

Institutional Equity Research

# Ambuja Cements

Cement | India

|                        |         |
|------------------------|---------|
| CMP* (Rs)              | 339     |
| Upside/ (Downside) (%) | 22      |
| Bloomberg Ticker       | ACEM IN |
| Market Cap. (Rs bn)    | 673     |

**BUY** 

1 Year Target Price: Rs415

4QCY21 Result Update | 21 February, 2022

## Cost Pressure Led to EBITDA Miss

Ambuja Cements (ACEM) reported a performance miss despite resilient realizations, mainly due to a steeper-than-expected jump in input costs. EBITDA (excluding other operating income of Rs561mn) stood at Rs1.12bn (-29% YoY and -22% QoQ), below our estimate of ~Rs6.69bn. EBITDA/tonne stood at Rs731 vs. Rs1,028 in 4QCY20 and Rs1,063 in 3QCY21. Notably, a sharp 11% QoQ jump in operating cost/tonne at Rs4,525 (+16% YoY) resulted in lower operating profit. The surge in fuel prices led to a steep 27% sequential increase in input costs/tonne (RM+P&F) to Rs2,139 (+30% YoY), while higher packaging costs led to a 9% QoQ jump in other expenditure/tonne. Network optimization enabled to see a 3% YoY and 6% QoQ drop in freight cost/tonne during the quarter. Overall operating cost/tonne was higher by Rs280/tonne compared to our estimate. Average realization/tonne remained resilient and increased modestly by 2% QoQ to Rs5,256 (vs. our estimate of Rs5,250), as the focus on premium products and high value-added products aided average realization. Sales volume increased by 13% QoQ to 7mnT (flat YoY), against our estimate of 6.7mnT. APAT fell 36% YoY and 28% QoQ to Rs3.17bn, below our estimate of Rs4.11bn. As per management's estimates, the company is accruing Rs300/t of benefit on account of its ICAN initiative. Going forward, incremental efficiencies are expected to be brought in through WHR/RE capacities (25-28% of energy from WHR), ramp-up in AFR usage (target of 25%) and increased blending. Further, the management has laid down the roadmap to 50MTPA capacity, with 7MTPA of capacity expansion in East in Phase 1 (expected by mid-CY24). **We reduce our CY22E/CY23E EBITDA estimates by 6%/8% factoring the sharp cost increase, while raising our capex estimate. Keeping the target multiple unchanged for CY23E at 14x for the standalone business, we maintain our BUY rating on the stock, with a revised 1-year SOTP-based Target Price of Rs415 (from Rs445 earlier).**

### Higher Input Costs Weighed on Margins

Strong sequential sales volume and steady realization were completely overshadowed by a sharp 27% sequential jump in input costs/tonne to Rs2,139 (+30% YoY). Additionally, higher packaging costs led to a 9% QoQ increase in other expenditure/tonne. Hence, EBITDA fell by 29% YoY to Rs5.12bn (-22% QoQ), missing our estimate of ~Rs6.69bn. Going forward, higher fuel costs will remain a key overhang for the industry, including ACEM. We estimate ACEM's EBITDA/tonne at Rs1,105/Rs1,191 in CY22E/ CY23E.

### Next Leg of Expansion to Address Growth Concerns

ACEM's Marwa-Mundwa expansion – 3MTPA clinker and 1.8MTPA grinding capacity – was commissioned in Oct'21 and is ramping up well. The company is now working on a brownfield expansion of 1.5MTPA grinding unit in Ropar, Punjab. Further, it has announced a 7MTPA brownfield expansion through a mix of clinker and split grinding unit in East for a capex of Rs35bn. These projects would increase ACEM's capacity to 40MTPA by CY24, keeping it on track to reach 50MTPA capacity by CY25-CY26.

### Outlook & Valuation

ACEM has been strategic to address the capacity constraint issues by commissioning the Nagaur integrated unit, which can support a capacity up to 5mnT. Also, it has already got an approval for a brownfield expansion of 1.5mnT cement grinding unit in Ropar, Punjab. Further, it has announced a 7MTPA brownfield expansion through a mix of clinker and split grinding unit in East for a capex of Rs35bn. These certainly bode well from a long-term perspective. However, factoring a sharp cost increase, we reduce our EBITDA estimates by 6%/8% for CY22E/CY23E. We raise our capex estimate, thus effecting our EV. **Keeping our target multiple unchanged for CY23E at 14x, we maintain our BUY rating on the stock, with a revised SOTP-based 12-month Target Price of Rs415 (from Rs445 earlier).**

#### Key Financials

| Y/E Dec (Rs mn) | CY19     | CY20E    | CY21     | CY22E    | CY23E    |
|-----------------|----------|----------|----------|----------|----------|
| Sales           | 1,13,528 | 1,11,750 | 1,37,930 | 1,53,660 | 1,65,778 |
| EBITDA          | 18,337   | 24,497   | 30,355   | 32,328   | 37,223   |
| APAT            | 14,253   | 17,901   | 21,244   | 23,344   | 26,886   |
| EPS (Rs)        | 7.2      | 9.0      | 10.7     | 11.8     | 13.5     |
| DPS (Rs)        | 1.5      | 18.5     | 5.0      | 5.0      | 5.0      |
| P/E (x)         | 47.2     | 37.6     | 31.7     | 28.8     | 25.0     |
| EV/EBITDA (x)   | 21.7     | 18.5     | 14.3     | 13.3     | 11.4     |
| RoE (%)         | 7.1      | 8.4      | 10.0     | 10.6     | 11.4     |
| Divi. Yield (%) | 0.5      | 5.5      | 1.5      | 1.5      | 1.5      |

Source: RSec Research

| Recos/View                           | Old | Revised | Change |
|--------------------------------------|-----|---------|--------|
| Recos                                | BUY | BUY     | ↔      |
| Price Target (Rs)                    | 445 | 415     | ↓      |
| ↑ Upgrade   ↔ Maintain   ↓ Downgrade |     |         |        |

| Share price (%)      | 1 mth | 3 mth  | 12 mth |
|----------------------|-------|--------|--------|
| Absolute performance | (8.2) | (15.5) | 23.0   |
| Relative to Nifty    | (5.8) | (12.4) | 8.1    |

| Shareholding Pattern (%) | Dec-21 | Sep-21 |
|--------------------------|--------|--------|
| Promoter                 | 63.2   | 63.3   |
| Public                   | 36.8   | 36.7   |

| Change of Estimates (% change) | CY22E | CY23E |
|--------------------------------|-------|-------|
| Volume                         | (1.1) | (2.0) |
| Realisation                    | 0.7   | 0.7   |
| EBITDA                         | (5.9) | (7.9) |
| EBITDA/tonne                   | (4.8) | (6.0) |
| APAT                           | (0.8) | (4.8) |

### 1 Year Stock Price Performance



Note: \* CMP as on February 21, 2022

Research Analyst:  
Kunal Motishaw

Contact: (022) 41681371/9820421206  
Email: Kunal.Motishaw@relianceada.com

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1 Year Target Price: Rs415

## Quarterly Performance

| Y/E Dec (Rs mn)        | 4QCY21        | 4QCY20 | YoY (%)       | 3QCY21 | QoQ (%)       | RSec - Est | Deviation from our est. (%) |
|------------------------|---------------|--------|---------------|--------|---------------|------------|-----------------------------|
| Volume (mnT)           | 7.0           | 7.0    | (0.1)         | 6.2    | 12.9          | 6.7        | 4.5                         |
| Realisation/tonne (Rs) | 5,256         | 4,947  | 6.2           | 5,150  | 2.1           | 5,250      | 0.1                         |
| Revenue                | 36,790        | 34,680 | 6.1           | 31,930 | 15.2          | 37,706     | (2.4)                       |
| EBITDA                 | 5,118         | 7,207  | (29.0)        | 6,589  | (22.3)        | 6,685      | (23.4)                      |
| EBITDA/tonne (Rs)      | 731           | 1,028  | (28.9)        | 1,063  | (31.2)        | 1,005      | (27.3)                      |
| Cost/tonne (Rs)        | 4,525         | 3,919  | 15.5          | 4,087  | 10.7          | 4,245      | 6.6                         |
| APAT                   | 3,174         | 4,971  | (36.2)        | 4,412  | (28.1)        | 4,110      | (22.8)                      |
| Margin Analysis (%)    | Change in BPS |        | Change in BPS |        | Change in BPS |            | Change in BPS               |
| EBITDA                 | 13.9          | 20.8   | (687)         | 20.6   | (673)         | 17.7       | (382)                       |
| APAT                   | 8.6           | 14.3   | (571)         | 13.8   | (519)         | 10.9       | (227)                       |

Source: Company, RSec Research

## Key Risks

- ▶ Slowdown in demand scenario
- ▶ Steep contraction in prices
- ▶ Further increase in input and fuel costs

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## Conference Call – Key Takeaways

- ▶ **Expansion Project:** ACEM has announced the next phase of expansion of total 7MTPA integrated cement capacity in the East, with a clinker line at Chhattisgarh and split grinding units at Bihar and West Bengal. The clinker line will be a brownfield expansion at Bhatapara, Chhattisgarh of 10,000tpd and will also have WHRS of 17MW. Bhatapara location was chosen as it has better proximity to demand markets, high limestone reserves and better cost structure. Barh, Bihar will have a greenfield split grinding unit of 3MTPA, which will be 100% fly ash base cement. The location is next to NTPC's thermal power plant, which will supply the fly ash. Sankrail and Farakka, West Bengal will have split grinding unit of 1.6MTPA. The effective production capacity will be 2MTPA each due to the brownfield nature of the plant. With the currently announced 7MTPA capacity expansion, ACEM would reach the 40MTPA capacity by CY24. The management is committed to increase the capacity to 50MTPA in the medium term. It shared that the next expansion would most likely be in the West and will have a similar configuration as the East expansion.
- ▶ **Strong Demand in Eastern Markets:** The management expects the incremental capacities in East to be absorbed by FY25 (expects 85% utilization in FY25). Strong demand outlook (8-9% YoY) is driven primarily by the low per capita consumption in the region. Further, the region is well consolidated with top 5 large players accounting for 80% of the capacity currently and it will reach 90% share by FY25, including ACC/ Ambuja. ACEM wanted to protect the market share in the region, which led to the decision to expand in the East.
- ▶ **Cost Reduction under Project 'I CAN' and Master Supply Agreement (MSA):** ACEM has realized ~Rs300/tonne of run-rate savings through the ongoing project 'I CAN' over the past two years. It expects further potential savings from these projects, which shall be split across all cost heads. For instance, the company has reduced its primary lead distance by 40km in the past one year because of MSA.
- ▶ **Demand Outlook:** The management remains confident of the robust demand in India, given the low per capita consumption. It continues to be bullish on demand prospects post the sharp increase in budgetary allocations towards infrastructure in the Union Budget 2022. Key sources of demand are likely to be infrastructure and housing segments.
- ▶ **Cost Guidance:** The management did not guide towards cost inflation in the coming quarters. It purchases fuel on a steady basis and does not prefer to alter the inventory days. It remains focused to reduce its cost gap with its competitors. The company is working to increase the use of alternate fuels.

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## Estimate Change & Revision in Target Price

ACEM has been underperforming peers for the last couple of years, mainly due to the continued erosion in market share. Further, concerns over capacity constraints and the soft approach of parent to grow in India weighed on investors' sentiment. Going forward, as ACEM commissions new capacities in Rajasthan (3mnT clinker and 1.8mnT cement) and has announced the next phase of expansion of total 7MTPA integrated cement capacity in the East, with a clinker line at Chhattisgarh and split grinding units at Bihar and West Bengal, the concern over capacity constraints has ebbed, which augurs well. While the ongoing work to set up new WHRS units, the continued approach to improve clinker factor and launch of premium products are likely to boost its operating performance, we believe that these will not be sufficient to withstand the sharp increase in input costs. Hence, we reduce our EBITDA estimates by 6%/8% for CY22E/CY23E. We raise the capex estimate, thus effecting our EV. **Keeping the target multiple unchanged for CY23E at 14x, we maintain our BUY rating on the stock, with a revised SOTP-based 12-month Target Price of Rs415 (from Rs445 earlier); Rs303 from parent and Rs112 from subsidiary company, ACC.**

### Revised vs. Old Estimates

| Y/E Dec<br>(Rs mn)     | CY22E    |          |            | CY23E    |          |            |
|------------------------|----------|----------|------------|----------|----------|------------|
|                        | Old      | Revised  | Change (%) | Old      | Revised  | Change (%) |
| Volume (mnT)           | 29.6     | 29.3     | (1.1)      | 31.9     | 31.3     | (2.0)      |
| Realization (Rs/tonne) | 5,217    | 5,252    | 0.7        | 5,269    | 5,304    | 0.7        |
| Sales                  | 1,54,376 | 1,53,660 | (0.5)      | 1,68,183 | 1,65,778 | (1.4)      |
| EBITDA                 | 34,365   | 32,328   | (5.9)      | 40,428   | 37,223   | (7.9)      |
| EBITDA margins (%)     | 22.3     | 21.0     |            | 24.0     | 22.5     |            |
| EBITDA/tonne (Rs)      | 1,161    | 1,105    | (4.8)      | 1,267    | 1,191    | (6.0)      |
| Adjusted PAT           | 23,522   | 23,344   | (0.8)      | 28,241   | 26,886   | (4.8)      |

Source: RSec Research

## ESG Analysis

While analyzing 20 key criteria under ESG Matrix, we have assigned an overall score of 62% to company. Under **"Environmental Head"**, we have assigned 59% score to the company, as it generates sizable power from renewable energy sources. Under **"Social Head"**, we have assigned 60% score, as the company scores high on customer satisfaction, despite scoring low on gender diversity front. Under **"Governance Head"**, the company scores fairly well (68%) across criteria.

For detailed report on our ESG analysis of ACEM, please click here ([please refer to page no.111 for detailed ESG analysis](#)).

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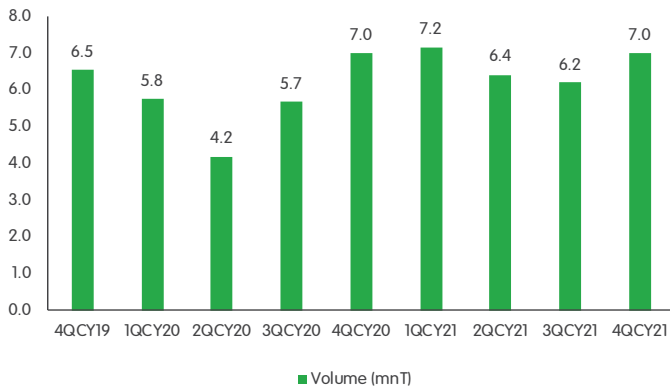
|                        |         |
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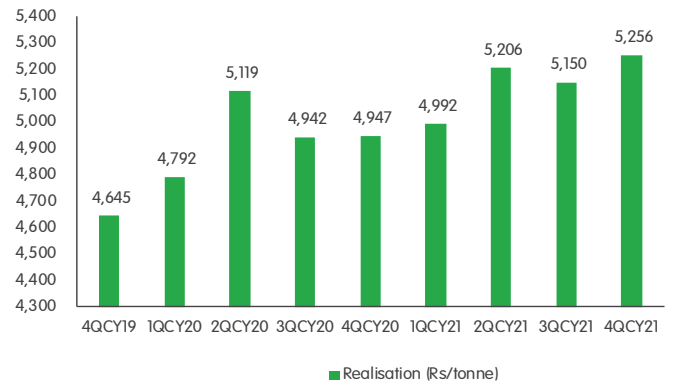
## Key Charts

Exhibit 1: Volume Performance



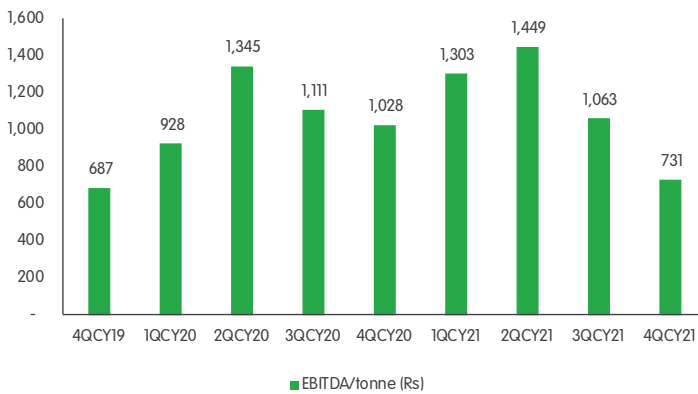
Source: Company, RSec Research

Exhibit 2: Realisation Trend



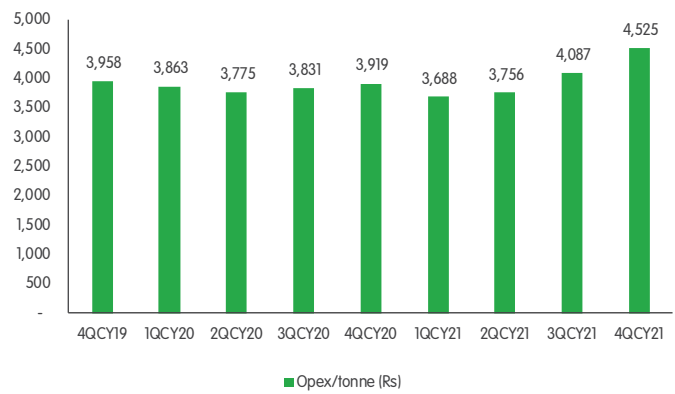
Source: Company, RSec Research

Exhibit 3: EBITDA/tonne Progress



Source: Company, RSec Research

Exhibit 4: Operating Costs Trajectory



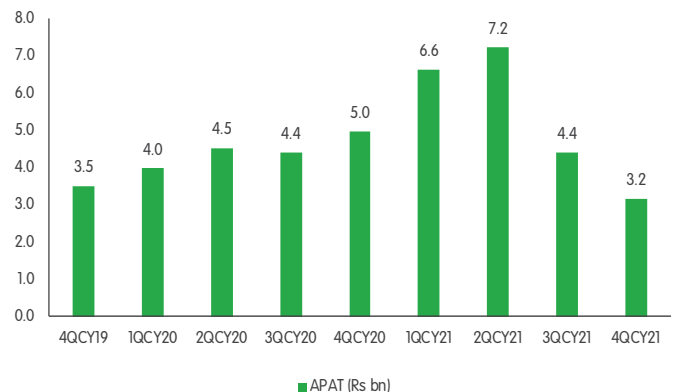
Source: Company, RSec Research

Exhibit 5: EBITDA Profile



Source: Company, RSec Research

Exhibit 6: Adjusted Net Profit Profile



Source: Company, RSec Research

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## Profit & Loss Statement

| Y/E Dec (Rs mn)               | CY19            | CY20            | CY21            | CY22E           | CY23E           |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Revenue</b>                | <b>1,13,528</b> | <b>1,11,750</b> | <b>1,37,930</b> | <b>1,53,660</b> | <b>1,65,778</b> |
| YoY (%)                       | 3               | (2)             | 23.4            | 11.4            | 7.9             |
| <b>Total Cost</b>             | <b>95,190</b>   | <b>87,253</b>   | <b>1,07,575</b> | <b>1,21,332</b> | <b>1,28,556</b> |
| Raw Materials Consumed        | 11,255          | 11,863          | 7,781           | 11,596          | 12,387          |
| Employee Costs                | 6,726           | 6,688           | 6,777           | 7,440           | 8,035           |
| Power & Fuel                  | 25,864          | 22,519          | 34,210          | 38,561          | 40,160          |
| Freight & Forwarding          | 30,942          | 28,549          | 33,083          | 39,157          | 42,245          |
| Others                        | 20,403          | 17,634          | 21,910          | 24,578          | 25,729          |
| <b>EBITDA</b>                 | <b>18,337</b>   | <b>24,497</b>   | <b>30,355</b>   | <b>32,328</b>   | <b>37,223</b>   |
| EBITDA Margin (%)             | 16              | 22              | 22.0            | 21.0            | 22.5            |
| Depreciation and Amortisation | 5,438           | 5,212           | 5,512           | 6,685           | 7,507           |
| Interest & Fin. Charges       | 835             | 831             | 909             | 946             | 927             |
| Other Income                  | 7,416           | 5,689           | 4,576           | 6,499           | 7,140           |
| <b>Profit before Tax</b>      | <b>19,480</b>   | <b>24,144</b>   | <b>27,853</b>   | <b>31,196</b>   | <b>35,929</b>   |
| Tax                           | 4,195           | 6,243           | 7,047           | 7,852           | 9,043           |
| Tax (%)                       | 22              | 26              | 25.3            | 25.2            | 25.2            |
| <b>Net Profit</b>             | <b>15,285</b>   | <b>17,901</b>   | <b>20,806</b>   | <b>23,344</b>   | <b>26,886</b>   |
| YoY Growth (%)                | 3               | 17              | 16.2            | 12.2            | 15.2            |
| Net Profit Margin (%)         | 13              | 16              | 15.1            | 15.2            | 16.2            |
| <b>Adjusted Net profit</b>    | <b>14,253</b>   | <b>17,901</b>   | <b>21,244</b>   | <b>23,344</b>   | <b>26,886</b>   |

## Balance Sheet

| Y/E Dec (Rs mn)                | CY19            | CY20            | CY21E           | CY22E           | CY23E           |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>EQUITY AND LIABILITIES</b>  |                 |                 |                 |                 |                 |
| Share Capital                  | 3,971           | 3,971           | 3,971           | 3,971           | 3,971           |
| Reserves and Surplus           | 2,18,080        | 1,99,187        | 2,10,061        | 2,23,476        | 2,40,434        |
| <b>Shareholder's funds</b>     | <b>2,22,051</b> | <b>2,03,159</b> | <b>2,14,032</b> | <b>2,27,448</b> | <b>2,44,405</b> |
| Long-Term Borrowings           | 353             | 436             | 436             | 436             | 436             |
| Deferred Tax Liabilities (Net) | 2,161           | 1,860           | 1,860           | 1,860           | 1,860           |
| Other Long-Term Liabilities    | 365             | 3,368           | 4,153           | 4,684           | 4,963           |
| Long Term Provisions           | 503             | 556             | 686             | 773             | 819             |
| <b>Non-Current Liabilities</b> | <b>3,381</b>    | <b>6,220</b>    | <b>7,134</b>    | <b>7,753</b>    | <b>8,078</b>    |
| Trade Payables                 | 9,360           | 8,809           | 10,861          | 12,250          | 12,979          |
| Other Current Liabilities      | 25,199          | 26,776          | 30,946          | 34,904          | 36,982          |
| Short-Term Provisions          | 9,916           | 9,850           | 11,206          | 12,639          | 13,392          |
| <b>Current Liabilities</b>     | <b>44,474</b>   | <b>45,435</b>   | <b>53,013</b>   | <b>59,792</b>   | <b>63,352</b>   |
| <b>Total Liabilities</b>       | <b>2,69,906</b> | <b>2,54,814</b> | <b>2,74,179</b> | <b>2,94,992</b> | <b>3,15,835</b> |
| <b>ASSETS</b>                  |                 |                 |                 |                 |                 |
| Tangible Assets                | 58,125          | 55,575          | 83,055          | 88,369          | 93,863          |
| Right of Use Assets            | -               | 3,740           | 3,740           | 3,740           | 3,740           |
| Capital Work-in-Progress       | 11,087          | 18,737          | 5,000           | 3,000           | 2,000           |
| <b>Fixed Assets</b>            | <b>69,212</b>   | <b>78,052</b>   | <b>91,794</b>   | <b>95,109</b>   | <b>99,603</b>   |
| Non-Current Investments        | 1,17,890        | 1,17,922        | 1,17,922        | 1,17,922        | 1,17,922        |
| Long term Loans and Advances   | 877             | 1,011           | 1,248           | 1,390           | 1,500           |
| Other Non-Current Assets       | 13,696          | 13,768          | 16,993          | 18,931          | 20,424          |
| <b>Non-Current Assets</b>      | <b>1,32,462</b> | <b>1,32,701</b> | <b>1,36,163</b> | <b>1,38,243</b> | <b>1,39,846</b> |
| Inventories                    | 9,541           | 7,466           | 9,215           | 10,266          | 11,076          |
| Trade Receivables              | 5,132           | 1,915           | 2,364           | 2,633           | 2,841           |
| Cash and Bank Balances         | 46,995          | 29,243          | 27,933          | 41,266          | 54,405          |
| ST Loans and Advances          | 2,334           | 833             | 1,028           | 1,145           | 1,235           |
| Other Current Assets           | 4,231           | 4,604           | 5,682           | 6,330           | 6,829           |
| <b>Current Assets</b>          | <b>68,233</b>   | <b>44,061</b>   | <b>46,221</b>   | <b>61,640</b>   | <b>76,386</b>   |
| <b>Total Assets</b>            | <b>2,69,906</b> | <b>2,54,814</b> | <b>2,74,179</b> | <b>2,94,992</b> | <b>3,15,835</b> |

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## Cash Flow Statement

| Y/E Dec (Rs mn)  | CY19           | CY20            | CY21E           | CY22E           | CY23E           |
|--|----------------|-----------------|-----------------|-----------------|-----------------|
| Profit Before tax  | 19,480         | 24,144          | 27,853          | 31,196          | 35,929          |
| Depreciation and Obsolescence                              | 5,438          | 5,212           | 5,512           | 6,685           | 7,507           |
| Interest and Finance charges                               | 835            | 831             | 909             | 946             | 927             |
| Others   | (3,997)        | (3,152)         | -               | -               | -               |
| Operating profit before working capital changes            | 21,757         | 27,035          | 34,275          | 38,827          | 44,363          |
| Change in Working Capital                                  | 3,897          | 3,676           | 1,558           | 3,232           | 676             |
| Cash Generated from Operation                              | 25,654         | 30,711          | 35,833          | 42,059          | 45,038          |
| Direct Tax Paid  | (808)          | (4,648)         | (7,047)         | (7,852)         | (9,043)         |
| <b>Net Cash from Operating Activities</b>                  | <b>24,847</b>  | <b>26,063</b>   | <b>28,786</b>   | <b>34,207</b>   | <b>35,995</b>   |
| Purchase / Sale of Fixed Assets                            | (11,101)       | (9,778)         | (19,254)        | (10,000)        | (12,000)        |
| LT Investment  | -              | (45)            | -               | -               | -               |
| Others   | 3,734          | 3,408           | -               | -               | -               |
| <b>Net Cash used in Investing Activities</b>               | <b>(7,367)</b> | <b>(6,415)</b>  | <b>(19,254)</b> | <b>(10,000)</b> | <b>(12,000)</b> |
| Proceeds from Borrowings                                   | -              | 85              | -               | -               | -               |
| Repayment of Borrowings                                    | -              | (321)           | -               | -               | -               |
| Interest and finance charges paid                          | (548)          | (722)           | (909)           | (946)           | (927)           |
| Dividend Paid (including DDT)                              | (3,340)        | (36,646)        | (9,928)         | (9,928)         | (9,928)         |
| <b>Net Cash Generated / (Used) in Financing Activities</b> | <b>(3,888)</b> | <b>(37,604)</b> | <b>(10,838)</b> | <b>(10,874)</b> | <b>(10,855)</b> |
| <b>Net Increase in Cash and Cash Equivalents</b>           | <b>13,591</b>  | <b>(17,957)</b> | <b>(1,306)</b>  | <b>13,333</b>   | <b>13,140</b>   |
| Opening Cash   | 33,300         | 46,995          | 29,243          | 27,933          | 41,266          |
| Closing Cash   | 46,995         | 29,243          | 27,933          | 41,266          | 54,405          |

## Key Ratio

| Y/E Dec (Rs mn)              | CY19  | CY20  | CY21E | CY22E | CY23E |
|------------------------------|-------|-------|-------|-------|-------|
| <b>Valuation Ratio (x)</b>   |       |       |       |       |       |
| P/E                          | 47.2  | 37.6  | 31.7  | 28.8  | 25.0  |
| P/CEPS                       | 32.5  | 29.1  | 25.6  | 22.4  | 19.6  |
| P/BV                         | 3.0   | 3.3   | 3.1   | 3.0   | 2.8   |
| EV/EBITDA                    | 21.7  | 18.5  | 14.3  | 13.3  | 11.4  |
| EV/Sales                     | 3.3   | 3.6   | 2.9   | 2.6   | 2.4   |
| EV/tonne (USD)               | 181   | 180   | 173   | 160   | 157   |
| Dividend Payout (%)          | 21.7  | 205.2 | 47.7  | 42.5  | 36.9  |
| Dividend Yield (%)           | 0.5   | 5.5   | 1.5   | 1.5   | 1.5   |
| <b>Per Share Data (Rs)</b>   |       |       |       |       |       |
| EPS (Basic)                  | 7.2   | 9.0   | 10.7  | 11.8  | 13.5  |
| EPS (Diluted)                | 7.2   | 9.0   | 10.7  | 11.8  | 13.5  |
| CEPS                         | 10.4  | 11.6  | 13.3  | 15.1  | 17.3  |
| DPS                          | 1.5   | 18.5  | 5.0   | 5.0   | 5.0   |
| Book Value                   | 111.8 | 102.3 | 107.8 | 114.5 | 123.1 |
| EBITDA/tonne                 | 765   | 1,083 | 1,133 | 1,105 | 1,191 |
| <b>Returns (%)</b>           |       |       |       |       |       |
| ROE (%)                      | 7.1   | 8.4   | 10.0  | 10.6  | 11.4  |
| ROCE (%)                     | 9.4   | 11.7  | 13.8  | 14.5  | 15.6  |
| <b>Turnover ratios (x)</b>   |       |       |       |       |       |
| Asset Turnover (Gross block) | 1.4   | 1.4   | 1.2   | 1.2   | 1.2   |
| Inventory (days)             | 31    | 24    | 24    | 24    | 24    |
| Receivables (days)           | 17    | 6     | 6     | 6     | 6     |
| Payables (days)              | 36    | 37    | 37    | 37    | 37    |
| WCC (days)                   | 11    | (6)   | (6)   | (6)   | (6)   |

Institutional Equity Research

# Ambuja Cements

Cement | India

|                        |         |
|------------------------|---------|
| CMP* (Rs)              | 339     |
| Upside/ (Downside) (%) | 22      |
| Bloomberg Ticker       | ACEM IN |

**BUY** 

1 Year Target Price: Rs415

## Change in Ratings

We have changed our rating system and included **HOLD** recommendation. We have **BUY, HOLD and SELL** recommendation now.

We have also shifted to **1-Year Target Price** from **2-Year Target Price**.

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## Rating History

| Date      | Reco | CMP | TP  |
|-----------|------|-----|-----|
| 26-Oct-21 | BUY  | 380 | 445 |
| 07-Jul-21 | BUY  | 353 | 414 |
| 18-Oct-20 | BUY  | 219 | 252 |
| 18-Oct-19 | BUY  | 208 | 233 |
| 30-Apr-19 | BUY  | 220 | 242 |
| 19-Feb-19 | BUY  | 198 | 242 |
| 23-Oct-18 | BUY  | 201 | 235 |
| 26-Jul-18 | BUY  | 224 | 270 |
| 07-May-18 | BUY  | 235 | 285 |
| 21-Feb-18 | BUY  | 264 | 310 |

## Rating Guides

| Rating | Expected absolute returns (%) over 12 months |
|--------|--|
| BUY    | ≥10%   |
| HOLD   | 0% to <10%                                   |
| SELL   | <0%  |

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