HOLD
TP: Rs 385 | ▲ 9%

AMBUJA CEMENTS | Cement | 30 October 2026

Pain from balancing growth and margins may continue; HOLD

- **Premiumisation (37%) and better trade mix (74% up 6pp) drive restated realisations up ~10% YoY driving revenue gain of 10%, volume slips 1%**
- **Energy cost, logistic expenses surge 20%/13% YoY, takes overall cost inflation to ~10% YoY, FY27 cost/tn target of Rs4,250/tn is a steep task**
- **We value ACEM's consolidated business at 14x Sep-2028 EV/EBIDTA, cut earnings, TP revised to Rs385 (vs Rs 415). Retain HOLD**

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Restated volume growth muted, realisations drive revenue momentum: ACEM reported a weak performance in Q2FY27, with restated revenue barely climbing ~9.5% YoY. This was helped by realisations gains ~11% YoY (flat QoQ) to ~Rs5,369/tn resulting from focus on improve trade mix sales by 6% YoY to 74%and higher premium mix (37% of trade sales). Volumes slip by 1% YoY to 11.5mnt.

Restated energy and logistic costs, higher other expenses inflates cost: Overall cost/tn spiked ~10% YoY (+2.3% QoQ) to ~Rs4,715/tn pushed by surge in energy cost/tn by 20% to ~Rs1,272/tn. Higher fuel prices to Rs1.87/kcal vs Rs1.6/kcal YoY pushed energy cost. Logistics cost (the highlight of MSA benefits) inflated 13.5% YoY to Rs1,053/tn despite lower lead distance. Higher packaging cost and maintenance of kiln pushed other expenses up to Rs8bn (vs Rs7.4bn) despite volume falling by ~1%.

Margin pressure persists on cost inflation despite steady revenue gains: EBITDA increased ~15% YoY, EBITDA margin were flat on restated financials at below industry average ~12% YoY and sub-optimal EBITDA/tn at ~Rs649/tn. The margin pressure reflects the sharp increase in major costs on lower volume and offset the benefits of improved restated realisations and lower raw material costs.

Next leg of capacity expansion: ACEM announced 14-project expansion programme will add ~30mtpa of grinding capacity and ~10.25mtpa of clinker capacity, taking capacity higher across the West and East, with additional projects in the North.

Maintain HOLD: We cut our EBITDA estimates for FY27/FY28/FY29 by 9%/6%/2%, factoring in the consolidation impact on cost and volume growth concerns. Pricing gains may be challenging, given the elevate competitive pressure in FY28/FY29. The full impact of inorganic growth (ORCMNT + Penna + Sanghi) transition is steady and will continue in medium term, pinching cost. The margin/growth balance will continue to be a challenge with added concern. Capacity addition plans preferred over asset sweat points towards the same. We assign 14x EV/EBITDA (unchanged and rolled over to Sep 2028) to the consolidated business and revise our TP to Rs 385 (Rs 415). Retain HOLD keenly watching the expansion, consolidation and cost savings.

Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	ACEM IN/Rs 355
Market cap	US$ 9.2bn
Free float	37%
3M ADV	US$ 10.7mn
52wk high/low	Rs 589/Rs 341
Promoter/FPI/DII	63%/11%/17%

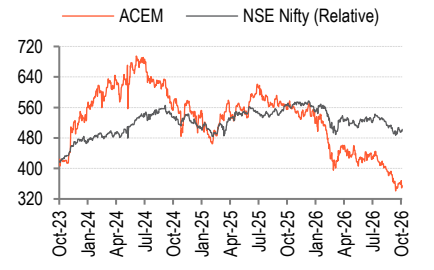
Source: NSE | Price as of 29 Oct 2026

Key financials

Y/E 31 Mar	FY26A	FY27E	FY28E
Total revenue (Rs mn)	4,04,460	5,15,779	5,56,326
EBITDA (Rs mn)	65,389	60,730	68,807
Adj. net profit (Rs mn)	31,715	11,509	15,782
Adj. EPS (Rs)	12.9	4.7	6.4
Consensus EPS (Rs)	12.9	7.1	10.1
Adj. ROAE (%)	6.0	3.0	3.6
Adj. P/E (x)	27.5	75.9	55.4
EV/EBITDA (x)	13.2	14.3	12.6
Adj. EPS growth (%)	(12.2)	(63.7)	37.1

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE

Fig 1 – Earnings call highlights

	Q2FY27	Q1FY27	Our view
Volumes and realisations	Consolidated Cement sales volume stood at 16.5mnt. Overall volume was flattish YoY, trade sales accelerated while low-margin institutional (non-trade/B2B) sales were calibrated. Trade sales mix improved by 6% YoY to 74%. Premium products increased to 37% of trade sales (vs 35% YoY), the share of blended cement reached 82% (vs 77% YoY) toward a target 80:20 blended-to-OPC ratio. Rs10/bag price gain in October over Q2. The shift towards trade sales is expected to add ~Rs40/tn benefit per quarter, building up to a ~Rs150/tn cumulative realization benefit by June. Regional trade volumes grew in West (+14%), East (+13%), North (+13%), and Central (+9%), while South maintained trade volumes broadly in line YoY. The RMC business volume reached 1.07mn cubic meters (+19% YoY) across ~125 plants. ACEM expects that volume growth will run ahead of the industry in H2 FY27, supported by accelerated trade volumes.	Q1 volume declined due to a conscious strategy of prioritising value over volume, with management deliberately reducing low-margin non-trade sales while protecting profitability. Trade sales mix improved further to 78% (vs 74% in Q4FY26). Management reiterated FY27 volume growth guidance of ~8%, with growth expected to remain predominantly trade led. July trade volumes are already running ~8% higher YoY, giving confidence in meeting FY27 guidance. Around 1mt of low/negative EBITDA volumes, primarily from South, were consciously curtailed in Q1. Focus remains on shifting these volumes to higher-margin trade sales over the next 1–2 quarters rather than chasing low-margin non-trade business. Management highlighted that while capacity utilisation may remain lower, value creation is superior as fixed costs are relatively small versus variable costs. Regional mix stood at West ~30%, North ~25%, East ~25%, Central ~10% and South ~10%, with South contribution reducing sequentially following volume rationalisation.	The recalibration of capacity expansion overs sweating of assets implies ACEM's rush towards growth to catch up the lag to the industry. The stabilisation of new assets depends on faster efficiency capex by ACEM. This in addition to the cost concerns will collectively imply slower growth rates for ACEM compared to the industry implying earnings (cut) revision.
Margins & cost reduction	Overall cost was impacted by monsoon and plant maintenance and spiked ~10%. Majority plant shutdowns were successfully completed in Q2. Management is temporarily closing/running down vintage, high-cost grinding units (~2–3mtpa) to reallocate clinker to modern facilities. Blended fuel cost was Rs1.87/kcal vs Rs1.6/kcal YoY. Fuel mix currently is <40% imported fuel (10–12% petcoke, 28% thermal coal) and >50% is domestic coal. Primary lead distance reduced from 265 km to 254 km YoY. Rs250mn from fly ash sales in Q2. ACEM has tied up 20mnt of fly ash under long-term agreements with group thermal plants. Management maintained its full-year FY27 cost target of ~Rs4,250/tn and reaffirmed the FY28 cost target of ~4,000/tn or below	Cement cost reduced to ~Rs4,241/t (vs ~Rs4,450/t in Q4), driven by lower clinker factor, fixed-cost optimisation and other efficiency initiatives. Scheduled maintenance of ~12% of kiln capacity increased costs by roughly Rs50/t in Q1fy27 and Rs110/t related to West Asia tensions. Management maintained FY27 cost guidance of ~Rs4,250/t, indicating inflation will be fully offset by internal savings, while targeting a further ~Rs250/t reduction in FY28 to reach ~Rs4,000/t or below. Around 3.5mtpa of older and inefficient capacity has been temporarily shut (~6 months) to undertake debottlenecking, AFR improvements, fuel optimisation, railway connectivity, fly ash logistics, heat efficiency improvements and other operational upgrades. Management clarified these are temporary shutdowns, with no impairment expected and alternate plants servicing customer demand. Target utilisation remains 70–75%, focused on value maximisation. ACEM generated Rs150mn from fly ash sales.	Cost impact will continue till the new capacities stabilises. This implies impact of overall operating efficiencies and on the working capital of the company. This will further keep cash flows under strain. Transitionary phase of acquired assets with weak operations is clearly hitting core performance and is continuing for elongated time then earlier estimates. This space will be keenly watched. The transition of weak organic assets getting replaced by newer assets will imply additional pain. We feel the cost targets set by management are steep in the current inflated fuel cost scenario.

	Q2FY27	Q1FY27	Our view
Capacity	Commissioned 4.6mtpa capacity during Q2 across Dahej, Salai Banwa, and Kalamboli. Another 3.2mtpa across Bhatinda and Jodhpur stabilized and is ramping up in H2, while 2.4 mtpa at Varsaliganj (Bihar) will be commissioned in H2FY27. Current integrated capacity stands at ~113.5mtpa with clinker capacity at 69mtpa. 14 expansion projects were announced adding 30mtpa grinding and 10.25mtpa clinker capacity. Grinding (30mtpa**):** West Cluster 15.2mtpa (Mundra, Hazira, Raigad, Kalyan, Amravati, Dahanu bulk terminal), East Cluster 11.6mtpa (Rangia, Hojai, Godda, Muzaffarpur), North Cluster 2.9mtpa (Dadri Line 2). Clinker (10.25mtpa**):** Maratha (4mtpa), Umrangso, Assam (4mtpa), and Mundra (2.25mtpa)	Jodhpur clinker line has commenced trial production and is expected to stabilise during Q2FY27. Maratha clinker project is expected to be commissioned in CY27. Mundra project is expected to be on stream in next 11-24month. Management reiterated annual cement capacity addition target of ~8–10mt And FY27 target of 119mtpa.	Thus far, ACEM's growth has been driven by inorganic growth. Organic growth will testify to the company's execution capacity. Asset sweat over or balancing with expansion will help improve performance The new capacity expansion further increases the clinker cement imbalance tough higher presence in the eastern region may improve the conversion ratio.
Green energy	Green power share reached 61% at the company level (including consumption and external sales). Net power cost was Rs4.8/unit (vs Rs6 in Q2FY26 and Rs4.3 in Q1FY27). Sold **~**352mn units of renewable power, generating Rs1.36bn in revenue in Q2FY27 (vs ~450mn units / Rs1.4bn in Q1FY27)	Sold ~450mn units of renewable power generating ~Rs1.4bn revenue in Q1 (vs ~240mn units/~Rs700mn in Q4). Operating cost is minimal (~5%). Surplus power will gradually reduce as cement plants get grid connectivity over the next 2–3 quarters.	ACEM's initiatives to shift to alternative energy sources, have picked up pace. However, thermal power remains key for core clinker/cement production. Effectively, Pet coke inflation may limit benefit of green energy initiatives.
Capex	Capex spend in H1 FY27 was ~Rs35bn (with ~Rs15–16bn spent in Q1 and balance in Q2). Full-year FY27 Capex guidance is maintained at Rs60 to 70bn. Annual capex for FY28-29 is projected at Rs70-75bn. Total Capex for the new ~30mtpa expansion program is estimated at ~Rs135 to 145bn.	Capex spend in Q1FY27 was ~Rs15-16bn. ACEM reiterated annual cement capacity addition target of ~8–10mt with annual capex run-rate of ~Rs60–70bn beyond FY28.	Capex guidance in line with the targeted capacity growth. Balance sheet impacted in the short term (cash flow) but remains healthy despite strong capex plans in the medium term. We will keenly watch the cash flow and balance sheet health of the company.
Other relevant information	Proposed merger of ACC and Orient Cement into Ambuja Cements received strong shareholder approval and is progressing to NCLT for final approval; completion is expected within FY27. Expansion projects in the North-East (Assam) and UP are eligible for state-level industrial fiscal incentives.	Three coal blocks remain under development, with the first expected to become operational in ~30 months. Management indicated projects offer attractive ~5–6 year payback period. Orient is already operating at ~87% utilization. Sanghi continues to witness gradual improvement with utilization is at 60-65%. A Rs6bn jetty expansion planned to improve clinker logistics. Management confirmed there are no plans to merge ACC and Ambuja brands into Adani Cement brand.	Management acknowledges execution gaps are thus far from the only relief for the company. RMC business gaining healthy pace only benefits ACEM at the aggregate level. The higher investments in the newly acquired assets are higher than estimated earlier. This will also imply new capacities taking longer time to streamline with the ACEM asset efficiencies impacting earnings.

Q2FY27	Q1FY27	Our view
	ICDs extended through ACC and Orient Cement carry an 8% coupon and are within shareholder-approved limits as part of the ongoing merger process.	

Source: Company, BOBCAPS Research

Fig 2 – Key quarterly metrics

	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Deviation (%)
Volumes (mn mt)	11.5	9.9	15.2	11.7	(2.6)	11.12	2.56
Cement realisations (Rs/t)	5,369	5,202	3.2	5,409	(0.7)	5,382	(0.23)
Operating costs (Rs/t)*	4,715	4,490	5.0	4,609	2.3	4,689	0.56
EBITDA/t (Rs)	654	712	(8.0)	799	(18.1)	693	(5.56)

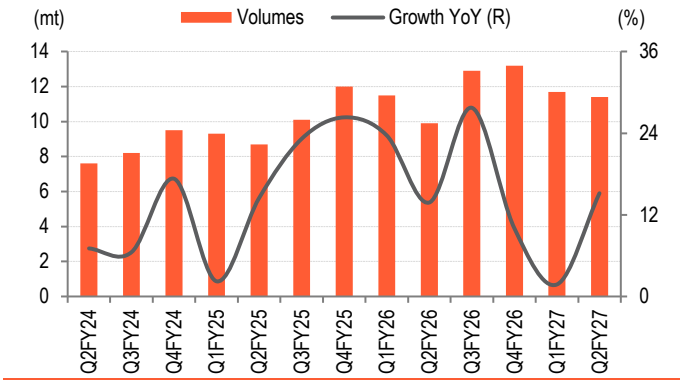
Source: Company, BOBCAPS Research

Fig 3 – Key quarterly metrics

(Rs mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Q2FY27E	Deviation (%)
Net Sales	**61,210**	**51,499**	**18.9**	**63,280**	**(3.3)**	**59,815**	**2.3**
Expenditure							
Change in stock	(170)	(1,806)	(90.6)	(1,220)		(651)	
Raw material	6,850	7,423	(7.7)	7,290	(6.0)	7,236	(5.3)
Purchased products	10,860	12,814	(15.2)	12,370	(12.2)	11,963	(9.2)
Power & fuel	14,500	8,494	70.7	13,480	7.6	13,318	8.9
Freight	12,000	10,391	15.5	12,830	(6.5)	12,682	(5.4)
Employee costs	1,650	1,499	10.1	1,600	3.1	1,615	2.2
Other exp	8,060	5,642	42.9	7,580	6.3	5,950	35.5
Total Operating Expenses	**53,750**	**44,456**	**20.9**	**53,930**	**(0.3)**	**52,113**	**3.1**
EBITDA	**10,382**	**10,382**	**0.0**	**10,382**	**0.0**	**10,382**	**0.0**
EBITDA margin (%)	**17.0**	**20.2**	**(320bps)**	**16.4**	**55bps**	**17.4**	**(40bps)**
Other Income	660	1,067	(38.1)	2,350	(71.9)	3,850	(82.9)
Interest	1,420	500	183.8	760	86.8	751	89.1
Depreciation	5,010	2,537	97.5	4,680	7.1	4,910	2.0
PBT	4,612	8,412	(45.2)	7,292	(36.8)	8,571	(46.2)
Non-recurring items	(140)	14,025	0.0	0	0.0	0	NM
PBT (after non-recurring items)	4,752	(5,613)	(184.7)	7,292	(34.8)	8,571	(44.6)
Tax	(411)	(768)	(46.5)	(1,221)	(66.3)	(1,297)	0.0
Reported PAT	1,140	4,307	(73.5)	5,040	(77.4)	4,595	(75.2)
Adjusted PAT	**1,280**	**4,307**	**(70.3)**	**5,040**	**(74.6)**	**4,595**	**(72.1)**
NPM (%)	**2.1**	**8.4**	**(627bps)**	**8.0**	**(587bps)**	**7.7**	**(559bps)**
Adjusted EPS (Rs)	**0.5**	**1.7**	**(70.3)**	**2.0**	**(74.6)**	**1.9**	**(72.1)**

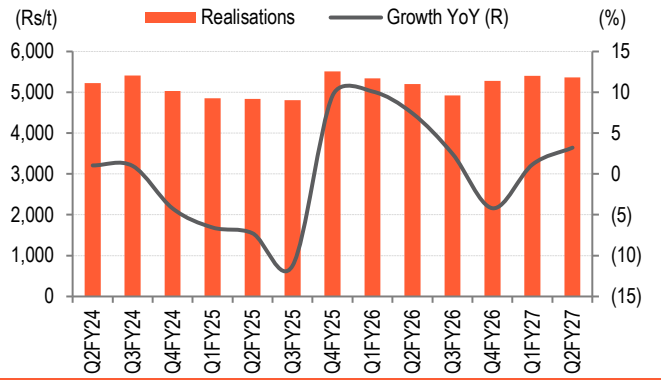
Source: Company, BOBCAPS Research

Fig 4 – West, East and North drive growth while trade segment performs strong



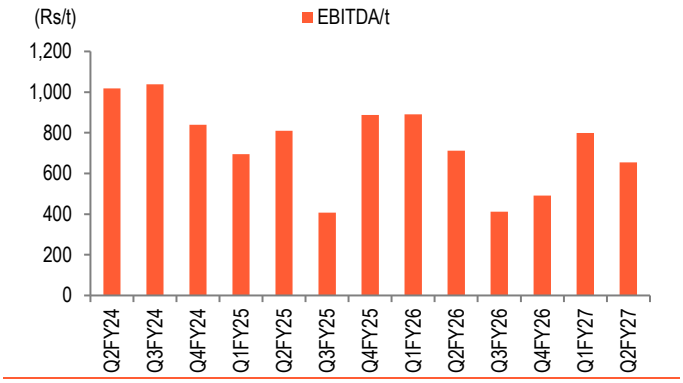
Source: Company, BOBCAPS Research | Note: Number restated for Sanghi & Penna

Fig 5 – Increased share of trade and premium product to drive further restated realization gains



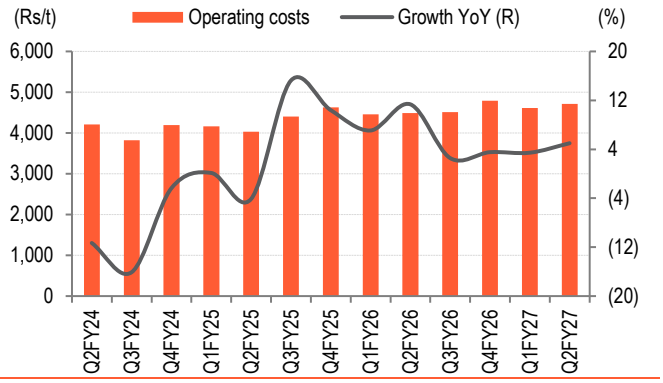
Source: Company, BOBCAPS Research | Note: Number restated for Sanghi & Penna

Fig 6 – Inflated cost structure impact continues to dampen operational performance



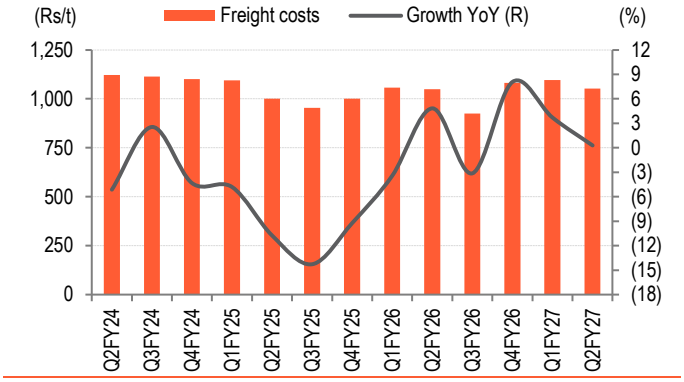
Source: Company, BOBCAPS Research | Note: Number restated for Sanghi & Penna

Fig 7 – ACEM has to walk a tightrope to attain cost reduction targets set for FY27



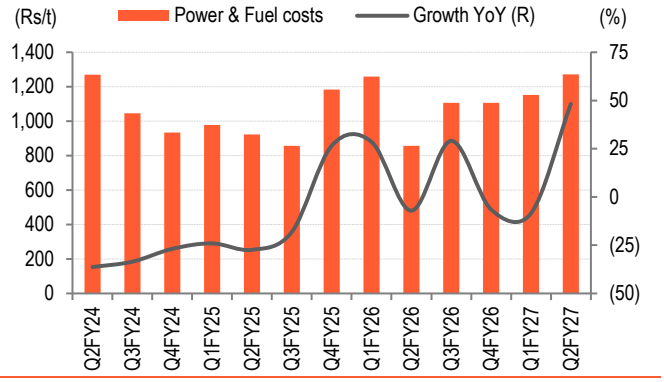
Source: Company, BOBCAPS Research | Note: Number restated for Sanghi & Penna

Fig 8 – With further lead reduction targeted inflationary pressure should be well addressed



Source: Company, BOBCAPS Research | Note: Number restated for Sanghi & Penna

Fig 9 – Sufficient inventory of coal and increased RE capacity to help address fuel price fluctuation



Source: Company, BOBCAPS Research | Note: Number restated for Sanghi & Penna

Valuation Methodology

We cut our EBITDA estimates for FY27/FY28/FY29 by 9%/6%/2%, factoring in the consolidation impact on cost and volume growth concerns. Pricing gains may be challenging, given the elevate competitive pressure in FY28/FY29. The full impact of inorganic growth (ORCMNT + Penna + Sanghi) transition is steady and will continue in medium term, pinching cost. The margin/growth balance will continue to be a challenge with added concern. Capacity addition plans preferred over asset sweat points towards the same. Our 3-year EBITDA CAGR is now at a low of 5% and will impact on PAT that is under pressure due to higher depreciation given the capex plans by ACE.

New clear road up for cement and clinker addition till FY28/FY29 is calculated with new challenges. Green energy initiatives by ACEM are commendable and will likely benefit in the medium term. Current phase of transition of the newly acquired assets and limited pass through of the cost inflation are key challenges. Focus is shifted back to capacity addition before asset sweat and that implies growth preference over margins. The new capacity expansion further widens clinker cement conversion however higher presence in eastern region by help. We will keenly watch these plans and, accordingly, remain vigilant to the changing business environment and performance of ACEM.

We currently assign 14x EV/EBITDA (unchanged and rolled over to Sep 2028) to the consolidated business and revise our TP to Rs 385 (Rs 415). Retain HOLD keenly watching the expansion, consolidation and cost savings. Our TP implies a replacement cost of Rs9bn/10bn/mnt – ~25% premium to the industry. We retain HOLD.

Fig 10 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	5,15,779	5,56,326	6,07,843	5,15,779	5,56,326	6,07,843	0.0	0.0	0.0
EBITDA	60,730	68,807	74,469	66,338	72,990	76,117	(8.5)	(5.7)	(2.2)
Adj PAT	11,509	15,782	18,045	15,883	19,086	19,364	(27.5)	(17.3)	(6.8)
Adj EPS (Rs)	4.7	4.7	4.7	6.4	7.7	7.9	(27.0)	(39.3)	(40.9)

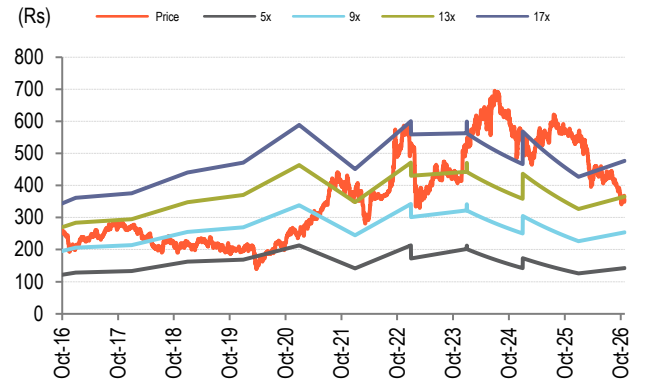
Source: BOBCAPS Research

Fig 11 – Valuation summary

Business (Rs mn)	Sep FY28E
Target EV/EBITDA (x)	14
EBITDA	67,798
Target EV	949,168
Total EV	949,168
Net debt	493
Target market capitalisation	348,675
Target price (Rs/sh)	**385**
Weighted average shares (mn)	2463.1

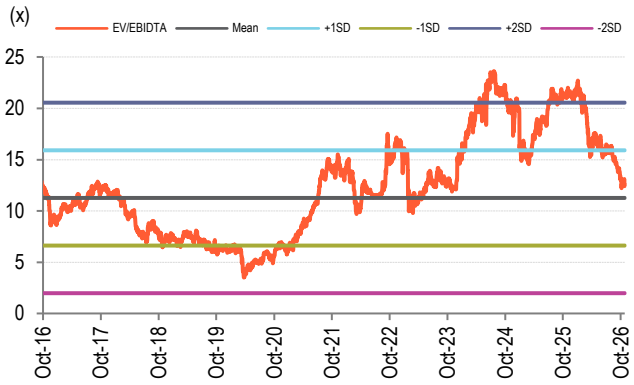
Source: BOBCAPS Research| Valuations are Q2FY28E

Fig 12 – EV/EBITDA band: Current valuations reflect earnings trajectory



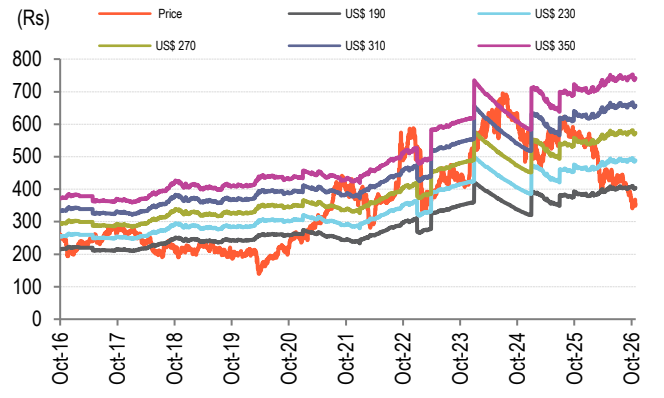
Source: Company, Bloomberg, BOBCAPS Research

Fig 13 – EV/EBITDA 1YF: Valuations reflect competitive intensity impacting earnings



Source: Company, Bloomberg, BOBCAPS Research

Fig 14 – EV/tonne: Replacement cost will stay muted relative to the peers



Source: Company, Bloomberg, BOBCAPS Research

Fig 15 – EV/tonne 1YF: Valuations reflecting challenges



Source: Company, Bloomberg, BOBCAPS Research

Key risks

Key risks to our estimates:

- Faster-than-expected demand revival can raise growth ahead of our estimates, representing an upside risk.
- Increased competitive pressure in the next two years can pose downside risks to our estimates.
- Rising fuel costs due to geo-political issues can pose downside risk to earnings.

Financials

Income Statement

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Total revenue	**3,33,833**	**4,04,460**	**5,15,779**	**5,56,326**	**6,07,843**
EBITDA	59,707	65,389	60,730	68,807	74,469
Depreciation	(24,784)	(35,704)	(39,275)	(41,238)	(43,300)
EBIT	61,465	39,421	32,405	38,759	42,615
Net interest inc./(exp.)	(2,159)	(3,628)	(3,562)	(4,114)	(4,431)
Other inc./(exp.)	26,543	9,736	10,949	11,190	11,446
Exceptional items	28,334	27,705	0	0	0
EBT	87,639	63,497	28,843	34,645	38,184
Income taxes	(15,338)	7,132	(7,117)	(8,047)	(8,408)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	(9,778)	(11,210)	(10,218)	(10,817)	(11,731)
Reported net profit	**62,523**	**59,420**	**11,509**	**15,782**	**18,045**
Adjustments	(28,334)	(27,705)	0	0	0
Adjusted net profit	**34,189**	**31,715**	**11,509**	**15,782**	**18,045**

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Accounts payables	69,671	83,606	84,442	85,286	86,139
Other current liabilities	66,569	47,380	65,363	67,238	69,253
Provisions	3,139	3,296	3,461	3,634	3,815
Debt funds	8,416	8,659	8,707	8,755	8,805
Other liabilities	24,076	34,663	35,357	36,064	36,785
Equity capital	4,395	4,926	4,926	4,926	4,926
Reserves & surplus	4,93,687	5,74,411	5,80,489	5,90,568	6,02,625
Shareholders' fund	6,01,764	7,18,462	7,20,847	7,41,967	7,65,980
Total liab. and equities	**7,73,635**	**8,96,065**	**9,18,175**	**9,42,944**	**9,70,778**
Cash and cash eq.	25,904	9,586	17,843	6,887	2,087
Accounts receivables	15,903	18,685	24,023	27,435	29,976
Inventories	42,480	45,523	60,763	66,302	72,442
Other current assets	1,45,600	1,47,302	1,50,313	1,69,501	1,93,221
Investments	18,511	396	1,196	1,316	1,447
Net fixed assets	2,19,136	3,00,921	3,27,558	3,47,509	3,66,819
CWIP	2,70,278	3,37,851	3,00,699	2,88,234	2,69,046
Intangible assets	35,823	35,802	35,780	35,760	35,740
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	**7,73,635**	**8,96,066**	**9,18,175**	**9,42,944**	**9,70,778**

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26A	FY27E	FY28E	FY29E
Cash flow from operations	**1,02,410**	**1,02,589**	**58,749**	**43,297**	**44,447**
Capital expenditures	(1,99,553)	(1,85,040)	(28,739)	(48,704)	(43,402)
Change in investments	(10,026)	18,115	(800)	(120)	(132)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	**(2,09,578)**	**(1,66,925)**	**(29,539)**	**(48,824)**	**(43,533)**
Equities issued/Others	420	24,764	(13,910)	225	225
Debt raised/repaid	1,002	244	47	49	50
Interest expenses	0	0	0	0	0
Dividends paid	(4,973)	(3,466)	(7,090)	(5,703)	(5,988)
Other financing cash flows	25,935	26,477	0	0	0
Cash flow from financing	**22,383**	**48,018**	**(20,953)**	**(5,430)**	**(5,714)**
Chg in cash & cash eq.	**(84,785)**	**(16,317)**	**8,257**	**(10,956)**	**(4,800)**
Closing cash & cash eq.	**25,904**	**9,586**	**17,843**	**6,887**	**2,087**

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26A	FY27E	FY28E	FY29E
Reported EPS	26.8	24.1	4.7	6.4	7.3
Adjusted EPS	14.7	12.9	4.7	6.4	7.3
Dividend per share	2.1	2.1	2.2	2.3	2.4
Book value per share	258.2	291.7	292.7	301.2	311.0

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26A	FY27E	FY28E	FY29E
EV/Sales	2.4	2.1	1.7	1.6	1.4
EV/EBITDA	13.6	13.2	14.3	12.6	11.8
Adjusted P/E	24.2	27.5	75.9	55.4	48.4
P/BV	1.4	1.2	1.2	1.2	1.1

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26A	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	82.5	111.2	75.3	76.8	78.0
Interest burden (PBT/EBIT)	96.5	90.8	89.0	89.4	89.6
EBIT margin (EBIT/Revenue)	18.4	9.7	6.3	7.0	7.0
Asset turnover (Rev./Avg TA)	46.8	48.4	56.9	59.8	63.5
Leverage (Avg TA/Avg Equity)	1.3	1.3	1.3	1.3	1.3
Adjusted ROAE	8.8	6.0	3.0	3.6	3.9

Ratio Analysis

Y/E 31 Mar	FY25A	FY26A	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	2.6	21.2	27.5	7.9	9.3
EBITDA	(6.7)	9.5	(7.1)	13.3	8.2
Adjusted EPS	(8.8)	(12.2)	(63.7)	37.1	14.3
Profitability & Return ratios (%)					
EBITDA margin	17.0	16.1	11.6	12.2	12.1
EBIT margin	17.5	9.7	6.2	6.9	6.9
Adjusted profit margin	10.2	7.8	2.2	2.8	3.0
Adjusted ROAE	8.8	6.0	3.0	3.6	3.9
ROCE	10.6	5.6	4.2	5.0	5.3
Working capital days (days)					
Receivables	17	17	17	18	18
Inventory	46	41	43	44	44
Payables	87	89	67	63	58
Ratios (x)					
Gross asset turnover	0.9	0.8	0.9	0.9	0.9
Current ratio	1.6	1.6	1.7	1.7	1.9
Net interest coverage ratio	28.5	10.9	9.1	9.4	9.6
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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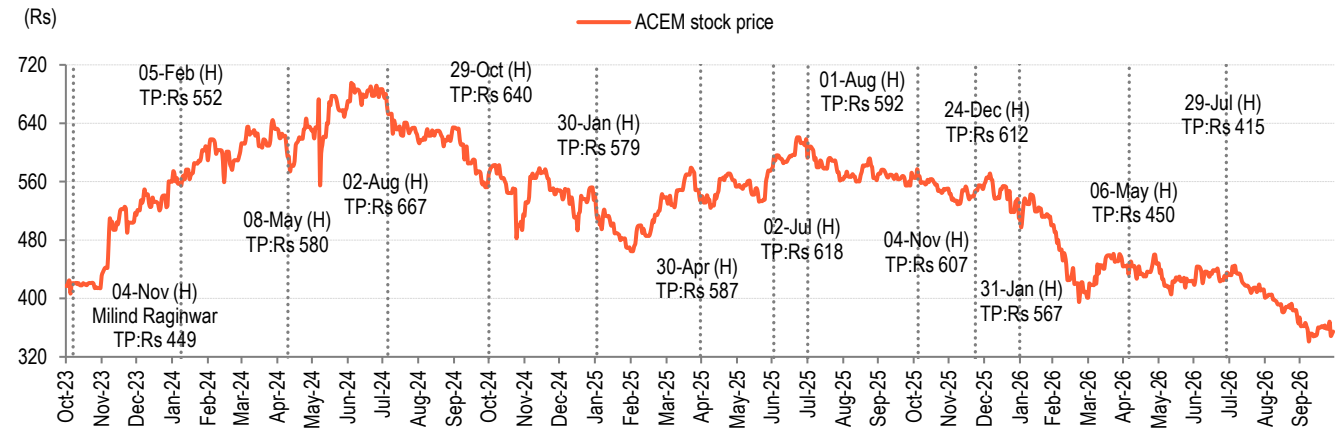
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SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

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