PAT	5,697	-	4,055	5,469	-28.8	-
EPS	23.1	-	16.5	22.2	-28.7	-



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	38,937	33,160	35,045	42,404	50,461
% change	34.4	-14.8	5.7	21.0	19.0
EBITDA	5,122	6,400	5,971	8,385	10,714
% change	-17.5	24.9	-6.7	40.4	27.8
Depreciation	1,645	1,628	2,478	3,162	3,470
EBIT	3,478	4,772	3,492	5,223	7,244
Interest	195	276	216	341	409
Other Income	447	1,401	2,646	1,013	1,115
PBT	3,729	5,896	5,922	5,895	7,949
% change	-27.8	58.1	0.4	-0.5	34.9
Tax	705	1,161	764	825	1,113
Tax Rate (%)	18.9	19.7	12.9	14.0	14.0
Reported PAT	3,024	4,735	5,158	5,069	6,836
PAT att. to common shareholders	2,583	3,573	4,167	4,055	5,469
Adj.*	319	-212	21	-	-
Adj. PAT	2,902	3,362	4,189	4,055	5,469
% change	0.1	15.8	24.6	-3.2	34.9
No. of shares (cr)	197.2	219.8	246.3	246.3	246.3
Adj EPS (Rs.)	14.7	15.3	17.0	16.5	22.2
% change	0.8	3.9	11.2	-3.2	34.9
DPS (Rs.)	2.5	2.0	2.0	2.0	2.0

Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	4,228	5,201	6,646	7,218	8,939
Non-cash adj.	-3,026	673	-3,896	2,510	2,667
Other adjustments	-	-	-	-	-
Changes in W.C	-467	-228	-513	-397	-1,376
C.F. Operation	735	5,646	2,237	9,330	10,230
Capital exp.	-4,066	-3,961	-8,591	-7,209	-8,074
Change in inv.	-	-3,060	-9,200	-	-
Other invest.CF	-10,415	-1,930	10,261	-500	-500
C.F - Investment	-14,481	-8,950	-7,531	-7,709	-8,574
Issue of equity	5,000	6,661	8,339	-	-
Issue/repay debt	-4	-24	-1,171	50	50
Dividends paid	-1,795	-585	-563	-493	-493
Other finance.CF	-270	-363	-1,013	-	-
C.F - Finance	2,931	5,689	5,592	-443	-443
Chg. in cash	-10,815	2,384	298	1,179	1,214
Closing Cash	2,961	10,363	6,172	7,351	8,565

Balance Sheet

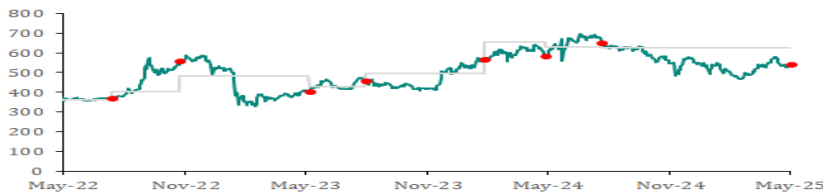
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	2,961	10,363	6,172	7,351	8,565
Accts. Receivable	1,154	1,190	1,590	1,739	2,119
Inventories	3,273	3,609	4,248	4,497	5,492
Other Cur. Assets	11,861	8,827	7,707	8,661	9,044
Investments	214	90	89	103	117
Gross Fixed Assets	24,390	28,351	36,942	44,151	52,225
Net Fixed Assets	15,318	20,827	33,623	37,901	42,714
CWIP	2,526	2,576	2,319	2,087	1,878
Intangible Assets	8,234	11,449	16,522	16,522	16,522
Def. Tax -Net	-	37	4	4	4
Other Assets	6,181	6,136	8,671	9,171	9,671
Total Assets	51,721	65,104	80,945	88,036	96,127
Current Liabilities	11,500	12,111	13,833	16,176	17,747
Provisions	265	256	254	254	254
Debt Funds	462	536	484	534	584
Other Liabilities	738	1,358	2,563	2,683	2,809
Equity Capital	5,397	3,219	493	493	493
Res. & Surplus	26,301	38,232	52,951	56,513	61,490
Shareholder Funds	31,698	41,452	53,443	57,006	61,983
Minority Interest	7,058	9,391	10,368	11,382	12,749
Total Liabilities	51,721	65,104	80,945	88,036	96,127
BVPS	161	189	217	231	252

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	13.2	19.3	17.0	19.8	21.2
EBIT margin (%)	8.9	14.4	10.0	12.3	14.4
Net profit mgn.(%)	6.6	10.8	11.9	9.6	10.8
ROE (%)	9.2	8.1	7.8	7.1	8.8
ROCE (%)	8.9	9.3	5.4	7.6	9.6
W.C & Liquidity					
Receivables (days)	10.8	13.1	16.6	15.0	15.3
Inventory (days)	70.8	96.8	104.2	92.2	92.7
Payables (days)	60.0	79.5	67.7	84.0	80.3
Current ratio (x)	1.7	2.0	1.4	1.4	1.4
Quick ratio (x)	0.4	1.0	0.6	0.6	0.6
Turnover & Leverage					
Gross asset T.O (x)	1.7	1.3	1.1	1.0	1.0
Total asset T.O (x)	0.8	0.6	0.5	0.5	0.5
Int. covge. ratio (x)	17.8	17.3	16.2	15.3	17.7
Adj. debt/equity (x)	0.0	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	2.0	3.6	4.0	3.3	2.7
EV/EBITDA (x)	15.0	18.6	23.2	16.5	12.9
P/E (x)	24.8	35.6	32.0	33.0	24.5
P/BV (x)	2.3	2.9	2.5	2.4	2.2



Recommendation Summary - (last 3 years)



Dates	Rating	Target
26-Jul-22	HOLD	403
04-Nov-22	REDUCE	485
19-May-23	HOLD	430
11-Aug-23	HOLD	497
08-Feb-24	BUY	630
10-May-24	HOLD	630
12-Aug-24	HOLD	626
15-May-25	BUY	627




Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade  No Change  Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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