Ambuja Cements (AMBCE)

ICICI Direct

CMP: ₹ 551 | Target: ₹ 640 (16%) | Target Period: 12 months | BUY

December 24, 2025

Simplifying corporate structure…

About the stock: Ambuja Cements, a part of Adani Group, is a Pan-India cement manufacturer with a market share of 16.6% at present. Company's consolidated cement capacity stands at ~107 mtpa at present (including ACC, Sanghi Industries, Penna Cement & Orient Cement)

Key event: Ambuja Cements (ACL) board has approved the amalgamation of ACC and Orient Cement (OCL) with itself to create a single company. Below are the key highlights:

- For every 100 equity shares of ACC, ACL will issue 328 equity shares to eligible shareholders of ACC. For every 100 equity shares of OCL, ACL will issue 33 equity shares to eligible shareholders of OCL
- Currently, ACL holds 50.05% in ACC and 72.66% in OCL. In June 2025, ACL completed acquisition of 72.66% controlling stake in OCL (including 26% open offer) at Rs 395.4 per share
- All assets, including intangible assets of ACC & OCL like brand & trademarks, and all liabilities will transfer to ACL. Post merger, there is no specific MSA (master supply agreement) required with ACC, OCL, Penna & Sanghi as these companies will become integral part of ACL
- For ACC, appointed Date is 1st January 2026 and for OCL, appointed Date is 1st May 2026. Subject to requisite approvals such as shareholders, creditors, SEBI, NCLT etc, transaction is expected to be completed over a period of twelve months
- Approval of Competition Commission of India (CCI) is not required as these transactions are intra-group (i.e. merger of subsidiaries with parent)
- Promoter & Promoter Group holding in ACL will be 60.94% from 67.65% post approval of all ongoing and proposed scheme of merger of Sanghi Industries, Penna Cements, OCL and ACC

Our Perspective

- The merger ratio was favorable for OCL (to the tune of ~9%) and largely neutral for ACC (considering the closing price of 22nd Dec 2025). However, we believe that these implied valuations for OCL and ACC are significantly lower than the valuations given to ACC & OCL at the time of acquisitions
- Since, ACL will issue new shares to minority shareholders, this will be ~12% equity dilutive for ACL. However, we believe that, the corporate structure and reporting structure of ACL will be simplified once the merger with ACC, OCL, Sanghi and Penna is completed

Rating and Target Price

- Operational performance is expected to improve for ACL, led by healthy volume growth and significant improvement in EBITDA/ton. We trim our estimates factoring in the recent weakness in prices. However, we maintain **BUY** with a revised TP of **₹ 640** (based on 16x EV/EBITDA on average of FY27E & FY28E) with adjusting value of minorities

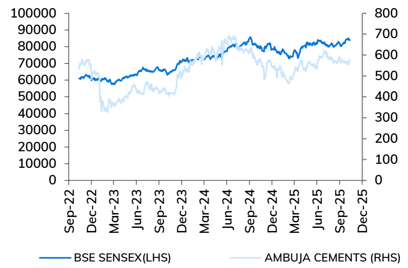
Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	1,35,644
FY25 Gross Debt (Rs Crore)	27
FY25 Cash(Rs Crore)	6,127
EV (Rs Crore)	1,29,545
52 Week H/L (Rs)	625 / 455
Equity Capital	439.5
Face Value	2.0

Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	67.6	67.6	67.6	67.7
FII	9.1	8.6	7.4	5.9
DII	16.4	17.1	18.5	19.4
Others	6.9	6.7	6.5	7.0

Price Chart



Recent Event & Key risks

(1) Slowdown in demand (2) Delays in capacity expansion (3) Increase in commodity prices (4) High competition

Research Analyst

Vijay Goel
vijay.goel@icicisecurities.com

Deep Lapsia
deep.lapsia@icicisecurities.com

Company Update

ICICI Securities – Retail Equity Research

Key Financial Summary

(Year-end March)	FY23*	FY24	FY25	2 Year CAGR (FY23-FY25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Revenues	38,937	33,160	35,336	-4.7%	40,943	45,901	50,996	13.0%
EBITDA	5,122	6,400	5,971	8.0%	7,628	9,704	12,049	26.4%
EBITDA margin (%)	13.2	19.3	16.9		18.6	21.1	23.6	
Net Profit	2,583	3,577	4,303	29.1%	3,827	4,113	5,287	
EPS (Rs)	13.0	18.0	17.5		15.5	16.7	21.5	
P/E (x)	42.4	32.1	31.4		35.5	33.0	25.7	
EV/EBITDA (x)#	29.6	23.7	25.4		19.8	15.6	12.6	
EV/ton ($)	270.2	231.2	183.6		150.9	131.9	114.9	
RoCE (%)	13.3	14.3	11.8		9.3	11.6	13.8	
RoE (%)	8.2	8.2	8.1		6.7	6.8	8.2	

Source: Company, ICICI Direct Research, * 15 months

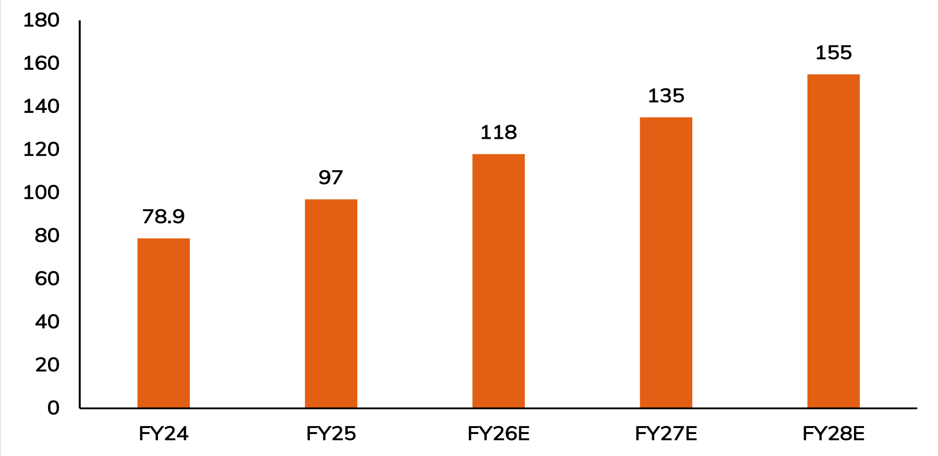
Volume growth to remain better-than-industry led by aggressive capacity additions: ACL reported 19% YoY growth in consolidated volume for H1FY26 which remains better-than-industry, mainly led by capacity additions and consolidation of acquired capacities (Orient Cement, Sanghi Industries & Penna Cement). Further, company is aggressively expanding its capacity to 118 mtpa by FY26E (through organic expansion) and targets to reach 155 mtpa by FY28E (from 107 mtpa at present). Company has stated that, post merger with ACC, OCL & Sanghi, there is no specific MSA (master supply agreement) required with these entities as these will become integral part of ACL. We estimate company's consolidated volumes to grow at ~12% CAGR over FY25-28E. Management also guides double-digit volume growth in the coming period (vs 7-8% industry growth)

Exhibit 1: Number of plants operated by each company in different regions

Region	UoM	Ambuja	ACC	Orient	Adani Cement
Central	mtpa	2.5	7.1	-	9.6
East	mtpa	12.0	11.6	-	23.5
North	mtpa	10.6	8.7	-	19.3
South	mtpa	13.0	10.1	6.5	29.4
West	mtpa	19.6	2.9	2.0	24.5
Total Capacity	**mtpa**	**57.6**	**40.4**	**8.5**	**107.0**
Total IUs	**Nos**	**11.0**	**11.0**	**2.0**	**24.0**
Total GUs	**Nos**	**13.0**	**8.0**	**1.0**	**22.0**

Source: Company, ICICI Direct Research Note: Ambuja Capacity included Sanghi Industries and Penna Cements

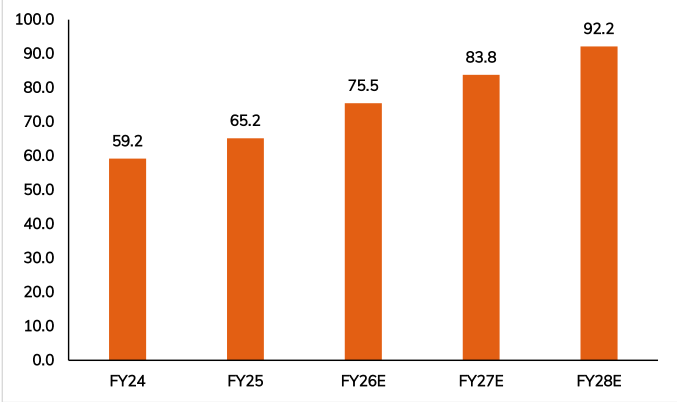
Exhibit 2: Company targets to reach 155 mtpa by FY28E



Source: Company, ICICI Direct Research

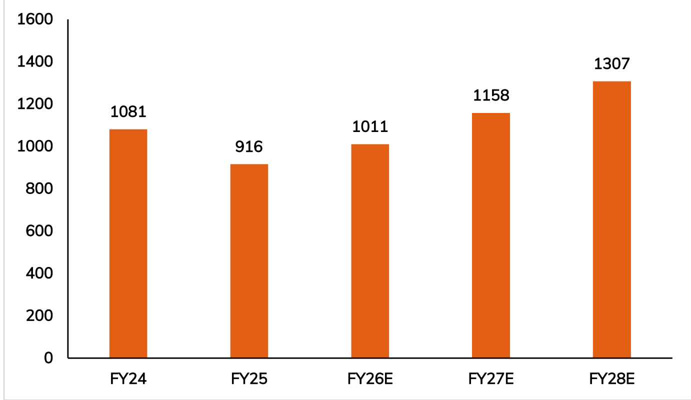
EBITDA/ton expected to improve considerably led by cost saving initiatives with synergies from acquired assets: ACL's EBITDA/ton stood at Rs 1043 (+30.8% YoY) in H1FY26; led by better realisations and cost efficiency measures. By unifying manufacturing, logistics, supply chain and corporate functions under one entity, the merger will simplify the overall structure, optimize resource allocation and enable more efficient use of capital, financial and managerial strengths. Rationalisation of networks, branding and sales-related spends will lower costs, improve margins by at least ₹100/ton, and support targeted growth and profitability. Aligned with the group's long-term vision of consolidation and sustainable growth, the unified company is expected to enhance operational efficiency, strengthen the balance sheet and generate greater long-term value for all stakeholders. Management targets to save total cost/ton further by ~Rs 550/ton by FY28E (from Q2FY26 level). We expect EBITDA/ton to improve to Rs 1307/ton in FY28E (vs Rs 916/ton in FY25). Management also targets EBITDA/ton of Rs 1500/ton by FY28E

Exhibit 3: Volumes to grow at ~12% CAGR over FY25-28E



Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton to improve over FY25-FY28E (Rs/ton)



Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Revenue	35,336	40,943	45,901	50,996
% Growth	*6.6*	*15.9*	*12.1*	*11.1*
Other income	2,654	1,062	1,115	1,171
Total Revenue	35,336	40,943	45,901	50,996
% Growth	*6.6*	*15.9*	*12.1*	*11.1*
Total Raw Material Costs	6,527	6,015	6,635	7,280
Employee Expenses	1,403	1,693	1,862	2,048
Other expenses	21,435	25,607	27,699	29,618
Total Operating Expenditure	29,366	33,314	36,197	38,947
Operating Profit (EBITDA)	5,971	7,628	9,704	12,049
% Growth	*(6.7)*	*27.8*	*27.2*	*24.2*
Interest	216	280	274	269
PBDT	8,409	8,410	10,544	12,951
Depreciation	2,297	3,398	3,810	4,284
PBT before Exceptional Items	6,112	5,012	6,735	8,667
Total Tax	810	-	1,347	1,733
PAT before MI	5,281	5,012	5,388	6,934
PAT	4,303	3,827	4,113	5,287
% Growth	*20.3*	*(11.1)*	*7.5*	*28.6*
EPS	17.5	15.5	16.7	21.5

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Profit after Tax	4,303	3,827	4,113	5,287
Depreciation	2,297	3,398	3,810	4,284
Interest	216	280	274	269
Cash Flow before WC changes	6,816	7,505	8,197	9,840
Changes in inventory	(639)	(688)	(346)	(586)
Changes in debtors	(377)	(249)	(47)	(209)
Changes in loans & Advances	(1)	1	(1)	-
Changes in other current assets	(1,506)	(129)	(37)	(204)
Net Increase in Current Assets	1,302	(1,365)	(697)	(1,272)
Changes in creditors	(349)	942	511	398
Changes in provisions	12	7	15	4
Net Inc in Current Liabilities	1,722	2,077	1,431	911
Net CF from Operating activities	9,840	8,217	8,932	9,479
Changes in deferred tax assets	33	-	-	-
Capex (incl Other investments)	(19,895)	(15,000)	(8,000)	(8,000)
Net CF from Investing activities	(22,377)	(10,960)	(8,197)	(7,842)
Dividend and Dividend Tax	(493)	(549)	(690)	(862)
Net CF from Financing Activities	7,596	(828)	(964)	(1,131)
Net Cash flow	(4,941)	(3,571)	(230)	506
Opening Cash/Cash Equivalent	11,068	6,127	2,555	2,326
Closing Cash/ Cash Equivalent	6,127	2,555	2,326	2,832

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(Year-end March)	FY25	FY26E	FY27E	FY28E
Equity Capital	493	494	494	494
Reserve and Surplus	53,086	56,364	59,787	64,213
Total Shareholders funds	53,579	56,858	60,281	64,707
Total Debt	27	27	27	27
Total Liabilities	67,248	73,564	78,128	83,808
Gross Block	36,626	57,447	64,447	72,447
Acc: Depreciation	11,789	15,187	18,997	23,280
Net Block	24,838	42,260	45,450	49,166
Capital WIP	9,820	4,000	5,000	5,000
Total Fixed Assets	52,645	64,247	68,437	72,153
Non Current Assets	8,704	9,524	10,862	11,958
Inventory	4,248	4,936	5,282	5,868
Debtors	1,590	1,840	1,886	2,096
Other Current Assets	3,966	4,094	4,131	4,335
Cash	6,127	2,555	2,326	2,832
Total Current Assets	17,849	15,644	16,111	17,889
Current Liabilities	2,759	3,702	4,213	4,611
Provisions	90	91	92	92
Total Current Liabilities	13,833	15,910	17,342	18,253
Net Current Assets	4,017	(266)	(1,231)	(363)
Total Assets	67,248	73,564	78,128	83,808

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
EPS	17.5	15.5	16.7	21.5
Cash per Share	32.3	10.4	9.4	11.5
DPS	14.0	15.0	16.0	16.0
BV	217.5	230.8	244.7	262.7
EBITDA Margin	16.9	18.6	21.1	23.6
PAT Margin	12.2	9.3	9.0	10.4
RoE	8.1	6.7	6.8	8.2
RoCE	11.8	9.3	11.6	13.8
RoIC	7.7	7.8	10.2	12.5
EV / EBITDA	25.4	19.8	15.6	12.6
P/E	31.4	35.5	33.0	25.7
EV/ton ($)	184	151	132	115
EV / Net Sales	3.6	3.3	2.9	2.6
Sales / Equity	0.7	0.7	0.8	0.8
Market Cap / Sales	3.8	3.3	3.0	2.7
Price to Book Value	2.5	2.4	2.3	2.1
Asset turnover	0.7	0.7	0.8	0.8
Debtors Turnover Ratio	25.2	23.9	24.6	25.6
Creditors Turnover Ratio	12.0	12.7	11.6	11.6
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	0.9	0.9	0.9	0.9
Quick Ratio	0.5	0.5	0.5	0.5

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according -to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Vijay Goel, MBA (Finance), Deep Lapsia, MBA (Finance), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agarwal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

ICICI Securities Limited has not used any Artificial Intelligence tools for preparation of this Research Report