

**HOLD****TP: Rs 2,038 | ▲ 14%****ACC**

| Cement

| 31 July 2025

## South presence helps operating show; maintain HOLD

- Revenue driven by 13% YoY volume jump to 11.5mnt (down 3.3% QoQ), backed by realisations gain of 4% YoY/QoQ to Rs 4,970/tn
- Cost escalation by 5% was a negative surprise dragging EBITDA margin to 12.7% from 13.1%/13.3% YoY/QoQ; EBITDA/t flat at Rs 672
- Retain HOLD as we continue to value ACC at 10x 1YF EV/EBITDA, revise FY27E EBITDA downward, introduce FY28E

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**Volume and realisation gains push revenue:** ACC reported revenue of Rs 60.5bn in Q1FY26, up 18% YoY/QoQ, fueled by a 13% YoY volume increase to 11.5mnt (down 3.3% QoQ). Realisations rose by 4% YoY/QoQ to Rs 4,970/tn, driven by strong pricing in the southern region and a 7% YoY rise in the premium product share in trade sales. Capacity utilisation remained above optimal. Ready-mix concrete (RMX) segment expanded with 114 plants (+12 plants YoY).

**Cost escalation impacts EBITDA margin:** Aggregate costs rose ~5% YoY/QoQ to Rs 4,603/tn, driven by 23% YoY surge in raw material costs (including external purchases) to Rs 2,139/tn. Freight costs fell 6% YoY to Rs1,007/tn, and energy costs softened 24% YoY to Rs 737/tn from Rs 970/tn, driven by improved fuel mix (low-cost pet-coke, improved linkage, and captive coal) and green power share jump to 26.2% vs 11.9% YoY (WHRS at 13.9% and solar at 11.3%). EBITDA grew 14% YoY to Rs 7.8bn (down ~3% QoQ), but EBITDA margin fell to 12.7% from 13.1%/13.3% YoY/QoQ; due to ~5% YoY/QoQ cost escalation. EBITDA/t stayed flat at Rs 672, though cement EBITDA was up ~2% YoY to Rs 589/tn (declined QoQ).

**Capacity expansion on track:** ACC commissioned the 1.5mtpa brownfield grinding unit at Sindri. Green power share rose to 26.2% in Q1FY26 with an expectation to achieve the targeted 60% share ahead of FY28 timeline. Digital initiatives launched include DIGIPIN for hyperlocal marketing, SAP funds management, remote plant control access, and master data management transformation.

**Earnings revised, maintain HOLD:** We maintain our FY26 EBITDA forecasts but revise downward for FY27E by ~6% and introduce FY28E estimates. Our 3Y CAGR EBITDA/PAT is 6%/7%, due to limited capacity headroom, although we factor in higher cost savings. We continue to value ACC at 10x EV/EBITDA 1YF earnings and lower our TP to Rs2,038 (from Rs 2,154). This implies a replacement cost of Rs 7.8bn/mt marginal premium to the industry average. We retain HOLD as the current valuations factor the performance.

## Key changes

Target	Rating
▼	◀ ▶

Ticker/Price	ACC IN/Rs 1,788
Market cap	US\$ 3.8bn
Free float	43%
3M ADV	US\$ 9.4mn
52wk high/low	Rs 2,591/Rs 1,778
Promoter/FPI/DII	57%/12%/19%

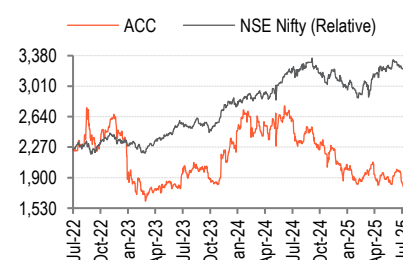
Source: NSE | Price as of 31 Jul 2025

## Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	2,05,943	2,17,087	2,30,888
EBITDA (Rs mn)	30,162	30,852	34,687
Adj. net profit (Rs mn)	11,533	18,553	22,129
Adj. EPS (Rs)	61.4	98.7	117.7
Consensus EPS (Rs)	123.4	101.9	118.0
Adj. ROAE (%)	10.6	10.4	11.2
Adj. P/E (x)	29.2	18.1	15.2
EV/EBITDA (x)	10.2	8.0	7.1
Adj. EPS growth (%)	(45.7)	60.9	19.3

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



**Fig 1 – Key quarterly metrics**

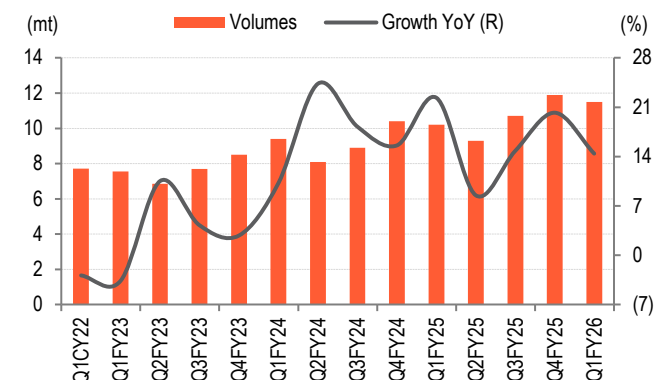
(Rs)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Q1FY26E	Deviation (%)
Volumes (mn mt)	11.5	10.2	12.7	11.90	(3.4)	11.27	2.0
Cement realisations (Rs/t)	4,970	4,757	4.5	4,778	4.0	4,878	1.9
Operating costs (Rs/t)	4,603	4,391	4.8	4,377	5.2	4,404	4.5
EBITDA/t (Rs)	672	664	1.2	673	(0.1)	768	(12.4)

Source: Company, BOBCAPS Research

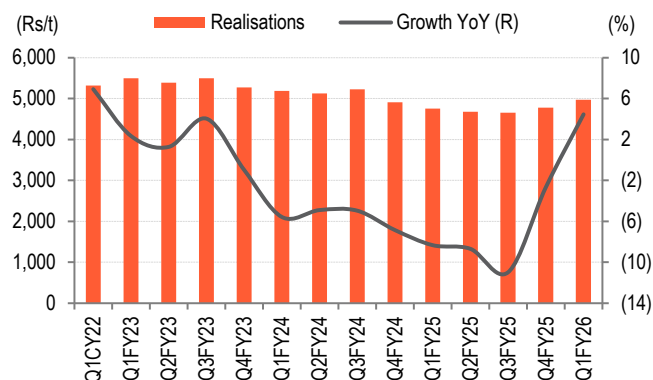
**Fig 2 – Quarterly performance**

(Rs mn)	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Q1FY26E	Deviation (%)
<b>Net sales</b>	<b>60,658</b>	<b>51,556</b>	<b>17.7</b>	<b>60,085</b>	<b>1.0</b>	<b>58,293</b>	<b>4.1</b>
<b>Expenditure</b>							
Change in stock	(806)	(386)		401	(301.0)	211	
Raw material	11,109	10,043	10.6	10,996	1.0	10,493	5.9
Purchased products	14,301	7,993	78.9	13,529	5.7	12,793	11.8
Power & fuel	8,475	9,890	(14.3)	8,568	(1.1)	7,946	6.7
Freight	11,586	10,969	5.6	11,542	0.4	11,170	3.7
Employee costs	2,026	1,601	26.5	1,730	17.1	1,819	11.4
Other exp	6,240	4,673	33.5	5,316	17.4	5,210	19.8
Total Operating Expenses	52,930	44,784	18.2	52,081	1.6	49,642	6.6
<b>EBITDA</b>	<b>7,728</b>	<b>6,772</b>	<b>14.1</b>	<b>8,004</b>	<b>(3.4)</b>	<b>8,651</b>	<b>(10.7)</b>
<b>EBITDA margin (%)</b>	<b>12.7</b>	<b>13.1</b>	<b>(39bps)</b>	<b>13.3</b>	<b>(58bps)</b>	<b>14.8</b>	<b>(210bps)</b>
Other Income	690	699	(1.2)	1,909	(63.9)	1,115	(38.1)
Interest	302	331	(8.7)	134	126.1	137	120.7
Depreciation	2,376	2,214	7.3	2,533	(6.2)	2,545	(6.6)
PBT	5,740	4,925	16.5	7,246	(20.8)	7,084	(19.0)
Non-recurring items	0	0	0.0	1,347	0.0	0	0.0
PBT (after non-recurring items)	5,740	4,925	16.5	8,593	(33.2)	7,084	(19.0)
Tax	1,895	1,263	50.0	1,240	52.8	1,806	4.9
<b>Reported PAT</b>	<b>3,845</b>	<b>3,662</b>	<b>5.0</b>	<b>7,354</b>	<b>(47.7)</b>	<b>5,278</b>	<b>(27.1)</b>
Adjusted PAT	3,845	3,662	5.0	8,701	(55.8)	5,278	(27.1)
NPM (%)	6.3	7.1	(76bps)	14.5	(814bps)	9.1	(272bps)
<b>Adjusted EPS (Rs)</b>	<b>20.5</b>	<b>19.5</b>	<b>5.0</b>	<b>32.0</b>	<b>(36.0)</b>	<b>28.1</b>	<b>(27.1)</b>

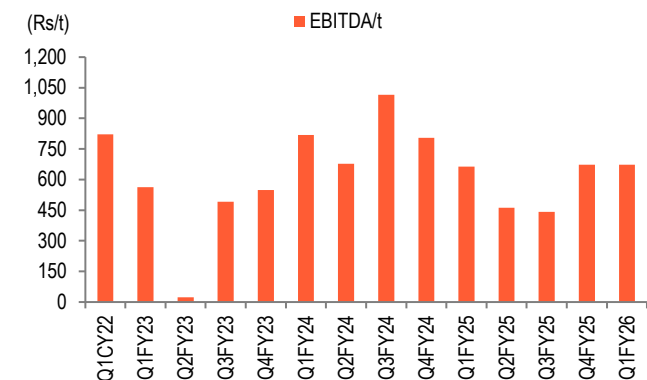
Source: Company, BOBCAPS Research

**Fig 3 – Inorganic expansion supports higher growth**

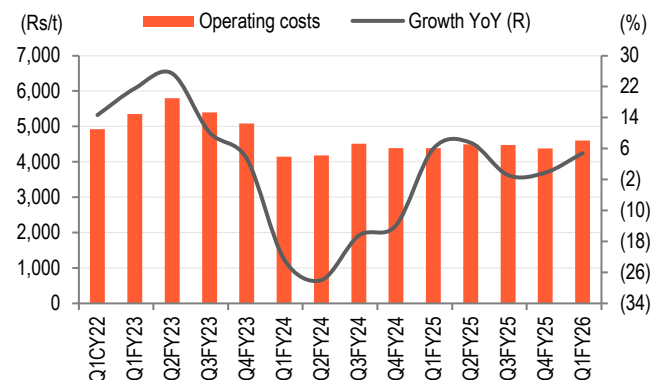
Source: Company, BOBCAPS Research | Note: ACC has changed its accounting Y/E from Dec to Mar, thus, FY23 consists of 5 quarters

**Fig 4 – Realisation gains YoY, backed by higher South presence**

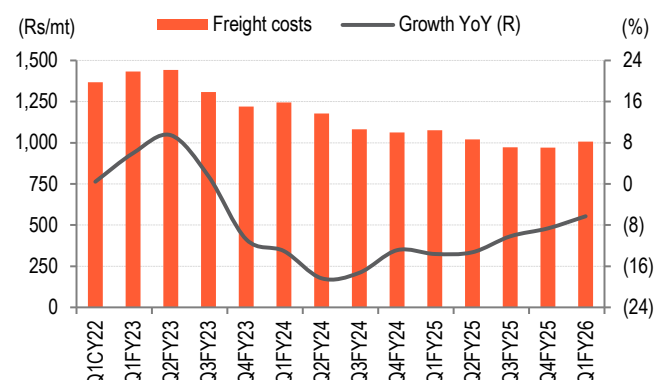
Source: Company, BOBCAPS Research

**Fig 5 – Cost inflation key negative, drags earnings**

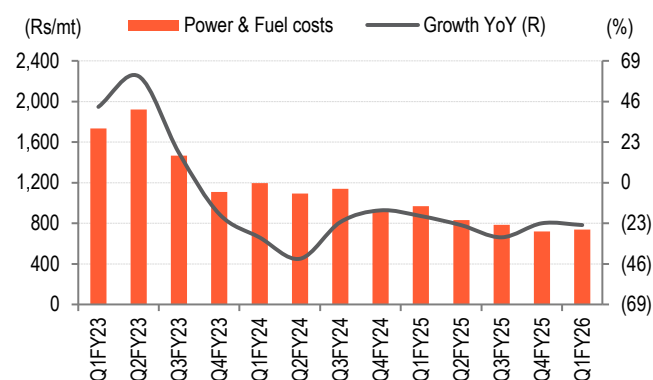
Source: Company, BOBCAPS Research

**Fig 6 – Operating cost inflation higher than expectations**

Source: Company, BOBCAPS Research

**Fig 7 – Logistics cost reverses due to early monsoons**

Source: Company, BOBCAPS Research

**Fig 8 – Power cost inches up but leaves further room for improvement**

Source: Company, BOBCAPS Research

## Valuation Methodology

We maintain our FY26 EBITDA forecasts but revise downward for FY27E by ~6% and introduce FY28E estimates. Our 3Y CAGR EBITDA/PAT is 6%/7% on limited capacity headroom, although we factor in higher cost savings.

We continue to value ACC at 10x EV/EBITDA 1YF earnings and lower our TP to Rs2,038 (from Rs 2,154). This implies a replacement cost of Rs 7.8bn/mt marginal premium to the industry average. We retain HOLD as the current valuations factor the performance.

**Fig 9 – Revised estimates**

(Rs mn)	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	2,17,087	2,30,888	2,44,095	2,17,087	2,30,888		0.0	0.0	
EBITDA	30,852	34,687	36,799	30,839	36,687		0.0	(5.5)	
Adj PAT	18,553	22,129	24,654	19,753	24,605		(6.1)	(10.1)	
Adj EPS (Rs)	98.7	117.7	131.1	105.1	130.9		(6.1)	(10.1)	

Source: BOBCAPS Research

**Fig 10 – Key assumptions**

	FY26E	FY27E	FY28E
Volumes (mt)	38.66	39.83	41.03
Realisations (Rs/mt)	4,835	4,956	5,194
Operating costs (Rs/mt)	4,944	4,887	5,123
EBITDA/mt (Rs)	563	669	836

Source: Company, BOBCAPS Research

**Fig 11 – Valuation summary**

Business (Rs mn)	FY27E
Target EV/EBITDA (x)	10.0
EBITDA	36,799
Target EV	3,53,642
Total EV	3,53,642
Net debt	(62,560)
Target market capitalisation	4,16,202
<b>Target price (Rs/sh)</b>	<b>2,038</b>
Weighted average shares (mn)	188

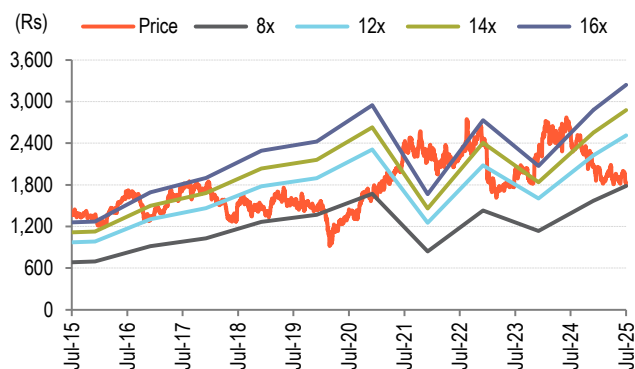
Source: BOBCAPS Research | Note: Valuations are based on 1-year forward, and includes partial estimates for FY28E

## Key risks

Key upside/downside risks to our estimates are:

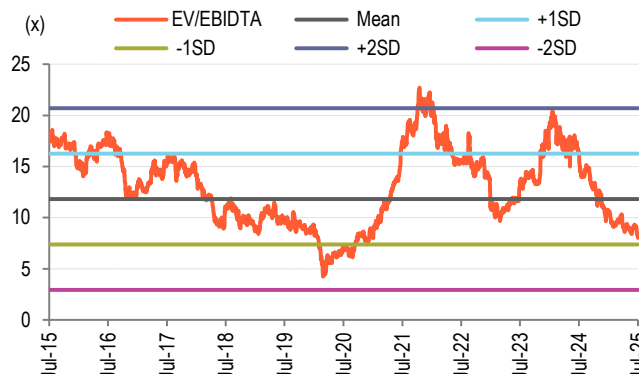
- faster-than-expected capacity addition helping volume growth;
- further higher-than-expected easing of costs; and,
- fierce competitive intensity putting pressure on pricing.

**Fig 12 – EV/EBITDA band: We value ACC at 10x 1YF earnings**



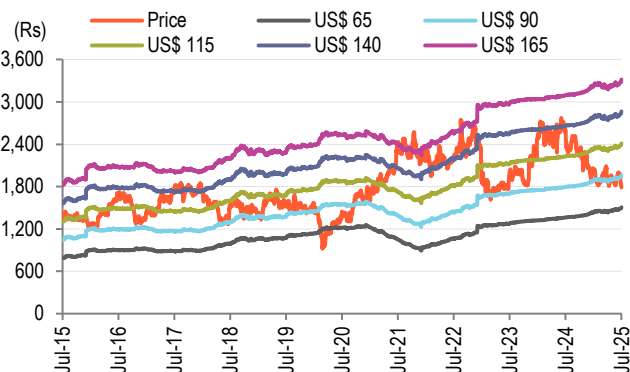
Source: Company, Bloomberg, BOBCAPS Research

**Fig 13 – EV/EBITDA 1YF: Valuations will stay muted, given larger exposure in over supply markets**



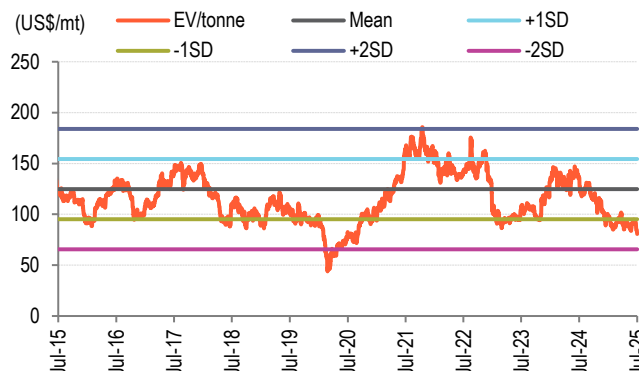
Source: Company, Bloomberg, BOBCAPS Research

**Fig 14 – EV/tonne: Trades at fair value replacement cost**



Source: Company, Bloomberg, BOBCAPS Research

**Fig 15 – EV/tonne: Replacement cost to hover around US\$ 100/mt**



Source: Company, Bloomberg, BOBCAPS Research

## Financials

### Income Statement

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Total revenue</b>	<b>1,95,710</b>	<b>2,05,943</b>	<b>2,17,087</b>	<b>2,30,888</b>	<b>2,44,095</b>
EBITDA	30,576	30,162	30,852	34,687	36,799
Depreciation	(8,763)	(9,562)	(10,702)	(10,288)	(10,742)
EBIT	26,729	31,186	23,626	28,582	31,739
Net interest inc./(exp.)	(1,538)	(1,080)	(1,001)	(921)	(921)
Other inc./(exp.)	4,915	10,586	3,476	4,184	5,682
Exceptional items	0	13,019	0	0	0
EBT	25,191	43,126	22,625	27,661	30,818
Income taxes	(3,948)	(18,573)	(4,073)	(5,532)	(6,164)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
<b>Reported net profit</b>	<b>21,242</b>	<b>24,553</b>	<b>18,553</b>	<b>22,129</b>	<b>24,654</b>
Adjustments	0	(13,019)	0	0	0
<b>Adjusted net profit</b>	<b>21,242</b>	<b>11,533</b>	<b>18,553</b>	<b>22,129</b>	<b>24,654</b>

### Balance Sheet

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
Accounts payables	52,971	51,243	53,213	57,133	61,493
Other current liabilities	9,653	9,017	11,457	12,449	13,540
Provisions	1,611	1,527	1,539	1,552	1,564
Debt funds	0	0	0	0	0
Other liabilities	4,543	4,733	4,800	4,867	4,934
Equity capital	1,880	1,880	1,880	1,880	1,880
Reserves & surplus	1,58,340	1,80,829	1,94,261	2,11,269	2,30,803
Shareholders' fund	1,60,220	1,82,709	1,96,141	2,13,149	2,32,683
<b>Total liab. and equities</b>	<b>2,28,997</b>	<b>2,49,229</b>	<b>2,67,150</b>	<b>2,89,149</b>	<b>3,14,213</b>
Cash and cash eq.	24,298	29,750	44,655	25,996	49,726
Accounts receivables	8,412	11,716	11,755	11,870	11,880
Inventories	18,429	18,950	19,827	20,930	21,960
Other current assets	69,711	62,287	65,672	69,191	72,980
Investments	6,154	12,834	12,834	12,834	12,834
Net fixed assets	90,037	94,727	93,524	91,345	88,750
CWIP	9,720	16,159	18,000	56,000	55,000
Intangible assets	2,236	2,807	882	982	1,082
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
<b>Total assets</b>	<b>2,28,997</b>	<b>2,49,230</b>	<b>2,67,150</b>	<b>2,89,149</b>	<b>3,14,213</b>

### Cash Flows

Y/E 31 Mar (Rs mn)	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Cash flow from operations</b>	<b>45,103</b>	<b>36,958</b>	<b>26,425</b>	<b>32,022</b>	<b>35,411</b>
Capital expenditures	(17,994)	(22,763)	(7,937)	(45,560)	(6,560)
Change in investments	(6,786)	(6,998)	(15,000)	15,000	(20,000)
Other investing cash flows	0	0	0	0	0
<b>Cash flow from investing</b>	<b>(24,780)</b>	<b>(29,760)</b>	<b>(22,937)</b>	<b>(30,560)</b>	<b>(26,560)</b>
Equities issued/Others	0	0	0	0	0
Debt raised/repaid	0	0	0	0	0
Interest expenses	0	0	0	0	0
Dividends paid	(1,737)	(2,817)	(3,516)	(5,054)	(5,054)
Other financing cash flows	(3,942)	(5,926)	(68)	(67)	(67)
<b>Cash flow from financing</b>	<b>(5,679)</b>	<b>(8,743)</b>	<b>(3,584)</b>	<b>(5,121)</b>	<b>(5,121)</b>
<b>Chg in cash &amp; cash eq.</b>	<b>14,644</b>	<b>(1,546)</b>	<b>(96)</b>	<b>(3,659)</b>	<b>3,730</b>
<b>Closing cash &amp; cash eq.</b>	<b>24,298</b>	<b>29,750</b>	<b>44,654</b>	<b>25,996</b>	<b>49,726</b>

### Per Share

Y/E 31 Mar (Rs)	FY24A	FY25A	FY26E	FY27E	FY28E
Reported EPS	113.0	130.6	98.7	117.7	131.1
Adjusted EPS	113.0	61.4	98.7	117.7	131.1
Dividend per share	9.2	15.0	23.0	23.0	23.0
Book value per share	852.3	971.9	1,043.4	1,133.8	1,237.7

### Valuations Ratios

Y/E 31 Mar (x)	FY24A	FY25A	FY26E	FY27E	FY28E
EV/Sales	1.6	1.5	1.1	1.1	1.0
EV/EBITDA	10.2	10.2	8.0	7.1	6.7
Adjusted P/E	15.8	29.2	18.1	15.2	13.6
P/BV	2.1	1.8	1.7	1.6	1.4

### DuPont Analysis

Y/E 31 Mar (%)	FY24A	FY25A	FY26E	FY27E	FY28E
Tax burden (Net profit/PBT)	84.3	56.9	82.0	80.0	80.0
Interest burden (PBT/EBIT)	94.2	96.5	95.8	96.8	97.1
EBIT margin (EBIT/Revenue)	13.7	15.1	10.9	12.4	13.0
Asset turnover (Rev./Avg TA)	89.3	90.9	87.5	85.8	84.0
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.4	1.4	1.4
Adjusted ROAE	14.0	10.6	10.4	11.2	11.5

### Ratio Analysis

Y/E 31 Mar	FY24A	FY25A	FY26E	FY27E	FY28E
<b>YoY growth (%)</b>					
Revenue	12.3	5.2	5.4	6.4	5.7
EBITDA	97.0	(1.4)	2.3	12.4	6.1
Adjusted EPS	143.0	(45.7)	60.9	19.3	11.4

### Profitability & Return ratios (%)

EBITDA margin	15.3	13.9	14.0	14.8	14.8
EBIT margin	13.4	14.4	10.7	12.2	12.8
Adjusted profit margin	10.9	5.6	8.5	9.6	10.1
Adjusted ROAE	14.0	10.6	10.4	11.2	11.5
ROCE	17.3	17.7	12.2	13.6	13.9

### Working capital days (days)

Receivables	16	21	20	19	18
Inventory	34	34	33	33	33
Payables	114	100	102	104	106

### Ratios (x)

Gross asset turnover	1.3	1.3	1.3	1.3	1.3
Current ratio	1.9	2.0	2.1	1.8	2.0
Net interest coverage ratio	17.4	28.9	23.6	31.0	34.5
Adjusted debt/equity	0.0	0.0	0.0	0.0	0.0

Source: Company, BOBCAPS Research | Note: TA = Total Assets

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**BUY** – Expected return >+15%

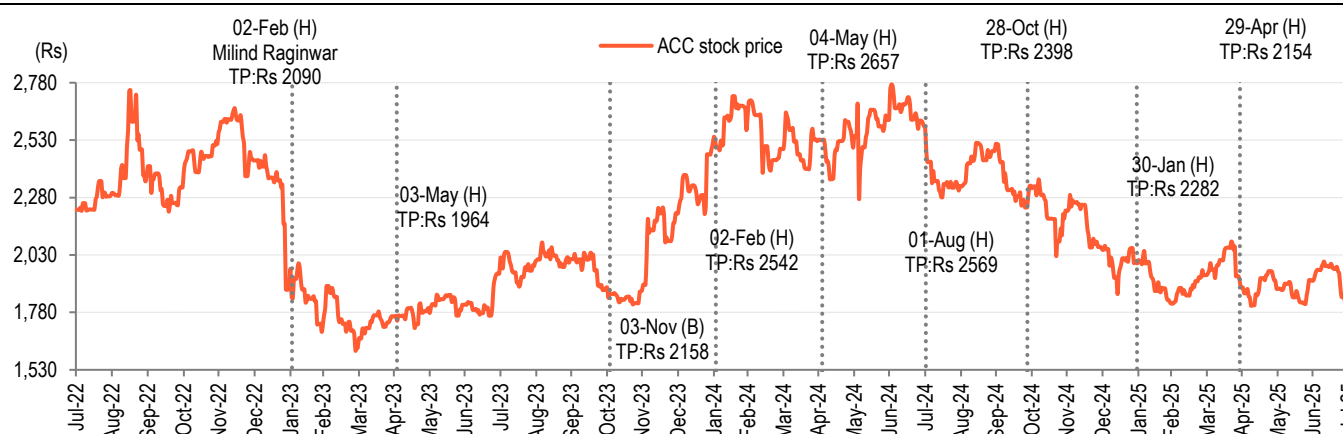
**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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B – Buy, H – Hold, S – Sell, A – Add, R – Reduce

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