

# Orient Cement

India | Cement | Result Update | Rating Upgrade



31 January 2026

## Cost pressures eat up pricing gains

Orient Cement (ORCMNT IN) reported an EBITDA of ~INR 896mn, up ~54% YoY but down ~46% QoQ. While the company delivered one of the strongest volume performances in its history, the sequential decline in EBITDA was due to higher-than-anticipated operating cost, which offset the benefits of better-than-expected realization. Performance is set to improve sequentially with volume benefitting from the seasonal uptick in construction activity in Q4. Early signs of price improvement across both trade and non-trade channels in January provide additional support to realization. Further, the ongoing integration with the parent group positions it to progressively benefit from operational and distribution synergies in the medium term, lending support to earnings recovery. Given a fall in the stock price by 36% vs our Q2FY26 result update, we upgrade to **Buy** with a TP of INR 197. Given the pending merger with Ambuja Cement, our TP is derived based on our TP of Ambuja Cement and swap ratio.

**Group synergy surges volume growth:** Sales volume increased ~32% YoY but fell ~6% QoQ to ~1.7mn tonne. Notably, this marks the highest Q3 volume reported by ORCMNT historically, driven by group synergies with parent Ambuja Cement, which supported stronger market access and dispatch. On the pricing front, after a correction in Q2, cement prices weakened further, following GST implementation and remains under pressure through December. This coupled with higher ex-factory sales led to ~25% YoY decline in realization; however, realization improved ~5% QoQ to ~INR 3,742/tonne. Importantly, ORCMNT was the only company to report a QoQ realization uptick despite an overall weak pricing environment during the quarter

**Escalation in key cost components acts as a spoilsport:** Operating cost per tonne declined ~29% YoY but rose ~21% QoQ to ~INR 3,215/tonne. The sharp sequential cost escalation was driven by higher major cost components, with raw materials consumption up ~36% QoQ, freight and forwarding rising ~32%, and power & fuel cost increasing ~21% QoQ. This adverse cost movement partly offset the benefits from higher volume and improved realization, thereby putting pressure on margin, which contracted to ~14% in Q3FY26 from ~26% in Q2FY26. Consequently, EBITDA/tonne increased ~18% YoY but declined ~43% QoQ to INR 527.

**Upgrade to Buy with a lower TP of INR 197:** We expect volume growth to remain healthy, supported by a demand pickup during the peak construction season in Q4. An uptick in both trade and non-trade prices in January augurs well for further improvement in realization. Additionally, the proposed merger with the parent company, likely to be completed in FY27, should unlock incremental benefits from group synergies. Reflecting better-than-expected realization in Q3FY26, we raise our EBITDA estimates by ~12% for FY26, ~9% for FY27, and ~6% for FY28. Following a 36% correction in the stock price, we upgrade to **Buy** from **Reduce**, with a lower TP of INR 197. Considering the pending merger with Ambuja Cement, we have derived ORCMNT's TP from our Ambuja Cement TP of INR 591. At our TP of INR 197, ORCMNT would trade at 5.4x March 2028E EV/EBITDA. Sub-par demand, weak cement prices, and a sharp rise in fuel prices are key risks to our call.

### Key financials

| YE March (INR mn) | FY24   | FY25   | FY26E  | FY27E  | FY28E  |
|-------------------|--------|--------|--------|--------|--------|
| Revenue (INR mn)  | 31,851 | 27,088 | 28,470 | 29,477 | 30,817 |
| YoY (%)           | 8.4    | (15.0) | 5.1    | 3.5    | 4.5    |
| EBITDA (INR mn)   | 4,492  | 3,013  | 5,561  | 5,781  | 6,158  |
| EBITDA margin (%) | 14.1   | 11.1   | 19.5   | 19.6   | 20.0   |
| Adj PAT (INR mn)  | 1,749  | 912    | 2,551  | 2,707  | 2,956  |
| YoY (%)           | 42.4   | (47.8) | 179.5  | 6.1    | 9.2    |
| Fully DEPS (INR)  | 8.5    | 4.4    | 12.4   | 13.2   | 14.4   |
| RoE (%)           | 10.4   | 5.1    | 13.2   | 12.5   | 12.4   |
| RoCE (%)          | 15.5   | 8.0    | 16.9   | 15.9   | 15.8   |
| P/E (x)           | 18.5   | 35.5   | 12.7   | 12.0   | 11.0   |
| EV/EBITDA (x)     | 7.3    | 10.9   | 5.9    | 5.7    | 5.3    |

Note: Pricing as on 30 January 2026; Source: Company, Elara Securities Estimate

Rating: **Buy**

Target Price: **INR 197**

Upside: **25%**

CMP: **INR 158**

As on 30 January 2026

#### Key data

|                            |           |
|----------------------------|-----------|
| Bloomberg                  | ORCMNT IN |
| Reuters Code               | ORCE.NS   |
| Shares outstanding (mn)    | 205       |
| Market cap (INR bn/USD mn) | 32/352    |
| EV (INR bn/USD mn)         | 33/358    |
| ADTV 3M (INR mn/USD mn)    | 136/1     |
| 52 week high/low           | 362/151   |
| Free float (%)             | 25        |

Note: as on 30 January 2026; Source: Bloomberg

#### Price chart



Source: Bloomberg

|                  | Q4<br>FY25 | Q1<br>FY26 | Q2<br>FY26 | Q3<br>FY26 |
|------------------|------------|------------|------------|------------|
| Shareholding (%) |            |            |            |            |
| Promoter         | 37.9       | 72.7       | 72.7       | 72.7       |
| % Pledge         | 0.0        | 0.0        | 0.0        | 0.0        |
| FII              | 10.2       | 6.7        | 5.9        | 4.1        |
| DII              | 13.4       | 2.9        | 2.2        | 2.2        |
| Others           | 38.5       | 17.7       | 19.2       | 21.0       |

Source: BSE

| Price performance (%) | 3M     | 6M     | 12M    |
|-----------------------|--------|--------|--------|
| Nifty                 | (1.6)  | 3.1    | 7.8    |
| Orient Cement         | (26.4) | (36.2) | (53.7) |
| NSE Mid-cap           | (2.1)  | 2.4    | 8.3    |
| NSE Small-cap         | (9.0)  | (6.5)  | (1.2)  |

Source: Bloomberg

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## Financials (YE March)

| Income Statement (INR mn)                  | FY24          | FY25          | FY26E         | FY27E         | FY28E         |
|--|---------------|---------------|---------------|---------------|---------------|
| Total Revenue                              | 31,851        | 27,088        | 28,470        | 29,477        | 30,817        |
| EBITDA                                     | 4,492         | 3,013         | 5,561         | 5,781         | 6,158         |
| EBIT                                       | 3,001         | 1,483         | 3,330         | 3,500         | 3,818         |
| Interest expense                           | 342           | 227           | 97            | 89            | 85            |
| Other income                               | 155           | 199           | 189           | 198           | 208           |
| Exceptional/ Extra-ordinary items          | -             | -             | 64            | -             | -             |
| PBT  | 2,814         | 1,455         | 3,487         | 3,609         | 3,942         |
| Tax  | 1,066         | 542           | 872           | 902           | 985           |
| Reported PAT                               | 1,749         | 912           | 2,615         | 2,707         | 2,956         |
| Adjusted PAT                               | 1,749         | 912           | 2,551         | 2,707         | 2,956         |
| Balance Sheet (INR mn)                     | FY24          | FY25          | FY26E         | FY27E         | FY28E         |
| Shareholders' Equity                       | 17,432        | 18,079        | 20,592        | 22,682        | 25,022        |
| Trade Payables                             | 2,288         | 2,281         | 2,170         | 2,245         | 2,336         |
| Provisions & Other Current Liabilities     | 3,026         | 2,866         | 3,001         | 3,012         | 3,022         |
| Total Borrowings                           | 1,295         | 325           | 320           | 315           | 290           |
| Other long term liabilities                | 4,512         | 4,475         | 4,420         | 4,366         | 4,313         |
| <b>Total liabilities &amp; equity</b>      | <b>28,554</b> | <b>28,026</b> | <b>30,504</b> | <b>32,620</b> | <b>34,983</b> |
| Net Fixed Assets                           | 21,099        | 20,143        | 19,663        | 19,632        | 19,293        |
| Business Investments / other NC assets     | 605           | 771           | 835           | 906           | 983           |
| Cash, Bank Balances & treasury investments | 771           | 779           | 3,534         | 5,341         | 7,703         |
| Inventories                                | 3,402         | 3,184         | 3,075         | 3,181         | 3,310         |
| Sundry Debtors                             | 2,244         | 2,481         | 2,722         | 2,818         | 2,945         |
| Other Current Assets                       | 434           | 667           | 674           | 741           | 749           |
| <b>Total Assets</b>                        | <b>28,554</b> | <b>28,026</b> | <b>30,504</b> | <b>32,620</b> | <b>34,983</b> |
| Cash Flow Statement (INR mn)               | FY24          | FY25          | FY26E         | FY27E         | FY28E         |
| <b>Cashflow from Operations</b>            | <b>4,259</b>  | <b>2,053</b>  | <b>4,573</b>  | <b>4,629</b>  | <b>4,946</b>  |
| Capital expenditure                        | (783)         | (593)         | (1,750)       | (2,250)       | (2,000)       |
| Other Business cashflow                    | (70)          | (380)         | 96            | 96            | 95            |
| <b>Free Cash Flow</b>                      | <b>3,406</b>  | <b>1,080</b>  | <b>2,918</b>  | <b>2,474</b>  | <b>3,041</b>  |
| Cashflow from Financing                    | (3,337)       | (1,071)       | (164)         | (667)         | (679)         |
| Net Change in Cash / treasury investments  | 69            | 9             | 2,755         | 1,807         | 2,361         |
| Key assumptions & Ratios                   | FY24          | FY25          | FY26E         | FY27E         | FY28E         |
| Dividend per share (INR)                   | 1.5           | 0.5           | 3.0           | 3.0           | 3.0           |
| Book value per share (INR)                 | 85.1          | 88.1          | 100.2         | 110.4         | 121.8         |
| RoCE (Pre-tax) (%)                         | 15.5          | 8.0           | 16.9          | 15.9          | 15.8          |
| ROIC (Pre-tax) (%)                         | 16.1          | 8.3           | 19.0          | 20.0          | 21.7          |
| ROE (%)                                    | 10.4          | 5.1           | 13.2          | 12.5          | 12.4          |
| Asset Turnover (x)                         | 1.5           | 1.3           | 1.4           | 1.5           | 1.6           |
| Net Debt to Equity (x)                     | 0.0           | 0.0           | (0.2)         | (0.2)         | (0.3)         |
| Net Debt to EBITDA (x)                     | 0.1           | (0.2)         | (0.6)         | (0.9)         | (1.2)         |
| Interest cover (x)                         | 13.2          | 13.3          | 57.4          | 65.0          | 72.7          |
| Total Working capital days                 | 18.3          | 24.3          | 63.5          | 86.0          | 113.2         |
| Valuation                                  | FY24          | FY25          | FY26E         | FY27E         | FY28E         |
| P/E (x)                                    | 18.5          | 35.5          | 12.7          | 12.0          | 11.0          |
| P/Sales (x)                                | 1.0           | 1.2           | 1.1           | 1.1           | 1.1           |
| EV/ EBITDA (x)                             | 7.3           | 10.9          | 5.9           | 5.7           | 5.3           |
| EV/ OCF (x)                                | 7.7           | 16.0          | 7.2           | 7.1           | 6.7           |
| FCF Yield (%)                              | 10.3          | 3.3           | 8.9           | 7.5           | 9.2           |
| Price to BV (x)                            | 1.9           | 1.8           | 1.6           | 1.4           | 1.3           |
| Dividend yield (%)                         | 1.0           | 0.3           | 1.9           | 1.9           | 1.9           |

Note: Pricing as on 30 January 2026; Source: Company, Elara Securities Estimate

## Exhibit 1: Quarterly financials

| YE March (INR mn)      | Q3FY26 | Q3FY25 | YoY (%) | Q2FY26 | QoQ (%) | Q3FY26E | Variance (%) |
|------------------------|--------|--------|---------|--------|---------|---------|--------------|
| Net Sale               | 6,361  | 6,434  | (1.1)   | 6,433  | (1.1)   | 6,173   | 3.1          |
| Operating Expenses     | 5,465  | 5,853  | (6.6)   | 4,780  | 14.3    | 4,820   | 13.4         |
| % of Sales             | 85.9   | 91.0   |         | 74.3   |         | 78.1    |              |
| EBITDA                 | 896    | 581    | 54.4    | 1,654  | (45.8)  | 1,352   | (33.7)       |
| EBITDA Margin (%)      | 14.1   | 9.0    |         | 25.7   |         | 21.9    |              |
| Other Income           | 29     | 25     | 15.5    | 118    | (75.5)  | 154     | (81.1)       |
| Interest               | 20     | 58     | (66.0)  | 25     | (20.7)  | 25      | (21.5)       |
| Depreciation           | 479    | 382    | 25.4    | 1,010  | (52.6)  | 1,040   | (54.0)       |
| PBT                    | 362    | 165    | 119.1   | 737    | (50.8)  | 441     | (17.8)       |
| Tax                    | 84     | 64     | 31.0    | 246    | (65.8)  | 264     | (68.1)       |
| Effective Tax Rate (%) | 23.3   | 38.9   |         | 33.4   |         | 60.0    |              |
| Adjusted PAT           | 387    | 101    | 283.5   | 491    | (21.1)  | 176     | 119.8        |
| Reported PAT           | 278    | 101    | 175.2   | 491    | (43.4)  | 176     | 57.7         |
| NPM (%)                | 6.1    | 1.6    |         | 7.6    |         | 2.9     |              |

Source: Company, Elara Securities Estimate

## Exhibit 2: Higher ex-factory sales leads to fall in freight cost

| Per Tonne analysis (INR)      | Q3FY26       | Q3FY25       | YoY (%)       | Q2FY26       | QoQ (%)       |
|-------------------------------|--------------|--------------|---------------|--------------|---------------|
| Sales volume (mn tonnes)      | 1.70         | 1.29         | 31.7          | 1.80         | (5.6)         |
| <b>Realization</b>            | <b>3,742</b> | <b>4,983</b> | <b>(24.9)</b> | <b>3,574</b> | <b>4.7</b>    |
| Raw Material Consumed         | 1,133        | 770          | 47.3          | 833          | 36.0          |
| Power, Oil & Fuel             | 1,428        | 1,305        | 9.4           | 1,178        | 21.2          |
| Employee Expenses             | 240          | 392          | (38.8)        | 239          | 0.6           |
| Packing, Freight & Forwarding | 161          | 1,409        | (88.6)        | 122          | 32.0          |
| Other Expenses                | 252          | 658          | (61.6)        | 284          | (11.0)        |
| <b>Total cost</b>             | <b>3,215</b> | <b>4,534</b> | <b>(29.1)</b> | <b>2,655</b> | <b>21.1</b>   |
| <b>EBITDA</b>                 | <b>527</b>   | <b>450</b>   | <b>17.2</b>   | <b>919</b>   | <b>(42.6)</b> |
| % Sale analysis               | Q3FY26       | Q3FY25       | YoY(bp)       | Q2FY26       | QoQ(bp)       |
| Raw Material Consumed         | 30.3         | 15.4         | 1485          | 23.3         | 697           |
| Power, Oil & Fuel             | 38.2         | 26.2         | 1197          | 33.0         | 521           |
| Employee Expenses             | 6.4          | 7.9          | (145)         | 6.7          | (26)          |
| Packing, Freight & Forwarding | 4.3          | 28.3         | (2398)        | 3.4          | 89            |
| Other Expenses                | 6.7          | 13.2         | (645)         | 7.9          | (119)         |
| <b>Total cost</b>             | <b>85.9</b>  | <b>91.0</b>  | <b>(507)</b>  | <b>74.3</b>  | <b>1162</b>   |
| <b>EBITDA</b>                 | <b>14.1</b>  | <b>9.0</b>   | <b>507</b>    | <b>25.7</b>  | <b>(1162)</b> |

Source: Company, Elara Securities Research

## Exhibit 3: Valuation

| Consol EV/EBITDA - Ambuja Cement     |                  |
|--------------------------------------|------------------|
| EBITDA (INR mn)                      | 116,220          |
| Target EV/EBITDA (x)                 | 15.0             |
| <b>Target EV (INR mn)</b>            | <b>1,743,304</b> |
| Net debt (INR mn)                    | 100,214          |
| Target Mcap (INR mn)                 | 1,643,091        |
| No. of shares                        | 2,779            |
| <b>Ambuja TP – March 2028E (INR)</b> | <b>591</b>       |
| Swap ratio of Orient                 | 0.33             |
| <b>Orient TP (INR)</b>               | <b>197</b>       |
| CMP (INR)                            | 158              |
| Upside (%)                           | <b>24.9</b>      |

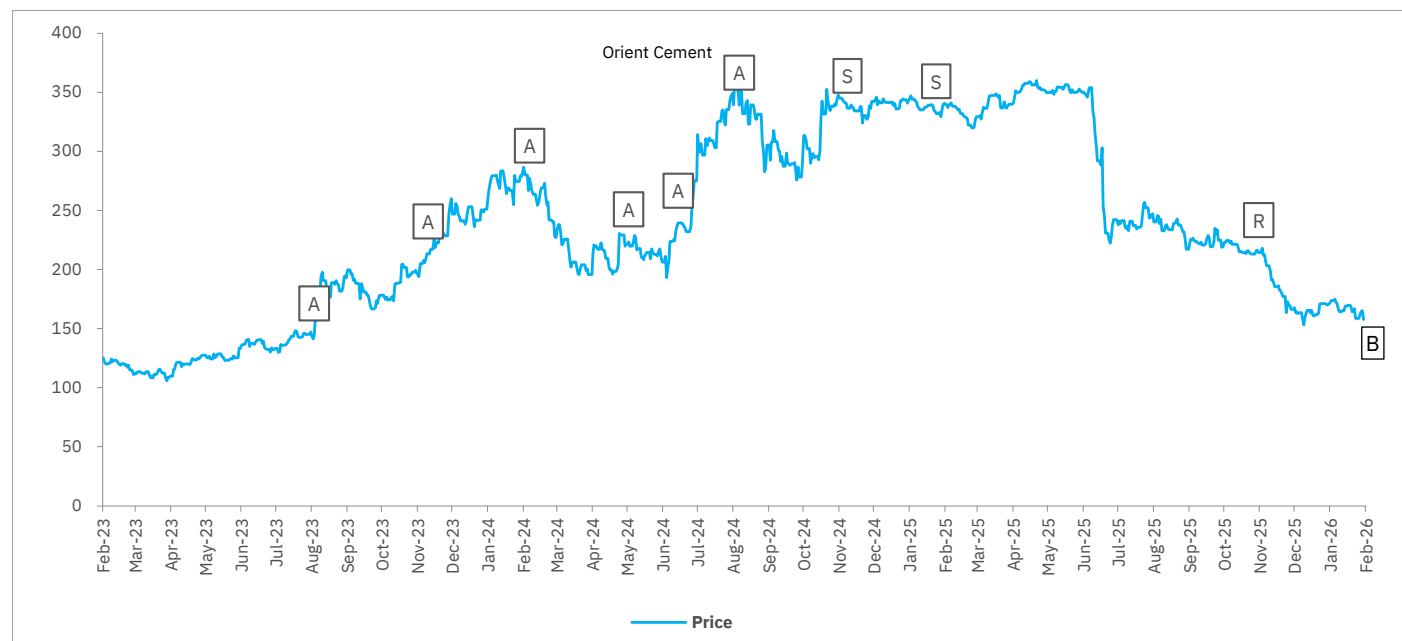
Note: Pricing as on 30 January 2026; Source: Elara Securities Estimate

**Exhibit 4: Change in estimates**

| (INR mn)                  | Old           |        |        | Revised    |        |        | Variance (%) |       |       |
|---------------------------|---------------|--------|--------|------------|--------|--------|--------------|-------|-------|
|                           | FY26E         | FY27E  | FY28E  | FY26E      | FY27E  | FY28E  | FY26E        | FY27E | FY28E |
| Net Revenue               | 24,324        | 25,310 | 26,592 | 28,470     | 29,477 | 30,817 | 17.0         | 16.5  | 15.9  |
| EBITDA                    | 4,945         | 5,297  | 5,799  | 5,561      | 5,781  | 6,158  | 12.5         | 9.1   | 6.2   |
| PAT                       | 2,321         | 2,778  | 3,133  | 2,551      | 2,707  | 2,956  | 9.9          | (2.6) | (5.6) |
| <b>Target price (INR)</b> | <b>218</b>    |        |        | <b>197</b> |        |        | <b>(9.8)</b> |       |       |
| <b>Rating</b>             | <b>Reduce</b> |        |        | <b>Buy</b> |        |        |              |       |       |

Source: Elara Securities Estimate

## Coverage History



| Date        | Rating     | Target Price (INR) | Closing Price (INR) |
|-------------|------------|--------------------|---------------------|
| 06-Dec-2022 | Accumulate | 143                | 129                 |
| 03-Aug-2023 | Accumulate | 155                | 144                 |
| 10-Nov-2023 | Accumulate | 232                | 213                 |
| 06-Feb-2024 | Accumulate | 303                | 277                 |
| 02-May-2024 | Accumulate | 261                | 224                 |
| 14-Jun-2024 | Accumulate | 268                | 239                 |
| 06-Aug-2024 | Accumulate | 370                | 339                 |
| 08-Nov-2024 | Sell       | 314                | 337                 |
| 24-Jan-2025 | Sell       | 225                | 332                 |
| 31-Oct-2025 | Reduce     | 218                | 214                 |
| 30-Jan-2026 | Buy        | 197                | 158                 |

## Guide to Research Rating

|                       |                             |
|-----------------------|-----------------------------|
| <b>BUY (B)</b>        | Absolute Return >+20%       |
| <b>ACCUMULATE (A)</b> | Absolute Return +5% to +20% |
| <b>REDUCE (R)</b>     | Absolute Return -5% to +5%  |
| <b>SELL (S)</b>       | Absolute Return < -5%       |

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