

Result Update

Q1 FY26

Ambuja Cements Ltd.

Institutional
Research

Ambuja Cements Ltd.



BP WEALTH

Cement & Cement Products | Q1FY26 Result Update

01st August 2025

Strong volume uptick; Digital push and capacity ramp-up support long-term growth

Ambuja Cements Ltd. reported the highest quarterly operating revenue of Rs. 102,441 million (up 3.5% QoQ / up 23.5% YoY), driven by a price gain of 4%, supported by a higher share of premium products as a percentage of trade sales, which is now at 33% up by 43% YoY. The company reported EBITDA increased to Rs. 19,161 million (up 7.6% QoQ / up 62.4% YoY). Its EBITDA margin stood at 18.7% compared to 14.2% for the same quarter in the previous year and 18.0% in the last quarter. The company's EBITDA/ton increased to Rs. 1,069 during the quarter, compared to Rs. 835 in Q1FY25 and Rs. 1,028 in Q4FY25. Raw material costs stood at Rs. 15,245 million (down 16.6% QoQ / up 3.5% YoY). The company is making efforts to reduce raw material costs and increase operational efficiency by making long-term arrangements for fly ash and improving plant infrastructure for material handling. Freight costs were higher during the quarter and stood at Rs. 24,225 million (up 3.7% QoQ / up 15.6% YoY), despite a reduction in primary lead distance by 8 km. Power and Fuel costs increased to Rs. 25,131 million (up 9.3% QoQ / up 15.7% YoY). The company's green power share improved by 9.7% to 28.1%, which is expected to reduce fuel costs in the coming quarters. Other costs stood at Rs. 14,502 million (up 11.9% QoQ / up 37.5% YoY). The overall costs were higher due to increased cement volumes and acquisitions. However, the company is taking steps to manage the costs, such as reducing lead distance, aiming to raise its green power share to 60% by FY28, and implementing AI-enabled technology to improve its supply chain. The company's profitability reduced sequentially during the quarter and stood at Rs. 9,697 million (down 24.4% QoQ / up 23.8% YoY). The company's sales volume increased significantly during the quarter by 16.5% YoY and stood at 18.4 MT. Ambuja reached 104.5 MTPA capacity and is on track to achieve its target of 118 MTPA by FY26.

Valuation and Outlook

Ambuja Cements started FY26 on a strong note, despite Q1 being a weak quarter for the cement sector. This performance was driven by smart execution, efficient operations, and clear growth plans. The smooth integration of acquisitions like Orient Cement led to improved asset utilization and cost benefits. The company's capacity expansions strengthen its readiness to capture rising demand amid growing infrastructure and housing activity. Strategic digitalization initiatives signal a future-ready, tech-enabled approach that will support sustained margin improvement. Its strong distribution network, supported by highly engaged channel partners and a focus on individual home builders, helps in improving pricing and sales volumes, even in a cyclical demand environment. Ambuja's ability to maintain a debt-free balance sheet, even during expansion phases, reflects its strong financial discipline. With a focus on brand-building, innovation, and operational excellence, the company appears well-placed to benefit from ongoing industry consolidation. While recent acquisitions brought some short-term cost pressures, Ambuja is well-positioned to lead industry growth and margin improvement. We believe it will remain a compelling long-term investment in India's cement industry.

Key Highlights

Particulars (Rs. Mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Net Sales	102,441	82,921	23.5%	98,944	3.5%
Gross Profit	87,197	68,194	27.9%	80,676	8.1%
Gross Margin (%)	85.1%	82.2%	134bps	81.5%	282bps
EBITDA	19,161	11,798	62.4%	17,814	7.6%
OPM (%)	18.7%	14.2%	448bps	18.0%	70bps
Net Profit	9,697	7,832	23.8%	12,822	24.4%
PAT Margin (%)	9.5%	9.4%	2bps	13.0%	-347bps

Source: Company, BP Equities Research

Sector Outlook

Positive

Stock

CMP (Rs.)	608
BSE code	500425
NSE Symbol	AMBUJACEM
Bloomberg	ACEM IN
Reuters	ABUJ.BO

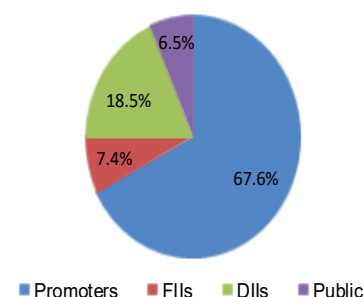
Key Data

Nifty	24,565
52 Week H/L (Rs.)	687 / 453
O/s Shares (Mn)	2,460
Market Cap (Rs. bn)	1,495.7
Face Value (Rs.)	2

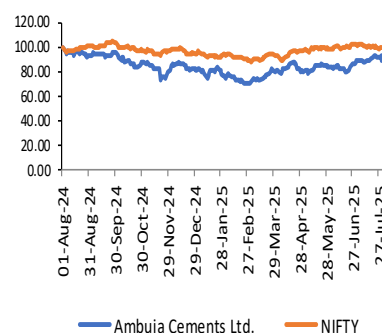
Average Volume

3 months	2,742,600
6 months	2,870,870
1 year	2,990,850

Share Holding (%)



Relative Price Chart



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Key Concall Highlights

Capacity Expansion:

- Management stated that Ambuja Cements has successfully integrated the Orient Cement acquisition, stating the integration synergies are being realized ahead of schedule.
- The total cement capacity now stands at 105.4 MTPA after the commissioning of Sankrail and Sindri brownfield grinding units.
- The company has commissioned 5 MTPA of grinding capacity in the past three months and is targeting another 13 MTPA within the financial year.
- Management noted that groundwork for the next 21 million tonne expansion phase, to be delivered by FY28, is already in progress.
- Strategic brownfield expansions are underway at Bhatapara, Salai Banwa, Dahej, Marwar, Kalam-boli, Krishnapatnam, Bhatinda, Jodhpur, and Warisaliganj.
- Management highlighted that capacity expansion is balanced across regions, with the north, center, and west seeing significant additions, not biased toward any particular belt.

"The company is firmly on track to reach 118 MTPA by FY26 and 140 MTPA by FY28, with greenfield and brownfield projects well underway"

Pricing and Volumes:

- Management remained bullish on demand and maintained a disciplined approach to pricing across geographies, focusing on premiumization and brand strength rather than discounting.
- They stated that while different market participants may have varying views on realization trends, Ambuja's focus on quality and branding supports better price realization.
- The company noted a double-digit volume growth, driven by strong demand and deeper channel engagement.

"A Cement Network Operating Center has been established to enable predictive analysis, real-time visibility, and agile decision-making."

Cost Optimization Strategies:

- Management outlined ongoing initiatives in power, fuel, logistics, and raw material cost optimization, mentioning a targeted journey for cost reduction per tonne.
- The coal cost has improved from INR 1.73 to INR 1.59 per 1,000 kcal and is expected to sustain near these levels.
- Primary lead distance is expected to reduce by 75 km by FY28, contributing to lower logistics costs.
- Efforts to further reduce primary lead distance and logistics costs are underway, including higher rail and sea logistics utilization.
- The company continues to invest in AI-enabled tools for advanced business and cost optimization. It is the first in the industry to adopt DIGIPIN for supply chain improvements.

"The company noted it has one of the lowest manpower costs per metric tonne amongst industry peers."

CapEx Plans:

- The company spent Rs. 2,000 crores on CapEx in Q1FY26.
- The company expects to invest Rs. 9,000–Rs. 10,000 crores in CapEx for FY26, which includes growth and the completion of acquired asset integration.
- Management specified that the CapEx for FY26, including payments for acquisitions and capacity additions, will be in the range discussed and is well planned for.

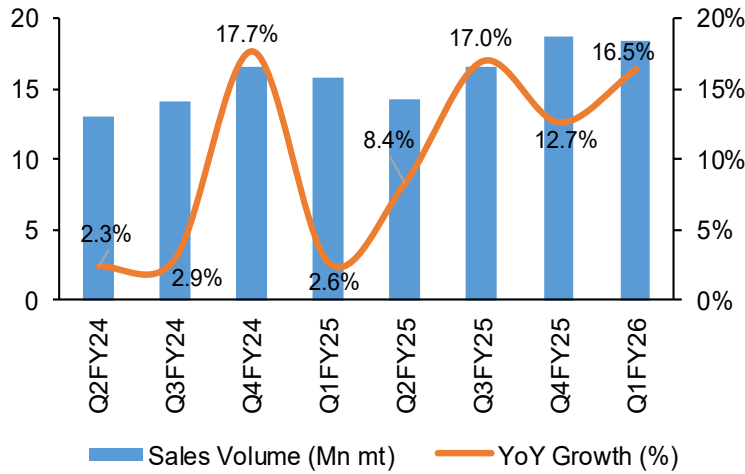
"Over 500 dealers have returned to the network under new channel engagement programs, strengthening distribution."

Other key concall highlights:

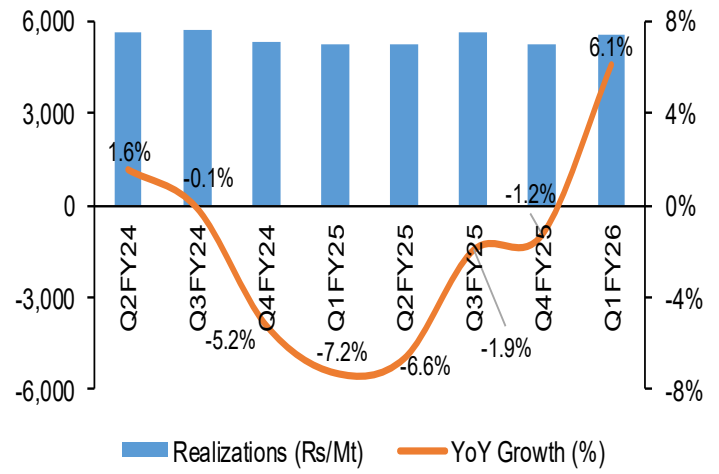
- The company's market share increased by 2% to 15.5% during the quarter.
- The company's regional capacity distribution shows they have a 26% share in South and 23% in West
- Management reassured that brownfield project timelines remain unaffected by concerns around Chinese engineering equipment, confirming that vendor relationships are secure and progress continues.

Quarterly Snapshot

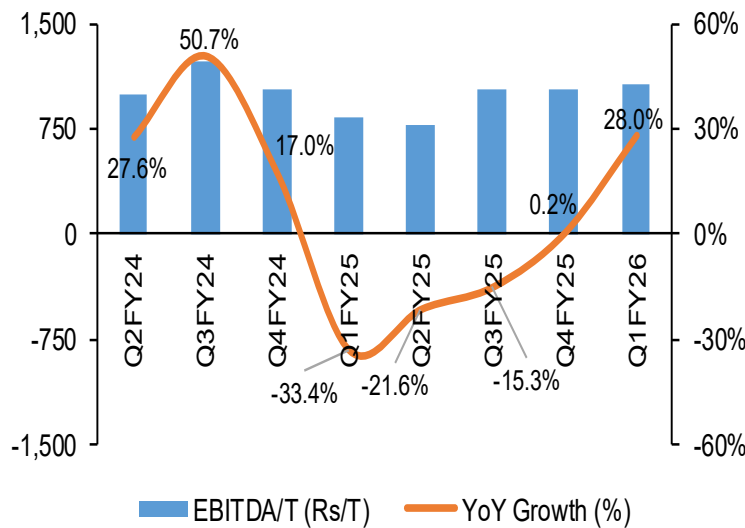
Sales Volume (Mn Mt)



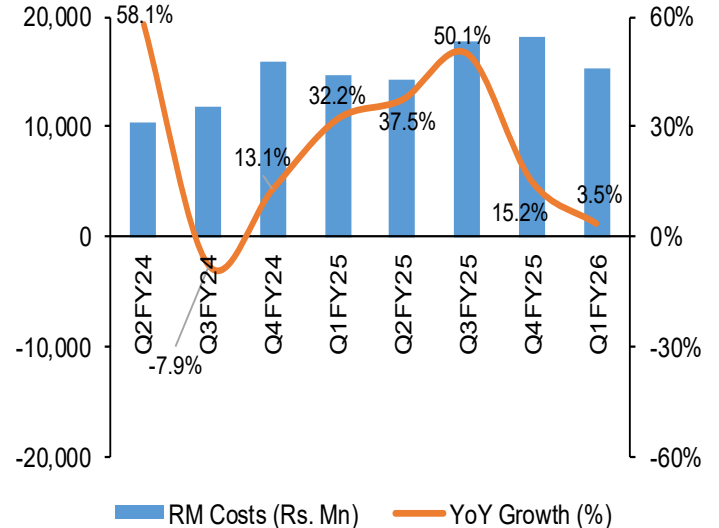
Realizations (Rs/Mt)



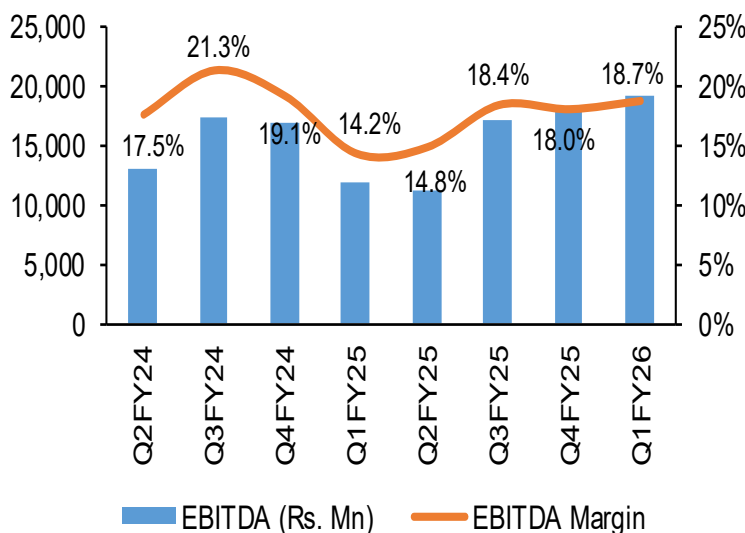
EBITDA/T (Rs/T)



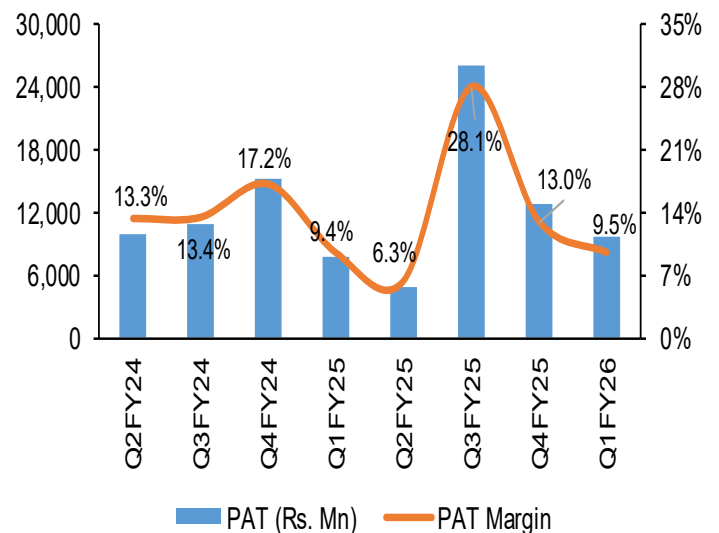
RM Costs



EBITDA & EBITDA Margin



PAT & PAT Margin



Key Financials

YE March (Rs. millions)	CY21	FY23*	FY24	FY25	FY26E	FY27E
Revenue	289,655	389,370	328,079	336,977	413,877	487,131
<i>Revenue Growth (Y-o-Y)</i>	18.1%	34.4%	(15.7%)	2.7%	22.8%	17.7%
EBITDA	62,100	51,220	64,000	59,710	80,501	103,372
<i>EBITDA Growth (Y-o-Y)</i>	24.1%	(17.5%)	25.0%	(6.7%)	34.8%	28.4%
Net Profit	37,110	30,244	47,346	51,584	39,384	48,564
<i>Net Profit Growth (Y-o-Y)</i>	19.4%	(18.5%)	56.5%	9.0%	(23.7%)	23.3%
Diluted EPS	14.0	12.6	16.7	17.0	16.0	19.7
<i>Diluted EPS Growth (Y-o-Y)</i>	17.5%	(9.7%)	31.7%	1.9%	(5.6%)	23.3%

Key Ratios

EBITDA margin (%)	21.4%	13.2%	19.5%	17.7%	19.5%	21.2%
NPM (%)	12.8%	7.8%	14.4%	15.3%	9.5%	10.0%
RoE (%)	11.4%	7.8%	9.3%	8.1%	5.8%	6.7%
RoIC (%)	15.5%	9.0%	9.4%	5.5%	7.9%	10.3%

Valuation Ratios

P/E (x)	43.4x	48.1x	36.5x	35.8x	38.0x	30.8x
EV/EBITDA (x)	22.3x	29.1x	22.9x	24.2x	17.9x	14.0x
Market Cap. / Sales (x)	5.2x	3.8x	4.6x	4.4x	3.6x	3.1x

Source: Company, BP Equities Research Note*: 15-month period due to change in accounting year from December to March

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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