

August 1, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	685		690	
Sales (Rs. m)	4,49,732	4,98,059	4,39,124	4,80,114
% Chng.	2.4	3.7		
EBITDA (Rs. m)	82,466	1,08,143	84,796	1,08,748
% Chng.	(2.7)	(0.6)		
EPS (Rs.)	14.2	18.4	14.6	18.6
% Chng.	(2.8)	(1.3)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	3,31,596	3,50,448	4,49,732	4,98,059
EBITDA (Rs. m)	63,995	59,707	82,466	1,08,143
Margin (%)	19.3	17.0	18.3	21.7
PAT (Rs. m)	32,920	41,815	34,914	45,253
EPS (Rs.)	15.0	17.0	14.2	18.4
Gr. (%)	8.0	13.3	(16.5)	29.6
DPS (Rs.)	1.8	2.0	2.2	2.4
Yield (%)	0.3	0.3	0.4	0.4
RoE (%)	9.0	8.8	6.3	7.7
RoCE (%)	13.0	7.3	8.6	10.7
EV/Sales (x)	3.6	3.9	3.2	2.8
EV/EBITDA (x)	18.5	23.1	17.5	13.1
PE (x)	39.6	34.9	41.8	32.3
P/BV (x)	3.1	2.7	2.6	2.4

Key Data

ABUJ.BO | ACEM IN

52-W High / Low	Rs.687 / Rs.453
Sensex / Nifty	81,186 / 24,768
Market Cap	Rs.1,460bn/ \$ 16,666m
Shares Outstanding	2,463m
3M Avg. Daily Value	Rs.1506.14m

Shareholding Pattern (%)

Promoter's	67.57
Foreign	7.44
Domestic Institution	18.70
Public & Others	6.29
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.6	15.6	(12.8)
Relative	5.7	10.3	(12.2)

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Strong volume and pricing led growth

Quick Pointers:

- Integration of Penna and Orient into Ambuja brand is progressing well.
- FY26 capex is expected at Rs90-100bn, including the capex planned for Penna's units, which will be commissioned in FY26.

Ambuja Cements (ACEM) delivered strong consolidated operating performance in Q1FY26 with 20% YoY volume growth (18.4mt excluding clinker volume), aided by higher government capex and recently acquired assets. NSR improved by 5% QoQ, aided by an uptick in cement pricing during the quarter. RM costs declined on lower purchase of goods, which resulted in ACEM delivering EBITDA/t of Rs1,066. ACEM has successfully integrated the brands of Penna and Orient into ACEM. The capacity utilization for acquired assets stood at ~77-78% as per mgmt. ACEM would utilize Penna and Sanghi clinker units for feeding grinding units across regions. ACEM maintained its long-term efficiency gain target of Rs500/t through long-term supplier agreements, group supply chain synergies, operational efficiencies, and improvement in green power, and this is despite the acquisition of Orient.

With stable pricing across regions, declining costs, and higher utilization of newly acquired assets, ACEM is expected to continue delivering healthier EBITDA going forward. Mgmt. expects the cement industry to grow 7-8% in FY26, and we expect ACEM to grow faster than the industry, led by its aggressive capacity addition and initiatives to capture incremental market share. We expect a strong 17%+ volume CAGR over FY25-27E. EBITDA for FY26/27E gets cut by 2.7%/0.6% due to weak ACC performance. We expect ACEM to deliver an EBITDA CAGR of 35% over FY25-27E. The stock is trading at EV of 17.5x/13.1x FY26/27E EBITDA. Maintain 'Buy' with revised TP of Rs685 (Rs690 earlier) valuing at 17x EV of Mar'27E EBITDA.

- Cons revenue aided by strong volume & pricing:** Cons. revenue grew 23% YoY to Rs102.9bn (up 3% QoQ; PLe Rs92bn) on higher cement prices and strong volumes. Average cement realisation has improved 5% QoQ to Rs 5,592/t (+2% YoY; PLe Rs5,185). Cons. volumes grew 20% YoY to 18.4mt (-2% QoQ; PLe 17.7mt) excluding clinker volume on base. ACEM's market share has improved ~2pp YoY at 15.5% as per mgmt.
- EBITDA/t aided by lower RM costs:** EBITDA grew 53% YoY to Rs19.6bn (up 5% QoQ; PLe Rs18.15bn) on strong pricing and lower RM costs. RM costs/t declined 20% YoY to Rs829 on lower purchase of goods. P&F costs/t grew 1% YoY to Rs1,366 while freight cost/t declined 4% YoY to Rs1,317. Other expenses grew 14% YoY to Rs788 despite higher volumes. Resultant, ACEM delivered EBITDA/t of Rs1,066/t (27% YoY/7% QoQ; Vs PLe of Rs 1,026/t).
- Green power share improves gradually driving margins:** ACEM expects to achieve total RE of 1 GW by FY28, which would increase its green power mix to 60% by FY28. With the commissioning of 57.7MW wind power, the total RE stands at 473MW. WHRS capacity stands at 228MW. Total RE is currently taking care of 28% of the power requirement. Coal costs have improved from Rs1.73 to Rs1.59/kcal and are expected to sustain near these levels.

Q1FY26 Conference Call Highlights:

- Mgmt. expects the cement industry to grow by 7-8% in FY26 and anticipates ACEM to outpace the industry, driven by accelerated growth, cost efficiencies, and Adani Group synergies.
- Excluding clinker sales, cement volume growth for ACEM was 20% YoY.
- The southern region was a big contributor to ACEM's strong performance, and as per the mgmt. demand in the region is steady too.
- Coal costs improved to Rs1.59/kcal from Rs1.73/kcal in Q1FY25.
- Primary lead distance reduced by 8km to 269km and is expected to further reduce by ~50km when 140mtpa is achieved.
- Capacity utilization across Penna, Sanghi, and Orient stood at ~77-78% for the quarter.
- Q1FY26 capex was Rs20bn, and FY26 capex is expected at Rs90-100bn including the capex planned for Penna.
- With the completion of the Orient acquisition (w.e.f. 22nd April, 2025), expansion at Sindri and Sankrail, and debottlenecking at various plants, ACEM's capacity has reached 105.4mtpa. With upcoming grinding units at Bhatapara, Salai Banwa, Marwar, and units of Penna set to be commissioned in FY26, ACEM is expected to reach 118mtpa by the end of FY26.
- With commissioning of 57.7MW wind power, the total RE stands at 473MW. WHRS capacity stands at 228MW. Total RE is taking care of 28% of power requirement.
- Out of the target savings of Rs530/t, ACEM has already achieved Rs175-200/t savings till now led by power & fuel, logistics, etc. Mgmt. reiterated its confidence despite recent acquisition of Orient.
- ACC's bump-up in costs was due to scheduled maintenance at its plant, which is expected to get neutralized by year-end.
- With planned cost efficiency projects at ACC, ACEM expects to bridge the gap between ACC's EBITDA/t and the parent company over FY25-27E.
- ACEM's cash stands at ~Rs30bn post capex, dividend, and cash outflows for Orient.
- Capex for Orient will include efficiency improvement projects, debottlenecking its plants, and expansion at Chittapur, KN and Devapur, TG plants by FY27, and at the plant in MP later.
- Integration of Penna and Orient into Ambuja brand is progressing well.

Exhibit 1: Q1FY26 Result Overview – Consolidated

Y/e March (Rs mn)	1QFY26	1QFY25	YoY gr. (%)	1QFY26E	% Var.	4QFY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	1,02,891	83,921	22.6	91,761	12.1	99,806	3.1	4,49,732	3,42,529	31.3
Raw Material	15,245	15,773	(3.4)	20,818	(26.8)	18,268	(16.6)	98,858	66,105	49.5
% of Net Sales	14.8	18.8		22.7		18.3		22.0	19.3	
Staff Costs	4,177	3,170	31.8	3,264	28.0	3,555	17.5	16,160	14,034	15.2
% of Net Sales	4.1	3.8		3.6		3.6		3.6	4.1	
Power & Fuel	25,131	20,670	21.6	18,157	38.4	22,988	9.3	1,01,570	82,648	22.9
% of Net Sales	24.4	24.6		19.8		23.0		22.6	24.1	
Freight	24,225	20,961	15.6	21,401	13.2	23,361	3.7	97,341	83,012	17.3
% of Net Sales	23.5	25.0		23.3		23.4		21.6	24.2	
Other Expenses	14,502	10,549	37.5	9,966	45.5	12,958	11.9	53,337	46,668	14.3
% of Net Sales	14.1	12.6		10.9		13.0		11.9	13.6	
Total Expenditure	83,280	71,123	17.1	73,605	13.1	81,130	2.6	3,67,266	2,92,467	25.6
EBITDA	19,611	12,798	53.2	18,156	8.0	18,676	5.0	82,466	50,063	64.7
Margin (%)	19.1	15.3		19.8		18.7		18.3	14.6	
Depreciation	8,616	4,674	84.3	8,178	5.4	7,864	9.6	33,483	24,697	35.6
EBIT	10,995	8,124	35.3	9,978	10.2	10,812	1.7	48,983	25,365	93.1
Other income	2,561	3,547	(27.8)	4,621	(44.6)	5,733	(55.3)	12,811	20,749	(38.3)
Interest	671	678	(1.0)	149	351.8	143	369.8	2,808	2,159	30.0
PBT	12,885	10,993	17.2	14,451	(10.8)	16,402	(21.4)	58,985	43,955	34.2
Extraordinary income/(expense)	400	-	#DIV/0!	-	NA	1,347	(70.3)	5,000	15,222	(67.2)
PBT (After EO)	13,285	10,993	20.8	14,451	(8.1)	17,749	(25.2)	63,985	59,178	8.1
Tax	3,630	3,131	15.9	3,757	(3.4)	4,973	(27.0)	15,980	7,661	108.6
% PBT	27.3	28.5		26.0		28.0		25.0	12.9	
Reported PAT	9,655	7,862	22.8	10,693	(9.7)	12,776	(24.4)	48,005	51,516	(6.8)
Minority Interest	1,818	1,433	26.8	3,260	(44.2)	3,260	(44.2)	9,849	9,910	(0.6)
Share of profit in JV/Associates	-	34	(100.0)	-		47	(100.0)	28	132	(78.9)
Net Profit Attributable to shareholders	7,837	6,463	21.3	7,434	5.4	9,563	(18.0)	38,184	41,739	(8.5)
Adjusted PAT	7,459	6,516	14.5	7,145	4.4	8,596	(13)	32,648	21,870	49.3

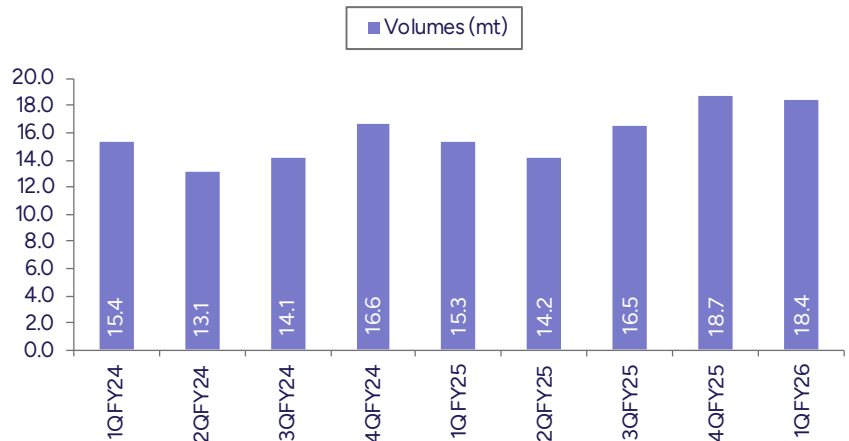
Source: Company, PL

Exhibit 2: Operating Metrics

Y/e March	1QFY26	1QFY25	YoY gr. (%)	1QFY26E	% Var.	4QFY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Volume (mn te)	18.4	15.3	20.3	17.7	4.0	18.7	(1.6)	83.1	64.7	28.5
Net Realisations/t (Rs)	5,592	5,485	1.9	5,185	7.8	5,337	4.8	5,411	5,294	2.2
EBITDA/t (Rs)	1,066	836	27.4	1,026	3.9	999	6.7	992	774	28.2

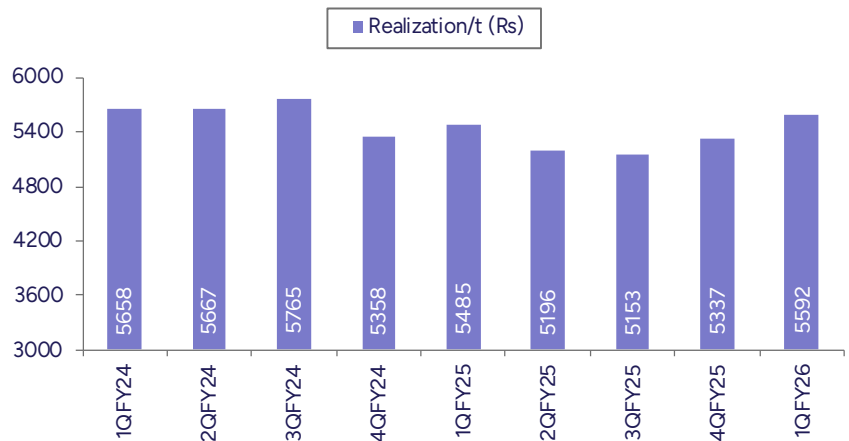
Source: Company, PL

Exhibit 3: Cons Vol. grew 20% YoY aided by higher govt. capex (excl. clinker)



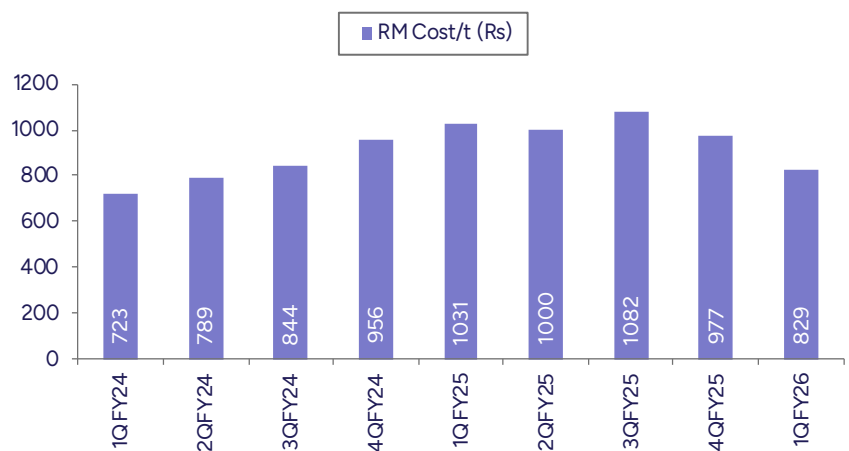
Source: Company, PL

Exhibit 4: 5% QoQ uptick in NSR led by price hikes during the quarter



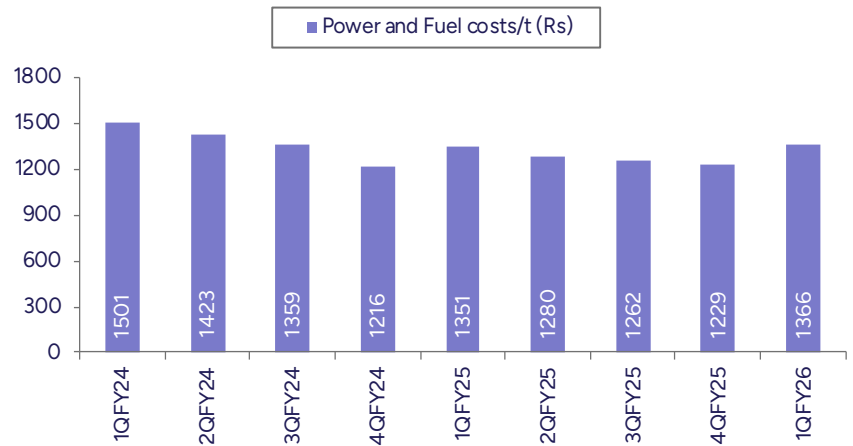
Source: Company, PL

Exhibit 5: RM costs/t declined 20% YoY on lower purchase of goods



Source: Company, PL

Exhibit 6: Power and fuel costs/t grew just 1% YoY on higher green power



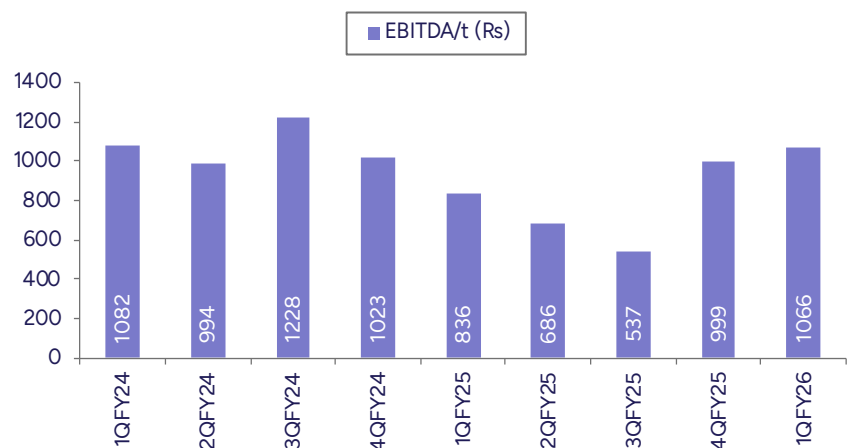
Source: Company, PL

Exhibit 7: Freight cost/t declined 4% YoY led by decline in lead distance



Source: Company, PL

Exhibit 8: EBITDA/t grew 27% YoY on strong pricing and lower RM costs



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	3,31,596	3,50,448	4,49,732	4,98,059
YoY gr. (%)	(14.8)	5.7	28.3	10.7
Cost of Goods Sold	49,228	65,274	98,858	1,04,504
Gross Profit	2,82,369	2,85,173	3,50,875	3,93,555
Margin (%)	85.2	81.4	78.0	79.0
Employee Cost	13,528	14,034	16,160	19,159
Other Expenses	2,04,846	2,11,433	2,52,248	2,66,254
EBITDA	63,995	59,707	82,466	1,08,143
YoY gr. (%)	24.9	(6.7)	38.1	31.1
Margin (%)	19.3	17.0	18.3	21.7
Depreciation and Amortization	16,234	24,783	33,483	41,158
EBIT	47,761	34,923	48,983	66,985
Margin (%)	14.4	10.0	10.9	13.4
Net Interest	2,764	2,159	2,808	3,048
Other Income	11,664	26,543	12,811	11,254
Profit Before Tax	54,546	59,092	63,985	80,191
Margin (%)	16.4	16.9	14.2	16.1
Total Tax	11,626	7,640	15,980	20,411
Effective tax rate (%)	21.3	12.9	25.0	25.5
Profit after tax	42,920	51,452	48,005	59,780
Minority interest	11,612	9,910	9,849	11,286
Share Profit from Associate	229	132	28	28
Adjusted PAT	32,920	41,815	34,914	45,253
YoY gr. (%)	19.5	27.0	(16.5)	29.6
Margin (%)	9.9	11.9	7.8	9.1
Extra Ord. Income / (Exp)	(1,383)	(140)	3,270	3,270
Reported PAT	31,537	41,674	38,184	48,522
YoY gr. (%)	22.1	32.1	(8.4)	27.1
Margin (%)	9.5	11.9	8.5	9.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	31,537	41,674	38,184	48,522
Equity Shares O/s (m)	2,198	2,463	2,463	2,463
EPS (Rs)	15.0	17.0	14.2	18.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	4,25,956	5,53,665	7,85,665	8,60,665
Tangibles	4,25,956	5,53,665	7,85,665	8,60,665
Intangibles	-	-	-	-
Acc: Dep / Amortization	1,02,071	1,27,887	1,61,370	2,02,529
Tangibles	1,02,071	1,27,887	1,61,370	2,02,529
Intangibles	-	-	-	-
Net fixed assets	3,23,885	4,25,778	6,24,294	6,58,136
Tangibles	3,23,885	4,25,778	6,24,294	6,58,136
Intangibles	-	-	-	-
Capital Work In Progress	40,708	1,14,405	22,405	17,405
Goodwill	-	-	-	-
Non-Current Investments	12,688	38,160	38,160	38,160
Net Deferred tax assets	(15,122)	(24,032)	(24,032)	(24,032)
Other Non-Current Assets	26,806	33,897	33,897	33,897
Current Assets				
Investments	7,587	18,222	18,222	18,222
Inventories	36,086	42,480	54,515	60,373
Trade receivables	12,131	15,903	14,786	16,375
Cash & Bank Balance	1,10,689	61,722	44,431	56,624
Other Current Assets	24,597	39,818	39,818	39,818
Total Assets	6,52,978	8,09,454	9,09,598	9,58,080
Equity				
Equity Share Capital	4,395	4,926	4,926	4,926
Other Equity	4,10,155	5,29,506	5,62,271	6,04,833
Total Network	4,14,551	5,34,433	5,67,197	6,09,759
Non-Current Liabilities				
Long Term borrowings	2,000	268	42,268	32,268
Provisions	2,560	2,541	2,541	2,541
Other non current liabilities	-	1,552	1,552	1,552
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	31,088	27,595	43,125	47,759
Other current liabilities	88,391	1,07,692	1,07,692	1,07,692
Total Equity & Liabilities	6,52,978	8,09,454	9,09,598	9,58,080

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	59,006	59,224	63,985	80,191
Add. Depreciation	16,234	24,783	33,483	41,158
Add. Interest	2,764	2,159	2,808	3,048
Less Financial Other Income	11,664	26,543	12,811	11,254
Add. Other	(14,331)	(25,979)	(12,811)	(11,254)
Op. profit before WC changes	63,673	60,188	87,466	1,13,143
Net Changes-WC	1,941	(34,012)	4,613	(2,813)
Direct tax	(9,156)	(3,802)	(15,980)	(20,411)
Net cash from Op. activities	56,458	22,374	76,099	89,919
Capital expenditures	(99,801)	(1,39,376)	(1,40,000)	(70,000)
Interest / Dividend Income	-	-	-	-
Others	10,296	64,065	12,811	11,254
Net Cash from Invt. activities	(89,504)	(75,311)	(1,27,189)	(58,746)
Issue of share cap. / premium	66,610	83,391	-	-
Debt changes	(1,533)	(20,083)	42,000	(10,000)
Dividend paid	(5,848)	(5,630)	(5,419)	(5,961)
Interest paid	(2,341)	(1,758)	(2,808)	(3,048)
Others	-	-	-	-
Net cash from Fin. activities	56,888	55,920	33,773	(19,008)
Net change in cash	23,842	2,983	(17,318)	12,165
Free Cash Flow	11,634	(64,497)	(63,901)	19,919

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Net Revenue	73,781	85,022	99,806	1,02,891
YoY gr. (%)	(0.6)	4.6	12.2	22.6
Raw Material Expenses	14,202	17,861	18,268	15,245
Gross Profit	59,579	67,161	81,537	87,646
Margin (%)	80.8	79.0	81.7	85.2
EBITDA	9,734	8,855	18,676	19,611
YoY gr. (%)	(25.2)	(48.9)	9.9	53.2
Margin (%)	13.2	10.4	18.7	19.1
Depreciation / Depletion	5,520	6,640	7,864	8,616
EBIT	4,215	2,215	10,812	10,995
Margin (%)	5.7	2.6	10.8	10.7
Net Interest	669	670	143	671
Other Income	3,740	7,729	5,733	2,561
Profit before Tax	7,469	23,331	15,054	12,485
Margin (%)	10.1	27.4	15.1	12.1
Total Tax	2,398	(2,840)	4,973	3,630
Effective tax rate (%)	32.1	(12.2)	33.0	29.1
Profit after Tax	5,071	26,171	10,081	8,855
Minority interest	-	-	-	-
Share Profit from Associates	22	30	47	-
Adjusted PAT	5,093	26,201	10,128	8,855
YoY gr. (%)	(48.4)	140.5	(33.6)	12.1
Margin (%)	6.9	30.8	10.1	8.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,093	26,201	10,128	8,855
YoY gr. (%)	(48.4)	140.5	(33.6)	12.1
Margin (%)	6.9	30.8	10.1	8.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,093	26,201	10,128	8,855
Avg. Shares O/s (m)	2,463	2,463	2,463	2,463
EPS (Rs)	2.1	10.6	4.1	3.6

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	15.0	17.0	14.2	18.4
CEPS	22.4	27.0	27.8	35.1
BVPS	188.6	217.0	230.3	247.6
FCF	5.3	(26.2)	(25.9)	8.1
DPS	1.8	2.0	2.2	2.4
Return Ratio(%)				
RoCE	13.0	7.3	8.6	10.7
ROIC	15.1	7.7	7.2	9.1
RoE	9.0	8.8	6.3	7.7
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.1)	0.0	(0.1)
Net Working Capital (Days)	19	32	21	21
Valuation(x)				
PER	39.6	34.9	41.8	32.3
P/B	3.1	2.7	2.6	2.4
P/CEPS	26.5	21.9	21.3	16.9
EV/EBITDA	18.5	23.1	17.5	13.1
EV/Sales	3.6	3.9	3.2	2.8
Dividend Yield (%)	0.3	0.3	0.4	0.4

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Cons. Volume (mt)	59	65	83	90
Cons. Net Realisations (Rs/t)	5,601	5,375	5,411	5,534
Cons. EBITDA/ t (Rs/t)	1,081	916	992	1,202

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-25	BUY	690	592
2	03-Jul-25	BUY	692	594
3	30-Apr-25	BUY	658	545
4	07-Apr-25	BUY	643	529
5	30-Jan-25	BUY	628	522
6	08-Jan-25	BUY	707	538
7	29-Oct-24	BUY	708	569
8	22-Oct-24	BUY	756	559
9	07-Oct-24	BUY	756	611

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,543	1,890
2	Adani Port & SEZ	BUY	1,777	1,453
3	Ambuja Cement	BUY	690	592
4	Dalmia Bharat	Accumulate	2,395	2,270
5	Hindalco Industries	Accumulate	738	692
6	Jindal Stainless	Hold	678	675
7	Jindal Steel & Power	Accumulate	1,008	954
8	JSW Infrastructure	Accumulate	344	322
9	JSW Steel	Hold	1,068	1,034
10	National Aluminium Co.	BUY	218	189
11	NMDC	Accumulate	73	68
12	Nuvoco Vistas Corporation	Accumulate	422	390
13	Shree Cement	Reduce	29,516	31,170
14	Steel Authority of India	Hold	133	126
15	Tata Steel	Accumulate	171	162
16	Ultratech Cement	Accumulate	13,634	12,561

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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