

Mix Bag Of Numbers; Maintain BUY

Est. Vs. Actual for Q1FY26: Revenue – **BEAT**; EBITDA Margin – **MISS**; PAT – **MISS**

Change in Estimates post Q1FY26 (Abs.)

FY26E/FY27E: Revenue: 3%/6%; EBITDA: -6%/-4%; PAT: -8%/-3%

Recommendation Rationale

- **Strong volume growth:** In Q1FY26, the company recorded a 12% YoY increase in volume, reaching 11.5 mtpa, supported by higher trade volumes and a 7% YoY growth in premium product volumes, reinforcing its market leadership. It continued to hold a dominant position across its key markets. The ongoing capacity expansion plans are progressing as scheduled and are expected to support consistent volume growth ahead. The company is projected to deliver an 8% CAGR in volume over FY24-FY27E.
- **Higher cost impacts EBITDA margins:** During the quarter, the overall cost of production increased by 5% each YoY/QoQ to Rs 4,617/tonne. This adversely impacted the EBITDA margin, resulting in a decline of 40 bps YoY and 400 bps below our estimate, despite a 5% improvement in blended realisation YoY.
- **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, increased private capital expenditure, and sustained demand from the real estate sector.

Sector Outlook: Positive

Company Outlook & Guidance: Cement demand is projected to grow by 6%–7% in FY26, driven by rising demand for affordable housing across both rural and urban areas, increased government spending on infrastructure, and a pickup in commercial construction activity. Growth will also be supported by higher investments in core and allied infrastructure sectors.

Current Valuation: 10.5x FY27E EV/EBITDA (Earlier Valuation: 11x FY27E EV/EBITDA)

Current TP: Rs 2,260/ share (Earlier TP: Rs 2,420/share)

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

Alternative BUY Ideas from our Sector Coverage: Dalmia Bharat (TP-2,550/share); UltraTech Cement Ltd (TP-13840/share)

Financial Performance

ACC reported a mixed set of numbers. Revenue/EBITDA/PAT was up 18%/15%/4%, driven by higher volume and better realisation, but came in below our expectations. The company reported an EBITDA margin of 12.8% versus an expectation of 16.8%. It posted an 18% YoY revenue growth, supported by a 12% volume increase to 11.5 mtpa, attributed to increased trade volumes and higher sales of premium products.

ACC's blended EBITDA per tonne stood at Rs 677, up 2% YoY, driven by higher realisation YoY but below our expectation of Rs 880/tonne. Blended realisations per tonne were Rs 5,293, up 5% YoY and up 5% QoQ. Cost per tonne increased 5% each YoY/QoQ at Rs 4,617. The company reported a profit of Rs 375 Cr, up 4% YoY, though it was down 31% against our expectations due to higher cost of production.

Key Financials (Consolidated)

| (Rs Cr) | Q1FY26 | QoQ (%) | YoY (%) | Axis Est. | Variance |
|---------------|--------|---------|---------|-----------|----------|
| Net Sales | 6,087 | 0 | 18 | 5,731 | 6% |
| EBITDA | 778 | -6 | 15 | 961 | -19% |
| EBITDA Margin | 12.8% | (90bps) | (40bps) | 16.8% | (400bps) |
| Net Profit | 375 | -50 | 4 | 544 | -31% |
| EPS (Rs) | 20 | -50 | 4 | 29 | -31% |

Source: Company, Axis Securities Research

(CMP as of 24th July, 2025)

| | |
|----------------------------|-------------|
| CMP (Rs) | 1,890 |
| Upside /Downside (%) | 20% |
| High/ Low (Rs) | 2,662/1,775 |
| Market cap (Cr) | 35,532 |
| Avg. daily vol. (6m) Shrs. | 3,55,000 |
| No. of shares (Cr) | 18.8 |

Shareholding (%)

| | Dec-24 | Mar-25 | Jun-25 |
|--------------|--------|--------|--------|
| Promoter | 56.7 | 56.7 | 56.7 |
| FII's | 5.1 | 4.8 | 4.7 |
| MFs / UTI | 15.2 | 14.3 | 12.1 |
| Banks / FI's | 0.1 | 0.1 | 0.1 |
| Others | 22.9 | 24.1 | 26.5 |

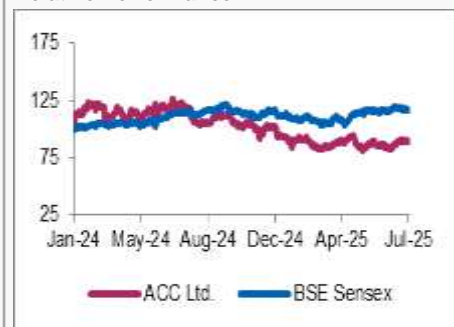
Financial & Valuations

| Y/E Mar (Rs Cr) | FY25 | FY26E | FY27E |
|-----------------|--------|--------|--------|
| Net Sales | 21,762 | 23,940 | 25,791 |
| EBITDA | 3,061 | 3,233 | 3,637 |
| Net Profit | 2,304 | 1,823 | 2,057 |
| EPS (Rs) | 123 | 97 | 109 |
| PER (x) | 17 | 21 | 19 |
| P/BV (x) | 11 | 11 | 10 |
| EV/EBITDA (x) | 2.3 | 2.1 | 1.9 |
| ROE (%) | 13 | 9 | 10 |

Change in Estimates (%)

| Y/E Mar | FY26E | FY27E |
|---------|-------|-------|
| Sales | 3% | 6% |
| EBITDA | -6% | -4% |
| PAT | -8% | -3% |

Relative Performance



Source: Ace Equity

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Outlook

The increased expenditure on infrastructure development, particularly in areas such as roads, railways, affordable housing, and other initiatives, is expected to catalyse cement demand. Additionally, improved synergies with other group entities will 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 \$87 and \$85, which is attractive. **We maintain our BUY rating on the stock with a TP of Rs 2,260/share, implying an upside potential of 20% from the CMP.**

Key Result Highlights

- **Volume Growth:** The company achieved volume growth of 12% YoY, reaching 11.5 MTPA, driven by higher trade sales volume and a premium product, which increased by 7%.
- **Power/Fuel:** An optimised fuel basket—comprising low-cost imported petcoke, improved linkage and captive coal consumption, and synergies with group companies—resulted in a 10% reduction in kiln fuel cost from Rs 1.73 to Rs 1.56 per '000 Kcal. The WHRS power share increased by 4 pp from 9.9% to 13.9%, while the solar power mix rose by 7.9 pp from 3.4% to 11.3%, taking the green power share up by 11.9 pp to 26.2%. The company has laid out a clear roadmap and investment commitment to achieve a 60% green power share by FY28. 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 5% to Rs 972/ton, driven by an ongoing efficiency improvement journey. New initiatives, including wheel alignment aligned to shifting customer needs, improved road direct dispatch by 2 pp to 69%. Through various freight negotiation efforts, road PTPK declined by 1% YoY to Rs 4.15 per ton. Overall logistics costs reduced by 6% to Rs 995/ton.
- **RMX & Construction Chemical business:** The company's RMX and Construction Chemicals businesses continue to show a positive uptrend and are expected to grow at a faster pace due to improved market demand and rapid urbanisation. RMX sales improved by 27% during the quarter YoY to Rs 416 Cr.
- **Networth:** Net worth increased by Rs 228 Cr during the quarter and stands at Rs 18,787 Cr.

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 | 23,940 | 25,791 | 23182 | 24362 | 3% | 6% |
| EBITDA | 3,233 | 3,637 | 3452 | 3804 | -6% | -4% |
| PAT | 1,823 | 2,057 | 1976 | 2122 | -8% | -3% |

Source: Company, Axis Securities Research

Result Review Q1FY26

| (Rs Cr) | Quarterly Performance | | | | |
|-------------------|-----------------------|--------|--------|-----------|-----------|
| | Q1FY26 | Q4FY25 | Q1FY25 | % Chg QoQ | % Chg YoY |
| Net sales | 6087 | 6067 | 5,155 | 0% | 18% |
| Expenditure | 5309 | 5236 | 4,476 | 1% | 19% |
| EBITDA | 778 | 830 | 679 | -6% | 15% |
| Other income | 68 | 194 | 72 | -65% | -5% |
| Interest | 30 | 14 | 33 | 123% | -8% |
| Depreciation | 255 | 265 | 232 | -4% | 10% |
| PBT | 561 | 746 | 485 | -25% | 16% |
| Tax | 188 | 131 | 125 | 43% | 50% |
| APAT | 375 | 751 | 361 | -50% | 4% |
| EBITDA margin (%) | 12.8% | 13.7% | 13.2% | (90bps) | (40bps) |
| EPS (Rs) | 20.0 | 40.0 | 19.2 | -50% | 4% |

Source: Company, Axis Securities Research

Volume/ Realisation / Cost Analyses

| (Rs Cr) | Quarterly Performance | | | | |
|----------------------------|-----------------------|--------|--------|-----------|-----------|
| | Q1FY26 | Q4FY25 | Q1FY25 | % Chg QoQ | % Chg YoY |
| Volume/mnt | 11.50 | 11.90 | 10.20 | -3% | 13% |
| Realisation/tonne (Rs) | 5293 | 5098 | 5,054 | 4% | 5% |
| Cost/tonne (Rs) | 4617 | 4400 | 4,388 | 5% | 5% |
| Raw material/tonne (Rs) | 2140 | 2109 | 1,717 | 1% | 25% |
| Staff Cost/tonne (Rs) | 178 | 147 | 161 | 21% | 11% |
| Power & Fuel/tonne (Rs) | 747 | 730 | 981 | 2% | -24% |
| Freight/tonne (Rs) | 995 | 957 | 1,064 | 4% | -6% |
| Other Expenses /tonne (Rs) | 556 | 456 | 466 | 22% | 19% |
| EBITDA/tonne (Rs) | 677 | 698 | 666 | -3% | 2% |

Source: Company, Axis Securities Research

Financials (Consolidated)

Profit & Loss

(Rs Cr)

| Y/E March | FY24 | FY25 | FY26E | FY27E |
|---------------------------|--------------|--------------|--------------|--------------|
| Net sales | 19959 | 21762 | 23940 | 25791 |
| Other operating income | 0 | 0 | 0 | 0 |
| Total income | 19959 | 21762 | 23940 | 25791 |
| Raw Material | 5811 | 8246 | 9476 | 10140 |
| Power & Fuel | 4003 | 3505 | 3468 | 3694 |
| Freight & forwarding | 4170 | 4184 | 4622 | 4945 |
| Employee benefit expenses | 692 | 718 | 792 | 840 |
| Other Expenses | 2220 | 2048 | 2349 | 2537 |
| EBITDA | 3062 | 3061 | 3233 | 3637 |
| Other income | 493 | 1072 | 459 | 516 |
| PBIDT | 3555 | 4134 | 3692 | 4152 |
| Depreciation | 883 | 999 | 1095 | 1197 |
| Interest & Fin Chg. | 155 | 108 | 139 | 181 |
| E/o income / (Expense) | 0 | 0 | 0 | 0 |
| Pre-tax profit | 2517 | 3026 | 2458 | 2774 |
| Tax provision | 542 | 725 | 640 | 723 |
| RPAT | 1975 | 2301 | 1818 | 2052 |
| Minority Interests | 0 | 0 | 0 | 0 |
| Associates | 13 | 3 | 5 | 5 |
| APAT after EO item | 1988 | 2304 | 1823 | 2057 |

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

| Y/E March | FY24 | FY25 | FY26E | FY27E |
|---------------------------------|--------------|--------------|--------------|--------------|
| Total assets | 23386 | 25413 | 26134 | 28123 |
| Net Block | 11011 | 12891 | 13712 | 15093 |
| CWIP | 986 | 2061 | 2061 | 2061 |
| Investments | 33 | 33 | 33 | 33 |
| Wkg. cap. (excl cash) | 771 | 1450 | 1596 | 1717 |
| Cash / Bank balance | 1863 | 1649 | 1237 | 1598 |
| Misc. Assets | 8721 | 7327 | 7495 | 7620 |
| Capital employed | 23386 | 25413 | 26134 | 28123 |
| Equity capital | 188 | 188 | 188 | 188 |
| Reserves | 16142 | 18367 | 20002 | 21870 |
| Minority Interests | 4 | 4 | 4 | 4 |
| Borrowings | 0 | 0 | 0 | 0 |
| DefTax Liabilities | 152 | 141 | 141 | 141 |
| Other Liabilities and Provision | 6901 | 6713 | 5800 | 5920 |

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

| Y/E March | FY24 | FY25 | FY26E | FY27E |
|----------------------------|-------|-------|-------|-------|
| Profit before tax | 2759 | 3127 | 2463 | 2779 |
| Depreciation | 883 | 1001 | 1095 | 1197 |
| Interest Expenses | 155 | 108 | 139 | 181 |
| Non-operating/ EO item | -741 | -1129 | -464 | -521 |
| Change in W/C | 133 | -1296 | -146 | -121 |
| Income Tax | -182 | -92 | -640 | -723 |
| Operating Cash Flow | 3007 | 1720 | 2447 | 2793 |
| Capital Expenditure | -1395 | -1968 | -1915 | -2579 |
| Investments | 0 | 0 | 0 | 0 |
| Others | 512 | -709 | 459 | 516 |
| Investing Cash Flow | -883 | -2677 | -1456 | -2063 |
| Borrowings | 0 | 0 | 0 | 0 |
| Interest Expenses | -143 | -99 | -139 | -181 |
| Dividend paid | -175 | -143 | -188 | -188 |
| Others | 0 | 0 | 0 | 0 |
| Financing Cash Flow | -319 | -242 | -327 | -369 |
| Change in Cash | 1805 | -1199 | 664 | 361 |
| Opening Cash | 257 | 1604 | -25 | 638 |
| Closing Cash | 2062 | 405 | 639 | 1000 |

Source: Company, Axis Securities Research

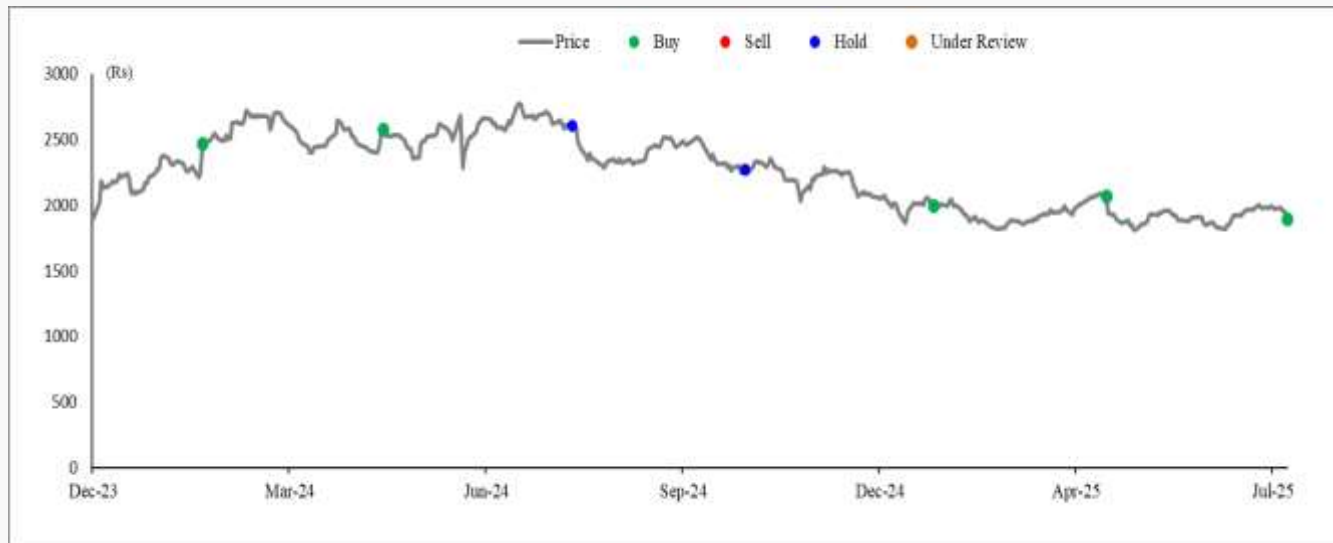
Ratio Analysis

(%)

| Y/E March | FY24 | FY25 | FY26E | FY27E |
|-----------------------------|-------|-------|-------|-------|
| Operational Ratios | | | | |
| Sales growth | -10% | 9% | 10% | 8% |
| OPM | 15.3% | 14.1% | 13.5% | 14.1% |
| Op. profit growth | 59% | 0% | 6% | 12% |
| COGS / Net sales | 70% | 73% | 73% | 73% |
| 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 | 1.38 | 1.29 |
| Sales/Gross block (x) | 1.40 | 1.41 | 1.38 | 1.29 |
| Sales/Net block(x) | 2.04 | 1.97 | 2.01 | 1.94 |
| Working capital/Sales (x) | 0.31 | 0.30 | 0.28 | 0.26 |
| Valuation Ratios | | | | |
| PER (X) | 17.5 | 16.8 | 21.3 | 18.9 |
| P/BV (x) | 2.58 | 2.27 | 2.09 | 1.91 |
| EV/Ebitda (x) | 10.83 | 11.27 | 10.80 | 9.50 |
| EV/Sales (x) | 1.66 | 1.59 | 1.46 | 1.34 |
| EV/Tonne \$ (x) | 100 | 98 | 95 | 94 |
| Return Ratios | | | | |
| ROE | 14.5 | 13.2 | 9.4 | 9.7 |
| ROCE | 16.6 | 16.9 | 12.6 | 13.2 |
| ROIC | 25.6 | 22.1 | 15.6 | 16.4 |
| Leverage Ratios | | | | |
| Debt/equity (x) | 0.00 | 0.00 | 0.00 | 0.00 |
| Net debt/ Equity (x) | -0.35 | -0.23 | -0.19 | -0.19 |
| Interest Coverage ratio (x) | 17.28 | 28.97 | 18.63 | 16.37 |
| Net debt/ Ebitda (x) | -1.84 | -1.41 | -1.21 | -1.17 |
| Cash Flow Ratios | | | | |
| OCF/Sales | 0.15 | 0.08 | 0.10 | 0.11 |
| OCF/Ebitda | 0.98 | 0.56 | 0.76 | 0.77 |
| OCF/Capital Employed | 0.17 | 0.09 | 0.11 | 0.12 |
| FCF/Sales | 0.08 | -0.01 | 0.02 | 0.01 |
| Payout ratio (Div/NP) | 6 | 8 | 10 | 9 |
| AEPS (Rs) | 118 | 123 | 97 | 109 |
| AEPS Growth | 150.4 | 3.9 | -20.9 | 12.8 |
| CEPS (Rs) | 165 | 176 | 155 | 173 |
| DPS (Rs) | 8 | 10 | 10 | 10 |

Source: Company, Axis Securities Research

ACC Ltd Price Chart and Recommendation History



| Date | Reco | TP | Research |
|-----------|------|-------|---------------|
| 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 |
| 25-Jul-25 | BUY | 2,260 | Result Update |
| | | | |

Source: Axis Securities Research

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| HOLD | Between 10% and -10% |
| SELL | Less than -10% |
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| NO STANCE | We do not have any forward-looking estimates, valuation or recommendation for the stock |

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