

Ambuja Cement (ACEM IN)

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March 10, 2026

■ Estimate Change | ■ Target | ■ Reco.

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	640		640	
Sales (INR. mn)	470,369	523,032	470,369	523,032
% Chng.	-	-	-	-
EBITDA (INR mn)	99,253	117,751	99,253	117,751
% Chng.	-	-	-	-
EPS (INR)	15.8	24.0	15.8	24.0
% Chng.	-	-	-	-

Key Data

ABUJ.BO | ACEM IN

BSE Code	500425
NSE Code	AMBUJACEM
52-W High / Low	INR 625 / INR 443
Face Value	2
Sensex / Nifty	77,566/24,028
Market Cap	INR 1,117 bn / \$ 12,099 mn
Shares Outstanding	2471.82 mn
3M Avg. Daily Value	INR 12.27 mn

Shareholding Pattern (%)

Promoters	67.68
FII's	5.80
MF	8.15
Domestic	11.70
Public & Others	6.67
Promoter's Pledge	-

Stock Performance (%)

	1M	3M	6M	12M
Absolute	(16.7)	(15.2)	(20.4)	(9.6)
Relative	(9.7)	(7.5)	(16.7)	(13.3)

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (INR mn)	350,448	417,154	470,369	523,032
EBITDA (INR mn)	59,707	74,360	99,253	117,751
Margin (%)	17.0	17.8	21.1	22.5
PAT (INR mn)	41,815	33,008	39,205	59,369
EV (INR mn)	1,033,523	1,104,936	1,121,143	1,124,276
Total Debt (INR mn)	268	25,268	45,268	65,268
C&C Eq. (INR mn)	50,433	7,952	11,746	28,612
EPS (INR)	17.0	13.4	15.9	24.0
Gr. (%)	13.3	-21.3	18.8	51.4
DPS (INR)	2.0	3.0	4.0	4.4
Yield (%)	0.4	0.7	0.9	1.0
RoE (%)	8.8	5.9	6.6	9.4
RoCE (%)	7.3	6.7	8.7	10.7
EV/Sales (x)	2.9	2.6	2.4	2.1
EV/EBITDA (x)	17.3	14.9	11.3	9.5
PE (x)	26.6	33.8	28.5	18.8
P/BV (x)	2.1	1.9	1.8	1.7

Improving connectivity to unlock efficiencies

Quick Pointers

- Sanghi's variable cost is expected to reduce to ~Rs1,500/t from Rs2,000 leading to EBITDA expansion. ACEM's opex to reduce QoQ for Q4.
- Two new proposed kilns expansion will be taken up once utilization reaches ~85%. Mgmt is targeting ~15% RoI prior to any further capacity expansion.

We visited Ambuja Cement's Sanghipuram plant in Kutch (Gujarat), one of the largest integrated cement facilities with cement/clinker capacity of ~6.1mtpa/6.6mtpa (two kilns of 9,000tpd and 10,000tpd) and benefits from ~1Bt of high-quality limestone reserves. Management indicated that current operational cement capacity of ~17,000tpd could increase by ~2,500tpd through debottlenecking, taking capacity to ~20,000tpd (~7mtpa). The company has planned ~Rs6bn capex focused on efficiency improvements including WHRS (~18MW). Sanghipuram also benefits from coastal logistics through its jetty, enabling clinker and cement movement to markets such as Tuticorin, Dahej and Mumbai, with logistics costs of ~Rs700/t Vs pan-India average of ~Rs900/t. The plant also has ~130MW captive power capacity, supporting cost competitiveness. Management reiterated its focus on value over volume-led growth and expects further cost reductions ahead (QoQ).

We believe Sanghipuram represents a strategically important asset within Ambuja's western India network given its large limestone reserves, coastal logistics advantage and scope for efficiency improvement. While management has set an ambitious target of reducing variable costs by Rs500/t to ~Rs1,500/t at Sanghi resulting an EBITDA/t improvement to ~Rs1,800-2,000/t (from c. ~Rs1,200-1,500/t), we believe timely execution will be the key. Improving Railway connectivity to Kutch, jetty capacity expansion and ongoing transmission augmentation would help ACEM over medium term. We remain constructive on Ambuja's long-term growth prospects given its initiatives on improving cost efficiencies and ongoing expansion strategy. Maintain BUY with TP of Rs640 valuing the company at 17x EV/Mar'27E EBITDA. At CMP, the stock is trading at 12.5x/10.7x EV on FY27E/28E EBITDA.

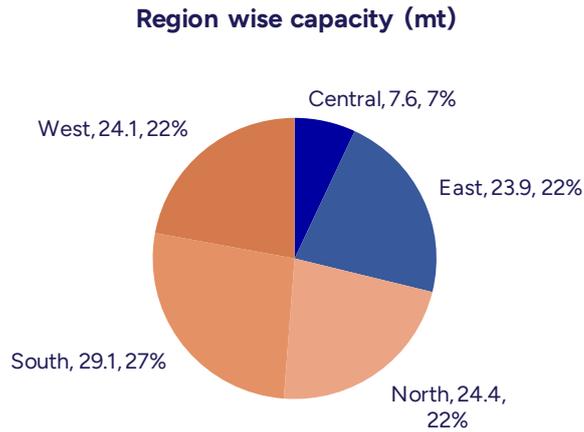
- **Sanghi's EBITDA/t target:** Variable cost at the Sanghi plant stood at ~Rs2,400-2,500/t at the time of acquisition, which has now reduced to <Rs2,000/t. Management is targeting further reduction to ~Rs1,500/t, which could translate into EBITDA/t of ~Rs1,800-2,000 vs. the current ~Rs1,200-1,500. The cost improvement is expected to be driven by debottlenecking, higher power efficiency and increased use of green power. ACEM expects Sanghi to contribute higher revenue relative to its capacity share of ~6%.
- **Market strategy and outlook:** The plant currently supplies to Gujarat and nearby regions of Rajasthan and western Maharashtra, while coastal markets are served through the jetty. Clinker is supplied to Magdalla (Surat) grinding unit, which currently has ~1.2mtpa capacity and is expected to expand to ~2.5mtpa. Management indicated that cement demand in India could grow at ~7% CAGR over FY25-FY30, supported by strong growth across segments. The product mix is expected to gradually shift towards higher blended cement (PPC and composite cement) over time. ACEM's current market share in Gujarat is <15%, which the company aims to increase over time.

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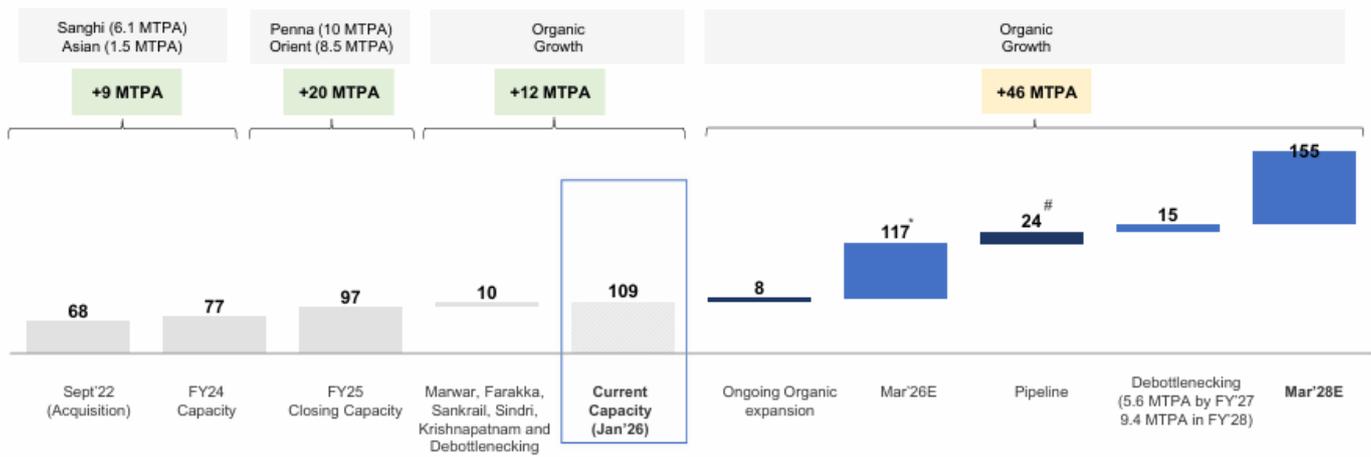
Exhibit 1: Region wise cons. cement capacities (109mtpa)



Source: Company, PL

- Capacity expansion:** ACEM plans to add 10mtpa capacity over next 3-4 months led by expansions in Salai, Banwa, Warisaliganj, Bathinda, etc. Management emphasized that the current focus is on enhancing operational efficiency, targeting ~85% utilisation across units (including Sanghi), coupled with cost reduction and achieving ~15% ROI prior to any further capacity expansion. Sanghi plant currently operates two clinkerisation kilns with a combined capacity of ~19,000tpd. Management is targeting ~20,000tpd capacity through debottlenecking initiatives. The company has also proposed two additional kiln lines in the future, which could further expand clinker capacity once utilisation improves to 85% from ~c74%. Before acquisition, plant utilization was ~50%; it has now increased to 70% cement/74% clinker.

Exhibit 2: Capacity Roadmap: ~109 at present, 115 by Mar'26 and 155 MTPA by Mar'28 exit



Source: Company, PL

Exhibit 3: Clinkerisation unit having ~19k tpd capacity



Source: Company, PL

Exhibit 4: Cement Grinding unit connected to the jetty



Source: Company, PL

- RM security with large limestone reserve:** The Kutch district has ~8-10bnt of limestone reserves, of which ACEM holds 1bt with an estimated mine life of ~125 years. The mining lease area spans ~1,543 hectares of which currently ~300 hectares at 30-meter depth are operational. Mining is open cast, which does not require drilling or blasting. Daily extraction stands at ~20,000-25,000t. Limestone is transported ~5km by trucks to the crusher and then ~3km through a conveyor belt to the clinkerisation unit. The plant's mines supply other key raw materials as well like bauxite, silica and laterite.
- Shift towards higher blended mix:** The Sanghi plant has historically been an OPC-dominated facility (~90%) due to limited availability of fly ash. Post acquisition, ACEM has started sourcing fly ash (700–800t/day) from Adani Power, enabling the plant to commence PPC production and gradually increase the blended cement mix towards ~50%. While the plant already has captive mines for key additives such as bauxite, clay, silica and laterite, fly ash availability had earlier remained a constraint.
- Operational efficiency improvements underway:** Sanghi is undertaking ~Rs6bn capex focused on efficiency improvements, including installation of ~18MW WHRS and debottlenecking initiatives. Around Rs2bn has already been spent, while the remaining capex is ongoing. These initiatives could add ~2,500tpd incremental operational capacity while reducing power costs. The Sanghi plant has ~130MW captive power capacity, with the CPP capable of operating on 100% lignite (~5-7% cheaper than coal). The Gujarat government is also planning a 65kVA transmission line, which could allow ~15–20MW of green power from Khavda to be supplied to the plant.

Exhibit 5: Water reservoir for plant's needs



Source: Company, PL

Exhibit 6: Limestone mines' overview



Source: Company, PL

Exhibit 7: Surface miner to extract the limestone



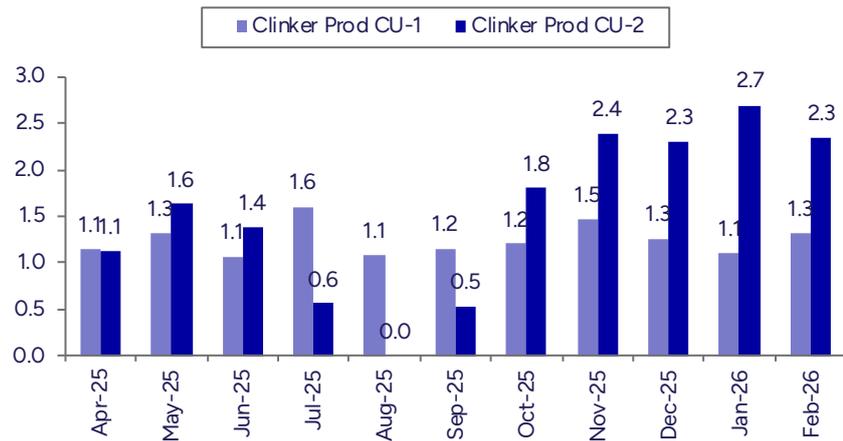
Source: Company, PL

Exhibit 8: Conveyor belt from the crushers to the clinker unit



Source: Company, PL

Exhibit 9: Sanghipuram clinker production (lakh tonnes)



Source: Company, PL

- Improving freight costs:** The company is targeting a logistics mix of ~50:50 between sea and road transport over time. Within Gujarat, road dispatch is currently skewed towards the Kutch region, with ~62% supplied within Kutch and ~38% to the rest of the state. Naliya is the nearest railway siding (~45km away). Management indicated that the rail line could extend closer to the plant over the next 2-3 years, improving evacuation.
- Coastal logistics to provide significant Freight Advantage:** The plant benefits from a dedicated jetty enabling coastal shipping of clinker and cement. Clinker is transported to Tuticorin and Dahej, while cement is dispatched to Mumbai through coastal routes. ACEM has ordered 7 vessels of 7,000 tn capacity vs. 2,000-4,000 tn used currently. Current cargo handling capacity at the jetty is ~2mtpa, with plans to expand it to ~25mtpa. Sanghipuram's logistics costs are around Rs700/t, significantly lower than their ~Rs900/t pan-India average.
- ACEM's premium products:** Premium products such as Gold and Kawach account for ~15% of trade sales and command a ~Rs55/bag premium, while other premium variants (e.g., Plus) contribute ~20% of trade sales with a ~Rs25/bag markup. Going ahead ACEM's expects operating costs to decline in Q4FY26.

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	350,448	417,154	470,369	523,032
YoY gr. (%)	5.7	19.0	12.8	11.2
Cost of Goods Sold	65,274	75,488	82,178	88,793
Gross Profit	285,173	341,666	388,191	434,239
Margin (%)	81.4	81.9	82.5	83.0
Employee Cost	14,034	16,160	19,159	20,679
Other Expenses	211,433	251,146	269,779	295,808
EBITDA	59,707	74,360	99,253	117,751
YoY gr. (%)	(6.7)	24.5	33.5	18.6
Margin (%)	17.0	17.8	21.1	22.5
Depreciation and Amortization	24,783	36,432	44,586	44,283
EBIT	34,923	37,928	54,667	73,468
Margin (%)	10.0	9.1	11.6	14.0
Net Interest	2,159	2,825	3,098	3,001
Other Income	26,543	9,802	8,978	13,247
Profit Before Tax	59,092	68,984	65,547	88,714
Margin (%)	16.9	16.5	13.9	17.0
Total Tax	7,640	12,227	13,600	15,292
Effective tax rate (%)	12.9	17.7	20.7	17.2
Profit after tax	51,452	56,757	51,947	73,422
Minority interest	9,910	8,196	9,683	11,012
Share Profit from Associate	132	193	211	230
Adjusted PAT	41,815	33,008	39,205	59,369
YoY gr. (%)	27.0	(21.1)	18.8	51.4
Margin (%)	11.9	7.9	8.3	11.4
Extra Ord. Income / (Exp)	(140)	15,745	3,270	3,270
Reported PAT	41,674	48,753	42,475	62,639
YoY gr. (%)	32.1	17.0	(12.9)	47.5
Margin (%)	11.9	11.7	9.0	12.0
Other Comprehensive Income				
Total Comprehensive Income	41,674	48,753	42,475	62,639
Equity Shares O/s (m)	2,463	2,472	2,472	2,472
EPS (Rs)	17.0	13.4	15.9	24.0

Source: Company, PL

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	5,53,665	7,95,665	8,55,665	9,15,665
Tangibles	5,53,665	7,95,665	8,55,665	9,15,665
Intangibles	-	-	-	-
Acc: Dep / Amortization	1,27,887	1,64,319	2,08,905	2,53,188
Tangibles	1,27,887	1,64,319	2,08,905	2,53,188
Intangibles	-	-	-	-
Net fixed assets	4,25,778	6,31,346	6,46,760	6,62,476
Tangibles	4,25,778	6,31,346	6,46,760	6,62,476
Intangibles	-	-	-	-
Capital Work In Progress	1,14,405	32,405	72,405	1,12,405
Goodwill	-	-	-	-
Non-Current Investments	38,160	38,160	38,160	38,160
Net Deferred tax assets	(24,032)	(24,032)	(24,032)	(24,032)
Other Non-Current Assets	33,897	33,897	33,897	33,897
Current Assets				
Investments	18,222	18,222	18,222	18,222
Inventories	42,480	50,566	57,017	63,400
Trade receivables	15,903	13,715	15,464	17,196
Cash & Bank Balance	61,722	19,240	23,034	39,901
Other Current Assets	39,818	39,818	39,818	39,818
Total Assets	8,09,454	8,96,439	9,63,846	10,44,545
Equity				
Equity Share Capital	4,926	4,944	4,944	4,944
Other Equity	5,29,506	5,70,870	6,03,492	6,55,294
Total Network	5,34,433	5,75,814	6,08,436	6,60,237
Non-Current Liabilities				
Long Term borrowings	268	25,268	45,268	65,268
Provisions	2,541	2,541	2,541	2,541
Other non current liabilities	1,552	1,552	1,552	1,552
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	27,595	40,001	45,104	42,989
Other current liabilities	1,07,692	1,07,692	1,07,692	1,07,692
Total Equity & Liabilities	8,09,454	8,96,439	9,63,846	10,44,545

Source: Company, PL

Cash Flow (INR mn)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	59,224	68,984	65,547	88,714
Add. Depreciation	24,783	36,432	44,586	44,283
Add. Interest	2,159	2,825	3,098	3,001
Less Financial Other Income	26,543	9,802	8,978	13,247
Add. Other	(25,979)	(9,802)	(8,978)	(13,247)
Op. profit before WC changes	60,188	98,438	1,04,253	1,22,751
Net Changes-WC	(34,012)	6,509	(3,097)	(10,230)
Direct tax	(3,802)	(12,227)	(13,600)	(15,292)
Net cash from Op. activities	22,374	92,720	87,556	97,229
Capital expenditures	(1,39,376)	(1,60,000)	(1,00,000)	(1,00,000)
Interest / Dividend Income	-	-	-	-
Others	64,065	9,802	8,978	13,247
Net Cash from Inv. activities	(75,311)	(1,50,198)	(91,022)	(86,753)
Issue of share cap. / premium	83,391	-	-	-
Debt changes	(20,083)	25,000	20,000	20,000
Dividend paid	(5,630)	(7,389)	(9,852)	(10,838)
Interest paid	(1,758)	(2,825)	(3,098)	(3,001)
Others	-	-	-	-
Net cash from Fin. activities	55,920	14,786	7,049	6,161
Net change in cash	2,983	(42,692)	3,583	16,637
Free Cash Flow	(64,497)	(67,280)	(12,444)	(2,771)

Source: Company, PL

Quarterly Financials (INR mn)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenues	99,806	1,02,891	91,745	1,02,767
YoY gr. (%)	12.2	22.6	21.5	20.9
Raw Material Expenses	18,268	15,245	13,085	19,049
Gross Profit	81,537	87,646	78,660	83,718
Margin (%)	81.7	85.2	85.7	81.5
EBITDA	18,676	19,611	17,609	13,531
YoY gr. (%)	9.9	53.2	58.4	52.8
Margin (%)	18.7	19.1	19.2	13.2
Depreciation / Depletion	7,864	7,984	8,852	9,590
EBIT	10,812	11,627	8,757	3,940
Margin (%)	10.8	11.3	9.5	3.8
Net Interest	143	671	768	589
Other Income	5,733	2,561	2,570	873
Profit before Tax	16,402	13,517	10,559	4,225
Margin (%)	16.4	13.1	11.5	4.1
Total Tax	4,973	3,789	-14,648	454
Effective tax rate (%)	30.3	28.0	-138.7	10.8
Profit after tax	11,429	9,728	25,207	3,771
Minority interest	3,260	1,818	5,366	1,633
Share Profit from Associate	46.6	41.6	43.9	51.3
Adjusted PAT	9,563	8,352	17,657	2,037
YoY gr. (%)	-9.4	29.2	268.2	-90.4
Margin (%)	9.6	8.1	19.2	2.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	9,563	8,352	17,657	2,037
YoY gr. (%)	-9.4	29.2	268.2	-90.4
Margin (%)	9.6	8.1	19.2	2.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	9,563	8,352	17,657	2,037
Avg. Shares O/s (m)	2,472	2,472	2,472	2,472
EPS (Rs)	3.9	3.4	7.2	0.8

Source: Company, PL

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share (Rs)				
EPS	17.0	13.4	15.9	24.0
CEPS	27.0	28.1	33.9	41.9
BVPS	217.0	233.0	246.2	267.1
FCF	(26.2)	(27.2)	(5.0)	(1.1)
DPS	2.0	3.0	4.0	4.4
Return Ratio (%)				
RoCE	7.3	6.7	8.7	10.7
ROIC	7.7	5.9	7.4	9.6
RoE	8.8	5.9	6.6	9.4
Balance Sheet				
Net Debt : Equity (x)	(0.1)	0.0	0.0	0.0
Net Working Capital (Days)	32	21	21	26
Valuation (x)				
PER	26.6	33.8	28.5	18.8
P/B	2.1	1.9	1.8	1.7
P/CEPS	16.7	16.1	13.3	10.8
EV/EBITDA	17.3	14.9	11.3	9.5
EV/Sales	2.9	2.6	2.4	2.1
Dividend Yield (%)	0.4	0.7	0.9	1.0

Source: Company, PL

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Cons. Volume (mt)	65	76	86	94
Cons. Net Realisations (Rs/t)	5,375	5,477	5,500	5,584
Cons. EBITDA/ t (Rs/t)	916	976	1,160	1,257

Source: Company, PL

Price Chart

Recommendation History

No.	Date	Rating	TP (INR)	Share Price (INR)
1	31-Jan-26	BUY	640	510
2	08-Jan-26	BUY	667	562
3	04-Nov-25	BUY	718	577
4	08-Oct-25	BUY	701	570
5	01-Aug-25	BUY	685	593
6	07-Jul-25	BUY	690	592
7	03-Jul-25	BUY	692	594
8	30-Apr-25	BUY	658	545
9	07-Apr-25	BUY	643	529
10	30-Jan-25	BUY	628	522

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	ACC	BUY	2163	1755
2	Adani Port & SEZ	BUY	1900	1531
3	Ambuja Cement	BUY	640	510
4	Dalmia Bharat	Hold	2302	2232
5	Hindalco Industries	Hold	907	964
6	Jindal Stainless	Hold	784	756
7	Jindal Steel	Accumulate	1171	1102
8	JK Cement	Accumulate	6199	5790
9	JK Lakshmi Cement	BUY	881	761
10	JSW Cement	BUY	142	124
11	JSW Infrastructure	BUY	339	273
12	JSW Steel	Accumulate	1292	1170
13	National Aluminium Co.	Hold	356	385
14	NMDC	Hold	87	86
15	Nuvoco Vistas Corporation	BUY	443	350
16	Shree Cement	Hold	27770	27350
17	Steel Authority of India	Hold	151	149
18	Tata Steel	Accumulate	226	197
19	Ultratech Cement	BUY	14168	12369

PL's Recommendation Nomenclature (Absolute Performance)

BUY	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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