

# Result Update

Q3 FY26

**Ambuja Cements Ltd.**

Institutional  
Research

# Ambuja Cements Ltd.



BP WEALTH

Cement & Cement Products | Q3FY26 Result Update

02nd February 2026

## Strong volume-led growth; margins impacted by temporary cost pressures

Ambuja Cements Ltd. reported quarterly operating revenue of Rs. 10,181 crores (up 11.5% QoQ / up 19.8% YoY). This increase was driven by strong volume growth, which was more than 2x the industry average. The company's reported EBITDA was Rs. 1,257 crores (down 26.8% QoQ / up 57.4% YoY). Its EBITDA margin stood at 12.3%, compared to 9.4% in the same quarter in the previous year and 18.8% in the last quarter. The company's EBITDA/ton stood at Rs. 718 during the quarter, compared to Rs. 1,060 in Q2FY26. Raw material costs increased to Rs. 1,905 crores (up 45.6% QoQ / up 5.5% YoY), driven by higher purchased clinker consumption across a few plants and higher clinker production vs. consumption. However, there will be excess stock lying, which will be beneficial in Q4FY26. Freight costs during the quarter stood at Rs. 2,363 crores (up 14.5% QoQ / up 15.6% YoY). The company is working on cost reduction initiatives such as digitization and automation programs, which are expected to reflect in the coming quarters. Power and Fuel costs increased to Rs. 2,609 crores (up 14.4% QoQ / up 26.5% YoY), due to higher clinker production compared to sales volume. As operational integration progresses and synergies are realized, costs are expected to decline in future quarters. The company's green power share improved to 36.9%. Other costs stood at Rs. 1,664 crores (up 22.6% QoQ / up 18.3% YoY). The company's profitability declined during the quarter, reaching Rs. 367 crores (down 84.1% QoQ / down 86.2% YoY). The company's sales volume increased significantly by 16.7% YoY to 18.9 MT. Ambuja reached 109 MTPA capacity and is on track to achieve a capacity of 115 MTPA by FY26.

## Valuation and Outlook

Ambuja Cements Ltd. delivered a strong quarter on growth but weaker on profitability, with management clearly prioritizing scale over near-term margins. The company delivered a solid performance on volumes and market presence, reflecting better channel availability, and successful integration of acquired assets. This allowed the company to grow meaningfully ahead of the broader industry. However, the quarter was impacted by temporary cost pressures. Elevated production levels, integration-related inefficiencies, and inventory build-up led to weaker operating leverage in the short term. Management highlighted that several cost elements are expected to normalize as utilization improves and excess inventory is absorbed in succeeding quarters. The company is executing an aggressive "One Cement Platform" strategy to build a pan-India franchise with 100+ MTPA capacity and rising utilization, which should structurally lift its competitive positioning over the next 2-3 years. Ongoing digitization, automation, and renewable energy initiatives further strengthen Ambuja's long-term cost leadership ambitions, even if the benefits are not yet fully visible in the current performance. Overall, while near-term profitability remained under pressure, the quarter strengthens confidence in Ambuja's medium-term earnings recovery, supported by scale expansion, operational efficiency, and disciplined execution.

## Key Highlights

Particulars (Rs. Crs.)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Net Sales	10,181	8,498	19.8%	9,130	11.5%
Gross Profit	8,276	6,693	23.7%	7,821	5.8%
Gross Margin (%)	81.3%	78.8%	253bps	85.7%	-438bps
EBITDA	1,257	799	57.4%	1,716	-26.8%
OPM (%)	12.3%	9.4%	295bps	18.8%	-645bps
Net Profit	367	2,663	86.2%	2,302	84.1%
PAT Margin (%)	3.6%	31.3%	-2,773bps	25.2%	-2,161bps

Source: Company, BP Equities Research

## Sector Outlook

Positive

## Stock

CMP (Rs.)	511
BSE code	500425
NSE Symbol	AMBUJACEM
Bloomberg	ACEM IN
Reuters	ABUJ.BO

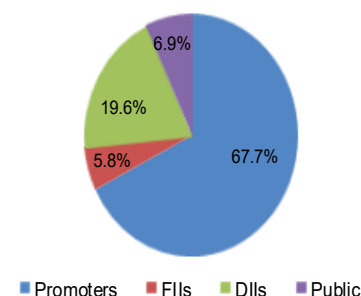
## Key Data

Nifty	25,088
52 Week H/L (Rs.)	625 / 455
O/s Shares (Crs.)	247
Market Cap (Rs. Crs.)	1,29,199
Face Value (Rs.)	2

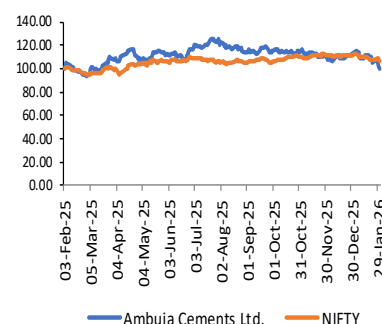
## Average Volume

3 months	2,068,705
6 months	2,515,688
1 year	2,647,088

## Share Holding (%)



## Relative Price Chart



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## Key Concall Highlights

### Capacity Expansion:

- The company commissioned the 2.4 million tons Marwar Grinding Unit ahead of schedule, bringing total capacity to 109 million tons per annum.
- The company expects to exit March at 115 million tons of capacity, due to a three-month delay in the Warisaliganj commissioning, now scheduled for Q1FY27.
- Management is unlocking an additional 15 million tons of debottlenecking capacity at a lower CapEx cost to provide a capital-efficient pathway to reaching 155 million tons by FY28.
- The company is mothballing two economically unviable units located in Sindri and Jamul, removing them from operative capacity.
- A new greenfield project in Assam is in progress, with land secured and an expected operational timeline of 18 to 24 months.

*"Premium cement volumes accounted for 35% of trade sales, reflecting an absolute increase of 31% compared to the previous year."*

### Pricing, Volumes and Market Strategy:

- Demand during the quarter was driven by infrastructure activity, sustained housing demand, and a recovery in rural construction after a favorable monsoon.
- Pricing momentum strengthened entering January, with price increases holding across regions, along with double-digit volume growth.
- Trade pricing continued to outperform non-trade, supported by a sharper focus on value and market share.
- Premium cement volumes accounted for 35% of trade sales, reflecting an absolute increase of 31% compared to the previous year.
- GST changes supported a shift in consumer preference toward higher-quality, performance-driven cement products.
- The company is focusing on R&D-backed customized cement solutions to strengthen its value-added product portfolio and improve weighted average realizations.
- The company emphasized a strategic push toward trade-led growth, aiming to regain leadership in higher-realization channels.

*"Management is targeting a reduction in power consumption by 10 to 12 units per ton through better stability and the integration of modern assets."*

### Cost Optimization and Operational Efficiency:

- Management acknowledged temporary cost pressures during the quarter, attributing them to branding expenses, accelerated maintenance, and higher production ahead of demand.
- The company highlighted progress in kiln efficiency, power efficiency, and logistics optimization, with further scope for improvement.
- The renewable energy footprint expanded significantly, with management noting that full cost benefits will be absorbed as consumption approvals and capacity ramp-ups progress.

*"Management launched CiNOC (Cement Intelligence Network Operating Center), an AI-enabled central control system designed to bring substantial efficiency and productivity through analytics."*

### CapEx Plans:

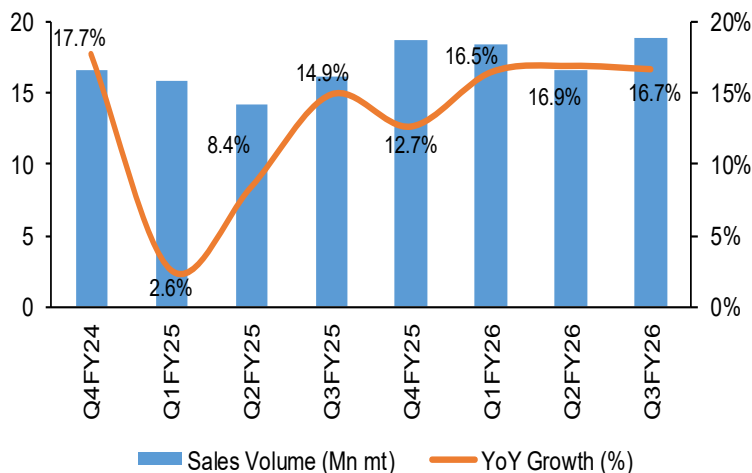
- The company has ordered seven vessels for delivery by mid-2027 and is investing in electric vehicles (EVs) as part of low-CapEx logistics initiatives.
- Annual CapEx is estimated at approximately Rs. 8,000 crores for growth and an additional Rs. 2,000 crores for efficiency projects.

### Other key concall highlights:

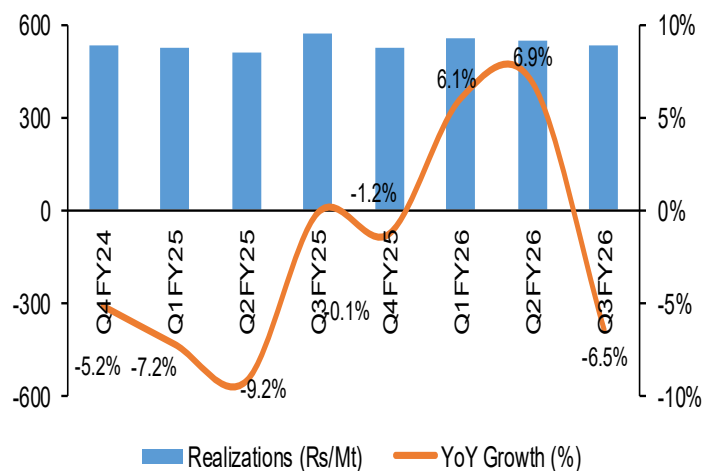
- Capacity utilization for acquired assets improved meaningfully to 58% for the quarter, with an exit rate of 65% in December.
- The company has initiated institutional partnerships with major industry platforms such as CRED-AI, BAI, and NAREDCO to deepen its execution advantage.

## Quarterly Snapshot

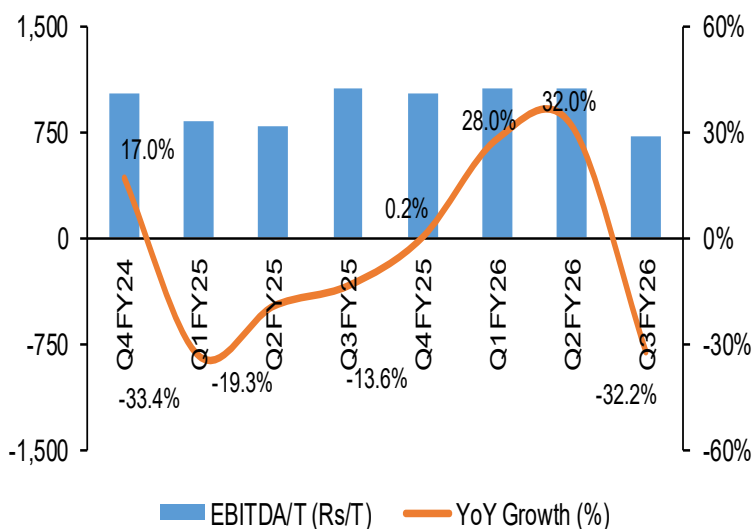
Sales Volume (Mn Mt)



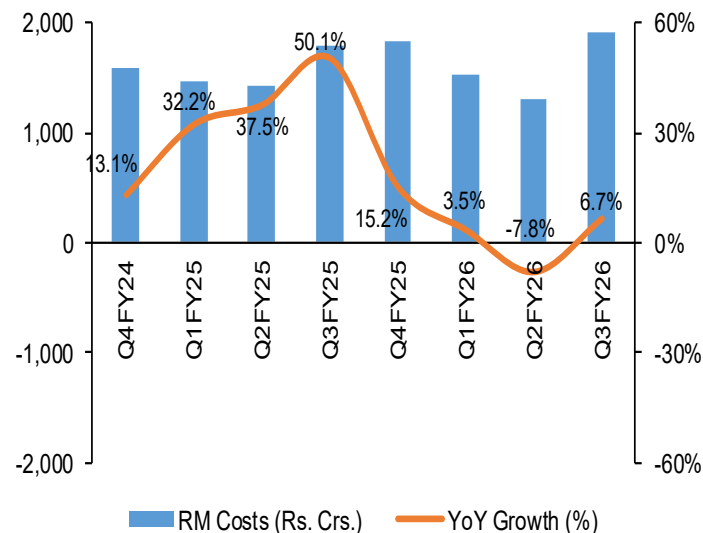
Realizations (Rs/Mt)



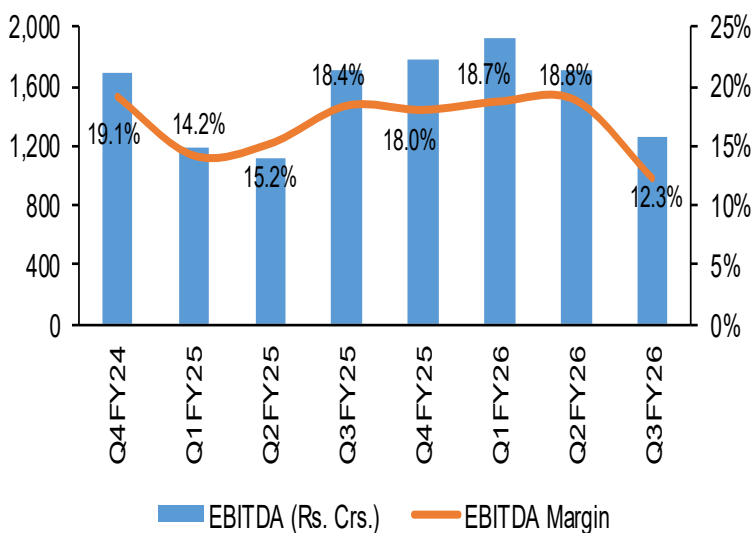
EBITDA/T (Rs./T)



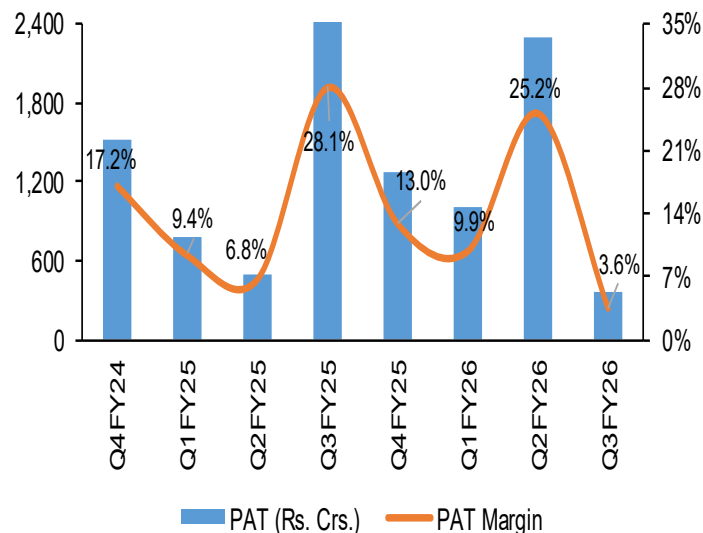
RM Costs (Rs. Crs.)



EBITDA & EBITDA Margin



PAT & PAT Margin



## Key Financials

YE March (Rs. Crs.)	CY21	FY23*	FY24	FY25	FY26E	FY27E
<b>Revenue</b>	<b>28,965</b>	<b>38,937</b>	<b>32,808</b>	<b>33,698</b>	<b>42,067</b>	<b>48,036</b>
<i>Revenue Growth (Y-o-Y)</i>	18.1%	34.4%	(15.7%)	2.7%	24.8%	14.2%
<b>EBITDA</b>	<b>6,210</b>	<b>5,122</b>	<b>6,400</b>	<b>5,971</b>	<b>6,850</b>	<b>8,750</b>
<i>EBITDA Growth (Y-o-Y)</i>	24.1%	(17.5%)	25.0%	(6.7%)	14.7%	27.7%
<b>Net Profit</b>	<b>3,711</b>	<b>3,024</b>	<b>4,735</b>	<b>5,158</b>	<b>4,450</b>	<b>5,250</b>
<i>Net Profit Growth (Y-o-Y)</i>	19.4%	(18.5%)	56.5%	9.0%	(13.7%)	18.0%
<b>Diluted EPS</b>	<b>14.0</b>	<b>12.6</b>	<b>16.7</b>	<b>17.0</b>	<b>18.0</b>	<b>21.3</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	17.5%	(9.7%)	31.7%	1.9%	6.2%	18.0%

## Key Ratios

<b>EBITDA margin (%)</b>	<b>21.4%</b>	<b>13.2%</b>	<b>19.5%</b>	<b>17.7%</b>	<b>16.3%</b>	<b>18.2%</b>
<b>NPM (%)</b>	12.8%	7.8%	14.4%	15.3%	10.6%	10.9%
<b>RoE (%)</b>	<b>11.4%</b>	<b>7.8%</b>	<b>9.3%</b>	<b>8.1%</b>	<b>6.6%</b>	<b>7.2%</b>
<b>RoIC (%)</b>	15.5%	9.0%	9.4%	5.5%	5.3%	6.5%

## Valuation Ratios

<b>P/E (x)</b>	<b>36.5x</b>	<b>40.4x</b>	<b>30.7x</b>	<b>30.1x</b>	<b>28.3x</b>	<b>24.0x</b>
<b>EV/EBITDA (x)</b>	18.5x	24.5x	19.2x	20.3x	17.6x	13.6x
<b>Market Cap. / Sales (x)</b>	<b>4.4x</b>	<b>3.2x</b>	<b>3.8x</b>	<b>3.7x</b>	<b>3.0x</b>	<b>2.6x</b>

Note\*: 15-month period due to change in accounting year from December to March

Source: Company, BP Equities Research, Bloomberg Estimates

## Disclaimer Appendix

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

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