

### Synergy benefits visible; capex on track

Ambuja reported marginally weak set of results compared to expectations on standalone basis for 3QFY24 as reported EBITDA at Rs8.5bn is 11% below our estimate. During the quarter, 12% of Ambuja's clinker capacity was under maintenance which resulted in weak standalone performance. On consolidated basis, results were better than expected as operating costs declined more than anticipated. Multiple cost saving initiatives undertaken by the company utilizing group's synergies resulted in commendable improvement in cost structure. The management also mentioned that they have utilized full potential of MSA benefits during the quarter which also resulted in lower costs. Volume growth for the next 2 years will be driven by Sanghi acquisition and new clinker capacity at Ametha (MP). The management has given roadmap to reach 110mn mt of capacity by FY27 which is 80% of its 140mn mt target set for FY28. We maintain our view that meaningful market share gains and high volume growth phase will be realized post FY26. Post recent uptick, the stock is trading at ~20x FY26 EV/EBITDA which we believe is rich and hence we downgrade the stock to Sell from Reduce with TP of Rs482.

#### 3QFY24 result highlights

On standalone basis, Ambuja reported EBITDA of Rs8.5bn against expectation of Rs9.3bn. during the quarter, 12% of Clinker capacity of Ambuja (Standalone) was under planned maintenance resulting lower cost absorption. Volume growth was in-line with 6.3% YoY growth and realizations were up 3.4% QoQ. Standalone EBITDA/mt came in at Rs1038/mt against our expectation of Rs1131

#### Consolidated performance highlights

Consolidated volumes at 14.1mn mt increased by 2.9% YoY (Inline). Realizations improved by 1.7% QoQ (better than our estimate). Revenue at Rs81.3bn is up 3% YoY. EBITDA at Rs17.3bn is 8.5% ahead of our expectations on account of lower than expected costs. EBITDA/mt came in at Rs1,228/mt which is 8.7% ahead of our estimate of Rs1,130/mt. Operating costs improved by Rs137/mt on QoQ basis driven by lower P&F and employee costs.

#### Operating cost improvement visible

The management has delivered visible improvement in costs with further improvement expected through 1) lower power & fuel costs, 2) logistics optimization and 3) lower overheads. The company had earlier targeted to reduce operating costs by Rs400/mt. The company has already achieved more than Rs100/mt cost saving through better raw material and fuel procurement and higher share of green power. Further cost reduction of Rs90/mt through WHRS/green power, Rs50-60/mt through footprint optimization, and Rs50-60/mt through raw material procurement is expected.

#### Downgrade to Sell post recent run-up in the stock

We believe that Ambuja will be able to deliver 10-12% volume growth till FY26 (despite challenges on domestic demand front given the upcoming elections) and expect current profitability to continue. We believe that volume growth going forward will not be achieved along with growth in profitability given intense competition. Major capacity growth for Ambuja will happen by 2QFY26 and till then volume growth will be driven by Sanghi acquisition wherein profitability is still uncertain. We have upped our EBITDA estimates for the company for FY25/FY26 by 12.9%/11.7% to factor in improved cost structure. However, we downgrade the stock to sell on rich valuations with revised TP of Rs482 based on 15x Sep25 EV/EBITDA.

#### Financial and valuation summary

YE Mar (Rs mn)	3QFY24A	3QFY23A	YoY (%)	2QFY24A	QoQ (%)	FY24E	FY25E	FY26E
Revenues	44,395	41,285	7.5	39,698	11.8	1,76,829	2,00,850	2,29,265
EBITDA	8,511	6,261	35.9	7,734	10.0	36,293	42,826	50,737
EBITDA margin (%)	19.2	15.2	26.4	19.5	(1.6)	20.5	21.3	22.1
Adj. Net profit	5,137	4,303	19.4	6,438	(20.2)	24,748	28,653	32,945
Adj. EPS (Rs)	2.6	2.2	19.4	3.2	(20.2)	10.0	11.6	13.4
EPS growth (%)						(24.2)	15.8	15.0
PE (x)						55.7	48.1	41.9
EV/EBITDA (x)						25.0	21.6	18.5
PBV (x)						3.0	2.9	2.8
RoE (%)						6.7	6.2	6.8
RoCE (%)						7.0	6.4	7.0

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

#### Result Update

India I Cement

01 February, 2024

#### SELL

Price: Rs560

Target Price: Rs482

Forecast return: -14%

Institutional Research

#### Market Data

Bloomberg:	ACEM IN
52 week H/L:	586/315
Market cap:	Rs1112.6bn
Shares Outstanding:	1985.6mn
Free float:	30.6%
Avg. daily vol. 3mth:	41,64,021
Source: Bloomberg	

#### Changes in the report

Rating:	Sell, changed from reduce
Target price:	+15% from Rs418 to Rs482
EBITDA:	FY24: +7.5%; FY25: +12.9%
Source: Centrum Broking	

#### Shareholding pattern

	Dec-23	Sep-23	Jun-23	Mar-23
Promoter	63.2	63.2	63.2	63.2
FIIIs	11.9	11.7	12.5	11.2
DIIIs	15.8	15.5	14.4	14.8
Public/other	9.1	9.6	9.9	10.9
Source: BSE				

#### Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q3FY24	Actual Q3FY24	Variance (%)
Revenue	43,674	44,395	1.7
EBITDA	9,295	8,511	-8.4
EBITDA margin	21.3	19.2	211 bps
Adj. PAT	5,361	5,137	-4.2
EPS (Rs)	2.7	2.6	-4.2
Source: Bloomberg, Centrum Broking			



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# Thesis Snapshot

## Estimate revision

YE Mar (Rs mn)	FY24E New	FY24E Old	% chg	FY25E New	FY25E Old	% chg
Revenue	1,76,829	1,79,455	-1.5	2,00,850	2,01,205	-0.2
EBITDA	36,293	33,769	7.5	42,826	37,942	12.9
EBITDA margin	20.5	18.8	171 bps	21.3	18.9	247 bps
Adj. PAT	24,748	22,892	8.1	28,653	25,063	14.3
Diluted EPS (Rs)	10.0	9.3	8.1	11.6	10.2	14.3

Source: Centrum Broking

## Ambuja Cement versus NIFTY 50

	1m	6m	1 year
ACEM IN	7.6	21.0	39.7
NIFTY 50	(0.0)	10.0	23.0

Source: Bloomberg, NSE

## Key assumptions

Y/E Mar	FY24E	FY25E
Capacity (mn mt)	37.3	51.1
Volumes (mn mt)	33.5	37.5
Realizations	5,226	5,305
Operating expense	4,195	4,212
EBITDA/mt	1,083	1,141
Capex (Rs mn)	-50,311	-50,359
Net Debt (Rs mn)	-2,05,503	-1,87,758

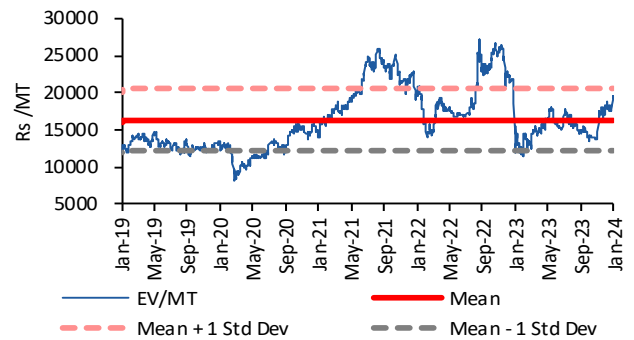
Source: Centrum Broking

## Valuations

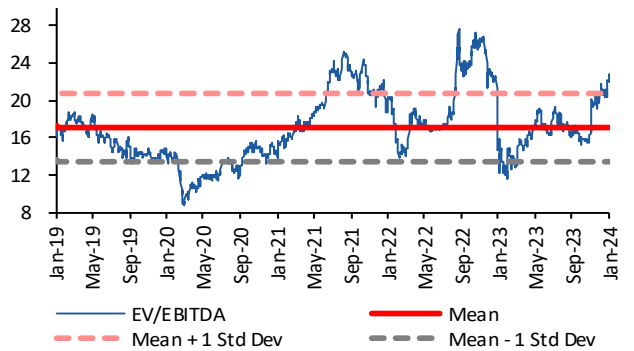
We have upped our EBITDA estimates for the company for FY25/FY26 by 12.9%/11.7% to factor in improved cost structure. However, we downgrade the stock to sell on rich valuations with revised TP of Rs482 based on 15x Sep25 EV/EBITDA.

Valuations	Rs/share
Sep25 EBITDA	46,781
Target multiple (x)	15.0
Enterprise value	7,01,722
Less: Net debt & CWIP	(2,35,810)
Equity value	9,37,532
Value of stake held in ACC and Sanghi	2,76,997
Holding company discount	10%
Adjusted value of ACC stake	2,49,298
<b>Total equity value</b>	<b>11,86,829</b>
No of shares (mn)	2,463
<b>Target price (Rs)</b>	<b>482</b>

### 1-year forward EV/MT



### EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

## Peer comparison

Company	Mkt Cap		CAGR (FY23-25E)			EV/EBITDA (x)			EV/mt (US\$)			FY25E	
	(Rs bn)	Sales	EBITDA	EPS	FY23	FY24E	FY25E	FY23	FY24E	FY25E	RoE (%)	ROCE (%)	
ACC	478	-0.2%	30.0%	48.4%	23.3	16.4	13.2	149.3	134.9	131.2	12%	15%	
<b>Ambuja Cement</b>	<b>1,377</b>	<b>0.2%</b>	<b>15.3%</b>	<b>5.9%</b>	<b>40.2</b>	<b>32.3</b>	<b>27.8</b>	<b>502.1</b>	<b>381.2</b>	<b>282.3</b>	<b>6%</b>	<b>8%</b>	
Birla Corporation	118	10.8%	49.3%	315.2%	20.0	10.0	8.4	92.2	91.3	80.7	10%	9%	
Heidelberg Cement	54	6.6%	18.3%	31.0%	16.6	12.3	11.1	96.9	93.6	90.8	15%	17%	
JK Cement	334	20.2%	37.0%	55.1%	27.2	17.0	14.7	186.0	172.5	163.0	22%	15%	
JK Lakshmi Cement	107	10.4%	19.3%	21.7%	13.9	11.7	10.1	100.8	104.4	88.1	16%	14%	
Nuvoco Vistas	127	6.5%	26.7%	422.3%	14.1	9.5	8.0	87.0	80.8	75.6	5%	8%	
Sagar Cements	35	24.3%	79.1%	160.7%	30.8	14.7	10.4	69.4	62.8	55.3	7%	8%	
Shree Cements	1,025	12.6%	30.4%	29.7%	34.2	24.2	20.1	262.8	230.5	180.0	11%	18%	
Star Cements	74	17.5%	24.0%	27.9%	15.3	14.9	10.5	152.9	120.5	94.9	14%	16%	
The Ramco Cements	231	15.2%	32.5%	57.6%	23.2	16.2	13.0	151.2	148.4	143.3	11%	11%	
Ultratech Cements	2,874	11.4%	20.9%	31.5%	27.3	22.2	18.6	265.0	265.3	226.7	14%	15%	

Source: Company, Centrum Broking; Note: FY23 numbers for ACC and Ambuja are for 15 months period

**Exhibit 1: Ambuja – 3QFY24 result summary (Standalone)**

Y/E March (Rsmm)	3QFY23	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
<b>Net Sales</b>	<b>41,285</b>	<b>39,698</b>	<b>44,395</b>	<b>7.5</b>	<b>11.8</b>	<b>1,17,972</b>	<b>1,31,390</b>	<b>11.4</b>
Expenditure								
Chg. in stock	1,632	(915)	561	NA	NA	-1,235	-927	(24.9)
RM consumption	3,782	3,721	3,875	2.4	4.1	9,954	12,338	24.0
Purchase of traded goods	2,066	4,462	6,842	231.2	53.3	4,931	15,962	223.7
Employee cost	1,595	1,490	1,369	(14.2)	(8.1)	4,774	4,168	(12.7)
Freight, packing etc	8,362	8,525	9,133	9.2	7.1	25,815	28,123	8.9
Power and fuel	12,111	9,653	8,582	(29.1)	(11.1)	39,464	29,950	(24.1)
Other exp	5,475	5,028	5,522	0.9	9.8	18,100	16,045	(11.4)
Operating Expenses	35,024	31,964	35,885	2.5	12.3	1,01,802	1,05,660	3.8
<b>EBITDA</b>	<b>6,261</b>	<b>7,734</b>	<b>8,511</b>	<b>35.9</b>	<b>10.0</b>	<b>16,170</b>	<b>25,731</b>	<b>59.1</b>
<b>EBITDA Margin (%)</b>	<b>15.2%</b>	<b>19.5%</b>	<b>19.2%</b>	<b>400bps</b>	<b>(31)bps</b>	<b>13.7%</b>	<b>19.6%</b>	<b>588bps</b>
Other Income	890	3,781	1,082	21.6	(71.4)	7,670	6,758	(11.9)
Interest Costs	253	435	454	79.6	4.3	731	1,285	75.7
Depreciation	1,648	2,286	2,335	41.6	2.1	4,760	6,940	45.8
PBT	5,250	8,795	6,804	29.6	(22.6)	18,348	24,265	32.2
Tax	947	2,357	1,668	76.1	(29.2)	2,026	6,241	208.0
<b>Adjusted PAT</b>	<b>4,303</b>	<b>6,438</b>	<b>5,137</b>	<b>19.4</b>	<b>(20.2)</b>	<b>16,322</b>	<b>18,024</b>	<b>10.4</b>
Exceptional Items	614	-	-	-	-	766	-	-
<b>Reported PAT</b>	<b>4,917</b>	<b>6,438</b>	<b>5,137</b>	<b>4.5</b>	<b>(20.2)</b>	<b>15,557</b>	<b>18,024</b>	<b>15.9</b>
<b>NPM(%)</b>	<b>11.9%</b>	<b>16.2%</b>	<b>11.6%</b>	<b>(34)bps</b>	<b>(465)bps</b>	<b>13.2%</b>	<b>13.7%</b>	<b>53bps</b>
<b>EPS (Rs.)</b>	<b>2.2</b>	<b>3.2</b>	<b>2.6</b>	<b>19.4</b>	<b>(20.2)</b>	<b>6.6</b>	<b>7.3</b>	<b>10.4</b>

Source: Centrum Broking, Company Data

**Exhibit 2: Ambuja - operational data (Standalone)**

Operational Data	3QFY23	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Volume (mn mt)	7.71	7.58	8.20	6.3	8.2	22	25	12.4
Cement Realisation (Rs/mt)	5,352	5,237	5,414	1.2	3.4	5,327	5,281	(0.9)
Operating Costs (Rs/mt)	4,540	4,217	4,376	(3.6)	3.8	4,597	4,247	(7.6)
EBITDA (Rs/mt)	812	1,020	1,038	27.9	1.7	730	1,034	41.6

Source: Centrum Broking, Company Data

**Exhibit 3: Trend in operating costs/mt (Standalone)**

Costs/mt (Rs)	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	YoY (%)	QoQ (%)
Chg in stock	-52	93	-211	-186	212	149	-63	-121	68	NA	NA
RM consumption	570	614	645	606	758	928	1,033	1,080	1,307	72.4	21.1
Employee cost	248	204	223	218	207	208	144	197	167	(19.2)	(15.0)
Freight cost	1,179	1,156	1,226	1,192	1,084	1,155	1,150	1,125	1,114	2.8	(1.0)
Power and fuel	1,573	1,372	1,787	2,009	1,570	1,281	1,287	1,274	1,047	(33.3)	(17.8)
Other expenses	905	734	812	941	710	574	604	663	673	(5.1)	1.5
<b>Operating costs/mt</b>	<b>4,424</b>	<b>4,173</b>	<b>4,481</b>	<b>4,781</b>	<b>4,540</b>	<b>4,296</b>	<b>4,155</b>	<b>4,217</b>	<b>4,376</b>	<b>(3.6)</b>	<b>3.8</b>
<b>EBITDA/mt</b>	<b>793</b>	<b>1,052</b>	<b>929</b>	<b>432</b>	<b>812</b>	<b>976</b>	<b>1,042</b>	<b>1,020</b>	<b>1,038</b>	<b>27.9</b>	<b>1.7</b>

Source: Centrum Broking, Company Data

**Exhibit 4: Ambuja – 3QFY24 result summary (Consolidated)**

Y/E March (Rsmm)	3QFY23	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
<b>Net Sales</b>	<b>79,067</b>	<b>74,240</b>	<b>81,288</b>	<b>2.8</b>	<b>9.5</b>	<b>2,30,828</b>	<b>2,42,657</b>	<b>5.1</b>
Expenditure								
Chg. in stock	2,787	(348)	(367)	NA	NA	-4,177	-1,576	(62.3)
RM consumption	9,162	9,953	10,437	13.9	4.9	28,125	31,811	13.1
Purchase of traded goods	963	726	1,825	89.5	151.5	3,012	3,129	3.9
Employee cost	3,671	3,412	3,197	(12.9)	(6.3)	11,192	10,386	(7.2)
Freight, packing etc	18,380	18,004	18,692	1.7	3.8	56,444	58,816	4.2
Power and fuel	23,413	18,635	19,158	(18.2)	2.8	77,067	60,914	(21.0)
Other exp	10,608	10,840	11,024	3.9	1.7	34,588	32,169	(7.0)
Operating Expenses	68,985	61,221	63,967	(7.3)	4.5	2,06,252	1,95,648	(5.1)
<b>EBITDA</b>	<b>10,083</b>	<b>13,018</b>	<b>17,321</b>	<b>71.8</b>	<b>33.1</b>	<b>24,576</b>	<b>47,009</b>	<b>91.3</b>
<b>EBITDA Margin (%)</b>	<b>12.8%</b>	<b>17.5%</b>	<b>21.3%</b>	<b>856bps</b>	<b>377bps</b>	<b>10.6%</b>	<b>19.4%</b>	<b>873bps</b>
Other Income	1,297	4,760	1,937	49.3	(59.3)	3,643	9,329	156.1
Interest Costs	430	613	701	63.0	14.5	1,235	1,835	48.5
Depreciation	3,374	3,809	4,177	23.8	9.7	9,868	11,703	18.6
PBT	7,576	13,357	14,379	89.8	7.7	17,116	42,800	150.1
Tax	1,355	3,525	3,586	164.5	1.7	1,529	10,872	611.3
<b>Adjusted PAT</b>	<b>6,220</b>	<b>9,832</b>	<b>10,793</b>	<b>73.5</b>	<b>9.8</b>	<b>15,587</b>	<b>31,928</b>	<b>104.8</b>
Exceptional Items	1,405	-	-	-	-	1,719	-	-
Share of Profit/loss	63	40	102			178	195	
<b>Reported PAT</b>	<b>7,625</b>	<b>9,832</b>	<b>10,793</b>	<b>41.6</b>	<b>9.8</b>	<b>14,046</b>	<b>32,123</b>	<b>128.7</b>
<b>NPM(%)</b>	<b>9.6%</b>	<b>13.2%</b>	<b>13.3%</b>	<b>363bps</b>	<b>3bps</b>	<b>6.1%</b>	<b>13.2%</b>	<b>715bps</b>
<b>EPS (Rs.)</b>	<b>3.1</b>	<b>5.0</b>	<b>5.4</b>	<b>73.5</b>	<b>9.8</b>	<b>6.3</b>	<b>13.0</b>	<b>104.8</b>

Source: Centrum Broking, Company Data

**Exhibit 5: Ambuja - operational data (Consolidated)**

Operational Data	3QFY23	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	YoY (%)
Volume (mn mt)	13.7	13.1	14.1	2.9	7.6	40.6	42.6	4.9
Cement Realisation (Rs/mt)	5,771	5,667	5,765	(0.1)	1.7	5,685	5,696	0.2
Operating Costs (Rs/mt)	4,540	4,217	4,376	(3.6)	3.8	5,080	4,593	(9.6)
EBITDA (Rs/mt)	736	994	1,228	66.9	23.6	605	1,103	82.3

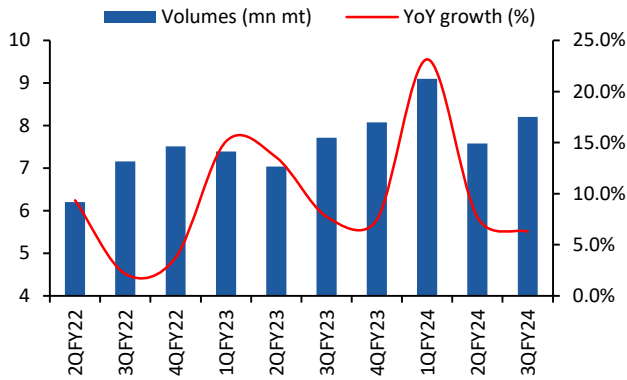
Source: Centrum Broking, Company Data

**Exhibit 6: Trend in operating costs/mt (Consolidated)**

Costs/mt (Rs)	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	YoY (%)
Chg in stock	128	11	-243	-276	203	200	-56	-27	-26	NA
RM consumption	555	627	705	705	669	733	742	760	740	17.7
Purchase of traded goods	56	64	71	82	70	62	38	55	129	84.1
Employee cost	272	243	273	287	268	275	245	260	227	(15.4)
Freight cost	1,270	1,331	1,407	1,424	1,342	1,392	1,436	1,374	1,326	(1.2)
Power and fuel	1,456	1,439	1,867	2,135	1,709	1,406	1,501	1,423	1,359	(20.5)
Other expenses	838	781	827	963	774	703	669	828	782	1.0
<b>Operating costs/mt</b>	<b>4,575</b>	<b>4,497</b>	<b>4,906</b>	<b>5,319</b>	<b>5,035</b>	<b>4,771</b>	<b>4,575</b>	<b>4,673</b>	<b>4,537</b>	<b>(9.9)</b>
<b>EBITDA/mt</b>	<b>795</b>	<b>989</b>	<b>791</b>	<b>261</b>	<b>736</b>	<b>879</b>	<b>1,082</b>	<b>994</b>	<b>1,228</b>	<b>66.9</b>

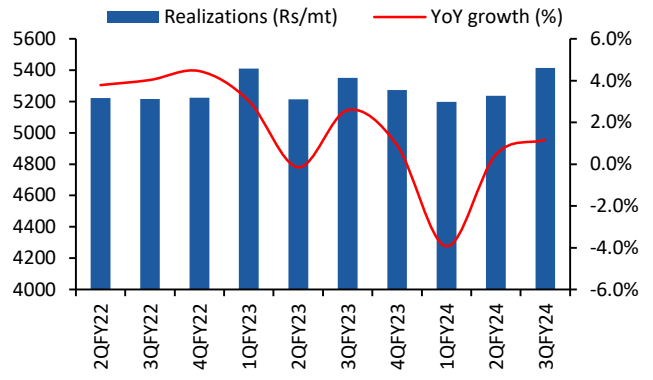
Source: Centrum Broking, Company Data

**Exhibit 7: Volume up 6.3% YoY**



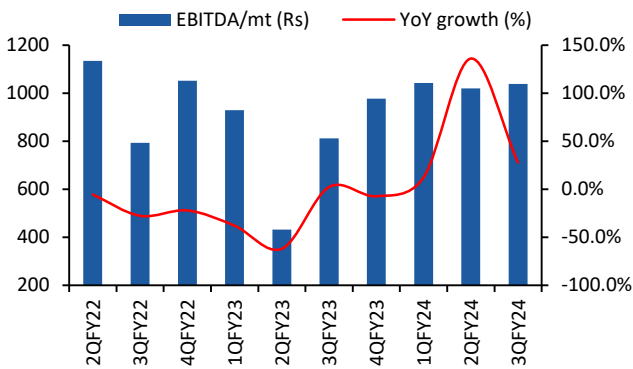
Source: Centrum Broking, Company Data

**Exhibit 8: Realisation up 3.4% QoQ**



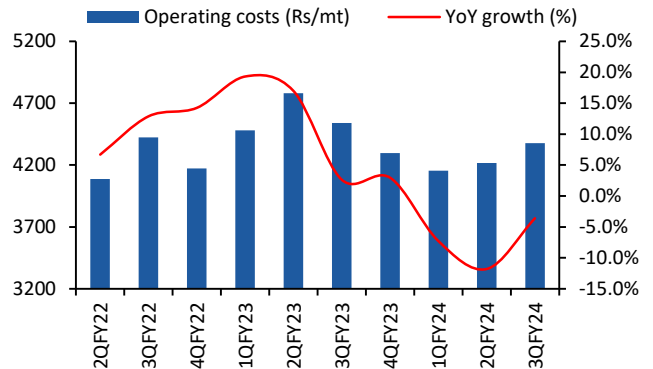
Source: Centrum Broking, Company Data

**Exhibit 9: EBITDA/mt at Rs1,038**



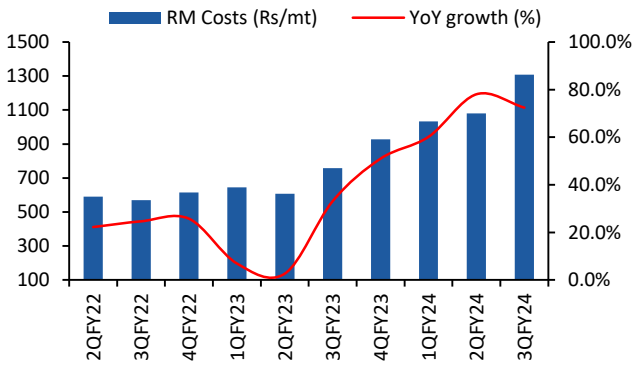
Source: Centrum Broking, Company Data

**Exhibit 10: Operating costs down 3.6% YoY**



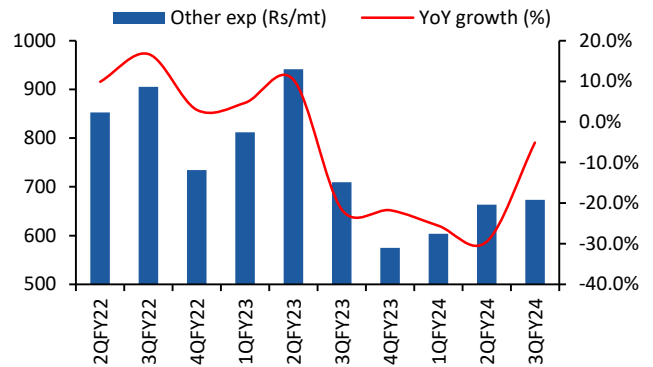
Source: Centrum Broking, Company Data

**Exhibit 11: RM costs remain elevated**



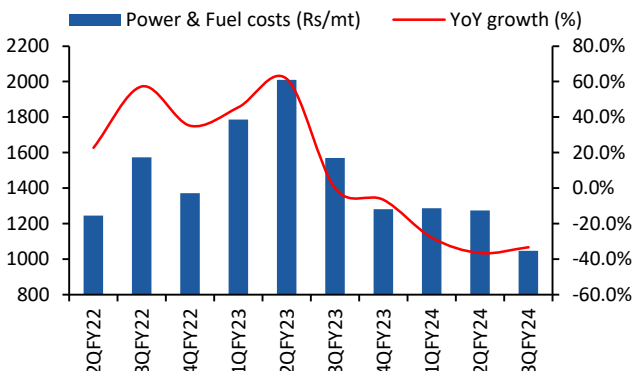
Source: Centrum Broking, Company Data

**Exhibit 12: Other expenses down by 5.1% YoY**



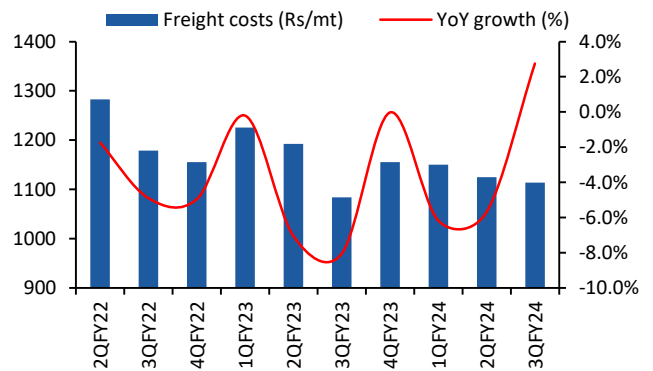
Source: Centrum Broking, Company Data

**Exhibit 13: P&F costs down by 33% YoY**

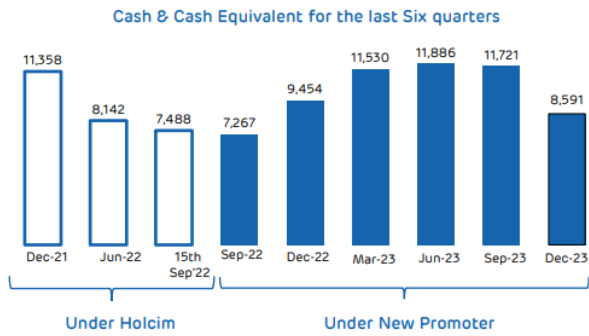


Source: Centrum Broking, Company Data

**Exhibit 14: Freight costs up 2.8% YoY**



Source: Centrum Broking, Company Data

**Exhibit 15: Consolidated Cash balance position (Rs crs)**

Source: Centrum Broking, Company Data

**Exhibit 16: Synopsis of Changes in cash and cash equivalent**

Particulars	₹ Crs
Opening balance as on 1 <sup>st</sup> Apr 2023	11,530
(+) Cash flow from operations before changes in Working Capital	4,671
(+) Interest Cost (net of treasury income) and lease liability	158
(-) Changes in working capital	(460)
(-) Income tax paid	(535)
(-) Dividend paid (net of receipts)	(558)
(-) Capex	(2,738)
(-) Investment and Inter corporate deposit to Sanghi Industries	(3,801)
Free Cash (other than lien marked) - as on 31 <sup>st</sup> Dec 2023	8,267
(+) Lien marked cash for CCI and other ongoing court	324
<b>Total Cash &amp; Cash Equivalents *</b>	<b>8,591<sup>\$</sup></b>

\*post acquisition of Sanghi Industries  
<sup>\$</sup> Includes RS 829 Cr deposited in Escrow account with SEBI for Open offer of Sanghi

Source: Centrum Broking, Company Data

**Exhibit 17: Capacity expansion status**

Project	Capacity(MTPA)		Expected timelines for completion	Expected timelines for completion
	Clinker	Cement		
Bathinda	-	1.2	Q4 FY'25	- Land available, EC applied, expected April' 24
Bhatapara Line 3 (CU)	4.0	-	Q4 FY'25	- EPC contract awarded, 30% of the civil work completed, - Dispatch of major equipment commenced
Maratha Line 2 (CU)	4.0	-	Q2 FY'26	- CTE recd. EC awaited mid of Feb'24. - LOI for EPC Issued - Site development activities started
Sankrail (GU)	-	2.4	Q3 FY'25	- EPC contract awarded - 80% of pilling work has been completed
Marwar (GU)	-	2.4	Q1 FY'26	- EC recd. LOI Issued, EPC contract to be awarded by Feb'24 - Pre project activities started
Farakka (GU)	-	4.8	Q3 FY'25 (Phase I)	- Phase I, 2.4 MTPA and balance will be taken as Phase II - EPC contract awarded, 80% of pilling work has been completed
<b>Sindri (GU)</b>	-	1.6	Q4 FY'25	- EPC contract awarded - Project activities started
Salai Banwa (GU)	-	2.4	Q1 FY'26	- EPC contract awarded - Project activities started
Mundra (GU)	-	4.8	Q3 FY'26 (1st Line) Q1 FY'27 (2nd Line)	- CTE / EC approvals expected by Mar'24 - LOI Issued, EPC expected by Mar-24 - Pre Project activity started
<b>Total expansion Projets</b>	<b>8.0</b>	<b>19.6</b>		

Source: Company Data

**Exhibit 18: Key changes to our estimates and assumptions**

YE Mar (Rs mn)	FY24E	FY24E	% chg	FY25E	FY25E	% chg
	New	Old		New	Old	
Revenue	1,79,455	1,75,508	2.2	2,01,205	1,89,600	6.1
EBITDA	33,769	40,223	-16.0	37,942	44,017	-13.8
EBITDA margin	18.8	22.9	(410) bps	18.9	23.2	(436) bps
Adj. PAT	22,892	26,823	-14.7	25,063	29,421	-14.8
Diluted EPS (Rs)	9.3	10.9	-14.7	10.2	11.9	-14.8

YE Mar	FY24E	FY24E	% chg	FY25E	FY25E	% chg
	New	Old		New	Old	
Volumes (mn mt)	33.5	33.5	-	37.5	36.9	1.8
Realization (Rs/mt)	5,226	5,305	-1.5	5,305	5,411	-2.0
Operating exp/mt	4,195	4,349	-3.5	4,212	4,430	-4.9
EBITDA/mt	1,083	1,008	7.5	1,141	1,030	10.9

Source: Centrum Broking

**Exhibit 19: Valuation Summary**

Particulars	(Rs mn)
Sep25 EBITDA	46,781
Target multiple (x)	15.0
Enterprise value	7,01,722
Less: Net debt & CWIP	(2,35,810)
Equity value	9,37,532
Value of stake held in ACC	2,76,997
Holding company discount	10%
Adjusted value of ACC stake	2,49,298
<b>Total equity value</b>	<b>11,86,829</b>
No of shares (mn)	2,463
<b>Target price (Rs)</b>	<b>482</b>

Source: Centrum Broking, Company Data

P&L					
YE Mar (Rs mn)	CY21A	FY23A	FY24E	FY25E	FY26E
<b>Revenues</b>	<b>1,39,790</b>	<b>1,99,854</b>	<b>1,76,829</b>	<b>2,00,850</b>	<b>2,29,265</b>
Operating Expense	78,680	1,31,327	1,09,911	1,22,468	1,38,896
Employee cost	6,812	8,002	6,064	6,387	6,728
Others	22,147	28,321	24,561	29,168	32,905
<b>EBITDA</b>	<b>32,152</b>	<b>32,204</b>	<b>36,293</b>	<b>42,826</b>	<b>50,737</b>
Depreciation & Amortisation	5,517	8,324	8,910	10,647	13,247
<b>EBIT</b>	<b>26,634</b>	<b>23,880</b>	<b>27,383</b>	<b>32,179</b>	<b>37,490</b>
Interest expenses	910	1,280	1,356	1,438	1,524
Other income	2,812	9,523	7,644	8,242	8,857
<b>PBT</b>	<b>28,536</b>	<b>32,123</b>	<b>33,670</b>	<b>38,983</b>	<b>44,823</b>
Taxes	7,047	5,016	8,923	10,331	11,878
Effective tax rate (%)	24.7	15.6	26.5	26.5	26.5
<b>PAT</b>	<b>21,489</b>	<b>27,108</b>	<b>24,748</b>	<b>28,653</b>	<b>32,945</b>
Minority/Associates	0	0	0	0	0
<b>Recurring PAT</b>	<b>21,489</b>	<b>27,108</b>	<b>24,748</b>	<b>28,653</b>	<b>32,945</b>
Extraordinary items	(657)	(1,573)	0	0	0
<b>Reported PAT</b>	<b>20,832</b>	<b>25,535</b>	<b>24,748</b>	<b>28,653</b>	<b>32,945</b>

Ratios					
YE Mar	CY21A	FY23A	FY24E	FY25E	FY26E
<b>Growth (%)</b>					
Revenue	22.9	43.0	(11.5)	13.6	14.1
EBITDA	21.5	0.2	12.7	18.0	18.5
Adj. EPS	20.0	22.5	(24.2)	15.8	15.0
<b>Margins (%)</b>					
Gross	91.9	86.3	82.9	83.0	83.0
EBITDA	23.0	16.1	20.5	21.3	22.1
EBIT	19.1	11.9	15.5	16.0	16.4
Adjusted PAT	14.9	12.8	14.0	14.3	14.4
<b>Returns (%)</b>					
ROE	10.1	10.7	6.7	6.2	6.8
ROCE	10.4	11.1	7.0	6.4	7.0
ROIC	10.8	9.8	8.0	8.1	8.4
<b>Turnover (days)</b>					
Gross block turnover ratio (x)	1.3	1.5	1.2	1.1	1.0
Debtors	6	7	10	11	11
Inventory	355	218	220	199	183
Creditors	326	190	191	165	162
Net working capital	37	111	387	306	247
<b>Solvency (x)</b>					
Net debt-equity	(0.2)	(0.3)	(0.5)	(0.4)	(0.3)
Interest coverage ratio	35.3	25.2	26.8	29.8	33.3
Net debt/EBITDA	(1.3)	(2.5)	(5.7)	(4.4)	(3.4)
<b>Per share (Rs)</b>					
Adjusted EPS	10.8	13.3	10.0	11.6	13.4
BVPS	111.8	139.4	184.2	192.8	202.7
CEPS	13.6	17.3	13.7	16.0	18.8
DPS	1.0	6.1	2.5	3.0	3.5
Dividend payout (%)	9.7	49.0	24.9	25.8	26.2
<b>Valuation (x)</b>					
P/E	51.7	42.2	55.7	48.1	41.9
P/BV	5.0	4.0	3.0	2.9	2.8
EV/EBITDA	33.3	32.0	25.0	21.6	18.5
Dividend yield (%)	0.2	1.1	0.4	0.5	0.6

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	CY21A	FY23A	FY24E	FY25E	FY26E
Equity share capital	3,971	3,971	4,926	4,926	4,926
Reserves & surplus	2,18,101	2,81,122	4,48,758	4,70,022	4,94,346
Shareholders fund	2,22,073	2,85,094	4,53,685	4,74,948	4,99,272
Minority Interest	0	0	0	0	0
Total debt	435	435	435	435	435
Non Current Liabilities	3,631	1,059	1,100	1,144	1,191
Def tax liab. (net)	2,018	2,018	2,018	2,018	2,018
<b>Total liabilities</b>	<b>2,28,157</b>	<b>2,88,606</b>	<b>4,57,238</b>	<b>4,78,545</b>	<b>5,02,916</b>
Gross block	1,07,075	1,29,999	1,53,753	1,84,140	2,34,584
Less: acc. Depreciation	(34,051)	(42,398)	(51,333)	(62,007)	(75,284)
Net block	73,025	87,601	1,02,420	1,22,132	1,59,300
Capital WIP	9,513	8,419	35,000	55,000	55,000
Net fixed assets	85,970	99,452	1,40,853	1,80,565	2,17,733
Non Current Assets	8,863	9,339	9,845	10,381	10,950
Investments	1,17,969	1,17,969	1,17,969	1,17,969	1,17,969
Inventories	14,636	17,981	18,481	18,873	20,338
Sundry debtors	2,932	4,354	5,814	6,603	7,537
Cash & Cash Equivalents	41,631	82,510	2,05,503	1,87,758	1,73,862
Loans & advances	48	48	48	48	48
Other current assets	8,501	10,413	9,821	10,803	12,435
Trade payables	11,444	17,078	14,482	16,394	18,368
Other current liab.	42,044	37,476	37,702	39,147	40,669
Provisions	89	93	96	100	104
Net current assets	14,169	60,659	1,87,385	1,68,444	1,55,078
<b>Total assets</b>	<b>2,28,157</b>	<b>2,88,606</b>	<b>4,57,238</b>	<b>4,78,545</b>	<b>5,02,916</b>

Cashflow					
YE Mar (Rs mn)	CY21A	FY23A	FY24E	FY25E	FY26E
Profit Before Tax	27,879	30,551	33,670	38,983	44,823
Depreciation & Amortisation	5,517	8,324	8,910	10,647	13,247
Net Interest	910	1,280	1,356	1,438	1,524
Net Change – WC	(2,906)	(5,611)	(3,733)	1,197	(531)
Direct taxes	(7,047)	(5,016)	(8,923)	(10,331)	(11,878)
<b>Net cash from operations</b>	<b>24,354</b>	<b>29,528</b>	<b>31,282</b>	<b>41,934</b>	<b>47,185</b>
Capital expenditure	(13,435)	(21,806)	(50,311)	(50,359)	(50,414)
Acquisitions, net	0	0	0	0	0
Investments	(47)	0	0	0	0
Others	4,480	(477)	(506)	(536)	(569)
<b>Net cash from investing</b>	<b>(9,003)</b>	<b>(22,283)</b>	<b>(50,817)</b>	<b>(50,895)</b>	<b>(50,983)</b>
<b>FCF</b>	<b>15,351</b>	<b>7,245</b>	<b>(19,535)</b>	<b>(8,961)</b>	<b>(3,798)</b>
Issue of share capital	0	0	955	0	0
Increase/(decrease) in debt	(1)	0	0	0	0
Dividend paid	(2,021)	(12,514)	(6,158)	(7,389)	(8,621)
Interest paid	(910)	(1,280)	(1,356)	(1,438)	(1,524)
Others	(32)	47,428	1,49,087	44	47
<b>Net cash from financing</b>	<b>(2,964)</b>	<b>33,634</b>	<b>1,42,528</b>	<b>(8,783)</b>	<b>(10,099)</b>
Net change in Cash	12,387	40,879	1,22,993	(17,745)	(13,897)

Source: Company, Centrum Broking



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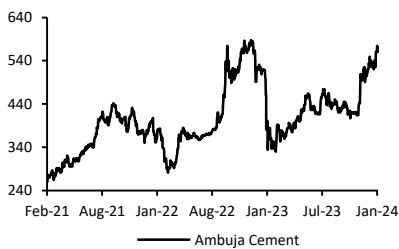
Buy – The stock is expected to return above 15%.

Add – The stock is expected to return 5-15%.

Reduce – The stock is expected to deliver -5--5% returns.

Sell – The stock is expected to deliver <-5% returns.

**Ambuja Cement**



Source: Bloomberg

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Single SEBI Regn. No.: INZ000205331

**Depository Participant (DP)**

CDSL DP ID: 120 – 12200

Single SEBI Regn. No.: IN-DP-537-2020

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Research Analyst

SEBI Registration No. INH000001469

Mutual Fund Distributor

AMFI REGN No. ARN- 147569

Website: www.centrumbroking.com

Investor Grievance Email ID: investor.grievances@centrum.co.in

**Compliance Officer Details:**

Ajay S Bendkhale

(022) 4215 9000/9023; Email ID: compliance@centrum.co.in

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