Ambuja Cements (AMBCE)

ICICI Direct

CMP: ₹440 | Target ₹ 480 (+9%) | Target Period: 12 months | HOLD

July 29, 2026

Result Update

Cost efficiency remains the key metric...

About the stock: Ambuja Cements, a part of Adani Group, is a Pan-India cement manufacturer. Company's consolidated cement capacity stands at ~109 mtpa at present (including Sanghi Industries, Penna Cement & Orient Cement)

Q1FY27 performance: Revenue was down by 7.7% YoY (-13% QoQ) to Rs 9500 crore led by de-growth in sales volume of 8% YoY (-13.9% QoQ) and flattish blended realisation on YoY basis (+1.1% QoQ). EBITDA/ton stood at Rs 918/ton (-11.9% YoY, +26.1% QoQ). Subsequently, EBITDA was down by 19% YoY (+8.5% QoQ) to Rs 1589 crores. Reported PAT decreased by 30.9% YoY (-68.5% QoQ) to Rs 577 crores

Investment Rationale:

- **Volume growth to pick-up supported by higher capacity utilization:** Company's consolidated volume de-grew in Q1FY27 by 8% YoY, mainly due to cut in sales volume from less profitable plants and non-trade segments. Trade segment saw 2% YoY decline whereas non-trade segment saw 21% YoY decline. Capacity utilisation currently stood at ~65% for this quarter (vs ~70% as of Mar'26). Going forward, management reiterated their value over volume strategy. However, they have maintained guidance of 8% YoY growth in sales volume (which implies ~80 mtpa for FY27E). Company is in process of expanding its capacity by ~10 mtpa in FY27E and expects to reach 119 mtpa from 109 mtpa at present. Going ahead, company targets to add 8-10 mtpa capacity annually with 70-75% utilisation target at consol level. In longer term, company's targets to reach 155 mtpa remains intact. We estimate company's consolidated volumes to grow at ~7% CAGR over FY26-28E
- **Operational efficiencies to support EBITDA per ton improvement:** Company's EBITDA/ton stood at Rs 918/ton (-11.9% YoY) in Q1FY27, led by flattish realisations and higher costs on YoY basis. However, company's profitability is expected to improve going ahead, driven by improvement in operational synergies from acquired assets and continued focus on cost-saving measures. Management reiterated its target of reducing total cost/ton further by ₹130-150/ton to reach its target cost of ~₹4,250/ton by FY27E and further to ~₹4,000/ton by FY28E. This cost improvement would be supported by green energy share increase (~34% currently to 60% by FY28E), improved fly ash sourcing through long term contracts, logistics and operational efficiencies. Additionally, reduction in lead distance, increased share of premium products and positive operating leverage is expected to drive further cost efficiencies. We expect EBITDA/ton to improve to Rs 1037/ton in FY28E (vs Rs 874/ton in FY26)

Rating and Target Price:

- Our absolute Revenue & EBITDA estimates are largely maintained for FY27E & FY28E, though we have marginally cut volume CAGR estimate & increased FY28E EBITDA/ton estimate a bit, factoring in recent performance
- We maintain our **HOLD** rating on Ambuja Cements with a target price of Rs 480 (based on 15x EV/EBITDA on FY28E basis)

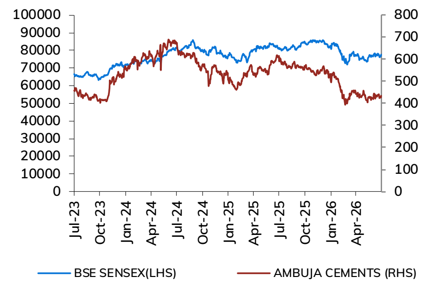
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	1,08,318
FY26 Gross Debt (₹ Crore)	53
FY26 Cash (₹ Crore)	959
EV (₹ Crore)	1,07,413
52 Week H/L (₹)	625 / 394
Equity Capital	439.5
Face Value	2.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	67.7	67.7	67.7	67.3
FII	5.9	5.8	5.9	5.6
DII	19.4	19.6	19.9	19.4
Others	7.0	6.9	6.6	7.6

Price Chart



Key risks

(i) Slowdown in Demand

(ii) Delays in capacity expansion

(iii) Increase in commodity prices

(iv) High competition

Research Analyst

Vijay Goel
vijay.goel@icicisecurities.com

Deep Lapsia
deep.lapsia@icicisecurities.com

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	38,937	33,160	35,336	40,656	10.7%	43,278	47,815	8.4%
EBITDA	5,122	6,400	5,971	6,539	1.1%	6,970	8,881	16.5%
EBITDA Margins (%)	13.2	19.3	16.9	16.1		16.1	18.6	
Net Profit	2,583	3,577	4,303	4,728	15.0%	3,045	4,459	
EPS (Rs)	13.0	18.0	15.3	16.8		10.8	15.9	
PE (x)	33.8	25.6	28.6	23.6		40.6	27.7	
EV/EBITDA (x)	20.6	15.1	16.8	16.4		15.4	12.0	
EV/ton ($)	164.4	128.8	108.9	103.7		94.9	88.6	
RoCE (%)	13.3	14.3	11.8	6.4		5.4	7.3	
RoE (%)	8.2	8.2	8.1	8.8		4.1	5.6	

Source: Company, ICICI Direct Research

Q1FY27 – Result highlights

- Revenue was down by 7.7% YoY (-13% QoQ) to Rs 9500 crore led by de-growth in sales volume of 8% YoY (-13.9% QoQ) and flattish blended realisation on YoY basis (+1.1% QoQ).
- Total cost/ton increased by 3.2% YoY (-2.8% QoQ), mainly due to increase in power & fuel cost and others cost which includes packaging and maintenance costs.
- EBITDA/ton stood at Rs 918/ton (-11.9% YoY, +26.1% QoQ). Subsequently, EBITDA was down by 19% YoY (+8.5% QoQ) to Rs 1589 crores.
- Reported PAT decreased by 30.9% YoY (-68.5% QoQ) to Rs 577 crores

Recent earnings call highlights

- Management maintained its FY27E volume growth guidance of ~8% (~80 mtpa), led by healthy infrastructure spending, housing demand and contribution from recently commissioned capacities
- The company consciously prioritised profitability over volumes by reducing lower-margin non-trade sales. During Q1FY27, trade volumes declined 2% YoY, while non-trade volumes declined 21% YoY
- Trade sales increased to 78% of total volumes, while premium products accounted for 34% of trade sales
- Company's regional cement volume mix for Q1FY27 stood at ~30% West followed by ~25% North, ~25%, East, ~10% Central and ~10% South
- Company's realisation improvement (~1% QoQ) was lowest among its peers. Management attributed this to different accounting treatment for dealer incentives rather than pricing weakness. They expect cement realisation to improve in-line with the industry, driven by higher trade-share and premiumisation
- Total cost/ton declined by ₹316/ton QoQ (₹206/ton + ₹110/ton due to west Asia war). The company reiterated its target of reducing operating cost further by ₹130-150/ton (savings across raw material procurement, power & fuel, logistics, manufacturing efficiencies and fixed costs) to reach its target cost of ~₹4,250/ton by end-FY27 and further to around ₹4,000/ton by end-FY28
- The sequential cost reduction was driven by long term fly ash sourcing, improved RE power utilisation (~Rs 4.9 from ~Rs 5.9), 3% improvement in clinker factor (63.7% in Q1FY27 vs 65.5% in Q4FY26), logistics savings and fixed-cost optimisation of ~Rs 10/ton despite lower utilisation.
- The share of green power increased to around 28% during the quarter and is targeted to rise to 35% by FY27-end, supported by renewable power projects and WHRS commissioning
- Management reiterated its target to increase AFR usage to 12-15% in FY27E and around 25% over the longer term, which should meaningfully reduce fuel costs
- The company expects its coal blocks to become operational over the next ~30 months, providing structural savings in fuel cost once production commences
- In Q1FY27, company sold ~45 crore units of green power (vs. ~24 crore units in Q4FY26) for ~Rs 140 crores of revenue (vs. ~Rs 70 crores in Q4FY26). It also sold excess fly ash in market for Rs 50 crores. Over the next ~3 quarters, management intends to use ~100% in-house consumption of green power and fly ash
- Management expects total cost/ton to remain broadly stable on QoQ basis, given the company has ~1 month of clinker and ~3 months of coal inventory stocked up
- Ambuja remains on track to achieve 119 MTPA cement capacity by end-FY27, with Jodhpur, Dahej, Kalamboli, Warisaliganj, Bathinda and Maratha projects progressing as planned. In longer term, management targets to add ~8 to 10 mtpa capacity every year with targeted utilisation levels of

70-75% on consol level

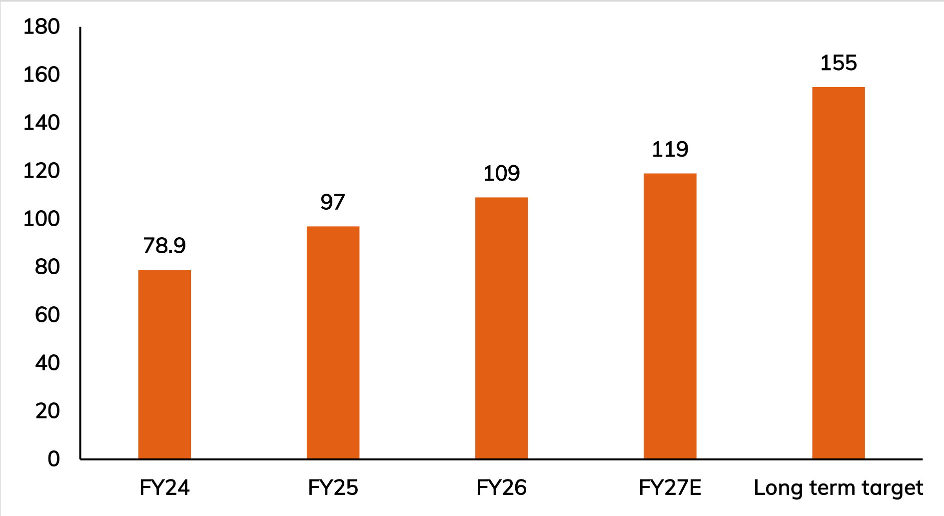
- Management stated that around 3.5 mtpa of capacity will remain temporarily shut for nearly 6 months due to plant modernisation and integration activities, after which utilisation and efficiency are expected to improve materially
- Management said that Orient cement capacities are performing well (~87% capacity utilisation and healthy margins). Penna Cement needs investment in channel network to improve the capacity utilisation
- Capex guidance for FY27E stood at ~Rs 6500 crores of which ~Rs 1500-1600 crores has already been spent in Q1FY27. Capex for FY28 stands at ~Rs 6000-7000 crores
- RMC segment EBITDA stood at ~Rs 35 crores for Q1FY27

Exhibit 1: Q1FY26 consolidated result overview (₹ crore)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Operating Income	9,500.0	10,289.1	-7.7	10,915.5	-13.0	Revenue declined due to volume de-growth and flattish realization
Other income	169.0	256.1	-34.0	233.9	-27.7	
Total Revenue	9,669.0	10,545.2	-8.3	11,149.4	-13.3	
Raw materials costs	1,389.0	1,524.5	-8.9	2,004.7	-30.7	
Employees Expenses	387.0	417.7	-7.4	395.9	-2.2	
Other Expenses	974.3	1,030.5	-5.5	1,157.7	-15.8	
Total Expenditure	7,911.0	8,328.0	-5.0	9,451.6	-16.3	
EBITDA	1,589.0	1,961.1	-19.0	1,463.9	8.5	
EBITDA margins (%)	16.7	19.1	-233 bps	13.4	331 bps	Margins decreased YoY due to higher costs and flattish realization
Interest	57.0	67.1		20.8		
Depreciation	834.0	798.4	4.5	1,052.7	-20.8	
Tax	188.0	378.9	-50.4	-1,329.3	-114.1	
PAT	577.0	835.2	-30.9	1830.2	-68.5	

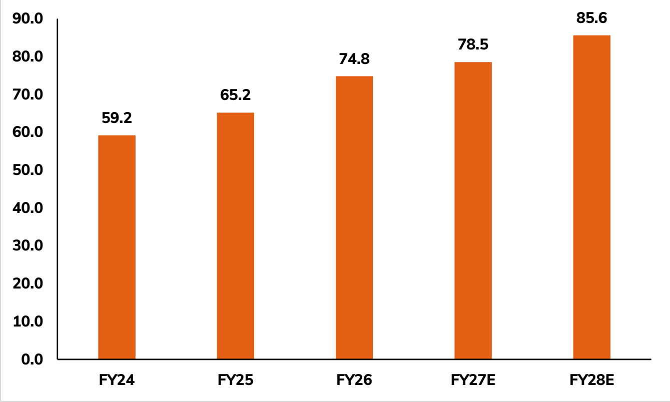
Source: Company, ICICI Direct Research

Exhibit 2: Consolidated Capacity expansion plan



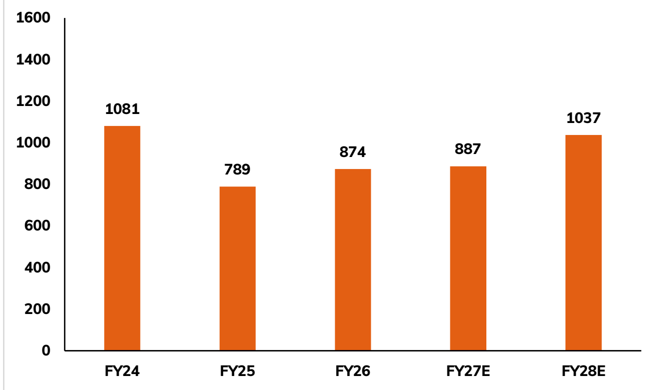
Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~7% CAGR over FY26-28E



Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton trend over FY27E-FY28E



Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
EPS	15.3	16.8	10.8	15.9
Cash per Share	28.3	3.4	4.0	5.2
DPS	14.0	15.0	16.0	16.0
BV	190.6	211.1	266.7	280.8
EBITDA Margin	16.9	16.1	16.1	18.6
PAT Margin	12.2	11.6	7.0	9.3
RoE	8.1	8.8	4.1	5.6
RoCE	11.8	6.4	5.4	7.3
RoIC	7.7	5.1	4.6	6.5
EV / EBITDA	16.8	16.4	15.4	12.0
P/E	28.6	23.6	40.6	27.7
EV/ton ($)	115	109	100	94
EV / Net Sales	2.8	2.6	2.5	2.2
Sales / Equity	0.7	0.7	0.6	0.6
Market Cap / Sales	3.1	2.7	2.5	2.3
Price to Book Value	2.3	2.1	1.6	1.6
Asset turnover	0.7	0.7	0.6	0.6
Debtors Turnover Ratio	25.2	23.5	22.6	23.2
Cr Turnover Ratio	12.0	11.7	10.0	10.2
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	0.9	1.0	1.1	1.1
Quick Ratio	0.5	0.6	0.6	0.7

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	4,303	4,728	3,045	4,459
Depreciation	2,297	3,570	3,549	3,825
Interest	216	224	212	202
Cash Flow before WC chg	6,816	8,522	6,807	8,486
Changes in inventory	(639)	(304)	(309)	(510)
Changes in debtors	(377)	(278)	(88)	(205)
Changes in loans & Adv	(1)	(2)	2	-
Changes in other CA	(1,506)	(566)	(228)	(499)
Net Increase in CA	1,302	(1,035)	(739)	(1,414)
Changes in creditors	(349)	1,426	261	466
Changes in provisions	12	204	(77)	71
Net Inc in Current Liabilities	1,722	(745)	1,584	945
Net CF from Op activities	9,840	6,743	7,652	8,017
Chg in deferred tax assets	33	(28)	-	-
Capex (incl other invest)	(19,895)	(18,309)	(6,500)	(6,500)
Net CF from Invest activities	(22,377)	(12,754)	(19,853)	(6,987)
Dividend and Dividend Tax	(493)	(440)	(493)	(492)
Net CF from Fin Activities	7,596	843	12,363	(694)
Net Cash flow	(4,941)	(5,168)	161	335
Opening Cash/Cash Equ	11,068	6,127	959	1,120
Closing Cash/ Cash Equ	6,127	959	1,120	1,455

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	493	494	562	562
Reserve and Surplus	53,086	58,853	74,406	78,372
Total Shareholders funds	53,579	59,347	74,968	78,935
Total Debt	27	53	53	53
Total Liabilities	67,248	76,518	79,640	83,607
Gross Block	36,626	49,160	59,745	68,245
Acc: Depreciation	11,789	15,359	18,908	22,733
Net Block	24,838	33,801	40,837	45,512
Capital WIP	9,820	9,085	5,000	3,000
Total Fixed Assets	52,645	67,384	70,335	73,010
Non Current Assets	8,704	8,433	9,288	9,775
Inventory	4,248	4,552	4,861	5,371
Debtors	1,590	1,868	1,956	2,161
Other Current Assets	3,966	4,532	4,761	5,260
Cash	6,127	959	1,120	1,455
Total Current Assets	17,849	13,716	14,616	16,365
Current Liabilities	2,759	4,185	4,446	4,912
Provisions	90	91	92	92
Total Current Liabilities	13,833	13,088	14,672	15,617
Net Current Assets	4,017	628	(56)	748
Total Assets	67,248	76,518	79,640	83,607

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
EPS	15.3	16.8	10.8	15.9
Cash per Share	28.3	3.4	4.0	5.2
DPS	14.0	15.0	16.0	16.0
BV	190.6	211.1	266.7	280.8
EBITDA Margin	16.9	16.1	16.1	18.6
PAT Margin	12.2	11.6	7.0	9.3
RoE	8.1	8.8	4.1	5.6
RoCE	11.8	6.4	5.4	7.3
RoIC	7.7	5.1	4.6	6.5
EV / EBITDA	16.8	16.4	15.4	12.0
P/E	28.6	23.6	40.6	27.7
EV/ton ($)	115	109	100	94
EV / Net Sales	2.8	2.6	2.5	2.2
Sales / Equity	0.7	0.7	0.6	0.6
Market Cap / Sales	3.1	2.7	2.5	2.3
Price to Book Value	2.3	2.1	1.6	1.6
Asset turnover	0.7	0.7	0.6	0.6
Debtors Turnover Ratio	25.2	23.5	22.6	23.2
Creditors Turnover Ratio	12.0	11.7	10.0	10.2
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	0.9	1.0	1.1	1.1
Quick Ratio	0.5	0.6	0.6	0.7

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 Agrawal

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.

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