

### Sustenance of healthy volume/profitability a key

- ACEM's Q3FY26 Revenue, volume, realization were above estimates, however, EBITDA, EBITDA/tn, APAT were below estimates.
- We expect Revenue/EBITDA/APAT CAGR of 13.6%/23.1%/38.7% over FY25-28E, led by 17.0%/12.0%/11.0% volume growth and 0.4%/0.0%/0.5% realization growth in FY26E/FY27E/FY28E.
- We decrease our FY26E/FY27E/FY28E EBITDA estimates by 13.6%/15.9%/14.5% post factoring lower volume/realization (ex. FY26E) and higher opex/tn. We expect EBITDA/tn to improve from Rs712 in Q3FY26 to Rs962/Rs1,068/Rs1,174 in FY26E/FY27E/FY28E. We factor higher number of shares post amalgamation of ACC, Orient and Sanghi into ACEM; accordingly, we do not factor any minority interest going forward from FY27E. The stock price has corrected by ~12% since our Q2FY26 result note. Accordingly, we revise our rating to 'BUY' from Accumulate with revised TP of Rs617 (15.5x consol FY28E EV/EBITDA and 50% Capital WIP of FY28E).

### Capacity expansion to 155mtpa by FY28E

Adani's total cement capacity stands at 108.85mtpa and targets to reach 117mtpa/130-135mtpa/155mtpa in FY26E/FY27E/FY28E. In Q4FY26, capacity is expected to increase by 8 mtpa. Further, in FY27/FY28, expect a 24 mtpa/15 mtpa increase in cement capacity through organic + inorganic routes/ debottlenecking.

### EBITDA/tn -31.4% YoY/-31.8% QoQ

Higher than estimated volume (+15.2% YoY/+12.7% QoQ at 19.0mt), higher than estimated realization/tn (-5.2% YoY/-0.6% QoQ to Rs5,409) and higher than estimated cost/tn (+0.6% YoY/+6.8% QoQ to Rs4,697) resulted in EBITDA/tn to Rs712.

### Earnings Concall Highlights

- Industry demand is expected to grow by ~8% in FY26E; ACEM targets double-digit volume growth over the next many quarters.
- Targets EBITDA/tn of Rs1,500 by FY28E; cost reduction targeted to <Rs4,000 /Rs3,800/Rs3,650 per tn by exit of Mar'26/Mar'27/Mar'28.
- Incurred capex of Rs60 bn; expect capex of Rs90 bn in FY26. For FY27/FY28, expect annual capex of ~Rs100 bn.

### Key Risk: Lower volumes/profitability vs. estimates.

#### Key Data

Nifty	25,321
Equity / FV	Rs 4,944mn / Rs 2
Market Cap	Rs 1,434bn
	USD 15.6bn
52-Week High/Low	Rs 625/ 455
Avg. Volume (no)	19,35,140
Bloom Code	ACEM IN

	Current	Previous
Rating	BUY	Accumulate
Target Price	617	683

#### Change in Estimates

(Rs.bn)	Current	Chg (%)/bps		
	FY26E	FY27E	FY26E	FY27E
Revenue	415.1	464.9	(1.6)	(5.1)
EBITDA	73.4	91.3	(13.6)	(15.9)
EBITDA (%)	17.7	19.6	(246)	(253)
APAT	20.8	37.2	(28.0)	(11.1)
EPS (Rs)	7.4	13.2	(28.0)	(11.1)

#### Valuation (x)

	FY26E	FY27E	FY28E
P/E	69.0	38.5	30.6
EV/EBITDA	19.2	15.8	13.2
ROE (%)	3.8	5.8	6.4
RoACE (%)	3.9	5.9	6.4

#### Q3FY26 Result (Rs Mn)

Particulars	Q3FY26	YoY (%)	QoQ (%)
Revenue	1,02,767	9.2	12.0
Total Expense	89,236	15.9	20.4
EBITDA	13,531	(21.0)	(23.2)
Depreciation	9,590	58.1	8.3
EBIT	3,940	(64.3)	(55.0)
Other Income	873	(93.5)	(66.0)
Interest	589	(12.2)	(23.4)
EBT	4,073	(83.0)	(51.1)
Tax	454	(116.9)	(103.1)
RPAT	2,037	(90.6)	(88.5)
APAT	1,164	(194.8)	(58.2)
		(bps)	(bps)
Gross Margin	33.1	(410)	(530)
EBITDA (%)	13.2	(502)	(603)
NPM (%)	2.0	(2095)	(1726)
Tax Rate (%)	11.2	2244	18697
EBIT (%)	3.8	(791)	(571)

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**Exhibit 1: Actual V/s Dolat estimates (Rs mn)**

Particulars (Rs mn)	Actual	Dolat Est.	% Variance	Comments
Revenue	1,02,767	97,809	5.1	+2.9%/+2.1% volume/realization vs. estimates
EBITDA	13,531	17,422	(22.3)	+2.1%/+7.9% realization/opex vs. estimates
EBITDA margin (%)	13.2	17.8	(465 bps)	-
APAT	1,164	5,717	(79.6)	Poor operating performance

Source: Company, Dolat Capital

**Exhibit 2: Change in estimates**

Particulars (Rs mn)	FY26E			FY27E			FY28E		
	New	Old	Chg (%)	New	Old	Chg (%)	New	Old	Chg (%)
Revenue	4,15,090	4,21,765	(1.6)	4,64,901	4,89,880	(5.1)	5,18,620	5,56,332	(6.8)
EBIDTA	73,418	84,976	(13.6)	91,300	1,08,609	(15.9)	1,11,375	1,30,301	(14.5)
EBIDTA margin (%)	17.7	20.1	(246 bps)	19.6	22.2	(253 bps)	21.5	23.4	(195 bps)
APAT	20,772	28,861	(28.0)	37,240	41,912	(11.1)	46,931	51,408	(8.7)
EPS (Rs)	7.4	10.3	(28.0)	13.2	14.9	(11.1)	16.7	18.3	(8.7)

Source: Company, Dolat Capital

We maintain our revenue estimates for FY26E, however, considering higher opex/tn, we decrease EBITDA/APAT estimates by 13.6%/28.0%. Factoring in lower volume and realization/tn, we decrease our Revenue estimates by 5.1%/6.8% for FY27E/FY28E. We also cut our FY27E/FY28E EBITDA estimates by 15.9%/14.5% due to lower realization/tn coupled with higher opex/tn. APAT cut in FY27E/FY28E is not comparable as we do not factor in minority interest due to the amalgamation of ACC, Orient and Sanghi into ACEM.

**Exhibit 3: Volume, Realization & Cost/tn Analysis**

Particulars (Rs)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Volume (MT)	19.0	16.5	15.2	16.9	12.7	54.7	46.6	17.4
Realization/tn (Rs)	5,409	5,707	(5.2)	5,443	(0.6)	5,440	5,446	(0.1)
EBITDA/tn (Rs)	712	1,038	(31.4)	1,045	(31.8)	928	881	5.3
Cost/tn (Rs)	4,697	4,669	0.6	4,398	6.8	4,512	4,565	(1.2)
Raw Material Cost/tn (Rs)	1,003	1,095	(8.4)	776	29.1	867	1,010	(14.2)
Employee Expenses/tn (Rs)	202	232	(12.9)	240	(15.9)	221	225	(1.9)
Power and Fuels/tn (Rs)	1,373	1,251	9.8	1,353	1.5	1,354	1,299	4.2
Freight Expenses/tn (Rs)	1,244	1,239	0.3	1,224	1.6	1,253	1,281	(2.2)
Other expenses/tn (Rs)	876	852	2.7	805	8.8	818	750	9.1

Source: Company, Dolat Capital

**Exhibit 4: % of Revenue**

Particulars	Q3FY26	Q3FY25	Bps	Q2FY26	Bps	9MFY26	9MFY25	Bps
Raw Material Cost	18.5	19.2	(65)	14.3	427	15.9	18.5	(261)
Employee Expenses	3.7	4.1	(33)	4.4	(68)	4.1	4.1	(8)
Power and Fuels	25.4	21.9	347	24.9	53	24.9	23.9	103
Freight Expenses	23.0	21.7	128	22.5	50	23.0	23.5	(50)
Other expenses	16.2	14.9	125	14.8	140	15.0	13.8	127

Source: Company, Dolat Capital

**Exhibit 5: Income Statement (Consolidated)**

Particulars (Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
<b>Total Revenue</b>	<b>1,02,767</b>	<b>94,114</b>	<b>9.2</b>	<b>91,745</b>	<b>12.0</b>	<b>2,97,402</b>	<b>2,53,559</b>	<b>17.3</b>
Raw Material Cost	19,049	18,054	5.5	13,085	45.6	47,379	47,006	0.8
Employee Expenses	3,839	3,823	0.4	4,051	(5.2)	12,068	10,480	15.2
Power and Fuel	26,086	20,623	26.5	22,804	14.4	74,020	60,491	22.4
Freight Cost	23,627	20,438	15.6	20,632	14.5	68,484	59,651	14.8
Other expenses	16,636	14,057	18.3	13,564	22.6	44,701	34,901	28.1
<b>Total Expenditure</b>	<b>89,236</b>	<b>76,995</b>	<b>15.9</b>	<b>74,136</b>	<b>20.4</b>	<b>2,46,652</b>	<b>2,12,528</b>	<b>16.1</b>
<b>PBIDT (Excl. O.I.)</b>	<b>13,531</b>	<b>17,119</b>	<b>(21.0)</b>	<b>17,609</b>	<b>(23.2)</b>	<b>50,750</b>	<b>41,031</b>	<b>23.7</b>
Other Income	873	13,522	(93.5)	2,570	(66.0)	6,005	20,810	(71.1)
Depreciation	9,590	6,067	58.1	8,852	8.3	26,425	16,032	64.8
<b>EBIT</b>	<b>4,814</b>	<b>24,574</b>	<b>(80.4)</b>	<b>11,328</b>	<b>(57.5)</b>	<b>30,329</b>	<b>45,809</b>	<b>(33.8)</b>
Interest	589	670	(12.2)	768	(23.4)	2,028	2,017	0.6
<b>PBT (Excl. Exceptional Items)</b>	<b>4,225</b>	<b>23,904</b>	<b>(82.3)</b>	<b>10,559</b>	<b>(60.0)</b>	<b>28,301</b>	<b>43,792</b>	<b>(35.4)</b>
Exceptional Items	(152)	0	-	(2,228)	-	(1,980)	(1,562)	-
Share of Profit in Associate & JV	51	30	-	44	-	137	86	-
<b>EBT</b>	<b>4,124</b>	<b>23,934</b>	<b>(82.8)</b>	<b>8,375</b>	<b>(50.8)</b>	<b>26,458</b>	<b>42,316</b>	<b>(37.5)</b>
Tax	454	(2,696)	-	(14,648)	-	(10,404)	2,890	-
Minority Interest	1,633	5,048	(67.7)	5,366	(69.6)	8,816	6,650	32.6
<b>RPAT</b>	<b>2,037</b>	<b>21,582</b>	<b>(90.6)</b>	<b>17,657</b>	<b>(88.5)</b>	<b>28,046</b>	<b>32,776</b>	<b>(14.4)</b>
Adjustments	(873)	(22,810)	-	(14,870)	-	(16,404)	(21,248)	-
<b>APAT</b>	<b>1,164</b>	<b>(1,228)</b>	<b>-</b>	<b>2,787</b>	<b>(58.2)</b>	<b>11,642</b>	<b>11,528</b>	<b>1.0</b>
<b>Adj. EPS (Rs.)</b>	<b>0.5</b>	<b>(0.5)</b>	<b>-</b>	<b>1.1</b>	<b>(58.1)</b>	<b>4.7</b>	<b>4.7</b>	<b>1.0</b>
			<b>bps</b>		<b>bps</b>			<b>bps</b>
EBIDTA Margin (excl. O.I.)	13.2	18.2	(502)	19.2	(603)	17.1	16.2	88
Tax Rate (%)	11.0	(11.3)	2,228	(174.9)	18,591	(39.3)	6.8	(4,615)
NPM (%)	1.1	(1.3)	244	3.0	(191)	3.9	4.5	(63)

Source: Company, Dolat Capital

**Exhibit 6: Valuation**

Particulars	Rs mn
Assumed EV/EBITDA multiple (x)	15.5
EBITDA (FY28E)	1,11,375
EV	17,26,319
Less: Net Debt (FY28E)	32,381
MCap	16,93,938
Shares o/s (mn)	2,811
<b>(a) Value/share (Rs.)</b>	<b>603</b>
50% of FY28E Capital WIP	41,465
<b>(b) Value/share (Rs.)</b>	<b>15</b>
<b>Target price (Rs.) (a+b)</b>	<b>617</b>
<b>CMP (Rs.)</b>	<b>510</b>
Up/(down)side (%)	21.0

Source: Company, Dolat Capital

## Earnings Call KTA

### Demand & Volume

- **Industry demand:** ACEM grew (17%) 2x industry in Q3FY26 which translates to ~8.5% industry growth. Industry demand has picked up significantly from Dec'25, expected to grow by ~8% in FY26E, driven by improved economic sentiments, higher investments both from the public and private sectors. Industry leaders are expected to see double-digit volume growth in Q4FY26. **ACEM targets double-digit volume growth over the next many quarters**, supported by capacity expansions.
- **Consolidated volume:** Stood at 18.9mt (+15.2% YoY/+12.7% QoQ) in Q3FY26; core growth excl. Orient stood at ~8% and 6% excl. all acquired assets.
- **Market share:** ACEM's market share stood at 16.6% in Q3FY26 vs. 16.6%/15.5% in Q2FY26/Q1FY26.
- **Capacity Utilisation Trends:** Capacity utilization stood at 58% for acquired assets in Q3FY26, up (+21% YoY from 37% in Q3FY25), with Dec'25 exit at 65% and moving ahead with a target of 80%. Sanghi has reached 80% clinker and 65% cement utilization by Dec'25, while Penna is at 52-55%, utilization to improve from Q4FY26.
- **Trade share:** Stood at 67% in Q3FY26 vs. 68%/71% in Q2FY26/Q3FY25, in Jan'26, this has increased to 70%, gradually plans to increase to 75%.
- **Blended cement share:** Stood at 77% in Q3FY26 vs. 77%/82% in Q2FY26/Q3FY25. Target to increase further.
- **Premium Mix & Product Optimization:** Premium share of trade sales stood at 35% in Q3FY26 (volume growth is 31% YoY) vs. 35%/26% in Q2FY26/Q3FY25. The rise in the premium segment was an industry high, led by ACC Gold and Ambuja Kawach. The company will be focusing more on the premium segment to gain a better mix and higher realisation (realisations improved by Rs 5/bag YoY in Q3FY26).
- **Clinker factor:** Stood at 67.3% in Q3FY26 vs. 67%/64.1% in Q2FY26/Q3FY25.
- **Lead Distance & Logistics Efficiency:** Lead distance in Q3FY26 stood at 257 kms vs. 265 kms/285 kms in Q2FY26/Q3FY25. The company has a higher lead distance vs peer due to geographical disadvantage, fewer GUs, but post commissioning of new GUs, the lead will reduce. The company plans to reduce lead distance as it expands capacities to cater to new and existing markets with the revised 155mtpa capacity.
- **Direct dispatches:** Stood at 61% in Q3FY26 vs. 55% in Q3FY25.

### Price

- **Price trend:** In Q3FY26, cement price per bag stood at Rs253/bag vs. Rs258/248 per bag YoY/QoQ (+3.3% YoY/-1.9% QoQ).
- **Price hike in Jan'26:** In South, non-trade prices increased by Rs15-20/bag while North saw a hike of Rs5-10/bag in Jan'26, prices are holding firm, unlike prior rollback patterns. The trade segment has witnessed some improvement in prices, while the hike in non-trade is higher. Currently, the gap between trade and non-trade has reduced to Rs31/bag.

## Profitability

- **EBITDA & Cost reduction Roadmap:** In Q3FY26, opex/tn stood at ~Rs4,500 of which Rs150/tn was one-time expense. ACEM maintains its target of achieving EBITDA/tn of Rs1,500 by FY28E with total cost reduction/tn to <Rs4,000/Rs3,800/ Rs3,650 by exit of Mar'26/Mar'27/Mar'28 from current <Rs4,000 (exit of Dec'25 and Jan'26) led by improved efficiencies and higher operating leverage, reduced lead distance and higher share of green power. **This will be enabled by improved operating leverage, brand strengths and synergies within the Adani ecosystem.** The company plans cost reduction of Rs300-350/tn by Mar'28 exit, driven by Raw material/Power/ Fuel/logistics by ~Rs100/~Rs100-125/~Rs150/~Rs150. These savings are expected from a higher share of coal consumption, benefits from withdrawal of GST on coal cess, reduction in lead distance of ~50 km, increase in share of sea logistics to 5%, increase in green power share to 60%, reduction in power cost from Rs6/Kwh to Rs4.5/Kwh, long term tie ups for flyash/slag and improved operational efficiencies through use of latest technology.

## Cost Trends & Efficiency Measures

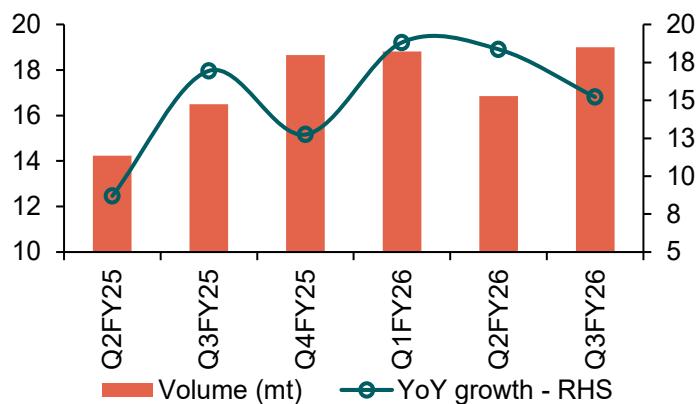
- **RM cost:** RM cost/tn stood at Rs1003 in Q3FY26 (-8.4% YoY/+29.1% QoQ); plans to lower RM cost by Rs100/tn by Mar'27. **In the long term, expect RM cost to reduce with initiatives viz., long-term arrangement for major raw materials, infra for raw material handling viz. BCFC projects, maximization of cheaper raw material.**
- **P&F cost:** Kiln fuel cost stood at Rs1.65 per Kcal in Q3FY26 vs. Rs1.63/1.66 per Kcal in Q2FY26/Q3FY25. The company plans to have Rs100-125/tn improvement in power costs with power tariffs expected to decline to Rs4.5/unit vs. Rs6.1/unit now. During Q3FY26, some renewable energy (RE) power was sold as some approvals were pending for consumption of the same; once the necessary approvals are received, the company will start using the RE power thereby decreasing P&F cost.
- **Freight cost:** Freight cost/tn increased 0.3%/1.6% YoY/QoQ to Rs1,244. The company targets to achieve Rs150 reduction via reduction in lead distance (opening of new GUs), along with 7 new vessels (to be delivered by mid FY27).
- **Other expenses:** Other expenses/tn stood at Rs876 in Q3FY26 vs. Rs805/Rs852 in Q2FY26/Q3FY25, an increase was on account of an increase in sales promotion and marketing expenses; however, with increased volumes and improvement in utilization of acquired assets, other expenses are expected to reduce going ahead.
- **Green power:** Green power share stood at 37% in Q3FY26 vs. 32.9% /21.5% in Q2FY26/Q3FY25; targets to reach 60% by FY28E. As the green power share increases, the power cost is expected to reduce to Rs4.5/kWh vs. Rs6.1/kWh. At present, WHRS capacity stands at 228MW, with targets to increase to 376MW by FY28E. The company has commissioned 225 MW of solar power, taking RE capacity to 898 MW; and remaining on track for 1,122 MW by FY27.
- **TSR:** Stood at 6.6% in Q2FY26 vs. 6.0%/8.1% in Q2FY26/Q3FY25.

### Capex, Debt, Expansion & Others

- **Capex Spends:** Capex incurred for 9MFY26 stands at Rs60 bn; expect capex of Rs90 bn (vs. earlier ~Rs80 bn) for FY26. For FY27/FY28, expect annual capex of ~Rs100 bn, of which expansion/efficiency capex is to be at Rs80 bn/Rs20 bn.
- **Net Cash:** Stood at Rs15.1 bn (9MFY26) vs. Rs18.1 bn (H1FY26) vs. Rs101.3 bn (FY25). Net Debt/EBITDA stood at -0.2x (9MFY26) vs. -0.2x (H1FY26) vs. -1.7x (FY25)
- **Capacity Expansion:** At present, Adani's (Ambuja + ACC + Sanghi + Penna + Orient) current total cement capacity stands at 108.85mtpa and **targets to reach ~115mtpa/130-135mtpa/155mtpa** in FY26E/ FY27E/FY28E. In Q4FY26, capacity to increase by 8mtpa. The 2.4mtpa Warisaliganj (Bihar) GU is now expected to be commissioned in Q1FY27 vs. earlier Q4FY26. Further, in FY27/FY28, expect 24mtpa/15mtpa cement capacity increase through organic + inorganic route/debottlenecking; debottlenecking to be completed at a lower capex. Clinker capacity of 4mtpa/3mtpa at Jodhpur/Maratha Line 2 to be commissioned by mid Feb'26/Q2FY27 (vs. earlier Q1FY27). Current clinker capacity stands at 66mtpa, going ahead, ACEM is planning to add clinker capacity in Sanghi and Mundra for West region, Bhatapara for East region, Marwar Mundwa for North; since these are brownfield expansion, expansion is expected to be at lower capex. In Assam, the company has signed up with the government for adding 4mtpa clinker (incentive backed); expected timeline of 18-24 months.
- **Amalgamation with ACC and Orient Cement:** In Dec'25, Ambuja has approved amalgamation of Ambuja Cement with ACC and Orient Cement, creating a "One Cement Platform" and a pan-India cement powerhouse. Swap ratio: 1) ACC:Ambuja to be 100:328 equity shares translating to 0.65% downside for ACC minority shareholders based on CMP; 2) Orient:Ambuja swap ratio to be 100:33 equity shares. Appointed date for proposed merger: ACC: 1st Jan'26 and Orient Cement Ltd: 1st May 2025. Subject to requisite approvals such as shareholders, creditors, SEBI, NCLT, etc, transaction is expected to be completed over a period of 12 months (in FY27).
- **Update on consolidation with Sanghi and Penna cement:** For Sanghi, the NCLT hearing completed on 29<sup>th</sup> Jan'26 and outcome is awaited; expect the entire process to be completed by Mar'26. For Penna, NCLT has scheduled the final hearing on 19th Feb'26, expect the entire process to be completed by Mar'26, subject to NCLT issuing its final order.
- **RMC:** The company has existing 117 RMX plants spread over 45 cities; 9MFY26 volumes stood at 2.7mn m<sup>3</sup>.
- **Competitive intensity:** Generally, East and South are usually highly competitive markets, followed by Central, whereas West and North markets are disciplined price wise.
- **Maintenance capex:** ACEM will amortize maintenance capex over 12 months vs. on actual basis to make quarterly cost comparable.

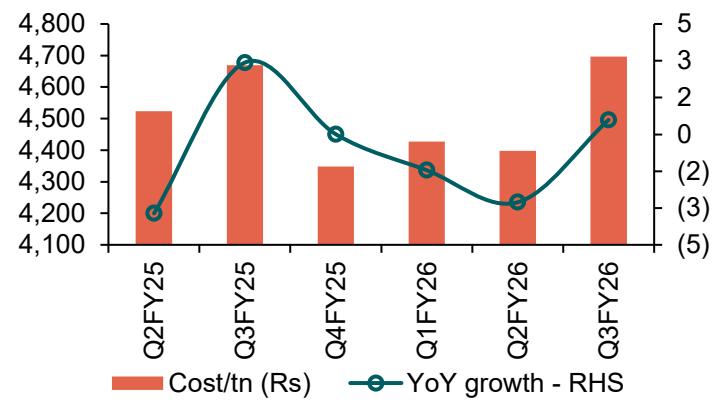
## Story in charts

**Exhibit 7: Volume +15.2% YoY/+12.7% QoQ**



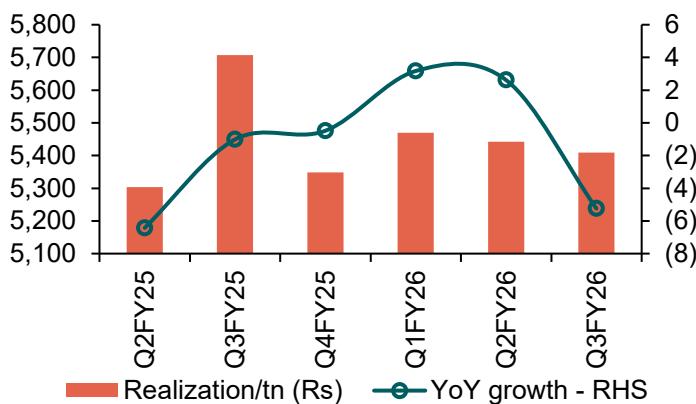
Source: Company, Dolat Capital

**Exhibit 8: Cost/tn +0.6% YoY/+6.8% QoQ**



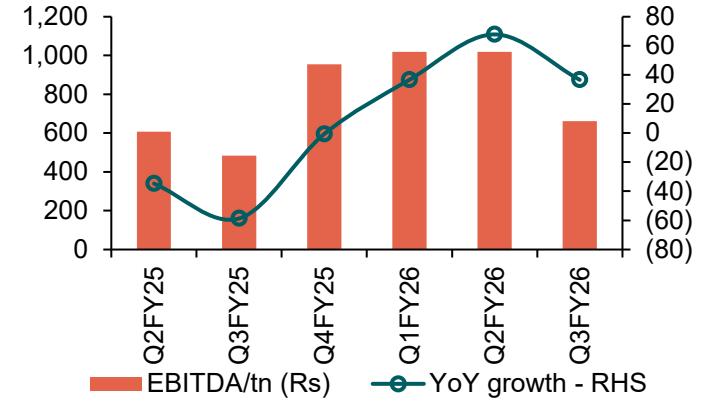
Source: Company, Dolat Capital

**Exhibit 9: Realization/tn -5.2% YoY/-0.6% QoQ**



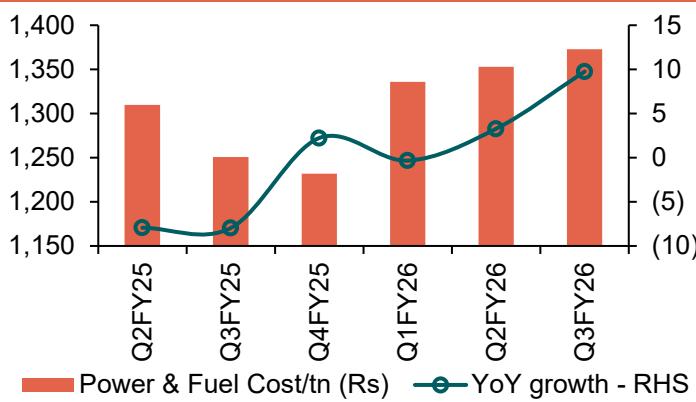
Source: Company, Dolat Capital

**Exhibit 10: EBITDA/tn -31.4% YoY/-31.8% QoQ**



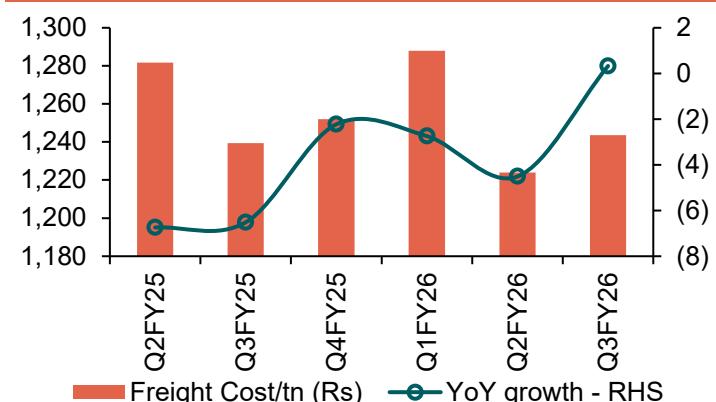
Source: Company, Dolat Capital

**Exhibit 11: P&F cost/tn +9.8% YoY/+1.5% QoQ**



Source: Company, Dolat Capital

**Exhibit 12: Freight cost/tn +0.3% YoY/+1.6% QoQ**



Source: Company, Dolat Capital

## Financial Performance

### Profit and Loss Account

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
<b>Revenue</b>	<b>3,53,364</b>	<b>4,15,090</b>	<b>4,64,901</b>	<b>5,18,620</b>
<b>Total Expense</b>	<b>2,93,658</b>	<b>3,41,672</b>	<b>3,73,601</b>	<b>4,07,245</b>
COGS	2,31,765	2,66,192	2,92,850	3,19,332
Employees Cost	14,034	16,069	16,872	17,716
Other expenses	47,859	59,411	63,879	70,196
<b>EBIDTA</b>	<b>59,707</b>	<b>73,418</b>	<b>91,300</b>	<b>1,11,375</b>
Depreciation	22,970	36,405	41,892	46,478
<b>EBIT</b>	<b>36,736</b>	<b>37,013</b>	<b>49,408</b>	<b>64,897</b>
Interest	2,159	2,598	3,300	4,921
Other Income	26,543	6,997	3,506	2,593
Exc. / E.O. items	(215)	(1,980)	0	0
<b>EBT</b>	<b>60,905</b>	<b>39,432</b>	<b>49,614</b>	<b>62,569</b>
Tax	8,096	(8,404)	12,546	15,811
Minority Interest	9,910	10,832	0	0
Profit/Loss share of associates	132	172	172	172
<b>RPAT</b>	<b>43,031</b>	<b>37,175</b>	<b>37,240</b>	<b>46,931</b>
Adjustments	(25,460)	(16,404)	0	0
<b>APAT</b>	<b>17,571</b>	<b>20,772</b>	<b>37,240</b>	<b>46,931</b>

### Balance Sheet

(Rs Mn)	FY25A	FY26E	FY27E	FY28E
<b>Sources of Funds</b>				
Equity Capital	4,926	4,944	5,622	5,622
Minority Interest	1,03,682	1,13,810	0	0
Reserves & Surplus	5,30,862	5,63,094	7,05,501	7,44,466
<b>Net Worth</b>	<b>5,35,788</b>	<b>5,68,038</b>	<b>7,11,123</b>	<b>7,50,088</b>
Total Debt	268	1,768	20,768	42,768
Net Deferred Tax Liability	24,285	24,285	24,285	24,285
<b>Total Capital Employed</b>	<b>6,64,023</b>	<b>7,07,901</b>	<b>7,56,176</b>	<b>8,17,141</b>

### Applications of Funds

	FY25A	FY26E	FY27E	FY28E
Net Block	3,18,233	4,20,812	4,63,920	5,57,442
CWIP	97,930	1,07,930	1,22,930	82,930
Investments	1,547	894	894	894
<b>Current Assets, Loans &amp; Advances</b>	<b>3,93,310</b>	<b>3,22,506</b>	<b>3,27,657</b>	<b>3,49,609</b>
Current Investments	18,222	1,000	1,000	1,000
Inventories	42,480	46,627	50,948	56,835
Receivables	15,903	15,921	17,832	19,892
Cash and Bank Balances	61,722	23,507	9,415	9,388
Loans and Advances	127	133	142	153
Other Current Assets	2,54,857	2,35,319	2,48,320	2,62,341
<b>Less: Current Liabilities &amp; Provisions</b>	<b>1,46,996</b>	<b>1,44,240</b>	<b>1,59,225</b>	<b>1,73,734</b>
Payables	29,948	34,117	38,211	42,626
Other Current Liabilities	1,17,048	1,10,123	1,21,014	1,31,107
<i>sub total</i>				
Net Current Assets	2,46,314	1,78,266	1,68,432	1,75,875
<b>Total Assets</b>	<b>6,64,023</b>	<b>7,07,901</b>	<b>7,56,176</b>	<b>8,17,141</b>

E – Estimates

**Important Ratios**

Particulars	FY25A	FY26E	FY27E	FY28E
<b>(A) Margins (%)</b>				
Gross Profit Margin	34.4	35.9	37.0	38.4
EBIDTA Margin	16.9	17.7	19.6	21.5
EBIT Margin	10.4	8.9	10.6	12.5
Tax rate	13.3	(21.3)	25.3	25.3
Net Profit Margin	12.2	9.0	8.0	9.0
<b>(B) As Percentage of Net Sales (%)</b>				
COGS	65.6	64.1	63.0	61.6
Employee	4.0	3.9	3.6	3.4
Other	13.5	14.3	13.7	13.5
<b>(C) Measure of Financial Status</b>				
Gross Debt / Equity	0.0	0.0	0.0	0.1
Interest Coverage	17.0	14.2	15.0	13.2
Inventory days	44	41	40	40
Debtors days	16	14	14	14
Average Cost of Debt	679.1	255.1	29.3	15.5
Payable days	31	30	30	30
Working Capital days	254	157	132	124
FA T/O	1.1	1.0	1.0	0.9
<b>(D) Measures of Investment</b>				
AEPS (Rs)	6.3	7.4	13.2	16.7
CEPS (Rs)	14.4	20.3	28.2	33.2
DPS (Rs)	2.0	2.0	0.0	0.0
Dividend Payout (%)	31.3	26.5	0.0	0.0
BVPS (Rs)	190.6	202.1	253.0	266.8
RoANW (%)	3.7	3.8	5.8	6.4
RoACE (%)	3.9	3.9	5.9	6.4
RoAIC (%)	7.2	5.8	6.9	8.3
<b>(E) Valuation Ratios</b>				
CMP (Rs)	510	510	510	510
Mcap (Rs Mn)	14,34,045	14,34,045	14,34,045	14,34,045
EV	13,54,370	14,11,307	14,44,399	14,66,426
MCap/ Sales	4.1	3.5	3.1	2.8
EV/Sales	3.8	3.4	3.1	2.8
P/E	81.6	69.0	38.5	30.6
EV/EBITDA	22.7	19.2	15.8	13.2
P/BV	2.7	2.5	2.0	1.9
Dividend Yield (%)	0.4	0.4	0.0	0.0
<b>(F) Growth Rate (%)</b>				
Revenue	6.6	17.5	12.0	11.6
EBITDA	(6.7)	23.0	24.4	22.0
EBIT	(22.9)	0.8	33.5	31.3
PBT	3.8	(35.3)	25.8	26.1
APAT	(43.3)	18.2	79.3	26.0
EPS	(43.3)	18.2	79.3	26.0

E – Estimates

**Cash Flow**

Particulars	FY25A	FY26E	FY27E	FY28E
<b>Profit before tax</b>	<b>59,224</b>	<b>39,604</b>	<b>49,787</b>	<b>62,741</b>
Depreciation & w.o.	24,783	36,405	41,892	46,478
Net Interest Exp	(22,180)	(3,000)	495	2,847
Direct taxes paid	(3,802)	8,404	(12,546)	(15,811)
Change in Working Capital	(34,012)	(8,464)	474	(2,108)
Non Cash	(1,640)	1,016	(3)	(3)
<b>(A) CF from Operating Activities</b>	<b>22,374</b>	<b>73,965</b>	<b>80,098</b>	<b>94,145</b>
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(86,871)	(1,49,347)	(1,00,000)	(1,00,000)
<b>Free Cash Flow</b>	<b>(64,497)</b>	<b>(75,382)</b>	<b>(19,902)</b>	<b>(5,855)</b>
(Inc.)/ Dec. in Investments	0	17,222	0	0
Other	(33,331)	26,673	(1,927)	(3,288)
<b>(B) CF from Investing Activities</b>	<b>(1,20,201)</b>	<b>(1,05,453)</b>	<b>(1,01,927)</b>	<b>(1,03,288)</b>
Issue of Equity/ Preference	83,391	17	0	0
Inc./ (Dec.) in Debt	(11,711)	1,500	19,000	22,000
Interest exp net	(1,758)	(2,598)	(3,300)	(4,921)
Dividend Paid (Incl. Tax)	(5,630)	(5,647)	(7,966)	(7,966)
Other	(8,372)	0	0	0
<b>(C) CF from Financing</b>	<b>55,920</b>	<b>(6,728)</b>	<b>7,735</b>	<b>9,113</b>
Net Change in Cash	(41,907)	(38,215)	(14,095)	(30)
<b>Opening Cash balances</b>	<b>1,03,629</b>	<b>61,722</b>	<b>23,509</b>	<b>9,417</b>
<b>Closing Cash balances</b>	<b>61,722</b>	<b>23,507</b>	<b>9,415</b>	<b>9,388</b>

E – Estimates

**Notes**

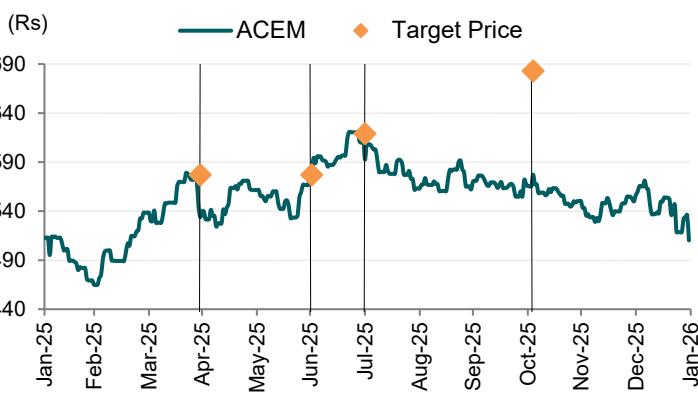
## Stock Info and Rating History

### Price Performance

Particulars	1M	3M	12M
Absolute (%)	(8)	(10)	(1)
Rel to NIFTY (%)	(5)	(8)	(8)

### Shareholding Pattern

Particulars	Sep'25	Dec'25	Mar'26
Promoters	67.6	67.6	67.7
MF/Banks/FIs	18.7	19.6	19.9
FIIs	7.4	5.9	5.8
Public / Others	6.3	6.9	6.7



Month	Rating	TP (Rs.)	Price (Rs.)
Apr-25	Accumulate	577	534
Jul-25	Accumulate	577	580
Jul-25	Accumulate	619	593
Nov-25	Accumulate	683	577

\*Price as on recommendation date

### Dolat Rating Matrix

Total Return Expectation (12 Months)

<b>BUY</b>	> 20%
<b>Accumulate</b>	10 to 20%
<b>Reduce</b>	0 to 10%
<b>SELL</b>	< 0%

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