Plant Visit Note
1st July 2025

Ambuja Cement Ltd

Reimagination

CMP: INR 584

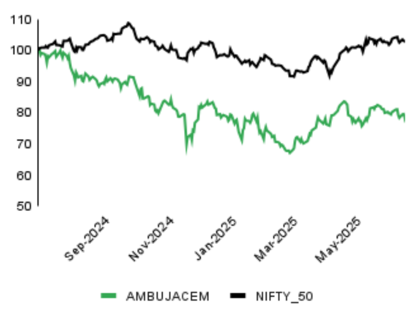
OUTLOOK : Positive

Stock Info	
BSE	500425
NSE	AMBUJACEM
Sector	CEMENT
Face Value (INR)	2
Equity Capital (INR Mn)	4926.2
Mkt Cap (INR Mn)	1,438,710
52w H/L (INR)	700/453
Avg Daily Vol (in 000')	2915.90

Shareholding Pattern % *(As on Dec, 2024)*	
Promoters	67.57%
Public & Others	32.43%

Stock Performance (%)	1m	6m	12m
AMBUJACEM	5.12%	6.33%	-15.6%
Nifty 50	3.26%	5.51%	5.76%

Ambuja Cement Vs Nifty 50



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We visited Ambuja Cements' Madwa mine and plant in Jodhpur, Rajasthan, showcased its position as a "Plant of the Future," the first cement facility in India to fully integrate AI and advanced technologies across its operations. The plant optimizes limestone extraction, clinker production, and cement manufacturing while leveraging innovations like Vision AI, robotic chemical labs, and AI-based logistics tracking. Ambuja cement also know as Adani cement is a leading Indian cement manufacturer with a 102.95 MTPA capacity. Known for sustainability, it's aims for 140 MTPA by 2028.

Capacity expansion and Increasing Market share - There current capacity stand at 102.95 Mtpa, in last 33 month after the Adani take over the company has added 32 mtpa capacity , taking the total capacity to 100 mtpa as of FY25, and recently they have commissioned the 2.4 mn mt brownfield expansion at Sankrail, West Bengal. Taking total capacity to 102,95 mtpa. It aim at achieving 118 mtpa by the end of FY26 and 140 mtpa by FY28,mainily by organic expansion. It aim at increasing the market share from 14-14.5% currently to 17-18% by Fy28 and more than 20% by FY30.

Operational Efficiency Target - The company retained their target of Ebitda/ton of INR 1500 by FY28, there cost efficiency initiative will help the to improve EBITDA. They are also aiming ROCE of 15% by FY28.

Aims to Cut Costs by INR 500 per Ton by FY28 - Company plans to reduce costs by INR 500 per ton by FY28, with half of the savings coming from better management of production and freight costs. The other half will come from controlling raw material, logistics, and other expenses. ACEM has secured a 10-year fly ash supply agreement with group companies and increased its use of domestic coal from 30% to 50% due to group synergies. The company also aims to boost its green energy share from 21% to 60% and thermal substitution rate (TSR) from 11% to 27% by FY28. Additionally, ACEM plans to increase sea logistics from 5% to 8% by adding 7 ships to its current fleet of 11 over the next two years. The company also targets shorter delivery distances and a higher direct dispatch rate, which rose by 6% to 58% in FY25.

Outlook – Ambuja Cements remains confident of achieving its cement capacity target of 140 MTPA by FY28, up from the current 102.95 MTPA. The company aims to increase its market share from 14–14.5% to 17–18% by FY28, supported by India's cement demand growth, which is expected to track at 1.2x GDP. It is expected that the company will grow at 2x the industry average, driven by tailwinds in infrastructure and urban development. The company is targeting cost reductions of INR 500/ton by FY28, with 50% savings from power and fuel optimization and the remaining 50% from raw material and logistics efficiencies. On the financial front, Ambuja is aiming for an EBITDA/ton of INR 1,500 and a ROCE of 15% by FY28, while maintaining a debt-free balance sheet to support its growth plans. The company is valued at PE Multiple of 34.2x with EPS of FY25 INR 15.32.

Key takeaways (Analyst Day) –

- Current Capacity has reached 102.95 MTPA in FY25, with 32 MTPA added since acquiring Holcim's stake (27 MTPA via M&A), including a 2.4 MTPA brownfield expansion at Sankrail, West Bengal.
- Targets is to reach 118 MTPA by FY26 and 140 MTPA by FY28, primarily through organic growth.
- It also aims to increase market share from 14-14.5% to 17-18% by FY28 and more than 20% by FY30.
- EBITDA/ton: Targeting INR 1,500/ton by FY28, driven by cost efficiencies, ROCE aiming for 15% by FY28.
- The cost reduction target is of INR 500/ ton by FY28, which will be supported by 50% from power and fuel (P&F) optimization and 50% from raw materials (RM), logistics, and other expenses.
- Initiative taken for cost reduction are that they have Long-term fly ash tie-up with Adani Group for 10 years, there is Increased domestic coal share to 50% (from 30%), it expects to increase their Green energy/TSR from 21%/11% in FY25 to 60%/27% by FY28, Sea logistics is also expected to increase from 5% to 8% by FY28, as they plant to add 7 ships to the existing 11 and by reduced lead distance and increased direct dispatches.
- Non-Trade Segment is expected to grow due to infrastructure demand and in trade Segment increase in premium product share, yielding higher margins (e.g., INR 400/ton extra for premium cement).
- Cement consumption cost constitutes ~10-15% of total cost for building a house. Premiumization trend has been growing.
- Company is investing INR 100bn in solar, wind, and WHRS to achieve 60% green power by FY28 vs. ~21% in FY25. Targets to reach green power capacity of 1.3GW (376MW WHRS/ 1GW solar & wind) by FY28. The company expects investments in green power to reduce power costs by INR 90/tn by FY28.
- The company targets to complete the merger of Adani Cementation, Sanghi and Penna Cement by 3QFY26.
- Technology initiatives are expected to contribute upwards of INR 100 per ton in cost savings.
- The company is undertaking a comprehensive digital transformation aimed at improving operational efficiency and integration. Key initiatives include full-scale digitalization from extraction to delivery ('quarry to lorry'), deployment of AI-based optimization tools to reduce inefficiencies, and enhanced use of real-time analytics, GPS, and RFID across the supply chain and procurement.

Mandwa Plant Visit – Operational Highlights

- Current Capacity is Clinker: 3.6 MTPA (55% utilization) and Cement capacity is 2 MTPA, Expansion Plans is to add new 2.4 MTPA grinding unit under development, also Line 2 and Line 3 to double clinker capacity.
- Limestone storage capacity is of 1.2 lakh MT, sufficient for 10 days of production. Mine is 3.8 km away from the plant, reducing logistics costs.
- Kiln and Preheater: 7-stage preheater (130 m) heats material from 250-300°C (top) to 1,000°C (bottom). Kiln (80 m) reaches 1,500°C, forming clinker at 1,200°C for 12 minutes, cooled to 100°C in 44 minutes.
- Plant has a Shutdown Time: 20-22 days annually.
- Power Consumption total is 22 MW (kiln), 32 MW (with grinding).
- The plant has WHRS capacity of 14 MW which cost 50 paisa/unit.
- Power Sourcing: Daytime power from Khawda at INR 4.2/unit; grid at INR 7-8/unit.
- AFR is the municipality waste which they use as fuel , which currently is used only 24-25%, and target is to increase up to 40-50% by FY28.
- Clinker is exported via rail which is adjacent to the plant, and it exports to areas like Bhatinda and Dadri and Cement Bags are transported by road to nearby districts and other than that by rail.
- Vision AI: Improves monitoring and operational efficiency across both mining and plant activities. The company has also implemented GPS tracking and a paperless logistics system, along with integrated technology that enables remote monitoring of any plant in real time. This digital adoption supports process optimization and contributes to cost savings.

Glimpse of Plant

Figure 1: This is the Kiln and cooler, where the clinker is formed after processing through the pre -eater , the temperature is compressed from 1000-degree c to 100-degree c

Figure 2: The coal reserve and rail line used for the transport of clinker

Figure 3: This is the silo where the final product is stored .

Figure 6: This is the examine room where the testing of the cement strength, binding and quality check is done.

Figure 4: This the where the packing of the final product take place, the machine self pack cement bag, without any manual worker help

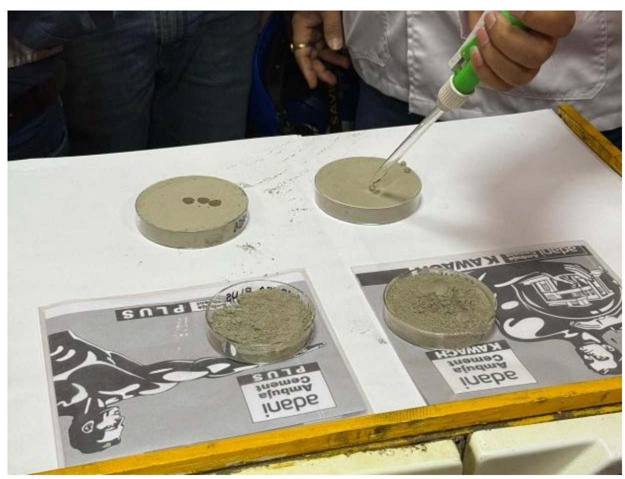

Figure 7: This is the presentation of how the premium product differs from the regular cement , premium product kawach repel water

Source: Arihant Research, Company Filings

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Stock Rating Scale	**Absolute Return**
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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