

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

Shareholding (%)	Q4 FY25	Q1 FY26	Q2 FY26	Q3 FY26
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 (%)	24.9

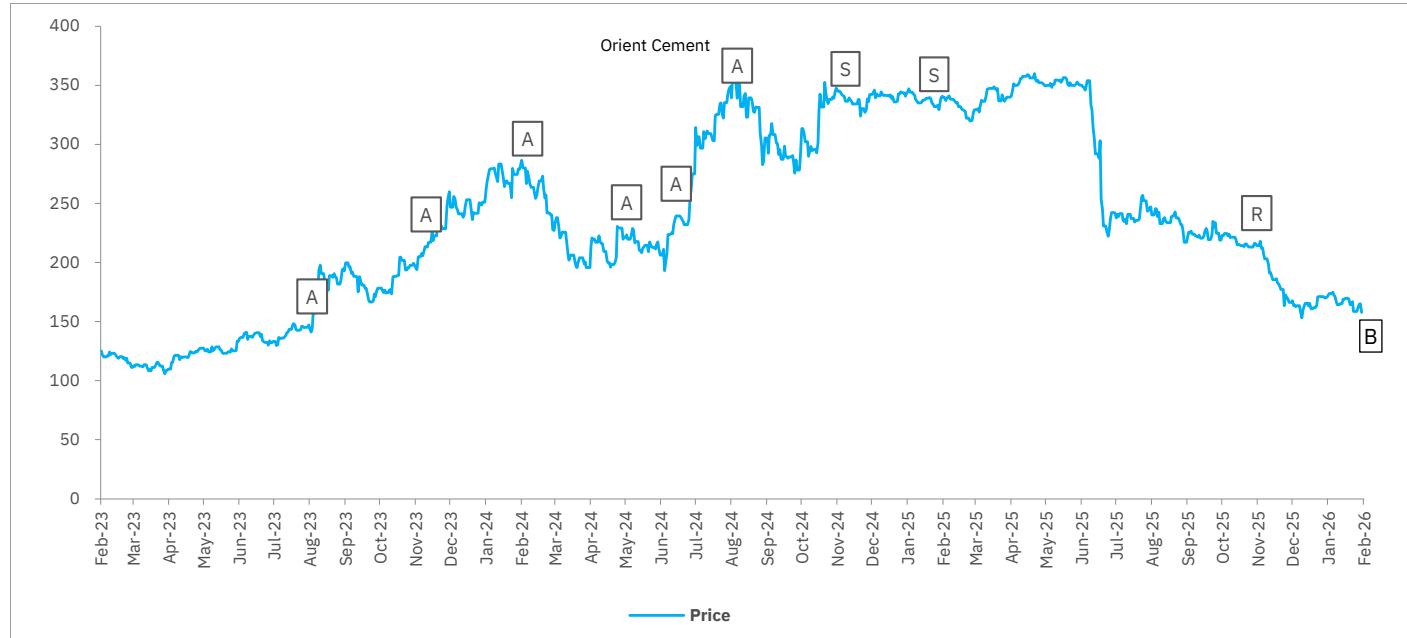
Note: Pricing as on 30 January 2026; Source: Elara Securities Estimate

**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

**BUY (B)** Absolute Return >+20%

**ACCUMULATE (A)** Absolute Return +5% to +20%

**REDUCE (R)** Absolute Return -5% to +5%

**SELL (S)** Absolute Return < -5%

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