

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	ACC IN
Equity Shares (m)	188
M.Cap.(INRb)/(USDb)	484.4 / 5.8
52-Week Range (INR)	2760 / 1700
1, 6, 12 Rel. Per (%)	3/18/22
12M Avg Val (INR M)	1205

Financials & Valuations (INR b)

Y/E Dec/March	FY24	FY25E	FY26E
Sales	199.5	211.5	225.3
EBITDA	30.6	36.5	40.1
Adj. PAT	18.7	22.5	24.9
EBITDA Margin (%)	15.3	17.2	17.8
Adj. EPS (INR)	99.3	119.7	132.5
EPS Gr. (%)	88.7	20.5	10.7
BV/Sh. (INR)	852	964	1,083

Ratios

Net D:E	-0.2	-0.3	-0.4
RoE (%)	12.4	13.2	12.9
RoCE (%)	14.6	13.5	13.3
Payout (%)	6.6	11.7	10.6

Valuations

P/E (x)	26.0	21.6	19.5
P/BV (x)	3.0	2.7	2.4
EV/EBITDA(x)	14.7	11.5	9.9
EV/ton (USD)	147	137	122
Div. Yield (%)	0.3	0.5	0.5
FCF Yield (%)	3.3	5.7	5.2

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	56.7	56.7	56.7
DII	24.8	24.3	19.7
FII	6.2	6.2	10.1
Others	12.3	12.8	13.6

FII Includes depository receipts

CMP: INR2,580 TP: INR2,600 (+1%) Neutral

Performance in line; volume surprised positively

Cement sales volume grew 23.5% YoY in 4Q

- ACC's 4QFY24 EBITDA grew ~80% YoY to INR8.4b (+3% vs. our estimate). Its EBITDA/t grew 45% YoY to INR802 (-6% vs. estimate), due to lower-than-estimated realization. Realization was down ~9%/7% YoY/QoQ to INR5,171 (-4% vs. estimate). OPM was up 5.8pp YoY to 15.5% (est. ~16%). Adj. PAT stood at INR4.9b (+72% YoY; 4% above our estimates).
- The management remains positive on industry outlook as higher budgetary allocation to infrastructure, government's push for affordable housing, and pick up in construction activities are expected to drive cement demand. It targets to increase green energy share to 60% by FY28 from ~9% in FY24.
- We largely maintained our EBITDA estimates for FY25/FY26. ACC trades at 11.5x/10x FY25E/FY26E. We value ACC at 10x FY26E EV/EBITDA to arrive at our TP of INR2,600. We reiterate our **Neutral** rating on the stock.

Realization declined 7% QoQ; EBITDA/t came in at INR802 (est. INR853)

- Revenue/EBITDA/adj. PAT stood at INR54b/INR8.4b/INR4.9b (up 13%/80%/72% YoY and up 5%/3%/4% vs. our estimates) in 4QFY24. Cement volumes grew 23.5% YoY to 10.4mt (up 9% vs. our estimate). RMC revenue declined 7% YoY to INR3.2b (12% below our estimate). The RMC segment reported EBIT margin of 5% in 4QFY24 as compared to losses both on YoY/QoQ basis.
- Realization declined 9% YoY/ 7% QoQ (4% below our estimates). Opex/t dipped 15% YoY, led by 15%/14%/18% YoY decline in variable cost/freight cost/other expenses. Employee cost declined 23% YoY/8% QoQ to INR1.6b. EBITDA/t stood at INR802 vs. INR554/1,017 in YoY/QoQ. OPM was up 5.8pp YoY to 15.5%. Depreciation/interest cost increased 33%/333% YoY, whereas 'Other Income' grew 4% YoY to INR1.2b.
- ACC's FY24 revenue was up 12% YoY to INR200b, led by a 20% increase in volume and a 7% drop in realization. EBITDA grew 138% YoY to INR31b and OPM was up 8pp YoY to 15.3%. Adj. PAT grew 211% YoY to INR18.7b. Its net cash increased by INR3.85b QoQ to INR46.7b as of Mar'24.

Highlights from the management commentary

- Kiln fuel cost was up ~3% QoQ to INR1.91/Kcal (down 19% YoY). The WHRS share in total power consumption increased to ~9% (up 4.1pp YoY) in FY24.
- Work on the WHRS facility at Chanda (18 MW) & at Wadi (21.5 MW) is on track and will be commissioned in 2QFY25. This will take the total capacity of WHRS to 86MW, driving up the WHRS % in the total power mix to ~25%.

Valuation and view

- ACC's performance in 4QFY24 was in line with our estimate as lower-than-estimated realization was offset by higher volume and opex/t below our estimates. We believe that higher volume growth is led by MSA with ACEM, and we anticipate better clarity once ACEM's consolidated numbers are reported.
- ACC trades at reasonable valuations of 11.5x/10x FY25E/FY26E EV/EBITDA and USD137/USD122 FY25E/FY26E EV/ton. We value ACC at 10x FY26E EV/EBITDA to arrive at our TP of INR2,600. Maintain **Neutral**.

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

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Standalone quarterly performance

(INR b)

Y/E December/ March	FY23*					FY24				FY23*	FY24	MOFSL 4QE	Var. (%)
	1Q	2Q	3Q	4Q	5Q	1Q	2Q	3Q	4Q				
Cement Sales (mt)	7.90	7.59	6.85	7.70	8.42	9.40	8.10	8.88	10.44	38.6	36.9	9.56	9
Change (YoY %)	(0.9)	11.0	4.3	2.8	6.6	23.8	18.2	15.3	24.0	31.3	19.5	12.4	
Net Sales	44.3	44.7	39.9	45.4	47.9	52.0	44.3	49.2	54.0	222.1	199.5	51.2	5
Change (YoY %)	3.1	15.0	6.4	7.4	8.2	16.4	11.2	8.4	12.7	37.5	(10.2)	6.9	
EBITDA	6.3	4.3	0.2	3.8	4.7	7.7	5.5	9.0	8.4	19.2	30.6	8.1	3
Margin (%)	14.3	9.5	0.4	8.3	9.7	14.8	12.4	18.4	15.5	8.6	15.3	15.9	(40)
Depreciation	1.5	1.6	1.7	1.7	1.7	2.0	2.1	2.3	2.3	8.4	8.8	2.4	(3)
Interest	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.7	0.8	1.5	0.4	93
Other Income	0.6	0.5	0.7	0.4	1.2	0.8	2.1	0.8	1.2	3.4	4.9	0.9	40
PBT before EO Item	5.3	3.0	-1.0	2.3	3.9	6.2	5.2	7.2	6.6	13.4	25.2	6.3	5
EO Income/(Expense)	0.0	0.0	-0.2	-0.8	-0.7	0.0	0.0	0.0	0.0	-1.6	0.0	0.0	
PBT after EO Item	5.3	3.0	-1.2	1.5	3.3	6.2	5.2	7.2	6.6	11.8	25.2	6.3	5
Tax	1.4	0.8	-0.3	0.4	0.9	1.6	1.3	1.9	-0.9	3.1	3.9	1.5	
Rate (%)	25.9	25.8	26.0	26.1	27.8	25.5	25.5	26.6	(13.2)	26.4	15.7	24.6	
Reported PAT	3.9	2.2	-0.9	1.1	2.4	4.6	3.8	5.3	7.5	8.7	21.2	4.7	58
Adjusted PAT	3.9	2.2	-0.8	1.7	2.9	4.6	3.8	5.3	4.9	9.9	18.7	4.7	4
Margin (%)	8.8	5.0	-1.9	3.7	6.0	8.9	8.7	10.7	9.1	4.5	9.4	9.2	
Change (YoY %)	(30.1)	(60.5)	NM	(47.4)	(26.6)	108.8	NM	212.1	72.0	(47.6)	88.7	65.2	

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

Per ton analysis, including RMC (INR/t)

Y/E December/ March	FY23*					FY24				FY23*	FY24	MOFSL 4QE	Var. (%)
	1Q	2Q	3Q	4Q	5Q	1Q	2Q	3Q	4Q				
Blended Realization	5,603	5,887	5,821	5,892	5,690	5,533	5,475	5,538	5,171	5,755	5,407	5,359	(4)
Change (YoY %)	4.1	3.7	2.0	4.4	1.5	(6.0)	(5.9)	(6.0)	(9.1)	4.7	(6.1)	(4.9)	
Raw Material	1,141	1,105	1,240	1,673	1,874	1,520	1,598	1,512	1,683	1,414	1,569	1,627	3
Staff Cost	244	285	308	266	252	210	240	201	157	269	199	193	(19)
Power and fuel	1,316	1,727	1,922	1,466	1,119	1,196	1,093	1,141	931	1,487	1,083	1,002	(7)
Freight	1,334	1,427	1,442	1,308	1,231	1,245	1,177	1,084	1,058	1,339	1,136	1,101	(4)
Other expenditure	767	783	887	687	661	544	689	583	541	750	583	583	(7)
Total Expenditure	4,801	5,327	5,798	5,401	5,136	4,715	4,798	4,521	4,369	5,258	4,569	4,507	(3)
EBITDA	802	560	23	491	554	818	677	1,017	802	497	838	853	(6)
Change (YoY %)	(25.6)	(56.2)	(97.9)	(33.7)	(31.0)	46.0	2,907.5	107.0	44.8	(51.3)	68.5	55.4	

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

Key exhibits

Exhibit 1: Sales volume grew 24% YoY

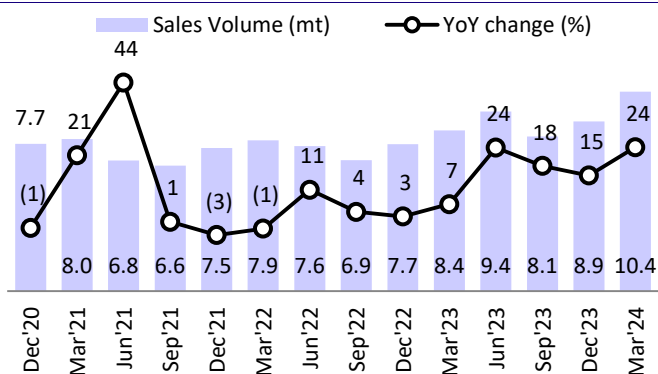


Exhibit 2: Cement realization was down 8% YoY

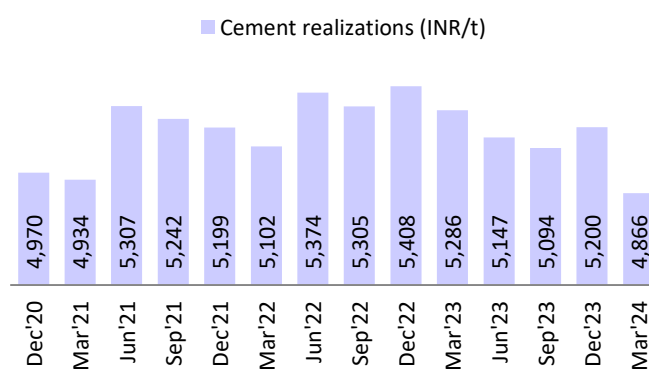


Exhibit 3: Opex/t declined 15% YoY (down 3% QoQ)

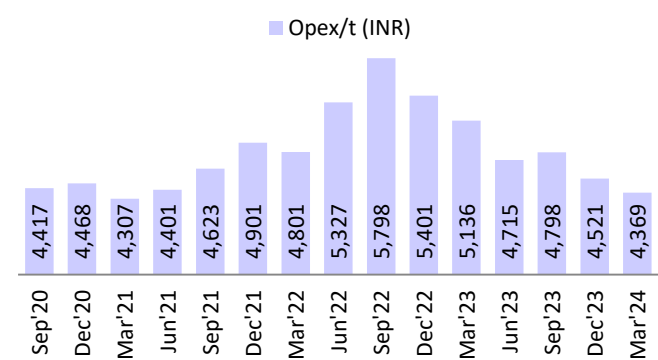


Exhibit 4: EBITDA/t grew 45% YoY to INR802

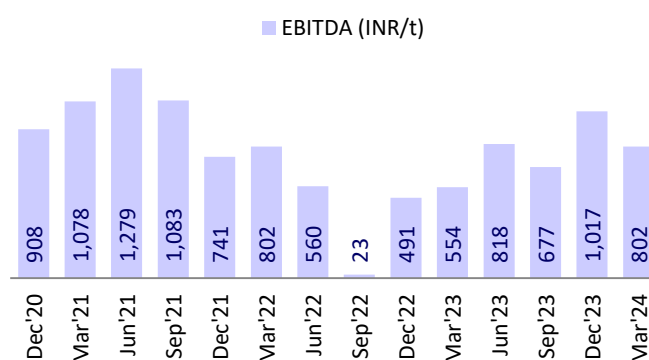
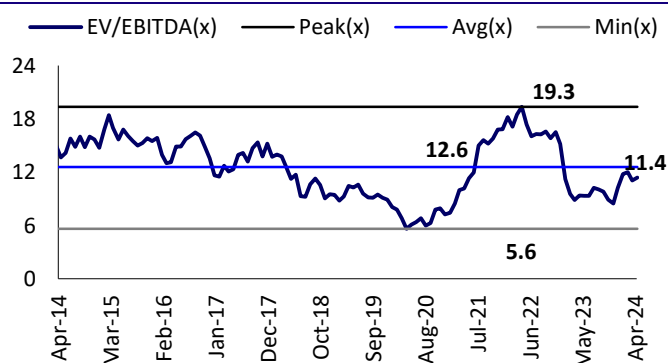


Exhibit 5: Key performance indicators (including the RMC business)

INR/t	Mar'24	Mar'23	YoY (%)	Dec'23	QoQ (%)
Blended realization	5,171	5,690	(9)	5,538	(7)
Cement realization	4,866	5,286	(8)	5,200	(6)
Raw materials	1,683	1,874	(10)	1,512	11
Staff cost	157	252	(38)	201	(22)
Power	931	1,119	(17)	1,141	(18)
Freight	1,058	1,231	(14)	1,084	(2)
Other expenditure	541	661	(18)	583	(7)
Total cost	4,369	5,136	(15)	4,521	(3)
EBITDA	802	554	45	1017	(21)

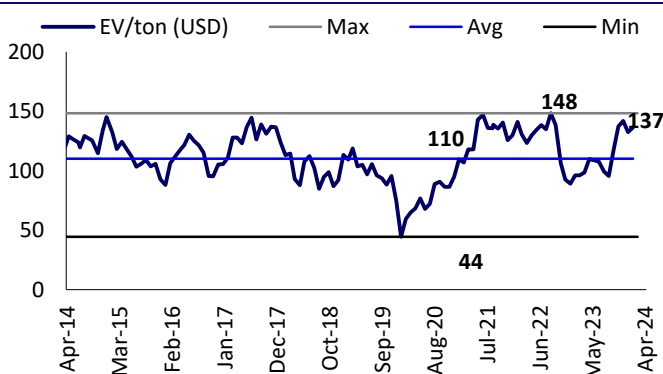
Source: Company, MOFSL

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	CY18	CY19	CY20	CY21	FY23*	FY24	FY25E	FY26E
Net Sales	1,48,014	1,56,567	1,37,845	1,61,514	2,22,100	1,99,522	2,11,491	2,25,305
Change (%)	11.4	5.8	(12.0)	17.2	37.5	(10.2)	6.0	6.5
EBITDA	20,446	24,095	24,811	30,004	19,190	30,576	36,457	40,100
Change (%)	7.1	17.8	3.0	20.9	(36.0)	59.3	19.2	10.0
Margin (%)	13.8	15.4	18.0	18.6	8.6	15.3	17.2	17.8
Depreciation	5,996	6,030	6,353	5,973	8,351	8,763	8,827	8,899
Int. and Fin. Charges	892	862	570	546	772	1,538	1,631	1,736
Other Income – Rec.	1,385	3,112	2,040	2,048	3,372	4,915	4,000	3,750
PBT Before EO Item	14,943	20,315	19,927	25,533	13,439	25,191	29,999	33,215
EO Income/(Expense)	5,006	-	(3,049)	(929)	(1,618)	-	-	-
PBT After EO Item	19,949	20,315	16,878	24,604	11,821	25,191	29,999	33,215
Tax	4,883	6,726	2,728	6,401	3,122	3,948	7,500	8,304
Tax Rate (%)	24.5	33.1	16.2	26.0	26.4	15.7	25.0	25.0
Reported PAT	15,066	13,589	14,149	18,203	8,699	21,242	22,499	24,911
Adjusted PAT	10,060	13,589	14,746	18,899	9,896	18,670	22,499	24,911
Change (%)	9.9	35.1	8.5	28.2	(47.6)	88.7	20.5	10.7
Margin (%)	6.8	8.7	10.7	11.7	4.5	9.4	10.6	11.1

Balance Sheet							(INR m)	
Y/E December/March	CY18	CY19	CY20	CY21	FY23*	FY24	FY25E	FY26E
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	1,03,397	1,13,333	1,24,735	1,40,404	1,38,550	1,58,340	1,79,429	2,01,708
Net Worth	1,05,277	1,15,213	1,26,614	1,42,284	1,40,430	1,60,220	1,81,309	2,03,588
Loans	0	0	0	0	0	0	0	0
Deferred Tax Liability	6,631	6,422	3,762	3,827	4,331	4,543	4,543	4,543
Capital Employed	1,11,908	1,21,635	1,30,376	1,46,112	1,44,761	1,64,762	1,85,851	2,08,131
Gross Block	88,774	93,972	98,093	1,04,708	1,20,694	1,46,866	1,52,366	1,59,866
Less: Accum. Depn.	18,280	24,059	31,507	37,480	45,831	54,593	63,421	72,319
Net Fixed Assets	70,494	69,914	66,586	67,228	74,863	92,273	88,946	87,547
Capital WIP	3,922	4,353	5,453	12,121	16,831	9,720	13,220	13,720
Investments – Trade	37	37	82	184	184	7,771	7,771	7,771
Investments in subsidiaries	2,265	2,265	2,124	1,743	1,743	5,970	5,970	5,970
Curr. Assets, Loans, and Adv.	83,533	94,252	1,07,014	1,27,914	1,10,464	1,13,263	1,45,942	1,74,449
Inventory	16,786	11,410	9,005	12,733	16,235	18,429	19,545	20,804
Account Receivables	8,683	6,284	4,515	4,624	8,747	8,412	8,922	9,497
Cash and Bank Balance	30,003	45,672	59,219	74,345	32,062	16,711	43,155	65,701
Others	28,062	30,887	34,275	36,212	53,420	69,711	74,320	78,447
Curr. Liab. and Prov.	48,343	49,186	50,883	63,078	59,324	64,235	75,997	81,326
Account Payables	19,227	14,710	14,163	18,992	14,922	19,142	20,628	22,424
Other Liabilities	25,627	28,478	30,189	33,868	35,632	30,802	32,342	33,959
Provisions	3,489	5,998	6,531	10,219	8,770	14,291	23,027	24,942
Net Current Assets	35,190	45,067	56,131	64,835	51,141	49,028	69,945	93,123
Application of Funds	1,11,908	1,21,635	1,30,376	1,46,112	1,44,761	1,64,762	1,85,851	2,08,131

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

Financials and valuations

Ratios

Y/E December/March	CY18	CY19	CY20	CY21	FY23*	FY24	FY25E	FY26E
Basic (INR)								
EPS	53.5	72.3	78.4	100.5	52.6	99.3	119.7	132.5
Cash EPS	85.4	104.4	112.2	132.3	97.1	145.9	166.6	179.9
BV/Share	560	613	674	757	747	852	964	1,083
DPS	14.0	14.0	14.0	58.0	9.3	7.5	14.0	14.0
Payout (%)	17.4	19.3	18.6	59.9	20.0	6.6	11.7	10.6
Valuation (x)								
P/E ratio	48.2	35.7	32.9	25.7	49.0	26.0	21.6	19.5
Cash P/E ratio	30.2	24.7	23.0	19.5	26.6	17.7	15.5	14.3
EV/Sales ratio	3.0	2.8	3.0	2.5	2.0	2.3	2.0	1.8
EV/EBITDA ratio	22.1	18.0	16.9	13.3	22.7	14.7	11.5	9.9
P/BV ratio	4.6	4.2	3.8	3.4	3.5	3.0	2.7	2.4
Dividend Yield	0.5	0.5	0.5	2.2	0.4	0.3	0.5	0.5
EV/t (USD-Cap)	163	159	154	140	146	147	137	122
Return Ratios (%)								
RoE	10.1	12.3	12.2	14.1	7.0	12.4	13.2	12.9
RoCE	11.3	12.1	13.6	14.0	7.2	14.6	13.5	13.3
RoIC	14.7	16.2	22.6	28.4	10.3	16.3	16.4	19.3
Working Capital Ratios								
Debtor (Days)	21	15	12	10	14	15	15	15
Asset Turnover ratio (x)	0.8	0.8	0.9	0.9	0.7	0.8	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	CY18	CY19	CY20	CY21	FY23*	FY24	FY25E	FY26E
OP/(Loss) before Tax	14,943	20,315	16,878	24,604	11,821	25,191	29,999	33,215
Depreciation	5,996	6,030	6,353	5,973	8,351	8,763	8,827	8,899
Interest and Finance Charges	-129	0	570	0	-1,835	-3,554	0	0
Direct Taxes Paid	(5,265)	(4,462)	(7,064)	(2,849)	(4,027)	(1,748)	(7,500)	(8,304)
(Inc.)/Dec. in WC	(4,493)	601	5,419	588	(26,697)	1,153	5,527	(632)
CF from Operations	11,052	22,484	22,156	28,316	-12,388	29,804	36,854	33,178
Others	129	-	-	-	-	-	-	-
CF from Operations incl. EO	11,181	22,484	22,156	28,316	-12,388	29,804	36,854	33,178
(Inc.)/Dec. in FA	(4,951)	(4,935)	(7,252)	(11,509)	(19,788)	(13,560)	(9,000)	(8,000)
Free Cash Flow	6,230	17,549	14,904	16,808	-32,175	16,244	27,854	25,178
(Pur.)/Sale of Investments	1,273	1,651	1,886	1,619	(26,632)	1,861	-	-
Others	-	-	-	-	-	-	-	-
CF from Investments	(3,678)	(3,283)	(5,366)	(9,890)	(46,420)	(11,699)	(9,000)	(8,000)
Issue of Shares	0	0	0	0	0	0	0	0
Inc.)/(Dec.) in Debt	-606	0	0	0	0	0	0	0
Interest Paid	(409)	(572)	(399)	(316)	(596)	(1,424)	0	0
Dividend Paid	(2,817)	(2,629)	(2,629)	(2,629)	(10,892)	(1,753)	(1,410)	(2,632)
Others	(579)	(540)	(246)	(360)	(889)	(1,245)	-	-
CF from Fin. Activity	(4,411)	(3,742)	(3,274)	(3,305)	(12,377)	(4,423)	(1,410)	(2,632)
Inc./Dec. in Cash	3,092	15,459	13,516	15,121	-71,185	13,682	26,444	22,546
Opening Balance	26,949	29,959	45,477	58,908	74,029	32,062	16,711	43,155
Closing Balance	30,040	45,418	58,993	74,029	32,062	16,711	43,155	65,701

Source: Company, MOFSL; *Note: FY23 is 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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