

Estimate change



TP change



Rating change



Bloomberg	ACC IN
Equity Shares (m)	188
M.Cap.(INRb)/(USD\$b)	375.9 / 4.3
52-Week Range (INR)	2844 / 1839
1, 6, 12 Rel. Per (%)	0/-16/-26
12M Avg Val (INR M)	1079

Financials & Valuations (INR b)

Y/E Dec	FY25E	FY26E	FY27E
Sales	205.0	227.7	251.0
EBITDA	21.8	30.8	39.3
Adj. PAT	11.7	17.2	23.2
EBITDA Margin (%)	10.6	13.5	15.7
Adj. EPS (INR)	62.2	91.6	123.4
EPS Gr. (%)	-37.4	47.3	34.7
BV/Sh. (INR)	953	1,031	1,139

Ratios

Net D:E	-0.3	-0.3	-0.3
RoE (%)	6.9	9.2	11.4
RoCE (%)	7.2	9.6	11.7
Payout (%)	12.9	16.4	12.2

Valuations

P/E (x)	32.2	21.9	16.3
P/BV (x)	2.1	1.9	1.8
EV/EBITDA(x)	14.4	10.1	7.5
EV/ton (USD)	87	82	77
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	1.3	1.5	5.7

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	56.7	56.7	56.7
DII	24.8	24.6	24.3
FII	5.1	5.5	6.2
Others	13.4	13.2	12.8

FII includes depository receipts

CMP: INR2,006

TP: INR2,400 (+20%)

BUY

Adjusted earnings disappoint as margins shrink

Demand to post 4-5% YoY growth for FY25

- ACC's 3QFY25 EBITDA (adj. for the refund of INR6.4b in excise duty pertaining to previous years) declined 22% YoY to INR4.7b (20% miss). EBITDA/t declined 57% YoY to INR435 (est. INR600). OPM contracted 9.4pp YoY to ~9% (est. ~12%). PAT (adjusted for the reversal of certain tax liabilities) declined 57% YoY to INR2.3b (est. INR3.1b).
- Management highlighted that two of its plants (Wadi and Kymore) were shut down for upgrades and maintenance work, leading to inventory drawdown and higher costs, which impacted profitability. The company is investing in WHRS and other RE projects to reduce power costs. Additionally, it is optimizing logistics costs by reducing lead distances and improving the rail road mix. The company anticipates higher cost benefits in FY26.
- We cut our EBITDA estimates by 18%/13%/11% for FY25/FY26/FY27 due to continued weak profitability. ACC trades at 10x/7x FY25E/FY26E EV/EBITDA and USD82/USD77 EV/t. We value the stock at 10x Dec'26E EV/EBITDA to arrive at our revised TP of INR2,400 (earlier INR2,680).

Sales volume above estimates; EBITDA/t at INR435 (down 57% YoY)

- Adjusted for one-offs, revenue/EBITDA/PAT stood at INR52.6b/INR4.7b/INR2.3b (up 7%/down 48%/down 57% YoY; up 6%/ down 20%/ down 28% vs. our estimate) in 3QFY25. Sales volumes were up 20% YoY at 10.7mt (up 9% vs. our estimate). Realization was down 11% YoY/ 1% QoQ at INR4,915/t (2% below our estimate).
- Variable cost/t increased 5% YoY (flat QoQ; +2% vs. our est.) and employee cost grew 9% YoY/QoQ (each). Meanwhile, freight cost/other expenses per ton declined ~5%/16% YoY. Overall opex/t declined 1% YoY (+1% vs. estimate). OPM contracted 9.4pp YoY at ~9% and EBITDA/t declined 57% YoY to INR435.
- In 9MFY25, revenue/EBITDA/Adj. PAT stood at INR150.2b/INR15.8b/INR8.3b (up 3%/down 29%/down 40% YoY). Sales volume was up 14% YoY, while realization declined 10% YoY. EBITDA/t was down 38% YoY at INR523. We estimate revenue/EBITDA/PAT at INR54.8/INR6.0/INR5.0 (+1%/-28%/-2% YoY) in 4QFY25. Additionally, we estimate OPM at 11% vs. 16%/9% in 4QFY24/3QFY25.

Highlights from the management commentary

- Fuel consumption cost stood at INR1.65/kcal vs. INR1.86/INR1.68 in 3QFY24/2QFY25. Kiln fuel consumption declined to 732kcal vs 739kcal in 3QFY24. Green power share increased 6pp YoY to ~19% (at ~16% in 9MFY25). AFR consumption in kiln increased 40bp YoY to 9.6% (at ~10% in 9MFY25).
- The company is increasing its grinding capacity at Sindri, Jharkhand, by 1.6mtpa, which is expected to be commissioned in 4QFY25. Additionally, it is setting up a greenfield GU at Salai Banwa, Uttar Pradesh, with a capacity of 2.4mtpa, expected to be commissioned in 1QFY26.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

- The company's cash balance stood at INR25.3b as of Dec'24 vs. INR29.2b as of Sep'24 and INR46.7b as of Mar'24.

Valuation and view

- ACC reported lower-than-estimated operating performance (adjusted for one-offs). While the company continued to post higher volume growth (up 20% YoY in 3Q), driven by higher MSA volumes, lower realization weighed on margins. We expect margin recovery to be gradual due to weak pricing in a few of its core markets (South and East) and slower-than-expected realization in cost savings through group synergy.
- We cut our EBITDA estimates by 18%/13%/11% for FY25/FY26/FY27. We estimate a CAGR of 34%/41% for EBITDA/PAT over FY25-27, albeit on a low base. We estimate a volume CAGR of ~9% over FY25-27. Additionally, EBITDA/t is estimated to improve to INR690/INR800 in FY26/FY27 vs INR530 in FY25. ACC trades inexpensively at 10x/7x FY26E/FY27E EV/EBITDA. We value the stock at 10x Dec'26E EV/EBITDA to arrive at our revised TP of INR2,400 (earlier INR2,680).

Standalone quarterly performance

(INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25 3QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Cement Sales (mt)	9.40	8.10	8.88	10.44	10.20	9.30	10.70	10.92	36.9	41.12	9.86	9
Change (YoY %)	23.8	18.2	15.3	24.0	8.5	14.8	20.5	4.6	19.5	11.5	11.0	
Net Sales	52.0	44.3	49.2	54.0	51.6	46.1	52.6	54.8	199.5	205.0	49.4	6
Change (YoY %)	16.4	11.2	8.4	12.7	(0.9)	3.9	6.9	1.5	(10.2)	2.8	0.5	
EBITDA	7.7	5.5	9.0	8.4	6.8	4.3	4.7	6.0	30.6	21.8	5.9	(20)
Margin (%)	14.8	12.4	18.4	15.5	13.1	9.3	9.0	11.0	15.3	10.6	12.0	(300)
Change (YoY %)	80.8	3,456.3	138.7	79.5	(11.9)	(21.7)	(47.7)	(28.0)	140.5	(28.6)	(34.4)	
Depreciation	2.0	2.1	2.3	2.3	2.2	2.3	2.5	2.2	8.8	9.2	2.3	7
Interest	0.3	0.3	0.3	0.7	0.3	0.3	0.3	0.4	1.5	1.3	0.3	(17)
Other Income	0.8	2.1	0.8	1.2	0.7	1.5	1.1	0.8	4.9	4.2	0.9	22
PBT before EO Item	6.2	5.2	7.2	6.6	4.9	3.2	3.1	4.2	25.2	15.4	4.2	(26)
EO Income/(Expense)	0.0	0.0	0.0	0.0	0.0	0.0	11.7	0.0	0.0	11.7	0.0	
PBT after EO Item	6.2	5.2	7.2	6.6	4.9	3.2	14.8	4.2	25.2	27.1	4.2	253
Tax	1.6	1.3	1.9	-0.9	1.3	0.8	3.9	0.8	3.9	6.8	1.0	
Rate (%)	25.5	25.5	26.6	(13.2)	25.6	26.5	26.2	19.0	15.7	25.0	25.0	
Reported PAT	4.6	3.8	5.3	7.5	3.7	2.3	10.9	3.4	21.2	20.3	3.1	247
Adjusted PAT	4.6	3.8	5.3	4.9	3.7	2.3	2.3	3.4	18.7	11.7	3.1	(28)
Margin (%)	8.9	8.7	10.7	9.1	7.1	5.1	4.3	6.3	9.4	5.7	6.3	
Change (YoY %)	108.8	NM	212.1	72.0	(21.1)	(39.1)	(57.3)	(30.0)	88.7	(37.4)	(40.5)	

Source: MOSFL, Company

Per ton analysis, including RMC (INR/t)

Y/E March	FY24				FY25				FY24	FY25E	FY25 3QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Blended Realization	5,533	5,475	5,538	5,171	5,054	4,955	4,915	5,016	5,410	4,986	5,016	(2)
Change (YoY %)	(6.0)	(5.9)	(6.0)	(9.1)	(8.7)	(9.5)	(11.2)	(3.0)	(6.0)	(7.8)	(9.4)	
Raw Material	1,596	1,598	1,512	1,746	1,730	1,942	1,862	1,807	1,570	1,854	1,810	3
Staff Cost	210	240	201	157	157	192	182	169	199	175	185	(2)
Power and fuel	1,196	1,093	1,141	931	970	830	920	1,003	1,083	899	920	-
Freight	1,245	1,177	1,084	1,058	1,075	1,020	1,025	1,026	1,136	1,023	1,025	-
Other expenditure	469	689	583	477	458	508	491	459	584	478	474	3
Total Expenditure	4,715	4,798	4,521	4,369	4,391	4,493	4,480	4,464	4,572	4,428	4,414	1
EBITDA	818	677	1,017	802	664	462	435	552	838	557	601	(28)

Source: MOSFL, Company

Key exhibits

Exhibit 1: Sales volume grew 20% YoY

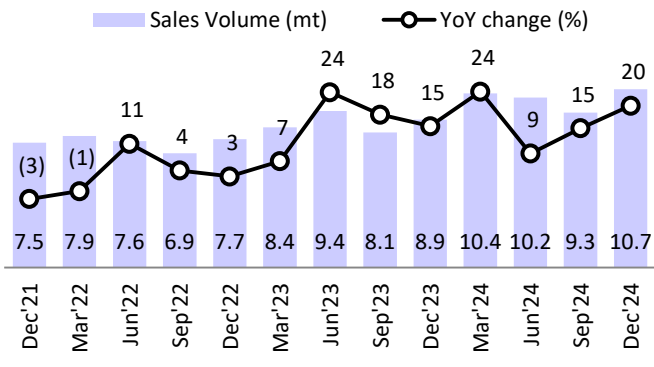


Exhibit 2: Cement realization was down 12% YoY

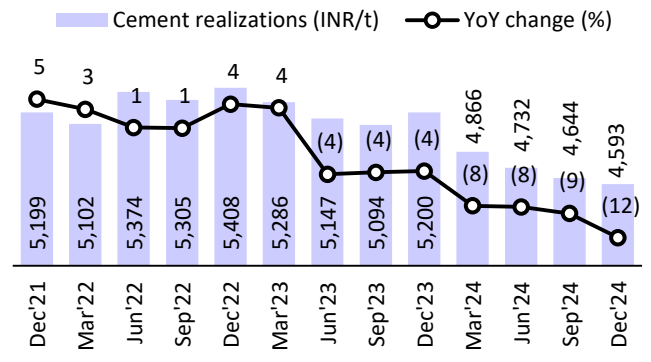


Exhibit 3: Opex/t declined 1% YoY (flat QoQ)

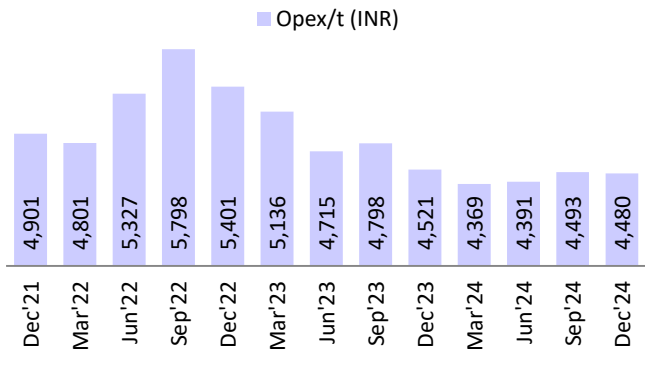


Exhibit 4: EBITDA/t declined 57% YoY to INR435

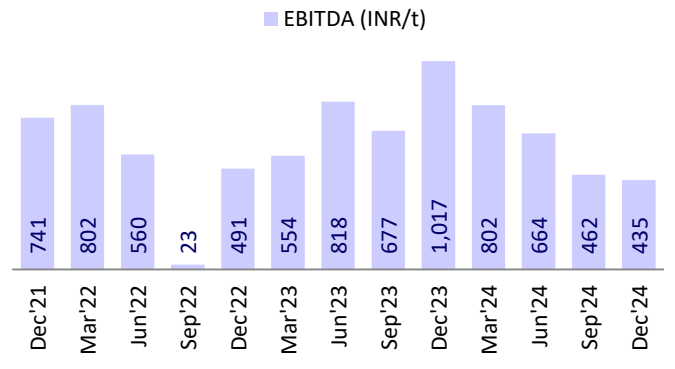
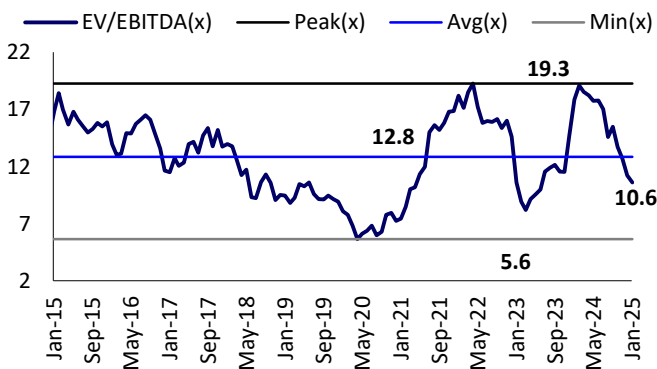


Exhibit 5: Key performance indicators (including the RMC business)

INR/t	Dec'24	Dec'23	YoY (%)	Sep'24	QoQ (%)
Blended realization	4,915	5,538	(11)	4,955	(1)
Cement realization	4,593	5,200	(12)	4,644	(1)
Raw materials	1,862	1,512	23	1,942	(4)
Staff cost	182	201	(9)	192	(5)
Power	920	1,141	(19)	830	11
Freight	1,025	1,084	(5)	1,020	0
Other expenditure	491	583	(16)	508	(3)
Total cost	4,480	4,521	(1)	4,493	(0)
EBITDA	435	1017	(57)	462	(6)

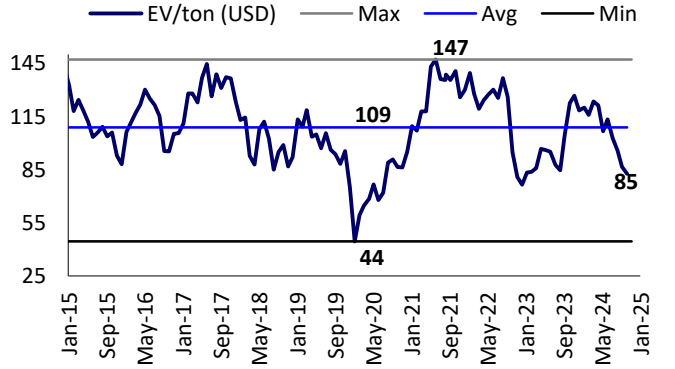
Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA trend



Source: Company, MOFSL

Exhibit 7: One-year forward EV/t trend



Source: Company, MOFSL

Financials and valuations

Income Statement								(INR m)
Y/E December/March	CY19	CY20	CY21	FY23*	FY24	FY25E	FY26E	FY27E
Net Sales	1,56,567	1,37,845	1,61,514	2,22,100	1,99,522	2,05,012	2,27,714	2,50,956
Change (%)	5.8	(12.0)	17.2	37.5	(10.2)	2.8	11.1	10.2
EBITDA	24,095	24,811	30,004	19,190	30,576	21,818	30,772	39,298
Change (%)	17.8	3.0	20.9	(36.0)	59.3	(28.6)	41.0	27.7
Margin (%)	15.4	18.0	18.6	8.6	15.3	10.6	13.5	15.7
Depreciation	6,030	6,353	5,973	8,351	8,763	9,218	9,509	10,309
Int. and Fin. Charges	862	570	546	772	1,538	1,343	1,493	1,646
Other Income – Rec.	3,112	2,040	2,048	3,372	4,915	4,180	3,200	3,600
PBT Before EO Item	20,315	19,927	25,533	13,439	25,191	15,437	22,971	30,942
EO Income/(Expense)	-	(3,049)	(929)	(1,618)	-	11,672	-	-
PBT After EO Item	20,315	16,878	24,604	11,821	25,191	27,109	22,971	30,942
Tax	6,726	2,728	6,401	3,122	3,948	6,777	5,743	7,736
Tax Rate (%)	33.1	16.2	26.0	26.4	15.7	25.0	25.0	25.0
Reported PAT	13,589	14,149	18,203	8,699	21,242	20,331	17,228	23,207
Adjusted PAT	13,589	14,746	18,899	9,896	18,670	11,694	17,228	23,207
Change (%)	35.1	8.5	28.2	(47.6)	88.7	(37.4)	47.3	34.7
Margin (%)	8.7	10.7	11.7	4.5	9.4	5.7	7.6	9.2

Balance Sheet								(INR m)
Y/E December/March	CY19	CY20	CY21	FY23*	FY24	FY25E	FY26E	FY27E
Share Capital	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
Fully Diluted Capital	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
Reserves	1,13,333	1,24,735	1,40,404	1,38,550	1,58,340	1,77,261	1,91,857	2,12,244
Net Worth	1,15,213	1,26,614	1,42,284	1,40,430	1,60,220	1,79,141	1,93,737	2,14,124
Loans	0	0	0	0	0	0	0	0
Deferred Tax Liability	6,422	3,762	3,827	4,331	4,543	4,543	4,543	4,543
Capital Employed	1,21,635	1,30,376	1,46,112	1,44,761	1,64,762	1,83,684	1,98,280	2,18,667
Gross Block	93,972	98,093	1,04,708	1,20,694	1,46,866	1,57,866	1,72,866	1,88,866
Less: Accum. Deprn.	24,059	31,507	37,480	45,831	54,593	63,811	73,320	83,629
Net Fixed Assets	69,914	66,586	67,228	74,863	92,273	94,055	99,546	1,05,237
Capital WIP	4,353	5,453	12,121	16,831	9,720	15,220	14,220	13,220
Investments – Trade	37	37	37	37	7,624	7,624	7,624	7,624
Investments in subsidiaries	2,265	2,169	1,890	1,890	6,117	6,117	6,117	6,117
Curr. Assets, Loans, and Adv.	94,252	1,07,014	1,27,914	1,10,464	1,13,263	1,33,551	1,44,991	1,71,097
Inventory	11,410	9,005	12,733	16,235	18,429	19,284	21,436	23,637
Account Receivables	6,284	4,515	4,624	8,747	8,412	12,672	14,086	15,533
Cash and Bank Balance	45,672	59,219	74,345	32,062	37,536	41,181	44,338	62,959
Others	30,887	34,275	36,212	53,420	48,886	60,414	65,132	68,967
Curr. Liab. and Prov.	49,186	50,883	63,078	59,324	64,235	72,883	74,219	84,628
Account Payables	14,710	14,163	18,992	14,922	19,142	20,210	23,699	29,046
Other Liabilities	28,478	30,189	33,868	35,632	30,802	31,110	31,421	31,735
Provisions	5,998	6,531	10,219	8,770	14,291	21,563	19,099	23,847
Net Current Assets	45,067	56,131	64,835	51,141	49,028	60,668	70,772	86,469
Application of Funds	1,21,635	1,30,376	1,46,112	1,44,761	1,64,762	1,83,684	1,98,280	2,18,667

Source: Company, MOFSL; *Note: FY23 is a 15-month period as the company changed its accounting year-end from December to March

Financials and valuations

Ratios

Y/E December/March	CY19	CY20	CY21	FY23*	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	72.3	78.4	100.5	52.6	99.3	62.2	91.6	123.4
Cash EPS	104.4	112.2	132.3	97.1	145.9	111.2	142.2	178.3
BV/Share	613	674	757	747	852	953	1,031	1,139
DPS	14.0	14.0	58.0	9.3	7.5	14.0	15.0	15.0
Payout (%)	19.3	18.6	59.9	20.0	6.6	12.9	16.4	12.2
Valuation (x)								
P/E ratio	27.8	25.6	20.0	38.1	20.2	32.2	21.9	16.3
Cash P/E ratio	19.2	17.9	15.2	20.7	13.7	18.0	14.1	11.3
EV/Sales ratio	2.1	2.3	1.8	1.5	1.6	1.5	1.4	1.2
EV/EBITDA ratio	13.6	12.6	9.7	17.1	10.5	14.4	10.1	7.5
P/BV ratio	3.3	3.0	2.7	2.7	2.4	2.1	1.9	1.8
Dividend Yield	0.7	0.7	2.9	0.5	0.4	0.7	0.7	0.7
EV/t (USD-Cap)	114	109	97	105	93	87	82	77
Return Ratios (%)								
RoE	12.3	12.2	14.1	7.0	12.4	6.9	9.2	11.4
RoCE	12.1	13.6	14.0	7.2	14.6	7.2	9.6	11.7
RoIC	16.2	22.6	28.4	10.3	17.9	8.2	12.7	16.3
Working Capital Ratios								
Debtor (Days)	15	12	10	14	15	23	23	23
Asset Turnover ratio (x)	0.8	0.9	0.9	0.7	0.8	0.9	0.9	0.9
Leverage Ratio								
Debt/Equity ratio (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

(INR m)

Y/E December/March	CY19	CY20	CY21	FY23*	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	20,315	16,878	24,604	11,821	25,191	27,109	22,971	30,942
Depreciation	6,030	6,353	5,973	8,351	8,763	9,218	9,509	10,309
Interest and Finance Charges	0	570	0	-1,835	-3,554	0	0	0
Direct Taxes Paid	(4,462)	(7,064)	(2,849)	(4,027)	(1,748)	(6,777)	(5,743)	(7,736)
(Inc.)/Dec. in WC	601	5,419	588	(26,697)	1,153	(7,995)	(6,948)	2,925
CF from Operations	22,484	22,156	28,316	-12,388	29,804	21,555	19,788	36,441
Others	-	-	-	-	-	-	-	-
CF from Operations incl. EO	22,484	22,156	28,316	-12,388	29,804	21,555	19,788	36,441
(Inc.)/Dec. in FA	(4,935)	(7,252)	(11,509)	(19,788)	(13,560)	(16,500)	(14,000)	(15,000)
Free Cash Flow	17,549	14,904	16,808	-32,175	16,244	5,055	5,788	21,441
(Pur.)/Sale of Investments	1,651	1,886	1,619	(26,632)	1,861	-	-	-
Others	-	-	-	-	-	-	-	-
CF from Investments	(3,283)	(5,366)	(9,890)	(46,420)	(11,699)	(16,500)	(14,000)	(15,000)
Issue of Shares	0	0	0	0	0	0	0	0
Inc./Dec. in Debt	0	0	0	0	0	0	0	0
Interest Paid	(572)	(399)	(316)	(596)	(1,424)	0	0	0
Dividend Paid	(2,629)	(2,629)	(2,629)	(10,892)	(1,753)	(1,410)	(2,632)	(2,820)
Others	(540)	(246)	(360)	(889)	(1,245)	-	-	-
CF from Fin. Activity	(3,742)	(3,274)	(3,305)	(12,377)	(4,423)	(1,410)	(2,632)	(2,820)
Inc./Dec. in Cash	15,459	13,516	15,121	-71,185	13,682	3,645	3,157	18,622
Opening Balance	29,959	45,477	58,908	74,029	32,062	37,536	41,181	44,338
Closing Balance	45,418	58,993	74,029	32,062	37,536	41,181	44,338	62,959

Source: Company, MOFSL; *Note: FY23 is a 15-month period as the company changed its accounting year-end from December to March

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

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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