

Mix Set of Numbers; Maintain BUY

Est. Vs. Actual for Q4FY25: Revenue – **BEAT**; EBITDA Margin – **MISS**; PAT – **BEAT**

Change in Estimates post Q4FY25 (Abs.)

FY26E: Revenue: 0%/0%; EBITDA: -3%/0%; PAT: -1%/0%

Recommendation Rationale

- **Strong volume growth:** In Q4FY25, the company achieved a 14% YoY increase in volume, reaching 11.90 mtpa, driven by higher trade volumes and a 7% YoY increase in premium product volumes, further strengthening its market leadership. It maintained its dominant position across key markets. The company's capacity expansion plans remain on schedule, and they are expected to support sustained volume growth in the future. It is projected to deliver a volume growth of 8% CAGR over FY24-FY27E.
- **Lower realisation impacts EBITDA margins:** During the quarter, blended cement prices declined by 2% YoY, settling at Rs 5,098/tonne. This negatively impacted the EBITDA margin, leading to a decline of 180 bps YoY despite stable production costs.
- **Robust cement demand to sustain:** Cement demand is expected to remain strong, with the industry projected to grow at a CAGR of 7-8% over FY24-FY27. This growth is likely to be driven by higher spending on infrastructure projects, affordable and rural housing initiatives, an increase in private capital expenditure, and sustained demand from the real estate sector.

Sector Outlook: Positive

Company Outlook & Guidance: Based on the growth trends observed in Q3 and Q4FY25, cement demand during FY26 is projected to continue benefiting from the momentum gained by government spending on infrastructure and construction activities. The growth is anticipated to range between 7% and 8% for the coming fiscal year, driven by ongoing consumption demand in the housing and infrastructure segments and the favourable impact of the pro-infra and housing Budget 2025.

Current Valuation: 11x FY27E EV/EBITDA (Earlier Valuation: 11x FY26E EV/EBITDA)

Current TP: Rs 2,420/ share (Earlier TP: Rs 2,380/share)

Recommendation: We maintain our **BUY** rating on the stock.

Alternative BUY Ideas from our Sector Coverage: Dalmia Bharat (TP-2,260/share)

Financial Performance

ACC reported a mix of numbers. Revenue was up 12%, driven by higher volume, while EBITDA/PAT was lower by 1%/21% owing to lower realisation during the quarter. YoY. The company reported an EBITDA margin of 13.7% against an expectation of 14.7%. The company posted a 12% YoY revenue growth, supported by a 14% volume growth to 11.9 mtpa, attributed to increased trade volumes and higher sales of premium products.

ACC's blended EBITDA per tonne stood at Rs 698, down 13% YoY, owing to lower realisation YoY. Blended realisations per tonne were Rs 5,098, down 2% YoY and up 5% QoQ. Cost per tonne remained flat YoY at Rs 4,400. The company reported a profit of Rs 751 Cr, down 21% YoY, though it was up 43% against our expectation, led by higher other income.

Key Financials (Consolidated)

(Rs Cr)	Q4FY25	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	6,067	2	12	5,896	3%
EBITDA	830	-26	-1	867	-4%
EBITDA Margin	13.7%	(510bps)	(180bps)	14.7%	(100bps)
Net Profit	751	-31	-21	524	43%
EPS (Rs)	40	-31	-21	28	43%

Source: Company, Axis Securities Research

(CMP as of 24th April 2025)

CMP (Rs)	2,065
Upside /Downside (%)	17%
High/ Low (Rs)	2844/1788
Market cap (Cr)	38,822
Avg. daily vol. (6m) Shrs.	3,50,000
No. of shares (Cr)	18.8

Shareholding (%)

	Sep-24	Dec-24	Mar-25
Promoter	56.7	56.7	56.7
FII's	5.5	5.1	4.8
MFs / UTI	15.4	15.2	14.3
Banks / FIIs	0.1	0.1	0.1
Others	22.4	22.9	24.1

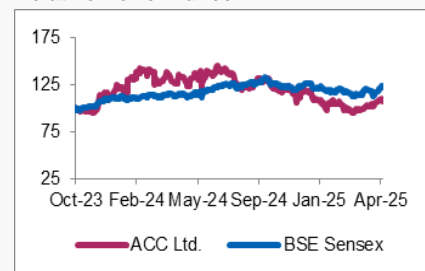
Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	21,762	23,182	24,362
EBITDA	3,061	3,452	3,804
Net Profit	2,304	1,977	2,122
EPS (Rs)	123	105	113
PER (x)	17	20	18
P/BV (x)	11	10	9
EV/EBITDA (x)	2.3	2.1	1.9
ROE (%)	13	10	10

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	0%	0%
EBITDA	-3%	0%
PAT	-1%	0%

Relative Performance



Source: Ace Equity

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Outlook

The company's capacity expansion plans are progressing well and are expected to contribute to its volume growth in the future. The increased expenditure on infrastructure development, particularly in areas such as roads, railways, affordable housing, and other initiatives, will catalyse cement demand. Additionally, improved synergies with other group entities will further support the company's growth trajectory in the foreseeable future. Given these factors, the company's mid-to-long-term prospects remain positive.

Valuation & Recommendation

The stock is currently trading at 10x/9X FY26E/27E EV/EBITDA and EV/tonne of \$95 and \$97, which is attractive. **We maintain our BUY rating on the stock and roll over our estimates to FY27** with a TP of Rs 2,420/share, implying an upside potential of 17% from the CMP.

Key Result Highlights

- **Volume Growth:** The company achieved volume growth of 14% YoY, reaching 11.9 MTPA, driven by higher trade sales volume and a premium product, which increased by 7%.
- **Power/Fuel:** Optimised Fuel Basket, with use of low-cost imported petcoke, improved linkage and captive coal consumption and synergies with Group companies have resulted in a 23% reduction in Kiln fuel cost from Rs. 1.91 to Rs. 1.47 per '000 Kcal. WHRS power share increased by 5.3 pp from 8.2% to 13.5%, Solar power mix increased by 5 pp from 2.9% to 7.9%, taking the green power share up by 10.3 pp to 22.5%, clear road map & investment commitments to achieve 60% green power share by FY 28. The thermal value at 737 kCal is expected to improve further in the coming quarters, driven by capex-based efficiency improvement projects
- **Freight:** Logistics costs reduced by 8% to Rs 937/ton, driven by an efficiency improvement journey (Secondary lead reduced by 2% at 44 km, direct dispatch up by 4 pp at 71%). Road PTPK has decreased by 1% to 4.18 per ton YoY through various freight negotiation initiatives. Further improvements based on the model shift to marine logistics are expected in the coming quarters.
- **RMX & Construction Chemical business:** The company's RMX and Construction Chemicals businesses are showing a positive uptrend and are expected to grow faster due to improved market demand and rapid urbanisation.
- **Cash & Cash Equivalent:** Cash and Cash equivalents are Rs. 3,593 Cr, with the highest ever Net Worth at Rs. 18,559 Cr, up by Rs. 2,227 Cr during the year.

Key Risks to Our Estimates and TP

- Lower realisation and demand in its key market.
- Further delay in capacity expansion to result in market share loss.

Change in Estimates

	New		Old		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	23,182	00	23220	00	0%	00
EBITDA	3,452	00	3548	00	-3%	00
PAT	1,976	00	1997	00	-1%	00

Source: Company, Axis Securities Research

Result Review Q4FY25

(Rs Cr)	Quarterly Performance				
	Q4FY25	Q3FY25	Q4FY24	% Chg QoQ	% Chg YoY
Net sales	6067	5927	5,409	2%	12%
Expenditure	5236	4812	4,572	9%	15%
EBITDA	830	1,116	837	-26%	-1%
Other income	194	648	120	-70%	62%
Interest	14	28	67	-52%	-80%
Depreciation	265	260	235	2%	13%
PBT	746	1,476	655	-49%	14%
Tax	131	385	60	-66%	119%
APAT	751	1092	945	-31%	-21%
EBITDA margin (%)	13.7%	18.8%	15.5%	(510bps)	(180bps)
EPS (Rs)	40.0	58.1	50.3	-31%	-21%

Source: Company, Axis Securities Research

Volume/ Realisation / Cost Analyses

(Rs Cr)	Quarterly Performance				
	Q4FY25	Q3FY25	Q4FY24	% Chg QoQ	% Chg YoY
Volume/mnt	11.90	10.70	10.40	11%	14%
Realisation/tonne (Rs)	5098	4867	5,201	5%	-2%
Cost/tonne (Rs)	4400	4497	4,396	-2%	0%
Raw material/tonne (Rs)	2109	2050	1,682	3%	25%
Staff Cost/tonne (Rs)	147	185	161	-20%	-8%
Power & Fuel/tonne (Rs)	730	797	939	-8%	-22%
Freight/tonne (Rs)	957	960	1,059	0%	-10%
Other Expenses /tonne (Rs)	456	505	556	-10%	-18%
EBITDA/tonne (Rs)	698	1043	805	-33%	-13%

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Net sales	19959	21762	23182	24362
Other operating income	0	0	0	0
Total income	19959	21762	23182	24362
Raw Material	5811	8246	9019	9379
Power & Fuel	4003	3505	3377	3512
Freight & Forwarding	4170	4184	4372	4547
Employee benefit expenses	692	718	761	806
Other Expenses	2220	2048	2202	2312
EBITDA	3062	3061	3452	3804
Other income	493	1072	466	487
PBIDT	3555	4134	3918	4292
Depreciation	883	999	1110	1258
Interest & Fin Chg.	155	108	141	171
E/o income / (Expense)	0	0	0	0
Pre-tax profit	2517	3026	2667	2863
Tax provision	542	725	694	746
RPAT	1975	2301	1972	2117
Minority Interests	0	0	0	0
Associates	13	3	4	4
APAT after EO item	1988	2304	1977	2122

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Total assets	23386	25413	26207	28224
Net Block	11011	12891	13636	16051
CWIP	986	2061	2061	2061
Investments	33	33	33	33
Wkg. cap. (excl cash)	771	1450	1541	1616
Cash / Bank balance	1863	1649	1522	981
Misc. Assets	8721	7327	7413	7482
Capital employed	23386	25413	26207	28224
Equity capital	188	188	188	188
Reserves	16142	18367	20155	22089
Minority Interests	4	4	4	4
Borrowings	0	0	0	0
DefTax Liabilities	152	141	141	141
Other Liabilities and Provision	6901	6713	5719	5802

Source: Company, Axis Securities Research

Cash Flow

(Rs Cr)

Y/E March	FY24	FY25	FY26E	FY27E
Profit before tax	2759	3127	2671	2867
Depreciation	883	1001	1110	1258
Interest Expenses	155	108	141	171
Non-operating/ EO item	-741	-1129	-470	-492
Change in W/C	133	-1296	-91	-75
Income Tax	-182	-92	-694	-746
Operating Cash Flow	3007	1720	2666	2984
Capital Expenditure	-1395	-1968	-1855	-3654
Investments	0	0	0	0
Others	512	-709	466	487
Investing Cash Flow	-883	-2677	-1389	-3167
Borrowings	0	0	0	0
Interest Expenses	-143	-99	-141	-171
Dividend paid	-175	-143	-188	-188
Others	0	0	0	0
Financing Cash Flow	-319	-242	-329	-359
Change in Cash	1805	-1199	949	-542
Opening Cash	257	1604	-25	924
Closing Cash	2062	405	924	382

Source: Company, Axis Securities Research

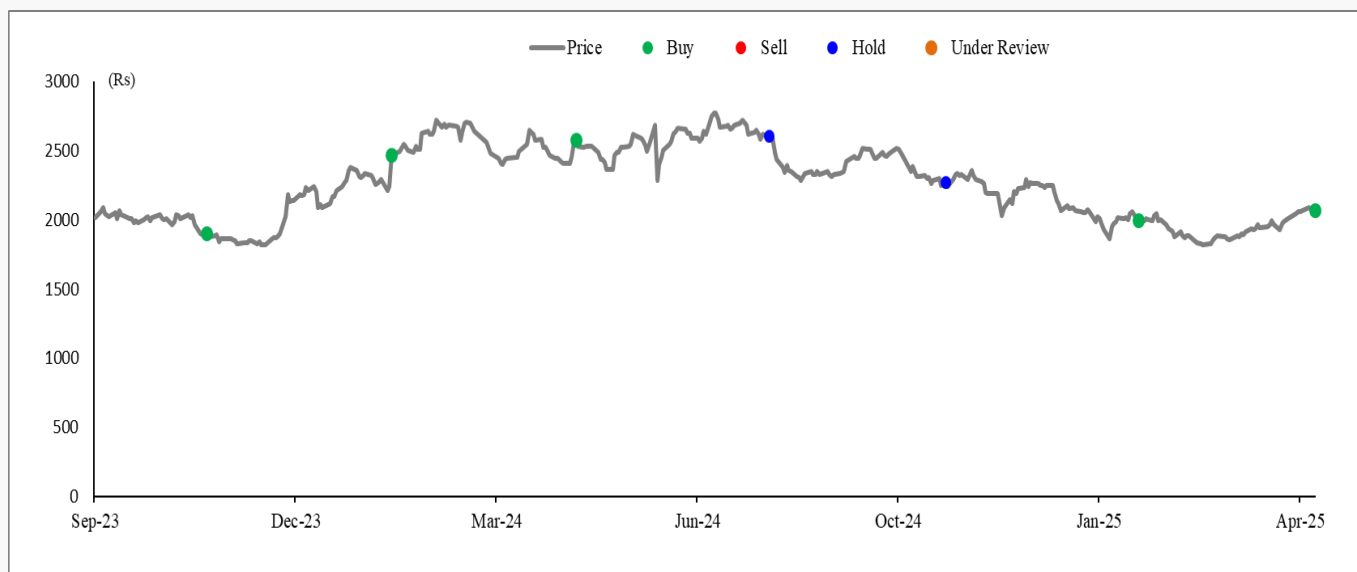
Ratio Analysis

(%)

Y/E March	FY24	FY25	FY26E	FY27E
Operational Ratios				
Sales growth	-10%	9%	7%	5%
OPM	15.3%	14.1%	14.9%	15.6%
Op. profit growth	59%	0%	13%	10%
COGS / Net sales	70%	73%	72%	72%
Overheads/Net sales	15%	13%	13%	13%
Depreciation / G. block	6.2%	6.5%	6.0%	6.0%
Efficiency Ratios				
Total Asset Turnover (x)	1.40	1.41	1.34	1.16
Sales/Gross block (x)	1.40	1.41	1.34	1.16
Sales/Net block(x)	2.04	1.97	1.96	1.71
Working capital/Sales (x)	0.31	0.30	0.28	0.27
Valuation Ratios				
PER (X)	17.5	16.8	19.6	18.3
P/BV (x)	2.58	2.27	2.07	1.89
EV/Ebitda (x)	10.83	11.27	10.03	9.24
EV/Sales (x)	1.66	1.59	1.49	1.44
EV/Tonne \$ (x)	100	98	95	96
Return Ratios				
ROE	14.5	13.2	10.2	10.0
ROCE	16.6	16.9	13.6	13.5
ROIC	25.6	22.1	17.1	16.1
Leverage Ratios				
Debt/equity (x)	0.00	0.00	0.00	0.00
Net debt/ Equity (x)	-0.35	-0.23	-0.21	-0.16
Interest Coverage ratio (x)	17.28	28.97	19.91	17.79
Net debt/ Ebitda (x)	-1.84	-1.41	-1.21	-0.96
Cash Flow Ratios				
OCF/Sales	0.15	0.08	0.12	0.12
OCF/Ebitda	0.98	0.56	0.77	0.78
OCF/Capital Employed	0.17	0.09	0.12	0.13
FCF/Sales	0.08	-0.01	0.04	-0.03
Payout ratio (Div/NP)	6	8	10	9
AEPS (Rs)	118	123	105	113
AEPS Growth	150.4	3.9	-14.2	7.3
CEPS (Rs)	165	176	164	180
DPS (Rs)	8	10	10	10

Source: Company, Axis Securities Research

ACC Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
01-Feb-23	BUY	2,450	Result Update
03-May-23	BUY	2,380	Result Update
28-Jul-23	BUY	2,540	Result Update
27-Oct-23	BUY	2,460	Result Update
29-Jan-24	BUY	2,750	Result Update
26-Apr-24	BUY	2,900	Result Update
30-Jul-24	HOLD	2,750	Result Update
25-Oct-24	HOLD	2,475	Result Update
28-Jan-25	BUY	2,380	Result Update
25-Apr-25	BUY	2,420	Result Update

Source: Axis Securities Research

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