

January 30, 2025

RESULT REPORT Q3 FY25 | Sector: Cement

ACC

Strong volume, better pricing, and synergy benefits to play out

Result Synopsis

ACC Ltd, on standalone basis, have reported strong numbers in 3Q led by strong volume and high incentive amidst marginal decline in realization (~1% QoQ). After taking out incentive amount of Rs6.4bn from the revenue numbers, the numbers were 1). Revenue from its cement business were up by ~7% YoY and 14% QoQ primarily driven by strong volume (+20% YoY/ +15% QoQ) despite a realization decline (-11% YoY/ 1% QoQ). 2). EBITDA in absolute numbers down by 48% YoY but up by 10% QoQ. While EBITDA/tn was at Rs442 (-57% YoY/ -4.3% QoQ) is better than Ambuja's consolidated numbers. Overall opex/tn remained flattish YoY as well as QoQ, implies better cost efficiency in 3Q. Despite certain regional and seasonal challenges, ACC have reported better numbers than Ambuja in 3Q. Despite having major capacity in eastern and southern region where prices/ demand are weak, the volume growth is strong in 3Q as compared to other regional and large players so far reported their numbers.

1.6mtpa grinding unit at Sindri, Jharkhand and 2.4mtpa grinding unit at Salai Banwa, Uttar Pradesh is expected to commission by 4QFY25 / 1QFY26 respectively. ACC's current capacity utilization stands at 91% which is almost near to peak level. We expect the upcoming capacity to add volumes to cater increment demand in the regions (i.e., central). We are factoring a volume growth at 7.1% CAGR over FY24-FY27E at avg. capacity utilization of 97%. Though industry is facing certain challenges especially weak pricing, we believe various cost saving programs coupled with Master Supply Agreement (MSA) and synergy benefits to control cost structure in near-term to lead margin expansion. ACC's MSA with Ambuja Cement, Sanghi Industry and volume addition from Penna Cement have helped to improve volume. Ongoing cost efficiency projects, higher usage of captive coal mines and green energy usage, reduction in lead distance through warehouse optimization are the key focus area of the management to reach a cost savings of Rs450-500/tn (Ambuja + ACC) in near-term. Despite weak realization, we believe, ACC's EBITDA to improve further led by cost respites. We are factoring avg. cost saving of Rs153/tn over next three years to arrive at an EBITDA/tn of Rs718/ Rs763/ Rs979 level in FY25E/ 26E/ 27E.

Outlook & Valuation: At the current market price, the stock is trading at 8x Sep'26E EV/EBITDA. anticipate tepid industry growth in FY25E, impacting ACC due to pricing pressures and regional challenges. However, we expect gradual improvement from FY26E onwards. We have cut our estimates and building Revenue/ EBITDA/ PAT at 3.5%/ 11.5%/ 5.9% CAGR over FY24-FY27E in the anticipation of weak pricing and slow demand. And we reduced our Sep'26E EV/EBITDA multiple to 10x (Earlier 11x) with revised target price of Rs2403 (Earlier Rs2909) maintain BUY rating. Any price decline, weak demand and delay in capacity expansion is key downside risk to our recommendation.

Exhibit 1: Actual vs estimates

Rs Mn	Actual	Estimate		% Variation		Remarks
		YSec	Consensus	YSec	Consensus	
Sales	58,961	47,596	50,973	23.9	15.7	Better than expected volume and higher incentive missed est.
EBITDA	11,094	7,099	7,350	56.3	50.9	
Margin (%)	18.8	14.9	14.4	390 bps	440 bps	
Rept. PAT	10,891	4,149	4,189	162.5	160.0	

Source: Company, YES Sec

Reco	: BUY
CMP	: Rs 2,002
Target Price	: Rs 2,403
Potential Return	: +20%

Stock data (as on Jan 30, 2025)

Nifty	23,163
52 Week h/l (Rs)	2844 / 1839
Market cap (Rs/USD mn)	375800 / 4343
Outstanding Shares (mn)	188
6m Avg t/o (Rs mn):	986
Div yield (%):	0.4
Bloomberg code:	ACC IN
NSE code:	ACC

Stock performance



	1M	3M	1Y
Absolute return	-3.1%	-14.0%	-19.7%

Shareholding pattern (As of Dec'24 end)

Promoter	56.7%
FII+DII	30.0%
Others	13.4%

Δ In stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	2403	2909

Δ in earnings estimates

	FY25E	FY26E	FY27E
EPS (New)	114.5	97.3	134.3
EPS (Old)	86.3	115.3	153.1
% Change	33.1	(15.4)	(12.2)

Financial Summary

(Rs mn)	FY25E	FY26E	FY27E
Revenue	210,351	215,788	220,936
Growth	5.4	2.6	2.4
EBITDA	29,312	32,647	42,414
Margin	13.9	15.1	19.2
Adj PAT	21,526	18,296	25,241
Growth	1.3	(15.0)	38.0
EPS	114.5	97.3	134.3
ND/EBITDA	(1.7)	(2.2)	(2.2)
ROE	12.6	9.7	12.1
ROCE	12.9	10.0	12.3
EV/EBITDA	11.2	9.5	6.8

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QUARTERLY RESULT ANALYSIS

Exhibit 2: Quarterly snapshot (Standalone)

Y/E Mar (Rs mn)	3QFY25	3QFY24	YoY %	2QFY25	QoQ%	Our Est.	Var. (%)	9MFY25	9MFY24	YoY%
Net Revenue	58,961	49,183	19.9	46,080	28.0	47,596	23.9	156,596	145,541	7.6
Total Expenses	47,867	40,152	19.2	41,788	14.5			134,438	123,336	9.0
COGS	21,858	13,424	62.8	18,063	21.0			57,571	40,658	41.6
Employee Expenses	1,949	1,783	9.3	1,790	8.9			5,340	5,250	1.7
Power & fuel	8,414	10,136	(17.0)	7,721	9.0			26,025	30,232	(13.9)
Freight Exp	10,394	9,629	8.0	9,490	9.5			30,852	30,867	(0.0)
Other Expenses	5,251	5,180	1.4	4,725	11.1			14,649	16,329	(10.3)
EBITDA	11,094	9,032	22.8	4,292	158.5	7,099	56.3	22,158	22,206	(0.2)
EBITDA (%)	18.8	18.4	45 bps	9.3	950 bps			14.1	15.3	-111 bps
D&A	2,498	2,343	6.6	2,317	7.8			7,029	6,452	8.9
Other income	6,439	839	667.4	1,540	318.1			8,677	3,700	134.5
Interest Expense	282	339	(16.8)	333	(15.3)			946	878	7.7
Exceptional/EO items	-	-	NA	-	NA			-	-	NA
Share JV/Associates			NA		NA			-	-	NA
EBT	14,753	7,189	105.2	3,182	363.6			22,860	18,576	23.1
Tax	3,863	1,914	101.8	843	358.0			5,969	4,819	23.9
Minority Interest			NA		NA			-	NA	NA
Reported PAT	10,891	5,275	106.5	2,339	365.7			16,892	13,757	22.8
Adjusted PAT	10,891	5,275	106.5	2,339	365.7	4,149	162.5	16,892	13,757	22.8
Adjusted PAT (%)	18.5	10.7	775 bps	5.1	1340 bps			10.8	9.5	133 bps
Adj. EPS	57.9	28.1	106.5	12.4	365.7			90.0	73.3	22.8

Source: Company, YES Sec

Exhibit 3: Quarterly Operational Performance Analysis (Standalone)

Particulars (Rs m)	3QFY25	3QFY24	YoY %	2QFY25	QoQ%	Our Est.	Var. (%)	9MFY25	9MFY24	YoY%
Total Volumes (MMT)	10.70	8.90	20.2	9.30	15.1	9.49	12.8	30.20	26.40	14.4
NSR/te (Blended)	5,510	5,526	(0.3)	4,955	11.2	4,686	17.6	5,185	5,513	(5.9)
RM/te	2,043	1,508	35.4	1,942	5.2	1,885	8.4	1,906	1,540	23.8
Employees/te	182	200	(9.1)	192	(5.3)	194	(6.3)	177	199	(11.1)
Power/te	786	1,139	(31.0)	830	(5.3)	710	10.7	862	1,145	(24.7)
Freight/te	971	1,082	(10.2)	1,020	(4.8)	975	(0.4)	1,022	1,169	(12.6)
Others/te	491	582	(15.7)	508	(3.4)	503	(2.4)	485	619	(21.6)
Opex/te (Blended)	4,474	4,511	(0.8)	4,493	(0.4)	4,267	4.8	4,452	4,672	(4.7)
EBITDA/te (Blended)	1,037	1,015	2.2	462	124.7	699	48.3	734	841	(12.8)

Source: Company, YES Sec

ADANI CEMENTS KEY CON-CALL HIGHLIGHTS & ANALYSIS

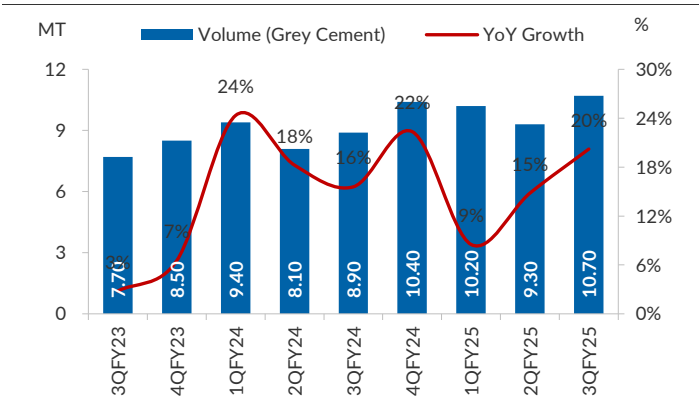
- **Market Demand and Pricing Trends:** Cement demand remained strong, supported by government infrastructure projects, real estate growth, and improving rural demand. Adani Cements (Ambuja + ACC) saw 12% YoY volume growth, reaching ~16.7 MTPA in Q3FY25. Prices were stable to slightly positive, with a Rs.5-10/bag hike in key regions (North & West). The company expects pricing discipline to continue, with premium products contributing to higher realizations (Rs. 5,230/tn). Demand momentum is expected to remain strong in Q4FY25 and FY26, aided by urbanization trends.
- **Capacity Expansion and Investment Roadmap:** The company is aggressively expanding capacity, targeting 140 MTPA by FY28. In Q3FY25, it commissioned 8 MTPA across Ametha (MP) and Ropar (Punjab). Another 14 MTPA is under execution, with upcoming grinding units in Himachal, Bihar, and Telangana, and clinker expansions at Maratha and Bhatapara. Capex for FY25 is projected at Rs.8,000-9,000 cr, primarily funded through internal accruals, ensuring a disciplined approach to growth.
- **Operational Efficiency and Energy Optimization:** Cost optimization remained a key focus, particularly in power & fuel costs, which declined 8% QoQ due to:
 - Higher linkage coal usage (62% of total fuel mix)
 - Increased WHRS utilization
 - Lower pet coke prices
 - Renewable energy investments targeting 60% green power by FY30

This shift significantly contributed to EBITDA/tn improving to Rs. 1,065.

- **Logistics Optimization and Cost Management:** The company improved freight efficiency, reducing lead distance to 280-300 km. Optimizing the rail-road mix (rail share at ~34%) resulted in a 5-7% YoY logistics cost reduction. Expansion of bulk terminals and a more efficient distribution network continues to be a key focus to further lower logistics costs.
- **Orient Cement:** The acquisition of Orient Cement is at an advanced stage and is expected to contribute significantly to the increase in capacity. The anticipated outflow for the Orient Cement acquisition is Rs. 4,000 cr in Q4. However, the Rs. 8,800 cr transaction for the acquisition has yet to be fully accounted for, with the exception of the SEBI escrow deposit.
- **Strategic Developments and Growth Outlook:** The company continues to focus on premiumization and sustainability, with increased sales of blended cement and premium products. Additionally, its digital initiatives and automation investments are driving operational efficiencies. The management remains bullish on long-term industry growth, expecting double-digit volume growth in FY25.
- **Debt Position and Financial Strength:** Strong balance sheet with near-zero net debt. Expansion is being funded through internal accruals, ensuring low leverage. Cash reserves remain healthy, providing flexibility for capex and future M&A opportunities.

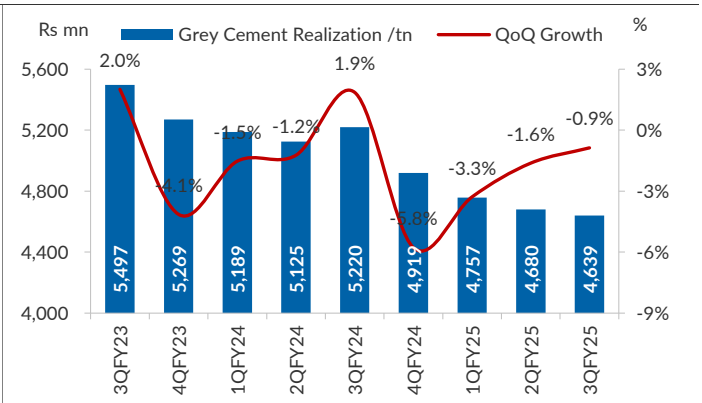
QUATERLY CHARTS & ANALYSIS

Exhibit 4: Grey cement volumes are better than other peers, despite seasonal impact and higher competition in the key market



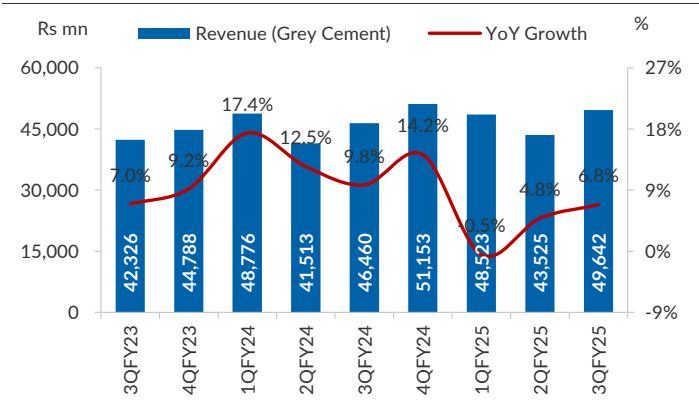
Source: Company, YES Sec

Exhibit 5: ... while grey cement realization was lower by 1% QoQ due to pricing pressure



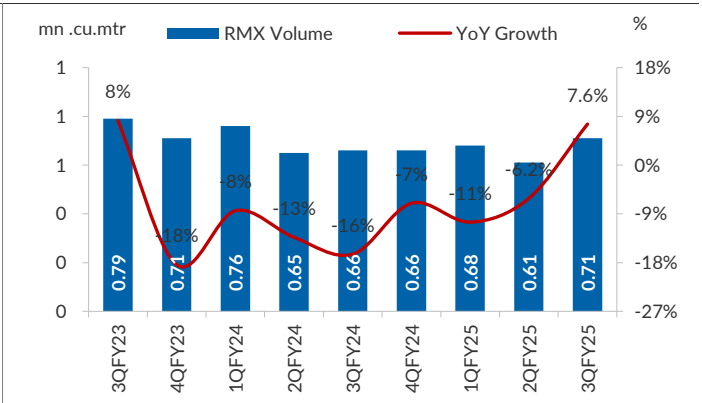
Source: Company, YES Sec

Exhibit 6: Revenue up by ~7% YoY (+14% QoQ) primarily driven by better volume despite 1% QoQ decline in realization



Source: Company, YES Sec

Exhibit 7: Ready Mix Concrete volumes up by 7.6%



Source: Company, YES Sec

Exhibit 8: Ready Mix Concrete realizations increased by 3.1% QoQ and expect to improve further

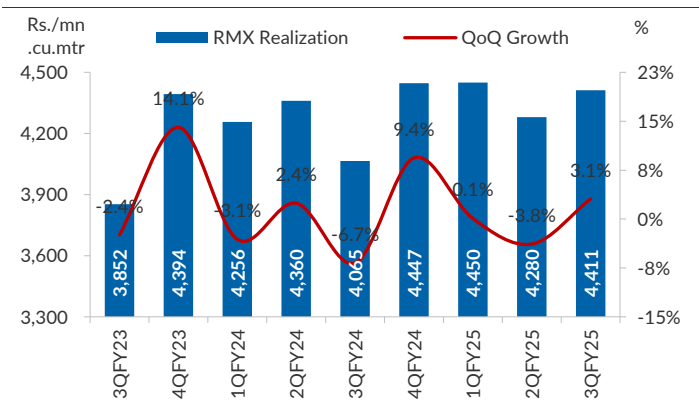
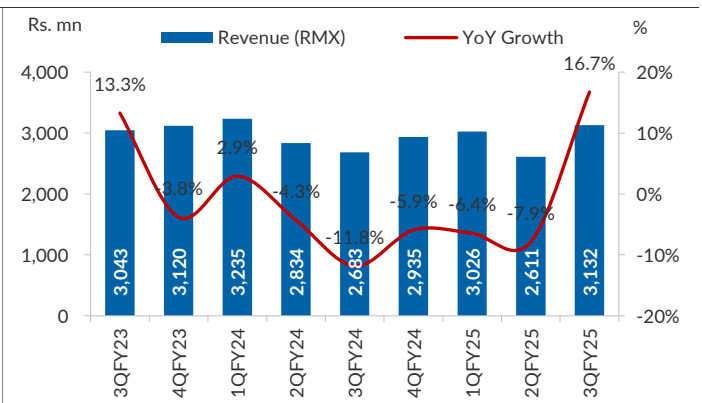
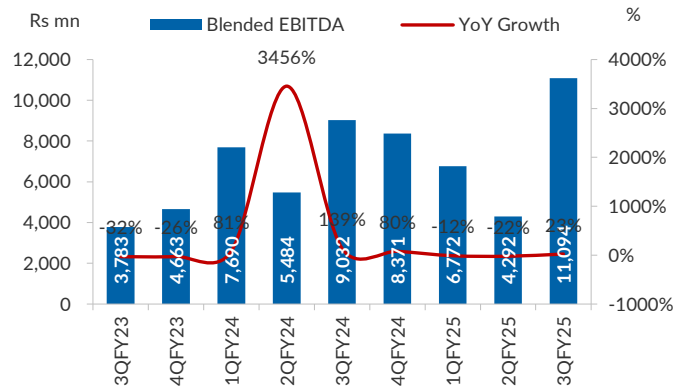


Exhibit 9: Better volume and realization resulted strong revenue growth for Ready Mix Concrete business



Source: Company, YES Sec

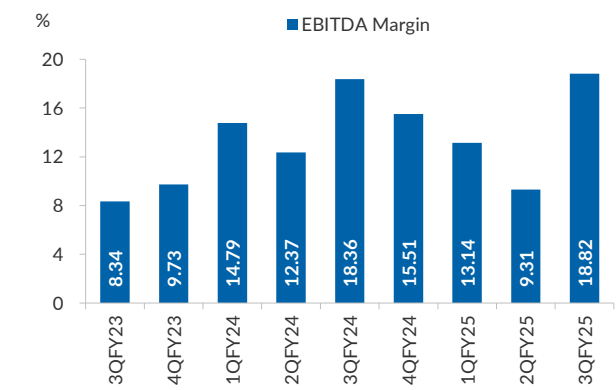
Exhibit 10: EBITDA up by ~22% YoY (+158% QoQ) led by strong top-line growth supported by high incentives



Source: Company, YES Sec

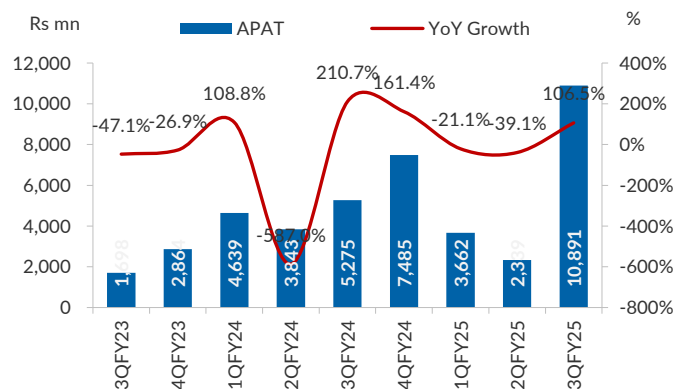
Source: Company, YES Sec

Exhibit 11: EBITDA margin improved by 950bps QoQ



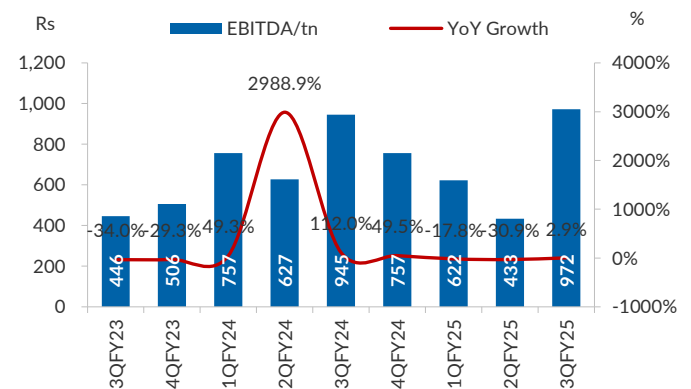
Source: Company, YES Sec

Exhibit 12: Sharp increase in Adj. PAT led by higher incentive added in top-line and increase in other income



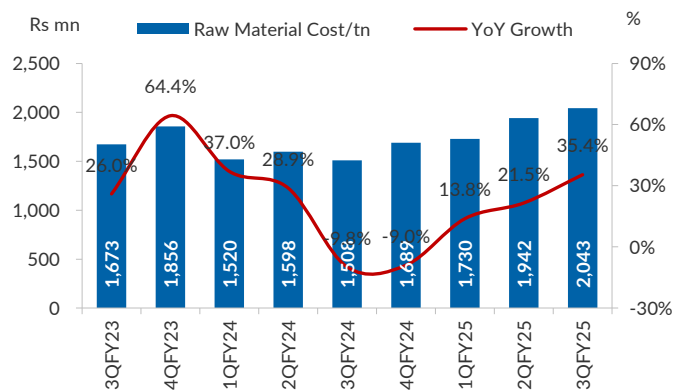
Source: Company, YES Sec

Exhibit 13: EBITDA/tn increased to Rs1037 (Incl. incentive) vs. Rs442 (Excl. Incentive)



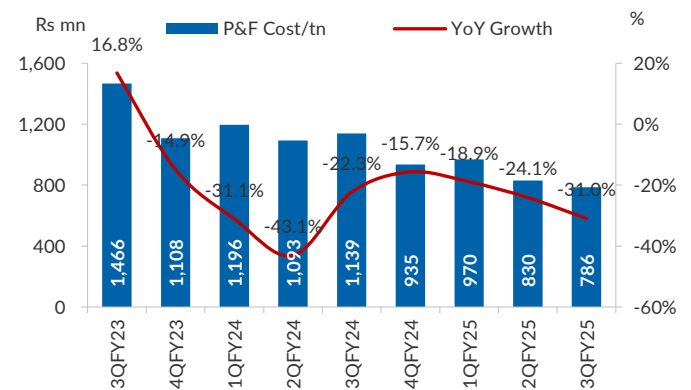
Source: Company, YES Sec

Exhibit 14: RM cost/tn up by 35% YoY (+5.2% QoQ)



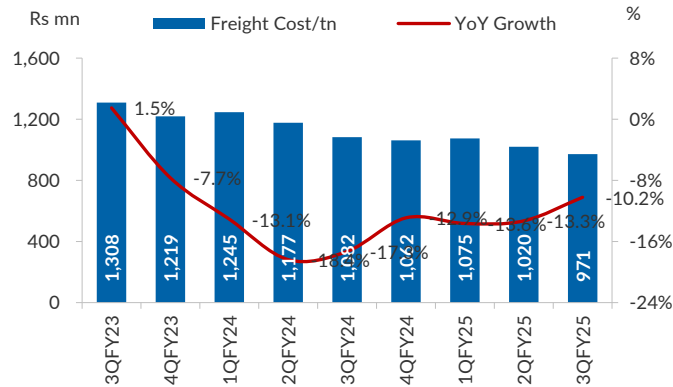
Source: Company, YES Sec

Exhibit 15: P&F Cost/tn down by 31% YoY (-5.3% QoQ)



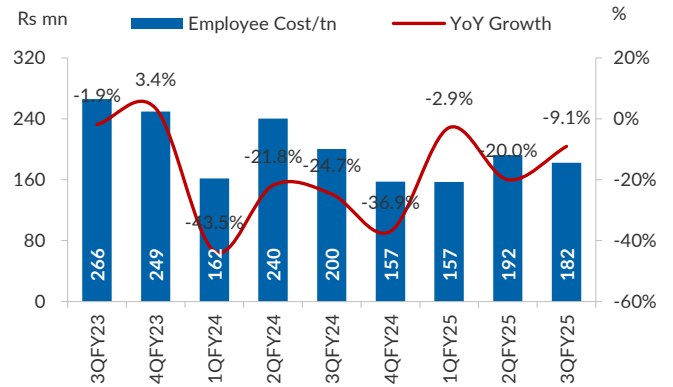
Source: Company, YES Sec

Exhibit 16: Logistic cost down by ~10% YoY (-5% QoQ)



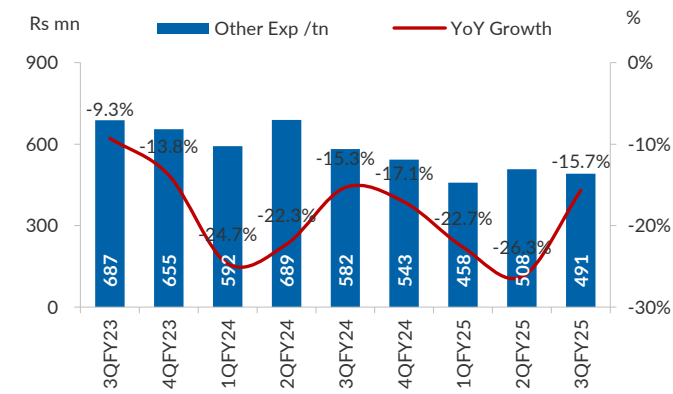
Source: Company, YES Sec

Exhibit 17: Employee cost/tn by 9% YoY (-5% QoQ)



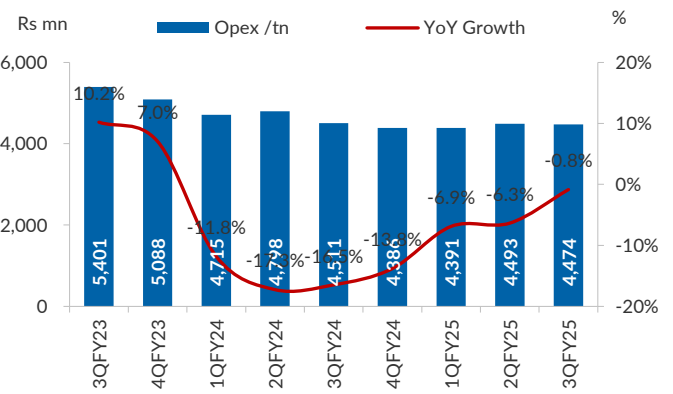
Source: Company, YES Sec

Exhibit 18: Other Exp/tn down by ~16% YoY (-3.4% QoQ)



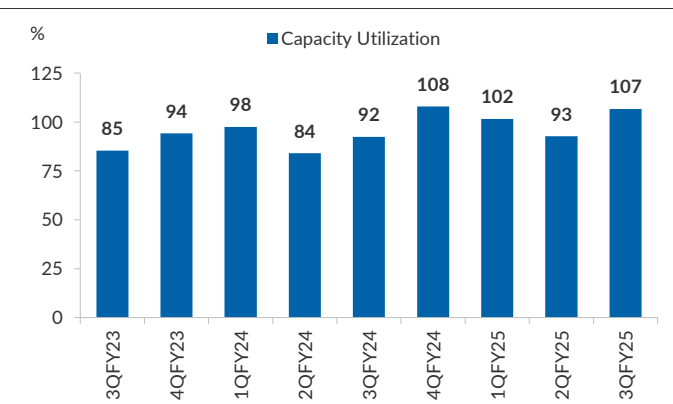
Source: Company, YES Sec

Exhibit 19: Opex/tn down flattish YoY and QoQ



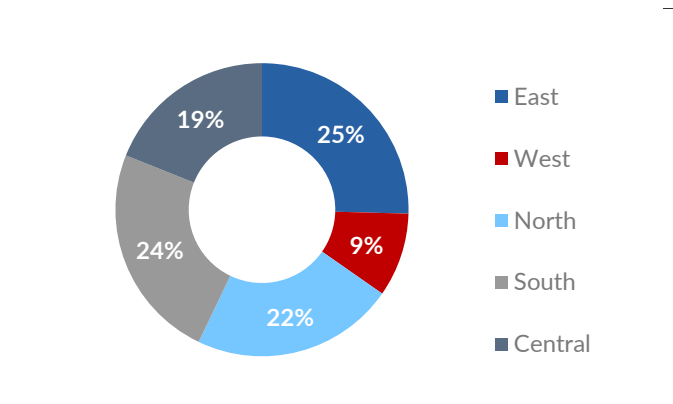
Source: Company, YES Sec

Exhibit 20: Capacity utilization remained high



Source: Company, YES Sec

Exhibit 21: Regional Mix as on date and further adding 1.6mt by 4QFY25 and 2.4mt by 1QFY26



Source: Company, YES Sec

Exhibit 22: Change in estimates

Rs mn	New Estimates	Old Estimates	Change (%)
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	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Revenue	210,351	215,788	220,936	195,267	215,244	224,737	7.72	0.25	(1.69)
EBITDA	29,312	32,647	42,414	29,607	37,859	47,774	(1.0)	(13.8)	(11.2)
EBITDA Margin (%)	13.9	15.1	19.2	15.2	17.6	21.3	(127)bps	(247)bps	(210)bps
APAT	21,526	18,296	25,241	16,220	21,675	28,790	32.7	(15.6)	(12.3)
Adj. EPS (Rs)	115	97	134	86	115	153	33.1	(15.4)	(12.2)

Source: Company, YES Sec

Exhibit 23: Annual Operational Performance Estimates (Standalone)

Operating Details	FY23*	FY24	FY25E	FY26E	FY27E
Volume (mt)	38.6	36.9	40.8	42.8	43.3
YoY (%)	31.3	(4.4)	10.7	4.7	1.3
Utilization (%)	107	96	102	97	98
Realization (Rs)	5,755	5,410	5,151	5,046	5,098
YoY (%)	4.7	(6.0)	(4.8)	(2.0)	1.0
Cost per tonne (Rs)					
Raw Material Cost (Rs/mt)	1,414	1,579	1,621	1,648	1,666
Employee Cost/tn (Rs)	269	199	195	193	192
Power & Fuel Cost (Rs/mt)	1,487	1,083	963	833	713
Freight Cost/tn (Rs)	1,339	1,136	1,086	1,066	1,036
Other Expenses (Rs/mt)	755	585	570	545	515
Blended EBITDA(Rs/tn)	497	829	718	763	979

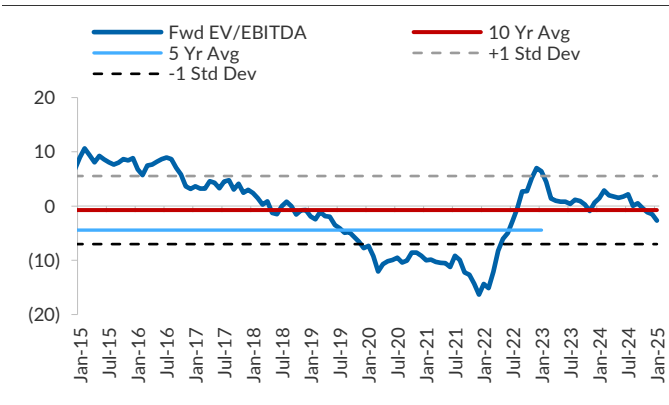
Source: Company, YES Sec. Note: *15months numbers

Exhibit 24: Valuation Summary

Valuation	Rs mn
Sep'26 e EBITDA (Rs mn)	37,531
Target Multiple (x)	10
EV (Rs mn)	375,306
Less: Net Debt (Rs mn)	(76,452)
Equity Value (Rs mn)	451,758
No of Shares (in mn)	188
Value of shares (Rs)	2,403
CMP (Rs)	2,002
Upside / (downside)	20%

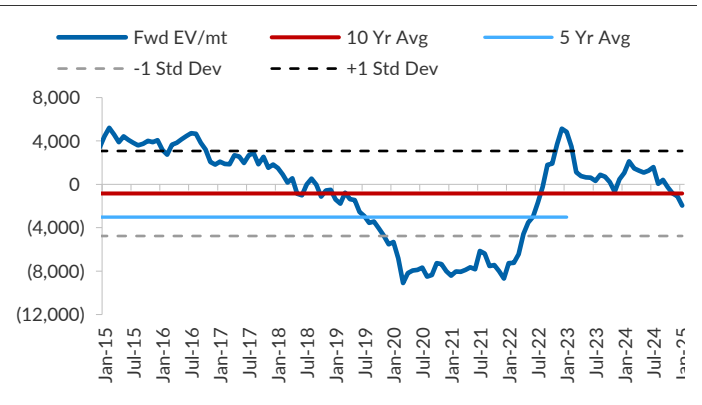
Source: Company, YES Sec

Exhibit 25: 1-yr forward EV/EBITDA band



Source: Company, YES Sec

Exhibit 26: 1-yr forward EV/te (\$) band



Source: Company, YES Sec

FINANCIALS

Exhibit 27: Balance Sheet (Standalone)

YE March (Rs mn)	FY23*	FY24	FY25E	FY26E	FY27E
<i>Sources of funds</i>					
Eq. Share Capital	1,880	1,880	1,880	1,880	1,880
Reserves & Surplus	138,550	158,340	178,456	195,248	218,891
Shareholders' Funds	140,430	160,220	180,336	197,128	220,771
Total Loan Funds	1,530	3,548	3,625	3,809	3,894
Other liabilities	6,094	6,035	6,092	6,171	6,207
Total Liabilities	204,085	228,997	251,596	269,371	292,955
<i>Application of funds</i>					
Net Block	72,247	87,822	108,893	107,221	104,384
Capital WIP	16,831	9,720	5,328	1,072	2,000
Investments	1,927	13,741	13,741	13,741	13,741
Other non-current assets	31,814	30,213	31,809	33,108	33,588
Inventories	16,235	18,429	20,501	21,031	21,532
Trade Receivables	8,747	8,412	10,116	10,378	10,625
Cash & Bank Balances	30,060	37,536	42,904	62,759	85,746
Other current Assets	26,224	23,124	18,304	20,062	21,339
Total Current Assets	81,267	87,501	91,825	114,229	139,243
Trade Payables	16,388	19,142	21,014	21,557	22,071
Other Current Liabilities	39,642	40,052	40,529	40,706	40,013
Total Current Liabilities	56,031	59,195	61,543	62,263	62,084
Net Current Assets	24,962	34,583	36,530	58,146	83,307
Total Assets	204,085	228,997	251,596	269,371	292,955

Source: Company, YES Sec. Note: *15months numbers

Exhibit 28: Income statement (Standalone)

YE March (Rs mn)	FY23*	FY24	FY25E	FY26E	FY27E
Net Sales	222,100	199,522	210,351	215,788	220,936
<i>Expenses:</i>					
Raw Materials	54,550	58,224	66,187	70,459	72,188
Employee Cost	10,362	7,336	7,960	8,249	8,317
P&F Cost	57,383	39,953	39,340	35,634	30,913
Freight cost	51,683	41,911	44,366	45,601	44,915
Other Expenses	28,933	21,522	23,186	23,198	22,189
EBITDA	19,190	30,576	29,312	32,647	42,414
Depreciation & Amortization	8,351	8,763	9,961	11,288	11,909
EBIT	10,839	21,814	19,351	21,359	30,504
Other Income	3,372	4,915	10,600	4,284	4,379
Finance cost	772	1,538	1,249	1,248	1,228
Exceptional items	(1,618)	-	-	-	-
PBT	11,821	25,191	28,701	24,394	33,655
Tax Expenses	3,122	3,948	7,175	6,099	8,414
Share in Profit / (Loss) of Asso and JV					
Minority Interest					
RPAT	8,699	21,242	21,526	18,296	25,241
APAT	9,912	21,242	21,526	18,296	25,241

Source: Company, YES Sec Note: *15months numbers

Exhibit 29: Cash Flow (Standalone)

YE March (Rs mn)	FY23*	FY24	FY25E	FY26E	FY27E
Operating profit before WC changes	18,337	30,399	39,912	36,931	46,792
Net chg. in working capital	(26,697)	1,153	3,421	(1,761)	(2,175)
Income tax Paid	(4,027)	(1,748)	(7,175)	(6,099)	(8,414)
CFO	(12,388)	29,804	36,157	29,072	36,204
<i>Adj. CFO</i>	<i>(13,160)</i>	<i>28,266</i>	<i>34,908</i>	<i>27,823</i>	<i>34,976</i>
Capital expenditure	(21,025)	(14,019)	(26,640)	(5,360)	(10,000)
Other Investments	(25,395)	2,320	(1,597)	(1,299)	(480)
CFI	(46,420)	(11,699)	(28,237)	(6,659)	(10,480)
<i>Adj FCF</i>	<i>(34,185)</i>	<i>14,247</i>	<i>8,268</i>	<i>22,463</i>	<i>24,976</i>
Change in Equity	-	-	-	-	-
Debt (Incl. Interest)	(1,485)	(2,670)	(1,143)	(1,054)	(1,139)
Dividend	(10,892)	(1,753)	(1,410)	(1,504)	(1,598)
Others	-	-	-	-	-
CFF	(12,377)	(4,423)	(2,553)	(2,558)	(2,737)
Net chg. in cash	(71,185)	13,682	5,367	19,855	22,987
Opening Cash & Eq	74,042	30,060	37,536	42,904	62,759
Other Adj:	(27,203)	6,206	-	-	-
Closing Cash & Eq	30,060	37,536	42,904	62,759	85,746

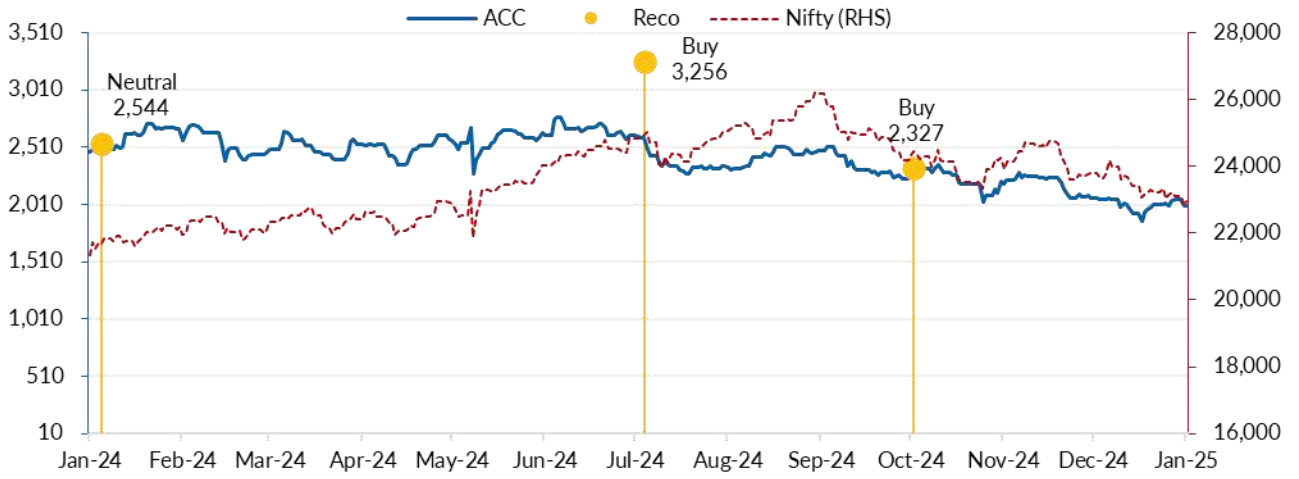
Source: Company, YES Sec. Note: *15months numbers

Exhibit 30: Ratio Analysis (Standalone)

YE March	FY23*	FY24	FY25E	FY26E	FY27E
Growth Ratio (%)					
Revenue	37.5	(10.2)	5.4	2.6	2.4
EBITDA	(36.0)	59.3	(4.1)	11.4	29.9
Adjusted PAT	(47.6)	114.3	1.3	(15.0)	38.0
Margin Ratios (%)					
Gross Profit	75.4	70.8	68.5	67.3	67.3
EBITDA	8.6	15.3	13.9	15.1	19.2
EBIT	6.4	13.4	14.2	11.9	15.8
Core PBT	4.5	10.2	8.6	9.3	13.3
Adjusted PAT	4.5	10.6	10.2	8.5	11.4
Return Ratios (%)					
ROE	7.0	14.1	12.6	9.7	12.1
ROCE	7.3	14.7	12.9	10.0	12.3
Turnover Ratios (days)					
Gross Block Turnover (x)	2.0	1.6	1.4	1.2	1.2
Adj OCF/Adj PAT (%)	(133)	133	162	152	139
Inventory	24	32	34	35	35
Debtors	11	16	16	17	17
Creditors	29	32	35	36	36
Cash conversion cycle	6	15	15	16	16
Solvency Ratio (x)					
Debt-equity	0.0	0.0	0.0	0.0	0.0
Net debt-equity	(0.2)	(0.3)	(0.3)	(0.3)	(0.4)
Gross Debt/EBITDA	0.1	0.1	0.1	0.1	0.1
Current Ratio	1.4	1.6	1.6	1.9	2.3
Interest coverage ratio	18.4	17.4	24.0	20.5	28.4
Dividend					
DPS	9.3	7.5	8.0	8.5	9.0
Dividend Yield (%)	0.4	0.4	0.4	0.4	0.4
Dividend Payout (%)	17.5	6.6	7.0	8.7	6.7
Per share Ratios (Rs)					
Basic EPS (reported)	46.3	113.0	114.5	97.3	134.3
Adjusted EPS	52.7	113.0	114.5	97.3	134.3
CEPS	97.2	159.6	167.5	157.4	197.6
BVPS	747	852	959	1,049	1,174
Valuation (x)*					
Adj P/E	42.1	18.2	17.5	20.6	14.9
P/BV	3.0	2.4	2.1	1.9	1.7
EV/EBITDA	20.3	11.3	11.2	9.5	6.8
EV/Sales	1.7	1.7	1.6	1.4	1.3
Adj Mcap / Core PBT	38.5	16.8	18.0	15.2	9.7
Adj Mcap / Adj OCF	(29.4)	12.0	9.3	11.0	8.1

Source: Company, YES Sec. Note: *15months numbers

Recommendation Tracker



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