

April 26, 2024

## Q4FY24 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	BUY		BUY	
Target Price	3,509		3,516	
Sales (Rs. m)	2,19,865	2,44,972	2,17,615	2,39,302
% Chng.	1.0	2.4		
EBITDA (Rs. m)	32,386	40,197	34,529	40,247
% Chng.	(6.2)	(0.1)		
EPS (Rs.)	114.0	140.5	114.0	133.5
% Chng.	-	5.2		

### Key Financials - Consolidated

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	2,17,673	1,99,589	2,19,865	2,44,972
EBITDA (Rs. m)	14,820	30,617	32,386	40,197
Margin (%)	6.8	15.3	14.7	16.4
PAT (Rs. m)	9,919	21,848	21,427	26,405
EPS (Rs.)	52.8	116.2	114.0	140.5
Gr. (%)	(47.8)	120.3	(1.9)	23.2
DPS (Rs.)	9.3	7.5	12.0	13.2
Yield (%)	0.4	0.3	0.5	0.5
RoE (%)	7.0	14.3	12.4	13.6
RoCE (%)	4.5	14.1	13.3	15.2
EV/Sales (x)	2.2	2.3	2.1	1.8
EV/EBITDA (x)	32.5	15.1	14.1	11.1
PE (x)	48.9	22.2	22.6	18.4
P/BV (x)	3.4	3.0	2.7	2.3

### Key Data

### ACC.BO | ACC IN

52-W High / Low	Rs.2,760 / Rs.1,700
Sensex / Nifty	74,339 / 22,570
Market Cap	Rs.484bn/ \$ 5,814m
Shares Outstanding	188m
3M Avg. Daily Value	Rs.1187.42m

### Shareholding Pattern (%)

Promoter's	56.69
Foreign	6.18
Domestic Institution	24.64
Public & Others	12.49
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	5.6	36.4	48.6
Relative	3.4	17.5	20.2

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## Higher volumes & better cost management aids EBITDA

### Quick Pointers:

- ACC acquired remaining 55% stake in Asian Concrete & Cement (ACCPL) in January 2024 for a cash consideration of Rs4.23bn; which has 2.8mtpa capacity (1.3mtpa GU in Himachal and 1.5mtpa GU in Punjab).
- Sales volumes grew 23.5% YoY to 10.45mt aided by MSA volumes and consolidation of ACCPL w.e.f. 9<sup>th</sup> January 2024.

**ACC (ACC) reported strong operating performance in 4Q, led by strong volume growth and better cost management. EBITDA was above our estimates on better operating leverage and containment in other operating costs. P&F costs improved on better fuel mix, higher AFR and higher proportion of WHRS. Work on WHRS facility at Chanda (18 MW) & Wadi (21.5 MW) is on track and expected to get commissioned in 2QFY25. With Adani group's superior execution capabilities and focus on profitability, we expect not only improved pace of capacity addition but also capex on efficiency improvement for ACC units. Cement capacity is expected to grow to 44.2mtpa (incl. ACCPL) by FY26E. We cut FY25E EBITDA by ~6% on lower pricing and expect ~15% EBITDA CAGR over FY24-26E. The stock is currently trading at 14.1x/11.2x EV of FY25E/FY26E EBITDA. Maintain 'BUY' with revised TP of Rs3,509 (earlier Rs3,516) valuing at 15x EV of Mar'26E EBITDA.**

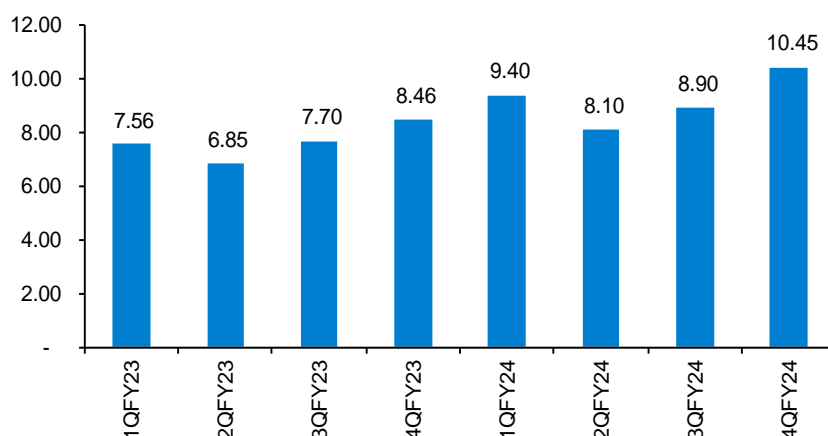
- Strong revenue growth aided by volumes:** Consolidated revenue grew 13% YoY to Rs54.1bn (+10% QoQ; higher than PLe Rs 52bn) aided by strong cement volume growth. Volumes grew 23.5% YoY to 10.45mt (up 17.4% QoQ; PLe 9.74mt) aided by MSA and ACCPL volumes. Average realization declined 7.5% YoY to Rs 4,895/t (-6.2% QoQ; tad lower than PLe of Rs 4,933/t) due to overall decline in cement prices across regions in this quarter. The price hikes taken during Sept/Oct'23 could not sustain in the new year and prices came off sharply mainly in East and South regions.
- Better cost management aided EBITDA/t:** EBITDA grew 78.6% YoY to Rs 8.3bn (-7.5% QoQ; PLe Rs 6.9bn) on the back of lower employee, P&F and relatively lower other costs. Raw material costs declined 10% YoY to Rs 1,674/t while freight costs declined 13% YoY to Rs 1,054/t on higher volumes. P&F costs per ton declined 16% YoY due to change of fuel basket and higher consumption of alternative fuel. 16.3 MW of WHRS at Ametha got commissioned in 3QFY24 taking WHRS as a % of total power consumption to 8.2% (+100bps YoY). Kiln fuel cost is down 19% to 1.91/000 kCal. Ongoing expansion of WHRS facilities at Chanda & Wadi to take total WHRS capacity to 86 MW or ~25% of total power. Adj. PAT grew 173% YoY to Rs 7.7bn aided by lower tax outgo on reassessment of tax provisions made in earlier years (reversal of tax worth Rs2.6bn). Reported PAT includes exceptional item of Rs2.3bn on account of gain on re-measurement of ACC's previously held 45% stake in ACCPL.

## Exhibit 1: Q4FY24 Result Overview

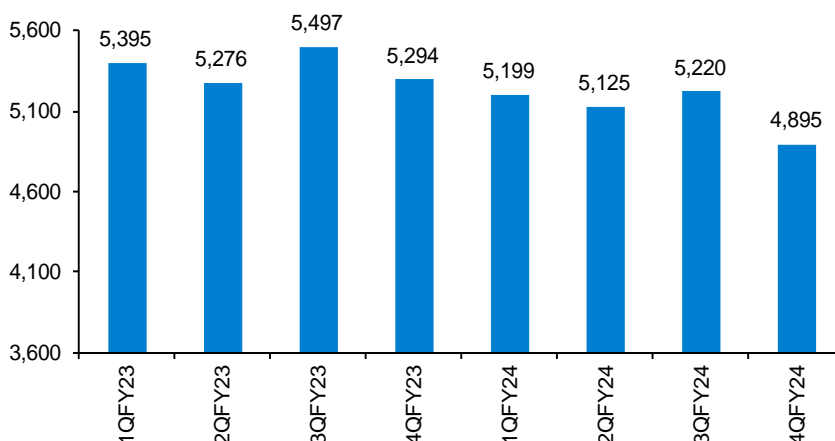
Y/e March (Rs mn)	Q4FY24	Q4FY23	YoY gr. (%)	Q3FY24	QoQ gr. (%)	FY24	FY23	YoY gr. (%)
<b>Net Sales</b>	<b>54,087</b>	<b>47,909</b>	<b>12.9</b>	<b>49,144</b>	<b>10.1</b>	<b>1,99,589</b>	<b>2,19,535</b>	<b>(9.1)</b>
Raw Material	17,492	15,778	10.9	13,410	30.4	58,116	54,537	6.6
<i>% of Net Sales</i>	<i>32.3</i>	<i>32.9</i>		<i>27.3</i>		<i>29.1</i>	<i>24.8</i>	
Staff Costs	1,672	2,121	(21.1)	1,783	(6.2)	6,922	10,362	(33.2)
<i>% of Net Sales</i>	<i>3.1</i>	<i>4.4</i>		<i>3.6</i>		<i>3.5</i>	<i>4.7</i>	
Power & Fuel	9,763	9,426	3.6	10,154	(3.8)	40,030	57,427	(30.3)
<i>% of Net Sales</i>	<i>18.1</i>	<i>19.7</i>		<i>20.7</i>		<i>20.1</i>	<i>26.2</i>	
Freight	11,014	10,298	7.0	9,557	15.2	41,704	51,402	(18.9)
<i>% of Net Sales</i>	<i>20.4</i>	<i>21.5</i>		<i>19.4</i>		<i>20.9</i>	<i>23.4</i>	
Other Expenses	5,778	5,602	3.1	5,193	11.3	22,200	29,124	(23.8)
<i>% of Net Sales</i>	<i>10.7</i>	<i>11.7</i>		<i>10.6</i>		<i>11.1</i>	<i>13.3</i>	
<b>Total Expenditure</b>	<b>45719</b>	<b>43224</b>	<b>5.8</b>	<b>40096</b>	<b>14.0</b>	<b>168973</b>	<b>202853</b>	<b>(16.7)</b>
<b>EBITDA</b>	<b>8,368</b>	<b>4,685</b>	<b>78.6</b>	<b>9,047</b>	<b>(7.5)</b>	<b>30,617</b>	<b>16,683</b>	<b>83.5</b>
<i>Margin (%)</i>	<i>15.5</i>	<i>9.8</i>		<i>18.4</i>		<i>15.3</i>	<i>7.6</i>	
Depreciation	2,350	1,768	33.0	2,352	(0.1)	8,831	8,413	5.0
<b>EBIT</b>	<b>6,018</b>	<b>2,918</b>	<b>106.2</b>	<b>6,695</b>	<b>(10.1)</b>	<b>21,786</b>	<b>8,269</b>	<b>163.5</b>
Other income	1,197	1,192	0.5	862	39.0	4,928	5,986	(17.7)
Interest	667	152	337.7	339	96.7	1,546	773	100.0
<b>PBT</b>	<b>6,548</b>	<b>3,957</b>	<b>65.5</b>	<b>7,217</b>	<b>(9.3)</b>	<b>25,168</b>	<b>13,482</b>	<b>86.7</b>
Extraordinary income/(expense)	2,296	-664	NA	-	NA	2,296	-1,618	NA
<b>PBT (After EO)</b>	<b>8,843</b>	<b>3,293</b>	<b>168.6</b>	<b>7,217</b>	<b>22.5</b>	<b>27,464</b>	<b>11,865</b>	<b>131.5</b>
Tax	-598	957	NA	1,916	NA	4,228	3,174	33.2
<i>% PBT</i>	<i>(6.8)</i>	<i>29.1</i>		<i>26.6</i>		<i>15.4</i>	<i>26.8</i>	
<b>Reported PAT</b>	<b>9,441</b>	<b>2,336</b>	<b>304.2</b>	<b>5,301</b>	<b>78.1</b>	<b>23,236</b>	<b>8,691</b>	<b>167.4</b>
Minority Interest	-1	-0	66.7	-0	25.0	-2	-1	14.3
Share of profit in JV/Associates	7	21	(66.5)	76	(90.8)	129	162	(19.9)
<b>Net Profit Attributable to shareholders</b>	<b>9,448</b>	<b>2,356</b>	<b>301.0</b>	<b>5,376</b>	<b>75.7</b>	<b>23,364</b>	<b>8,851</b>	<b>164.0</b>
<b>Adjusted PAT</b>	<b>7,730</b>	<b>2,827</b>	<b>173.4</b>	<b>5,376</b>	<b>43.8</b>	<b>21,646</b>	<b>10,061</b>	<b>115.1</b>

Source: Company, PL

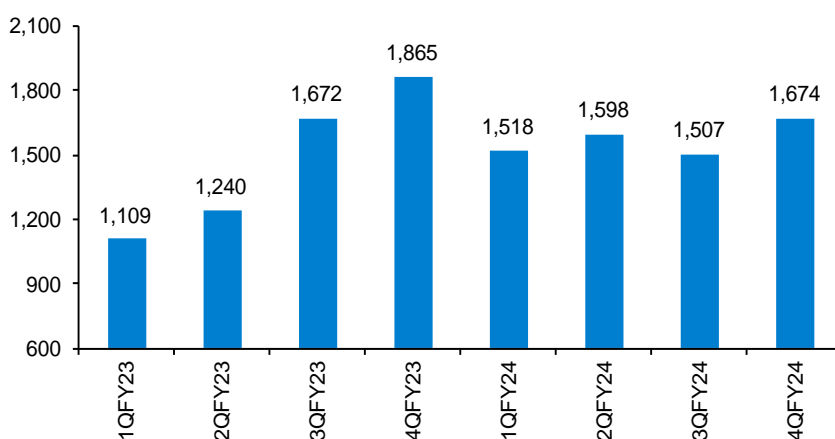
## Exhibit 2: Sharp 23.5% YoY volume growth aided by MSA volumes (mt)



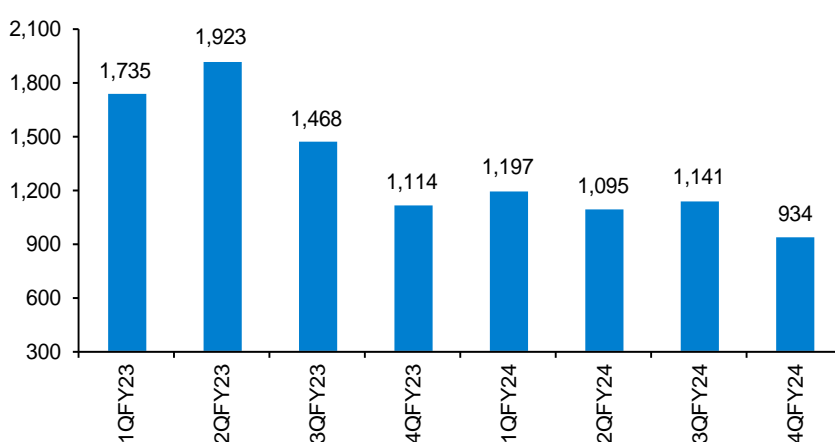
Source: Company, PL

**Exhibit 3: Sharp decline in NSR led by weak pricing across regions (Rs/t)**

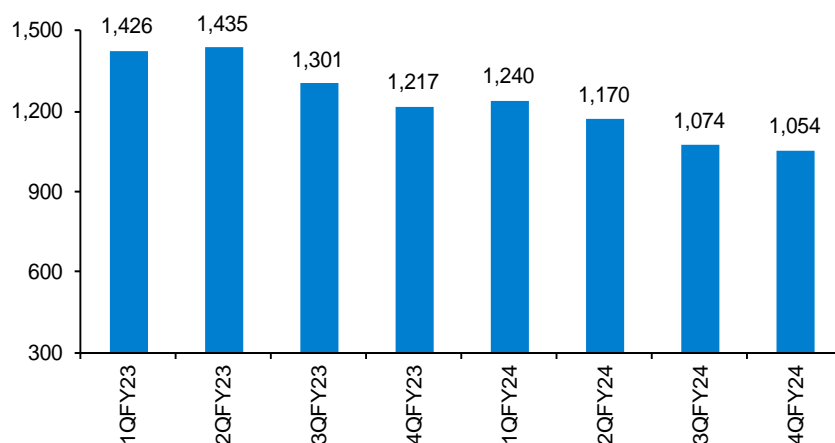
Source: Company, PL

**Exhibit 4: RM costs per ton grew 11% QoQ on input prices (in Rs)**

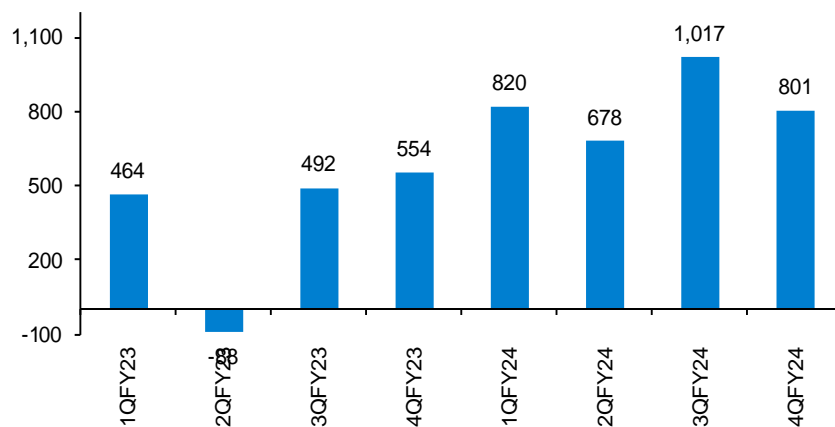
Source: Company, PL

**Exhibit 5: Power and fuel costs per ton declined 18% QoQ (in Rs)**

Source: Company, PL

**Exhibit 6: Freight costs per ton declined 2% QoQ (in Rs)**

Source: Company, PL

**Exhibit 7: EBITDA/t declined on lower NSR (in Rs)**

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
<b>Net Revenues</b>	<b>2,17,673</b>	<b>1,99,589</b>	<b>2,19,865</b>	<b>2,44,972</b>
YoY gr. (%)	37.6	(8.3)	10.2	11.4
Cost of Goods Sold	54,349	58,116	45,174	51,209
Gross Profit	1,63,324	1,41,473	1,74,690	1,93,762
Margin (%)	75.0	70.9	79.5	79.1
Employee Cost	10,362	7,372	8,069	8,876
Other Expenses	1,38,142	1,03,484	1,34,235	1,44,689
<b>EBITDA</b>	<b>14,820</b>	<b>30,617</b>	<b>32,386</b>	<b>40,197</b>
YoY gr. (%)	(44.3)	106.6	5.8	24.1
Margin (%)	6.8	15.3	14.7	16.4
Depreciation and Amortization	8,413	8,831	9,057	10,294
<b>EBIT</b>	<b>6,407</b>	<b>21,786</b>	<b>23,329</b>	<b>29,903</b>
Margin (%)	2.9	10.9	10.6	12.2
Net Interest	773	1,546	900	790
Other Income	7,848	4,929	6,334	6,332
<b>Profit Before Tax</b>	<b>11,865</b>	<b>27,464</b>	<b>28,764</b>	<b>35,445</b>
Margin (%)	5.5	13.8	13.1	14.5
Total Tax	3,174	4,228	7,335	9,038
Effective tax rate (%)	26.8	15.4	25.5	25.5
<b>Profit after tax</b>	<b>8,691</b>	<b>23,236</b>	<b>21,429</b>	<b>26,407</b>
Minority interest	1	2	2	2
Share Profit from Associate	162	129	-	-
<b>Adjusted PAT</b>	<b>9,919</b>	<b>21,848</b>	<b>21,427</b>	<b>26,405</b>
YoY gr. (%)	(47.8)	120.3	(1.9)	23.2
Margin (%)	4.6	10.9	9.7	10.8
Extra Ord. Income / (Exp)	(1,068)	1,515	-	-
<b>Reported PAT</b>	<b>8,851</b>	<b>23,364</b>	<b>21,427</b>	<b>26,405</b>
YoY gr. (%)	(52.5)	164.0	(8.3)	23.2
Margin (%)	4.1	11.7	9.7	10.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,851	23,364	21,427	26,405
<b>Equity Shares O/s (m)</b>	<b>188</b>	<b>188</b>	<b>188</b>	<b>188</b>
<b>EPS (Rs)</b>	<b>52.8</b>	<b>116.2</b>	<b>114.0</b>	<b>140.5</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>1,20,666</b>	<b>1,51,219</b>	<b>1,71,219</b>	<b>1,96,219</b>
Tangibles	1,20,666	1,51,219	1,71,219	1,96,219
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>45,585</b>	<b>54,416</b>	<b>63,473</b>	<b>73,767</b>
Tangibles	45,585	54,416	63,473	73,767
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>75,081</b>	<b>96,803</b>	<b>1,07,746</b>	<b>1,22,452</b>
Tangibles	75,081	96,803	1,07,746	1,22,452
Intangibles	-	-	-	-
Capital Work In Progress	20,638	9,858	14,858	14,858
Goodwill	38	3,450	3,450	3,450
Non-Current Investments	14,048	10,377	10,377	10,377
Net Deferred tax assets	(4,573)	(5,801)	(5,801)	(5,801)
Other Non-Current Assets	13,081	16,043	16,043	16,043
<b>Current Assets</b>				
Investments	-	7,587	7,587	7,587
Inventories	16,242	18,686	15,059	16,779
Trade receivables	8,692	8,275	9,036	10,067
Cash & Bank Balance	4,147	18,629	23,546	32,078
Other Current Assets	23,086	13,578	13,578	13,578
<b>Total Assets</b>	<b>2,05,438</b>	<b>2,33,856</b>	<b>2,51,852</b>	<b>2,77,840</b>
<b>Equity</b>				
Equity Share Capital	1,880	1,880	1,880	1,880
Other Equity	1,39,505	1,61,417	1,80,588	2,04,511
<b>Total Network</b>	<b>1,41,385</b>	<b>1,63,297</b>	<b>1,82,468</b>	<b>2,06,391</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	1,257	2,238	2,238	2,238
Provisions	1,778	1,517	1,517	1,517
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	14,934	19,249	18,071	20,135
Other current liabilities	41,476	41,720	41,720	41,720
<b>Total Equity &amp; Liabilities</b>	<b>2,05,438</b>	<b>2,33,856</b>	<b>2,51,852</b>	<b>2,77,840</b>

Source: Company Data, PL Research

## Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	12,026	27,593	28,764	35,445
Add. Depreciation	8,413	8,831	9,057	10,294
Add. Interest	773	1,546	900	790
Less Financial Other Income	7,848	4,929	6,334	6,332
Add. Other	(2,816)	(7,531)	(6,334)	(6,332)
Op. profit before WC changes	18,396	30,439	32,386	40,197
Net Changes-WC	(26,708)	1,331	1,688	(688)
Direct tax	(4,039)	(1,819)	(7,335)	(9,038)
<b>Net cash from Op. activities</b>	<b>(12,351)</b>	<b>29,951</b>	<b>26,739</b>	<b>30,471</b>
Capital expenditures	(19,810)	(17,716)	(25,000)	(25,000)
Interest / Dividend Income	-	-	-	-
Others	(26,563)	5,265	6,334	6,332
<b>Net Cash from Invt. activities</b>	<b>(46,373)</b>	<b>(12,451)</b>	<b>(18,666)</b>	<b>(18,668)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(10,892)	(1,753)	(2,256)	(2,481)
Interest paid	(1,485)	(2,678)	(900)	(790)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(12,377)</b>	<b>(4,432)</b>	<b>(3,156)</b>	<b>(3,271)</b>
<b>Net change in cash</b>	<b>(71,100)</b>	<b>13,069</b>	<b>4,918</b>	<b>8,532</b>
Free Cash Flow	(33,398)	16,003	1,739	5,471

Source: Company Data, PL Research

## Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
<b>Net Revenue</b>	<b>52,011</b>	<b>44,347</b>	<b>49,144</b>	<b>54,087</b>
YoY gr. (%)	18.4	13.4	8.3	12.9
Raw Material Expenses	14,269	12,944	13,410	17,492
Gross Profit	37,742	31,403	35,733	36,595
Margin (%)	72.6	70.8	72.7	67.7
<b>EBITDA</b>	<b>7,709</b>	<b>5,493</b>	<b>9,047</b>	<b>8,368</b>
YoY gr. (%)	119.6	(1,008.4)	138.6	78.6
Margin (%)	14.8	12.4	18.4	15.5
Depreciation / Depletion	2,001	2,128	2,352	2,350
<b>EBIT</b>	<b>5,708</b>	<b>3,365</b>	<b>6,695</b>	<b>6,018</b>
Margin (%)	11.0	7.6	13.6	11.1
Net Interest	251	289	339	667
Other Income	769	2,101	862	1,197
<b>Profit before Tax</b>	<b>6,226</b>	<b>5,177</b>	<b>7,217</b>	<b>8,843</b>
Margin (%)	12.0	11.7	14.7	16.4
Total Tax	1,594	1,315	1,916	(598)
Effective tax rate (%)	25.6	25.4	26.6	(6.8)
<b>Profit after Tax</b>	<b>4,632</b>	<b>3,862</b>	<b>5,301</b>	<b>9,441</b>
Minority interest	-	-	-	1
Share Profit from Associates	29	17	76	7
<b>Adjusted PAT</b>	<b>4,661</b>	<b>3,879</b>	<b>5,376</b>	<b>7,730</b>
YoY gr. (%)	105.0	(615.3)	213.6	173.4
Margin (%)	9.0	8.7	10.9	14.3
Extra Ord. Income / (Exp)	-	-	-	1,718
<b>Reported PAT</b>	<b>4,661</b>	<b>3,879</b>	<b>5,376</b>	<b>9,448</b>
YoY gr. (%)	105.0	(544.0)	375.1	301.0
Margin (%)	9.0	8.7	10.9	17.5
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>4,661</b>	<b>3,879</b>	<b>5,376</b>	<b>9,448</b>
Avg. Shares O/s (m)	188	188	188	188
<b>EPS (Rs)</b>	<b>24.8</b>	<b>20.7</b>	<b>28.6</b>	<b>41.1</b>

Source: Company Data, PL Research

## Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
<b>Per Share(Rs)</b>				
EPS	52.8	116.2	114.0	140.5
CEPS	97.5	163.2	162.2	195.2
BVPS	752.1	868.6	970.6	1,097.9
FCF	(177.7)	85.1	9.3	29.1
DPS	9.3	7.5	12.0	13.2
<b>Return Ratio(%)</b>				
RoCE	4.5	14.1	13.3	15.2
ROIC	3.4	14.4	12.1	14.2
RoE	7.0	14.3	12.4	13.6
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.0	(0.1)	(0.2)	(0.2)
Net Working Capital (Days)	17	14	10	10
<b>Valuation(x)</b>				
PER	48.9	22.2	22.6	18.4
P/B	3.4	3.0	2.7	2.3
P/CEPS	26.5	15.8	15.9	13.2
EV/EBITDA	32.5	15.1	14.1	11.1
EV/Sales	2.2	2.3	2.1	1.8
Dividend Yield (%)	0.4	0.3	0.5	0.5

Source: Company Data, PL Research

## Key Operating Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Cement Volume (mt)	38	37	41	45
Net Realisation (Rs/t)	5,331	5,132	5,132	5,209
EBITDA (Rs/ t)	391	831	797	899

Source: Company Data, PL Research

## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-24	BUY	3,516	2,582
2	11-Mar-24	BUY	3,522	2,639

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	3,516	2,582
2	Ambuja Cement	Hold	600	629
3	Dalmia Bharat	Accumulate	2,077	1,806
4	Hindalco Industries	BUY	658	603
5	Jindal Stainless	Hold	705	698
6	Jindal Steel & Power	BUY	980	898
7	JSW Steel	BUY	1,017	884
8	National Aluminium Co.	Sell	141	183
9	NMDC	Accumulate	253	241
10	Nuvoco Vistas Corporation	Accumulate	376	316
11	Shree Cement	BUY	28,966	25,949
12	Steel Authority of India	Reduce	138	153
13	Tata Steel	Accumulate	170	165
14	Ultratech Cement	BUY	11,332	9,864

## PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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