

HOLD

TP: Rs 2,078 | ▲ 11%

ACC

| Cement

| 04 November 2025

Healthy volume and realisations help Q2 show; maintain HOLD

- Revenue driven by 8% YoY volume jump to 10 mnt (down 13% QoQ), backed by realisations gain of 18%/11% YoY/QoQ to Rs 5,519/tn
- Cost escalation a negative surprise, driven by traded good purchases and higher energy cost
- Retain HOLD as we continue to value ACC at 10x 1YF EV/EBITDA, and forecast FY27E/FY28E EBITDA margin at ~15%; TP revised at Rs2,078

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Revenue surges on strong realisation gains: ACC reported revenue of Rs 58.5bn in Q2FY26, up 27% YoY (-3.5% QoQ), driven by healthy volume growth of 7.5% YoY to 10mt (-13% QoQ) and robust realisation gains of 17.9%/11% YoY/QoQ. Premium products contributed significantly, rising to 47% of trade sales (volume up 20% YoY), boosting the overall pricing power.

Cost pressures persist: Costs hiked due to higher energy cost and traded goods purchases. Adjusted raw material cost (incl. external purchases) rose 22%/11% YoY/QoQ to Rs 2,373/t, pushing up the cost. Energy costs rose 7%/21% YoY/QoQ to Rs 890/t, reflecting high-cost pet-coke procurement. Freight costs rose 5.1%/6.5% YoY/QoQ to Rs 1,073/t despite a 5km YoY reduction in the lead distance to 269km.

EBITDA margin expands significantly: EBITDA/t surged 77.6%/22% YoY/QoQ to Rs 819, with EBITDA margin improving 470bps/130bps YoY/QoQ to 14.0%, despite a 12%/9.4% YoY/QoQ rise in total costs to Rs 5,033/t. The sharp margin expansion was supported by strong pricing and a favourable base effect that helps offset the cost escalation driven by raw material and other expenses inflation.

Capacity expansion on track: Grinding units at Salai Banwa and Kalamboli are progressing as scheduled, with commissioning expected in Q3FY26. Green power initiatives continue to advance, with ACC targeting 60% green power share ahead of FY28. ACC has taken prudent measures to secure additional limestone blocks (Wadi, Chanda, Kymore) to compensate for the depleted reserves.

Earnings revised; maintain HOLD: We maintain our FY26 EBITDA forecasts, as also continue with our FY27e/FY28e estimates. Our 3Y CAGR revenue/EBITDA 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 with roll over to September 2027 earnings and revise upwards our TP to Rs2,078 (from Rs 2,038). This implies a replacement cost of Rs 7.8bn/mt marginal premium to the industry average. We retain our HOLD rating as the current valuations factor the performance.

Key changes

| Target | Rating |
|--------|--------|
| ▲ | ◀ ▶ |

| | |
|------------------|-------------------|
| Ticker/Price | ACC IN/Rs 1,871 |
| Market cap | US\$ 4.0bn |
| Free float | 43% |
| 3M ADV | US\$ 5.1mn |
| 52wk high/low | Rs 2,367/Rs 1,778 |
| Promoter/FPI/DII | 57%/12%/19% |

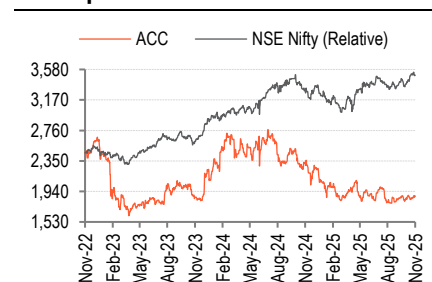
Source: NSE | Price as of 3 Nov 2025

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 | 95.7 | 111.0 |
| Adj. ROAE (%) | 10.6 | 10.4 | 11.2 |
| Adj. P/E (x) | 30.5 | 19.0 | 15.9 |
| EV/EBITDA (x) | 14.6 | 14.3 | 12.7 |
| Adj. EPS growth (%) | (45.7) | 60.9 | 19.3 |

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Key quarterly metrics

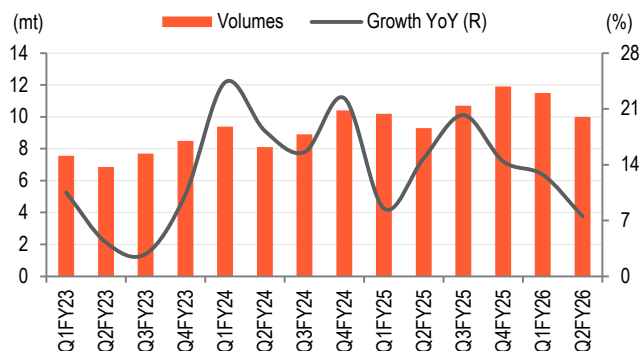
| (Rs) | Q2FY26 | Q2FY25 | YoY (%) | Q1FY26 | QoQ (%) | Q2FY26E | Deviation (%) |
|----------------------------|--------|--------|---------|--------|---------|---------|---------------|
| Volumes (mn mt) | 10.0 | 9.3 | 7.5 | 11.50 | (13.0) | 10.58 | (5.5) |
| Cement realisations (Rs/t) | 5,519 | 4,680 | 17.9 | 4,970 | 11.1 | 4,915 | 12.3 |
| Operating costs (Rs/t) | 5,033 | 4,493 | 12.0 | 4,603 | 9.3 | 4,779 | 5.3 |
| EBITDA/t (Rs) | 819 | 462 | 77.6 | 672 | 21.9 | 472 | 73.6 |

Source: Company, BOBCAPS Research

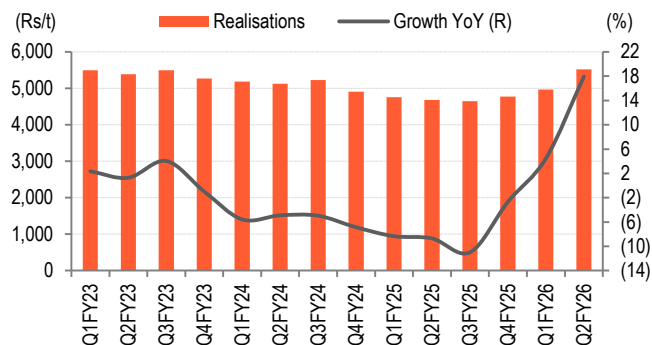
Fig 2 – Quarterly performance

| (Rs mn) | Q2FY26 | Q2FY25 | YoY (%) | Q1FY26 | QoQ (%) | Q2FY26E | Deviation (%) |
|---------------------------------|---------------|---------------|----------------|---------------|----------------|---------------|----------------|
| Net sales | 58,525 | 46,080 | 27.0 | 60,658 | (3.5) | 55,554 | 5.3 |
| Expenditure | | | | | | | |
| Change in stock | -1,613 | 918 | | -806 | 100.1 | 918 | |
| Raw material | 9,989 | 9,124 | 9.5 | 11,109 | (10.1) | 10,104 | (1.1) |
| Purchased products | 15,354 | 8,021 | 91.4 | 14,301 | 7.4 | 12,812 | 19.8 |
| Power & fuel | 8,899 | 7,721 | 15.3 | 8,475 | 5.0 | 7,819 | 13.8 |
| Freight | 10,725 | 9,490 | 13.0 | 11,586 | (7.4) | 11,056 | (3.0) |
| Employee costs | 1,770 | 1,790 | (1.1) | 2,026 | (12.6) | 1,910 | (7.3) |
| Other exp | 5,205 | 4,725 | 10.2 | 6,240 | (16.6) | 5,941 | (12.4) |
| Total Operating Expenses | 50,330 | 41,788 | 20.4 | 52,930 | (4.9) | 50,560 | (0.5) |
| EBITDA | 8,195 | 4,292 | 90.9 | 7,728 | 6.0 | 4,994 | 64.1 |
| EBITDA margin (%) | 14.0 | 9.3 | 469bps | 12.7 | 126bps | 9.0 | 501bps |
| Other Income | 2,231 | 1,540 | 44.9 | 690 | 223.4 | 1,710 | 30.5 |
| Interest | 289 | 333 | (13.2) | 302 | (4.5) | 311 | (7.1) |
| Depreciation | 2,572 | 2,317 | 11.0 | 2,376 | 8.3 | 2,390 | 7.6 |
| PBT | 7,565 | 3,182 | 137.7 | 5,740 | 31.8 | 4,003 | 89.0 |
| Non-recurring items | 0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| PBT (after non-recurring items) | 7,565 | 3,182 | 137.7 | 5,740 | 31.8 | 4,003 | 89.0 |
| Tax | -3,556 | 843 | (521.7) | 1,895 | (287.7) | 1,081 | (429.0) |
| Reported PAT | 11,122 | 2,339 | 375.5 | 3,845 | 189.2 | 2,922 | 280.6 |
| Adjusted PAT | 11,122 | 2,339 | 375.5 | 3,845 | 189.2 | 2,922 | 280.6 |
| NPM (%) | 19.0 | 5.1 | 1393bps | 6.3 | 1266bps | 5.3 | 1374bps |
| Adjusted EPS (Rs) | 59.2 | 12.4 | 375.5 | 20.5 | 189.2 | 15.5 | 280.6 |

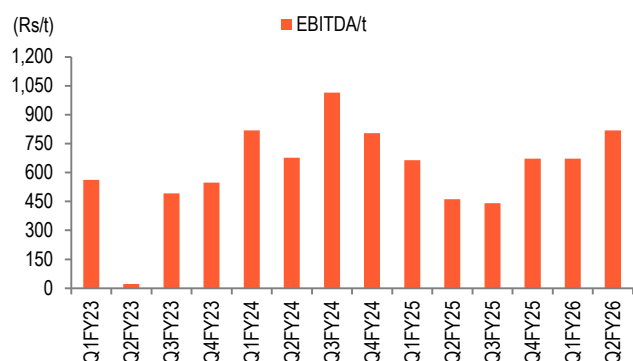
Source: Company, BOBCAPS Research

Fig 3 – Volume growth in line with industry growth

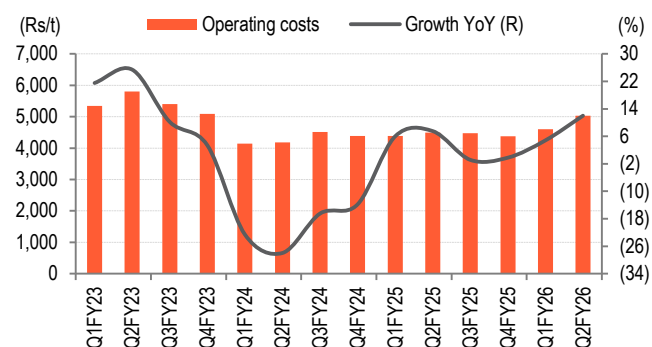
Source: Company, BOBCAPS Research | Note: ACC has changed its accounting Y/E from Dec to Mar, thus, FY23 consists of 5 quarters

Fig 4 – Healthy realisations driven by west and north presence

Source: Company, BOBCAPS Research

Fig 5 – EBITDA/t recovery assisted by cost realisations and lower base

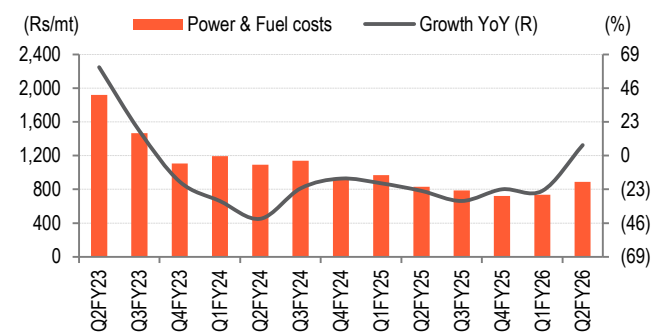
Source: Company, BOBCAPS Research

Fig 6 – Operating cost inflation a key negative, but headed down in the medium term

Source: Company, BOBCAPS Research

Fig 7 – Logistics cost savings continues

Source: Company, BOBCAPS Research

Fig 8 – Power cost escalation driven primarily by higher fuel cost

Source: Company, BOBCAPS Research

Valuation Methodology

We maintain our FY26 EBITDA forecasts, as also continue with our FY27e/FY28e estimates. Our 3Y CAGR revenue/EBITDA 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 with roll over to September 2027 earnings and revise upwards our TP to Rs2,078 (from Rs 2,038). This implies a replacement cost of Rs 7.8bn/mt marginal premium to the industry average. We retain our HOLD rating as the current valuations factor the performance.

Fig 9 – Key assumptions

| | FY25A | FY26E | FY27E | FY28E |
|-------------------------|-------|-------|-------|-------|
| Volumes (mt) | 37.53 | 38.66 | 39.83 | 39.83 |
| Realisations (Rs/mt) | 4,835 | 4,956 | 5,092 | 5,194 |
| Operating costs (Rs/mt) | 4,944 | 4,887 | 4,996 | 5,123 |
| EBITDA/mt (Rs) | 563 | 669 | 796 | 836 |

Source: Company, BOBCAPS Research

Fig 10 – Valuation summary

| Business (Rs mn) | FY28E |
|------------------------------|--------------|
| Target EV/EBITDA (x) | 10.0 |
| EBITDA | 36,799 |
| Target EV | 3,49,962 |
| Total EV | 3,49,962 |
| Net debt | (62,560) |
| Target market capitalisation | 4,12,522 |
| Target price (Rs/sh) | 2,078 |
| Weighted average shares (mn) | 188 |

Source: BOBCAPS Research | Note: Valuations are based on Sep 2027 earnings

Fig 11 – Peer comparison

| Ticker | Rating | TP (Rs) | EV/EBITDA (x) | | | EV/tonne (US\$) | | | ROE (%) | | | ROCE (%) | | |
|----------|--------|---------|---------------|-------|-------|-----------------|-------|-------|---------|-------|-------|----------|-------|-------|
| | | | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E | FY25E | FY26E | FY27E |
| ACC IN | HOLD | 2,078 | 15.4 | 9.3 | 7.8 | 110.6 | 101.2 | 90.9 | 8.2 | 11.5 | 13.3 | 9.7 | 13.9 | 15.7 |
| ACEM IN | HOLD | 592 | 17 | 12.6 | 11.6 | 114.3 | 112.7 | 112.1 | 7.4 | 9.4 | 9.5 | 9.6 | 12.1 | 12.3 |
| UTCEM IN | BUY | 14,634 | 20.4 | 16 | 13.8 | 257.0 | 252.0 | 249.0 | 12.3 | 14.4 | 14.5 | 14.6 | 18 | 18.6 |
| SRCM IN | HOLD | 29,833 | 19.6 | 16 | 13.8 | 149.8 | 130.9 | 127.7 | 8.5 | 10.4 | 10.6 | 11.2 | 13.5 | 14.1 |

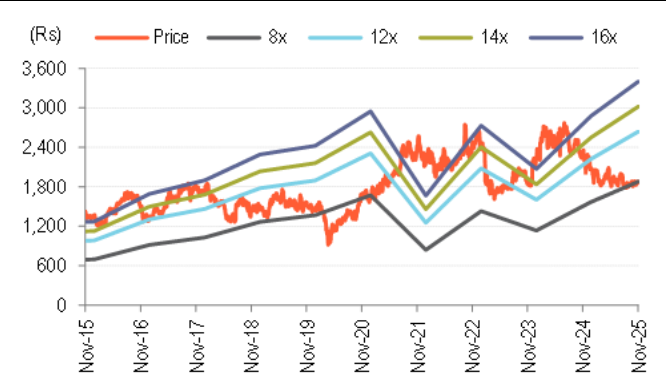
Source: Company, Bloomberg, BOBCAPS Research

Key risks

Key upside/downside risks to our estimates are:

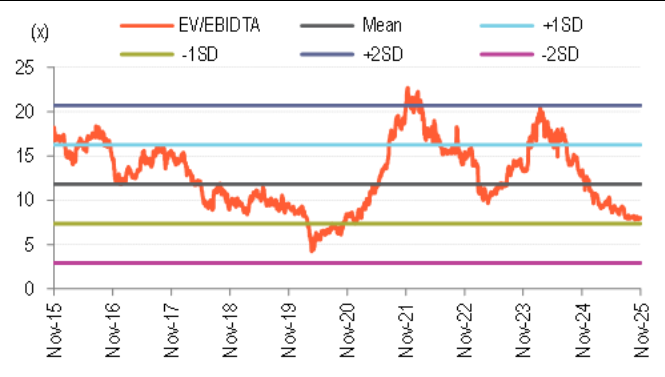
- faster-than-expected capacity addition helping volume growth;
- further higher-than-expected easing of costs; and,
- fierce competitive intensity putting pressure on pricing.

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



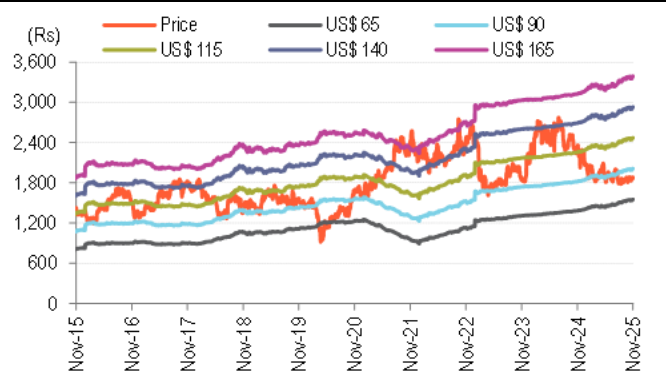
Source: Company, Bloomberg, BOBCAPS Research

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



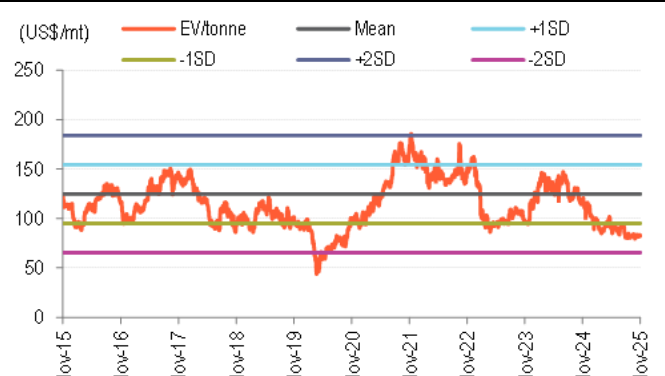
Source: Company, Bloomberg, BOBCAPS Research

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 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total revenue | 1,95,710 | 2,05,943 | 2,17,087 | 2,30,888 | 2,44,095 |
| 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 |
| Reported net profit | 21,242 | 24,553 | 18,553 | 22,129 | 24,654 |
| Adjustments | 0 | (13,019) | 0 | 0 | 0 |
| Adjusted net profit | 21,242 | 11,533 | 18,553 | 22,129 | 24,654 |

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 |
| Total liab. and equities | 2,28,997 | 2,49,229 | 2,67,150 | 2,89,149 | 3,14,213 |
| 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 |
| Total assets | 2,28,997 | 2,49,230 | 2,67,150 | 2,89,149 | 3,14,213 |

Cash Flows

| Y/E 31 Mar (Rs mn) | FY24A | FY25A | FY26E | FY27E | FY28E |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Cash flow from operations | 45,103 | 36,958 | 26,425 | 32,022 | 35,411 |
| 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 |
| Cash flow from investing | (24,780) | (29,760) | (22,937) | (30,560) | (26,560) |
| 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) |
| Cash flow from financing | (5,679) | (8,743) | (3,584) | (5,121) | (5,121) |
| Chg in cash & cash eq. | 14,644 | (1,546) | (96) | (3,659) | 3,730 |
| Closing cash & cash eq. | 24,298 | 29,750 | 44,654 | 25,996 | 49,726 |

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 | 1.9 | 2.1 | 2.0 | 1.9 | 1.8 |
| EV/EBITDA | 12.5 | 14.6 | 14.3 | 12.7 | 12.0 |
| Adjusted P/E | 16.6 | 30.5 | 19.0 | 15.9 | 14.3 |
| P/BV | 2.2 | 1.9 | 1.8 | 1.6 | 1.5 |

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 |
|--|-------|--------|-------|-------|-------|
| YoY growth (%) | | | | | |
| 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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Name of the Research Entity: **BOB Capital Markets Limited**

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SEBI Research Analyst Registration No: **INH0000000040 valid till 03 February 2025**

Brand Name: **BOBCAPS**

Trade Name: **www.barodaetrade.com**

CIN: **U65999MH1996GOI098009**



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Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

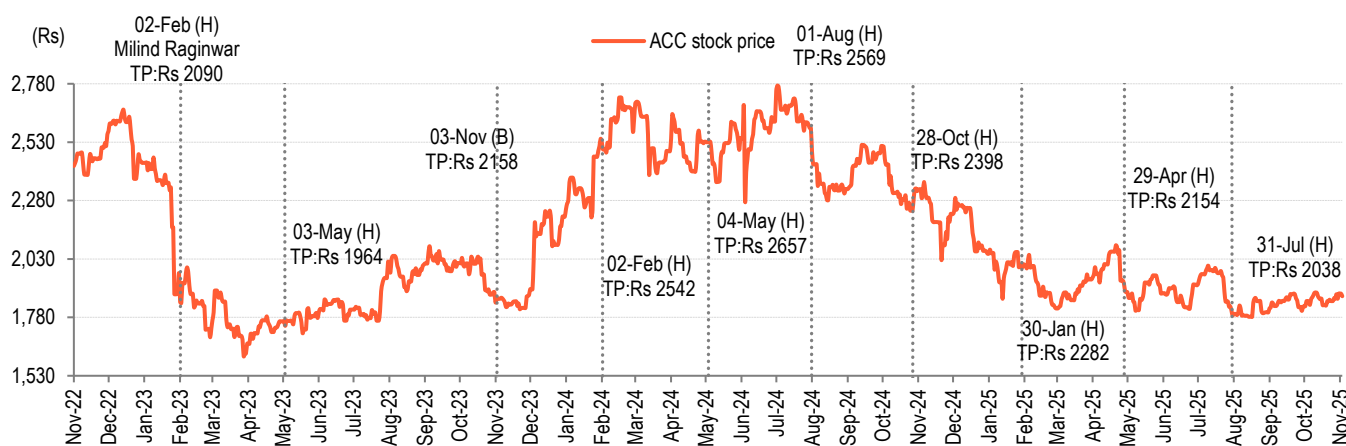
HOLD – Expected return from -6% to +15%

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.

Ratings and Target Price (3-year history): ACC (ACC IN)



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

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