


Strong Volume Growth; Cost Optimisation Progressing Well

Est. Vs. Actual for Q4FY25: Revenue – **INLINE**; EBITDA Margin – **BEAT**; PAT – **BEAT**
Change in Estimates post Q4FY25 (Abs.)

FY26E/FY27E – Revenue: 0%/0%; **EBITDA:** 4%/0%; **PAT:** 4%/0%

Recommendation Rationale

- **Capacity expansion to drive volume and revenue growth:** The company is increasing its capacity from 100 MTPA (including 8.5 MTPA from Orient Cement) to 118 MTPA by FY26. It is also targeting 140 MTPA by FY28 through additional expansion. This capacity growth is expected to support sustained momentum, with volume and revenue projected to grow at 11% and 10% CAGR over FY24–FY27E.
- **EBITDA margins to improve to 20%-21% in FY27E:** Efficiency gains have cut costs by Rs 150 per tonne. The company targets an additional Rs 300–350 in cost savings by FY28 through operational improvements—lowering the clinker factor, cutting logistics expenses, increasing green power use, boosting blended cement sales, and expanding EBITDA margins. We project EBITDA margins to rise to 20%-21% by FY27E. The company aims to bring production costs down to Rs 3,850 per tonne by FY28.
- **Overall industry to grow at CAGR of 6%-7% in FY24-FY27E:** Cement demand in the country is expected to remain robust due to increased government emphasis on infrastructure development and affordable housing. Private capex is also anticipated to drive cement demand, supported by strong real estate activity. We project the overall industry to grow in the range of 6%-7% in FY24-FY27E.

Sector Outlook: Positive

Company Outlook & Guidance: Strong infrastructure demand and ongoing needs from the housing and commercial sectors are anticipated to boost cement demand in FY26. Strategic investments in roads, railways, and urban and commercial amenities are poised to drive robust growth. The company expects demand for the industry during FY26 to grow in the range of 7%-8%. Prices have improved and are currently higher than Q4FY25 prices by Rs 7-10/bag.

Current Valuation: 17x FY27 EV/EBITDA (Earlier Valuation: 19x FY26 EV/EBITDA). We roll forward our estimates to FY27.

Current TP: Rs 655 /share (Earlier TP: Rs 655/share).

Recommendation: We maintain our **BUY** rating on the stock.

Alternative BUY Ideas from our Sector Coverage: UltraTech Cement Ltd (TP-13,510/share), Dalmia Bharat (TP-2,260/share), ACC Ltd (TP-2,420/share)

Financial Performance

ACL reported results exceeding expectations, driven by higher volume, better realisation QoQ and benefit of operating leverage. The company reported an EBITDA margin of 18.9% against 19.1% YoY (expectation 16.9%). The company posted an 11% YoY revenue growth, supported by a 13% volume growth to 18.7 mtpa, attributed to increased trade volumes and higher sales of premium products.

ACL's blended EBITDA per tonne stood at Rs 999, down 2% YoY but higher than our expectation of 890/tonne. Blended realisations per tonne were Rs 5,288, down 1% YoY but higher QoQ. Cost per tonne was lower by 1% YoY and 6% QoQ, at Rs 4,289 supporting better operating performance. The company reported a profit of Rs 957 Cr, down 9% YoY but higher than our expectation of Rs 618 Cr.

Outlook:

The company is consolidating its recently acquired assets—Penna, Sanghi, and Orient—for improved operational efficiency. These assets are expected to contribute meaningfully to overall performance. With a strong Pan India presence, ongoing cost-saving measures, and synergies across the Adani Group, the growth momentum is likely to continue. Government focus on infrastructure and affordable housing, rising private capex, and strong real estate demand further support expectations of ACL delivering industry-leading performance.

Key Financials (Consolidated)

(Rs Cr)	Q4FY25	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	9,889	6	11	9,941	-0.5%
EBITDA	1,868	9	10	1,684	11%
EBITDA Margin	18.9%	50bps	(40bps)	16.9%	200bps
Net Profit	957	-55	-10	618	55%
EPS (Rs)	3.9	-55	-10	2.5	55%

Source: Company, Axis Securities Research

(CMP as of 29th April 2025)

CMP (Rs)	534
Upside /Downside (%)	23
High/Low (Rs)	707/453
Market cap (Cr)	1,31,531
Avg. daily vol. (6M) Shares	14,90,000
No. of shares (Cr)	246.3

Shareholding (%)

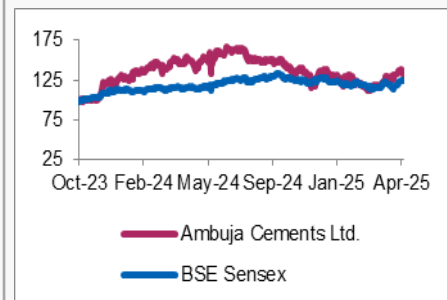
	Sep-24	Dec-24	Mar-25
Promoter	67.6	67.6	67.6
FII	10.6	9.1	8.6
MFs / UTI	6.4	7.7	7.8
Banks / FI	0.0	0.0	0.0
Others	15.5	15.6	16.0

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	35,045	40,211	44,194
EBITDA	5,971	7,812	9,048
Net Profit	4,227	3,479	3,710
EPS (Rs)	11.8	14.1	13.3
PER (x)	32	38	35
P/BV (x)	2.1	1.9	1.8
EV/EBITDA (x)	20	16	14
ROE (%)	11	8	8

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0%	0%
EBITDA	4%	0%
PAT	4%	0%

Relative Performance


Source: Ace Equity,

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Valuation & Recommendation

The stock is currently trading at 16x/14x FY26E/FY27E EV/EBITDA. We maintain our **BUY** rating on the stock, with a target price of Rs 655/share, implying an upside of 23% from the current market price (CMP).

Key Concall Highlights

- **Expanding consolidated capacity:** The company aims to expand its current consolidated capacity from 100 mtpa to 140 mtpa by 2028, with the existing expansion expected to be completed by FY26. By FY26, the total capacity is expected to be 118 mtpa.
- **Volumes:** During the quarter, the company achieved a volume growth of 13% YoY (including both clinker and cement). The trade and non-trade mix was reported at 72% and 28%, respectively, on a consolidated basis. Premium cement represented 29% of the overall trade sales for the quarter, while blended cement sales accounted for 82% of the total sales. The company aims to increase the sale of premium Cement to 35% moving ahead. The company believes that industry demand CAGR would be in the range of 7-7.5% while capacity supply is expected at 6% CAGR till FY30.
- **Pricing:** During the quarter, blended realisation decreased by 1% YoY to Rs 5,288 per tonne. The prices have increased and are currently higher than Q4FY25 prices by Rs 7 – Rs 10 per bag. The cement realisation was up by 2% QoQ.
- **Power/Fuel:** The change in the fuel basket and group synergies led to a 2% QoQ reduction in fuel costs per tonne. Specifically, kiln fuel costs decreased to Rs 1.58 per kcal, down from Rs 1.84 per kcal during the quarter. The company expects to further optimise fuel costs through mix optimisation.
- **Green Power:** The share of green power, currently at 26%, is expected to reach 60% by FY28. This transition is expected to result in a 33% reduction in the overall cost of power, subsequently enhancing EBITDA.
- **Freight:** On a per-tonne basis, freight costs declined by 2% YoY, reaching Rs 1,249/tonne. Additionally, warehouse infrastructure has been optimised, contributing to cost efficiencies. Initiatives such as network and route optimisation and digitisation efforts have further reduced freight and forwarding expenses. Moving ahead, the company aims to reduce the lead distance by 100 km.
- **Other Expenses:** Other expenses decreased by 20% to Rs 644/tonne on the back of operating leverage benefit.
- **Net worth** stands at Rs 63,811 Cr. The company remains debt-free and maintains Crisil AAA (stable) and Crisil A1+ ratings. Cash and cash equivalents stand at Rs 10,125 Cr, positioning the company for accelerated growth in the future.
- **Capex:** Capex guidance for FY26 stands at Rs 10,000 Cr. Capex growth from the existing 100 to 140 MTPA will be met through internal accruals and operating cash flows.
- **OCF/FCF:** In FY25, the company's OCF deteriorated by 60% to Rs 2,237 Cr owing to higher working capital requirements. FCF was negative at Rs 6,350 Cr.

Key Risks to Our Estimates and TP

- Lower realisation and demand in its key market and delay in capacity expansion.
- Higher input costs may impact margins.

Change in Estimates

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	40211	0%	40254	0%	0%	0%
EBITDA	7812	0%	7506	0%	4%	0%
PAT	3486	0%	3337	0%	4%	0%

Source: Company, Axis Securities Research

Result Review Q4FY25

(Rs Cr)	Quarterly Performance				
	Q4FY25	Q3FY25	Q4FY24	% Chg QoQ	% Chg YoY
Net sales	9889	9329	8894	6%	11%
Expenditure	8021	7617	7195	5%	11%
EBITDA	1,868	1,712	1,699	9%	10%
Other income	574	1352	233	-58%	146%
Interest	14	67	93	-79%	-85%
Depreciation	786	664	453	18%	74%
PBT	1780	2336	1601	-24%	11%
Tax	497	-284	75	-275%	560%
Adjusted PAT	957	2,115	1,055	-55%	-9%
EBITDA margin (%)	18.9%	18.4%	19.1%	50bps	(40bps)
EPS (Rs)	3.88	8.59	5.31	-55%	-27%

Source: Company, Axis Securities Research

Volume/Realisation / Cost Analyses

(Rs Cr)	Quarterly Performance				
	Q4FY25	Q3FY25	Q4FY24	% Chg QoQ	% Chg YoY
Volume/mnt	18.70	16.50	16.60	13%	13%
Realisation/tonne (Rs)	5288	5654	5358	-6%	-1%
Cost/tonne (Rs)	4289	4616	4335	-7%	-1%
Raw material/tonne (Rs)	977	1082	956	-10%	2%
Staff Cost/tonne (Rs)	190	232	189	-18%	0%
Power & Fuel/tonne (Rs)	1229	1262	1216	-3%	1%
Freight/tonne (Rs)	1249	1239	1277	1%	-2%
Other Expenses /tonne (Rs)	644	802	697	-20%	-8%
EBITDA/tonne (Rs)	999	1038	1023	-4%	-2%

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY25	FY26E	FY27E
Net sales	35045	40211	44194
Other operating income	0	0	0
Total income	35045	40211	44194
Raw Material	6610	7511	8186
Power & Fuel	8265	9076	9802
Freight & Forwarding	8301	9223	9961
Employee benefit expenses	1403	1520	1672
Other Expenses	4494	5069	5526
EBITDA	5971	7812	9048
Other income	2655	1550	1326
PBIDT	8626	9362	10373
Depreciation	2470	3146	3687
Interest & Fin Chg.	216	272	354
E/o income / (Expense)	21.47	0	0
Pre-tax profit	5961	5944	6333
Tax provision	766	1491	1583
RPAT	5195	4453	4750
Minority Interests	991	987	1060
Associates	22.9	13.22	20
APAT after EO item	4227	3479	3710

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY25	FY26E	FY27E
Total assets	80945	85239	89774
Net Block	34477	41630	47828
CWIP	9820	9820	9820
Investments	0	0	0
Wkg. cap. (excl cash)	3079	3482	3801
Cash / Bank balance	6172	2596	1360
Misc. Assets	27397	27711	26966
Capital employed	80945	85239	89774
Equity capital	440	493	493
Reserves	38236	52951	55944
Minority Interests	0	0	0
Borrowings	19	14	14
DefTax Liabilities	1549	2408	2408
Other Liabilities and Provision	40702	29374	30916

Source: Company, Axis Securities

Cash Flow

(Rs Cr)

Y/E March	FY25	FY26E	FY27E
Profit before tax	5922	5944	6333
Depreciation	2478	3146	3687
Interest Expenses	216	272	354
Non-operating/ EO item	-2598	-1570	-1349
Change in W/C	-2353	-404	-318
Income Tax	380	1491	1583
Operating Cash Flow	3286	5897	7123
Capital Expenditure	-8687	-11259	-8839
Investments	9142	0	0
Others	-180	2550	1326
Investing Cash Flow	275	-8709	-7513
Borrowings	0	0	0
Interest Expenses	-176	-272	-354
Dividend paid	-493	-493	-493
Others	6321	0	0
Financing Cash Flow	5653	-765	-846
Change in Cash	298	-3576	-1236
Opening Cash	3007	5043	1467
Closing Cash	5043	1467	231

Source: Company, Axis Securities Research

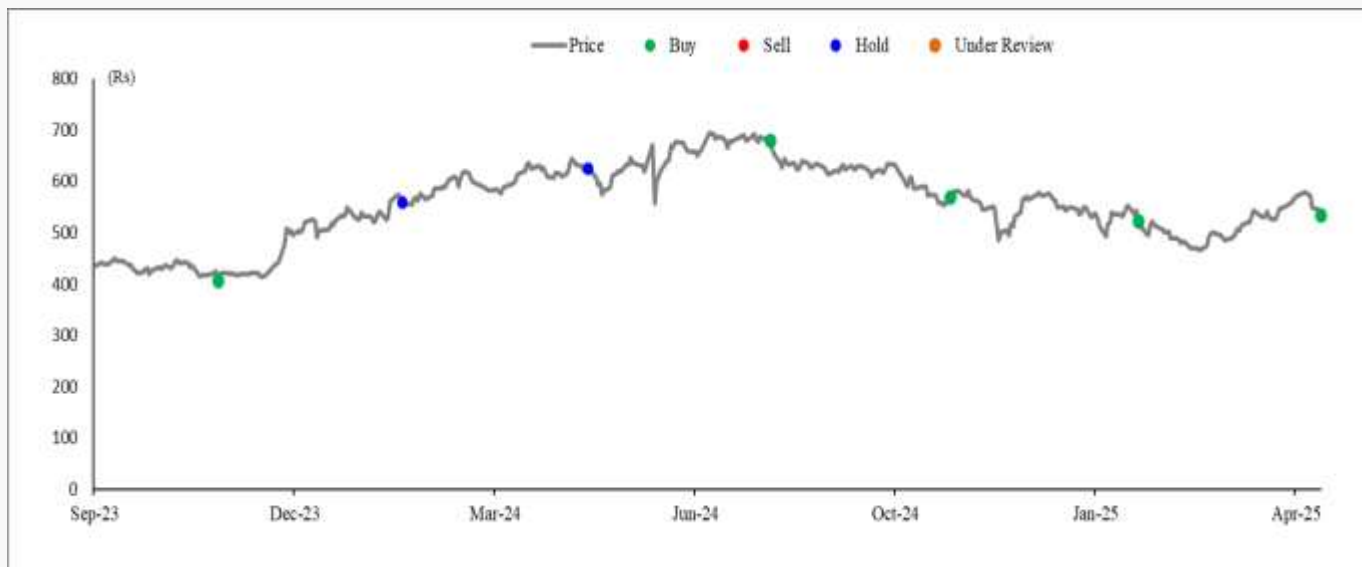
Ratio Analysis

(%)

Y/E March	FY24	FY25E	FY26E
Operational Ratios			
Sales growth	6%	15%	10%
OPM	17.0%	19.4%	20.5%
Op. profit growth	-7%	31%	16%
COGS / Net sales	66%	64%	63%
Overheads/Net sales	17%	16%	16%
Depreciation / G. block	5.8%	5.9%	5.9%
Efficiency Ratios			
Total Asset Turnover (x)	0.96	0.84	0.78
Sales/Gross block (x)	0.83	0.75	0.71
Sales/Net block(x)	0.87	0.85	0.83
Working capital/Sales (x)	0.02	0.03	0.01
Valuation Ratios			
PER	32	38	35
P/BV (x)	2.06	1.94	1.82
EV/Ebitda (x)	20.0	15.8	13.9
EV/Sales (x)	3.41	3.06	2.84
EV/Tonne \$ (x)	140	127	130
Return Ratios			
ROE	10.8	8.3	8.3
ROCE	10.2	9.0	9.1
ROIC	12.9	10.3	10.0
Leverage Ratios			
Debt/equity (x)	0.00	0.00	0.00
Net debt/ Equity (x)	-0.19	-0.12	-0.09
Net debt/Ebitda	-2.01	-1.08	-0.68
Interest Coverage ratio (x)	28.51	22.85	18.91
Cash Flow Ratios			
OCF/Sales	0.07	0.18	0.20
OCF/Ebitda	0.44	0.95	0.96
OCF/Capital Employed	0.04	0.11	0.12
FCF/Sales	-0.35	-0.13	-0.04
Payout ratio (Div/NP)	11.8	14.1	13.3
AEPS (Rs.)	27.0	26.9	30.0
AEPS Growth	-3.1	-11.6	6.8
CEPS (Rs.)	27	27	30
DPS (Rs.)	2	2	2

Source: Company, Axis Securities Research

Ambuja Cement Price Chart and Recommendation History



Date	Reco	TP	Research
08-Feb-23	BUY	460	Result Update
03-May-23	BUY	436	Result Update
03-Aug-23	HOLD	455	Result Update
02-Nov-23	BUY	455	Result Update
01-Feb-24	HOLD	535	Result Update
03-May-24	HOLD	590	Result Update
01-Aug-24	BUY	750	Result Update
29-Oct-24	BUY	675	Result Update
30-Jan-25	BUY	655	Result Update
30-Apr-25	BUY	655	Result Update

Source: Axis Securities Research

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