

BUY**TP: Rs 2,136 | ▲ 30%****ACC**

| Cement

| 31 January 2026

Steady show; valuations dip prompts upgrade to **BUY**

- Revenue driven by 6% YoY volume jump to 11.3 mnt (up 13% QoQ), on realisations gain of 15% YoY (-3%) QoQ to Rs 5,335/tn
- Cost escalation continues to a negative surprise, driven by traded good purchases, logistics and higher energy cost, softening expected soon
- Value ACC at 10x 1YF EV/EBITDA; maintain FY27E/FY28E EBITDA forecast, margin at ~15%; TP revised at Rs2,136, upgrade to **BUY**

Milind Raginwar
 Research Analyst
 Ayush Dugar
 Research Associate
 research@bobcaps.in

Volume growth drives revenue: ACC's Q3FY26 revenue came at ~Rs65bn in, up ~22% YoY driven by cement volume at 11.3mt (up 6%/13% YoY/QoQ). Premium product share in trade sales rose to 43% vs 32% YoY (premium volume up 33% YoY), providing price buffer amid competition. RMX volumes grew to 0.97mn M³ (up 36% YoY). Realisations jumped 15% YoY but softened 3% QoQ at Rs5.335/tn.

Cost pressures persist despite efficiency gains: Cost/t jumped 14% to Rs 5,102/t led by the rise in logistics and power costs. Kiln fuel cost declined ~1% YoY to Rs 1.66/kcal, power cost reduced ~1% YoY to Rs 5.95/kWh as green power share rose 12.6pp YoY to 31.3%, and WHRS contribution improved to 17.2% (+310bps YoY). Despite efficiency gains, power cost rose ~4% YoY to Rs821/t. Logistics cost increased 14% YoY to Rs1,108/t though lead reduced by 9km YoY to 262km.

EBITDA margin improves despite cost headwinds: EBITDA was Rs6.9bn, leading to EBITDA/t of Rs 614 (+39% YoY), while margins jumped 176bps YoY to 10.7%, as the cost jump was offset by healthy pricing. APAT came to Rs3.8bn.

Expansion and integration for long-term growth: Capacity additions progressing, with 2.4mtpa (Salai Banwa) and 1mtpa (Kalamboli) grinding units expected to be commissioned in Q4FY26, supporting the next leg of volume growth. Amalgamation with Ambuja Cements announced (appointed date Jan 1, 2026), creating unified 'One Cement Platform' for a net benefit of Rs100/t.

Earnings maintained; upgrade to **BUY on discounted valuations:** 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 headroom capacity, although we factor in the higher cost savings. We continue to value ACC at 10x EV/EBITDA 1YF earnings with rollover to December 2027 earnings and revise TP upwards to Rs2,136 (from Rs 2,078). This implies a replacement cost of Rs 7.8bn/mt marginal premium to the industry average. Given the current valuations we feel ACC is available at a discount to the valuations assigned. Effectively we revise our rating to **BUY** from our **HOLD** rating earlier.

Key changes

	Target	Rating
	▲	▲

Ticker/Price	ACC IN/Rs 1,637
Market cap	US\$ 3.3bn
Free float	43%
3M ADV	US\$ 5.5mn
52wk high/low	Rs 2,120/Rs 1,626
Promoter/FPI/DII	57%/12%/19%

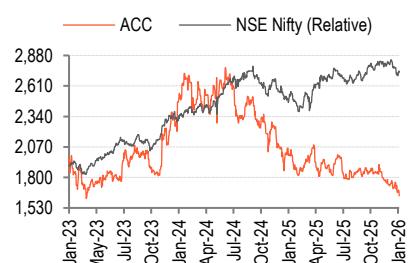
Source: NSE | Price as of 30 Jan 2026

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)	130.6	105.3	118.0
Adj. ROAE (%)	10.6	10.4	11.2
Adj. P/E (x)	26.7	16.6	13.9
EV/EBITDA (x)	13.2	12.9	11.5
Adj. EPS growth (%)	(45.7)	60.9	19.3

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Key quarterly metrics

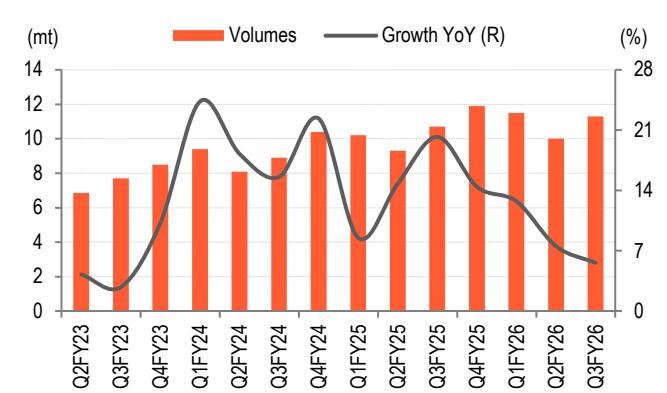
(Rs)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Deviation (%)
Volumes (mn mt)	11.3	10.7	5.6	10.00	13.0	11.98	(5.7)
Cement realisations (Rs/t)	5,247	4,652	12.8	5,519	(4.9)	5,381	(2.5)
Operating costs (Rs/t)	5,102	4,474	14.0	5,106	(0.1)	5,060	0.8
EBITDA/t (Rs)	614	442	39.0	819	(25.1)	678	(9.4)

Source: Company, BOBCAPS Research

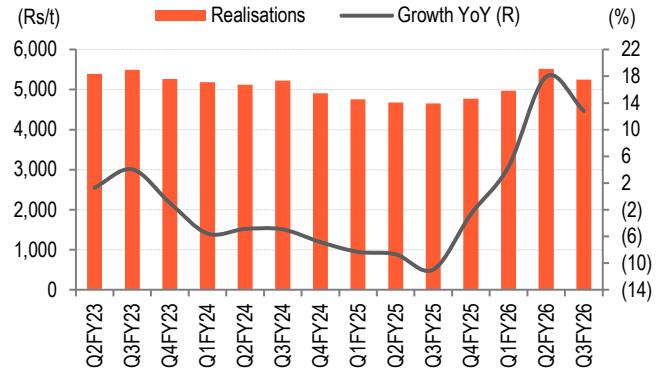
Fig 2 – Quarterly performance

(Rs mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	Q3FY26E	Deviation (%)
Net sales	64,586	53,036	21.8	59,254	9.0	68,767	(6.1)
Expenditure							
Change in stock	475	558		(1,613)	(129.5)	551	
Raw material	10,224	10,046	1.8	9,989	2.3	11,876	(13.9)
Purchased products	16,545	11,254	47.0	16,074	2.9	17,197	(3.8)
Power & fuel	9,276	8,414	10.2	8,908	4.1	10,084	(8.0)
Freight	12,525	10,394	20.5	10,725	16.8	13,093	(4.3)
Employee costs	1,780	1,949	(8.7)	1,770	0.5	1,840	(3.3)
Other exp	6,825	5,696	19.8	5,205	31.1	6,004	13.7
Total Operating Expenses	57,649	48,311	19.3	51,059	12.9	60,644	(4.9)
EBITDA	6,937	4,725	46.8	8,195	(15.3)	8,122	(14.6)
EBITDA margin (%)	10.7	8.9	183bps	13.8	(309bps)	11.8	(107bps)
Other Income	581	1,135	(48.8)	2,231	(73.9)	1,115	(47.9)
Interest	255	282	(9.5)	289	(11.7)	277	(7.9)
Depreciation	2,877	2,498	15.2	2,572	11.8	2,551	12.8
PBT	4,387	3,081	42.4	7,565	(42.0)	6,409	(31.6)
Non-recurring items	1,569	6,369	0.0	0	0.0	0	0.0
PBT (after non-recurring items)	5,955	9,450	(37.0)	7,565	(21.3)	6,409	(7.1)
Tax	541	3,863	(86.0)	3,158	(82.9)	1,731	(68.7)
Reported PAT	5,414	10,891	(50.3)	11,122	(51.3)	4,679	15.7
Adjusted PAT	3,846	(781)		4,407	(12.7)	4,679	(17.8)
NPM (%)	6.0	(1.5)	743bps	7.4	(148bps)	6.8	(85bps)
Adjusted EPS (Rs)	20.5	(4.2)		23.4	(12.7)	24.9	(17.8)

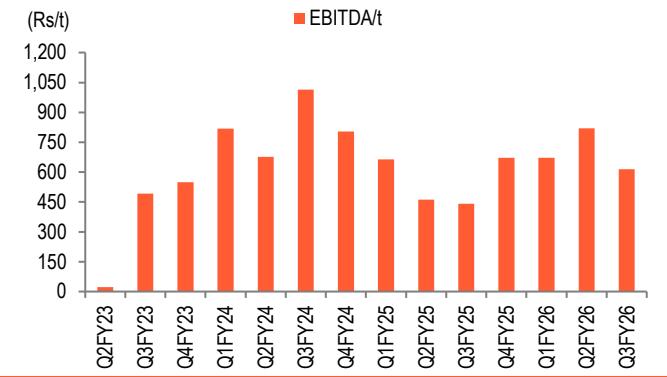
Source: Company, BOBCAPS Research

Fig 3 – Volume growth in line with industry growth

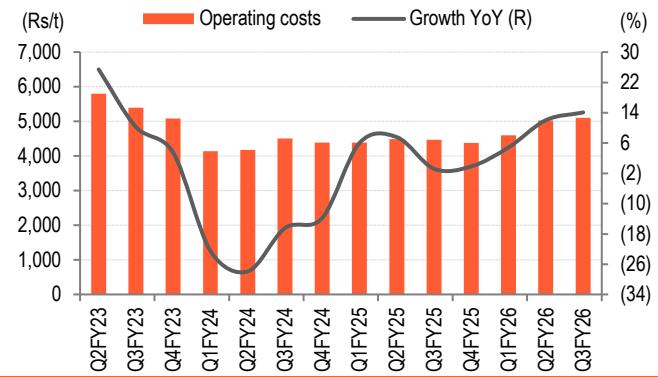
Source: Company, BOBCAPS Research | Note: ACC has changed its accounting Y/E from Dec to Mar; thus, FY23 consists of 5 quarters

Fig 4 – Healthy realisations driven by presence in West and North

Source: Company, BOBCAPS Research

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

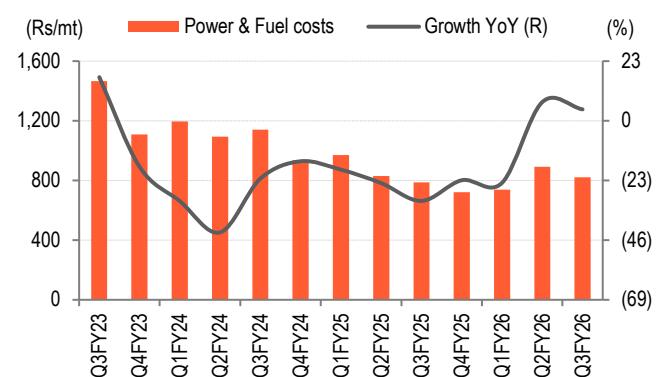
Source: Company, BOBCAPS Research

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

Source: Company, BOBCAPS Research

Fig 7 – Logistics cost inch upwards

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 headroom capacity, although we factor in the higher cost savings. We continue to value ACC at 10x EV/EBITDA 1YF earnings with rollover to Dec'27 earnings and revise TP upwards to Rs2,136 (from Rs 2,078).

This implies a replacement cost of Rs 7.8bn/mt marginal premium to the industry average. Given the current valuations, we feel ACC is available at a discount to key assumptions.

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)	Dec 2027
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)	2,136
Weighted average shares (mn)	188

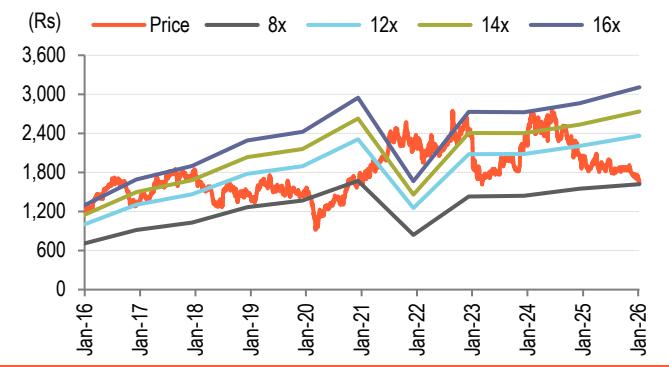
Source: BOBCAPS Research | Note: Valuations are based on Dec 2027 earnings

Key Risks

Key downside risks to our estimates:

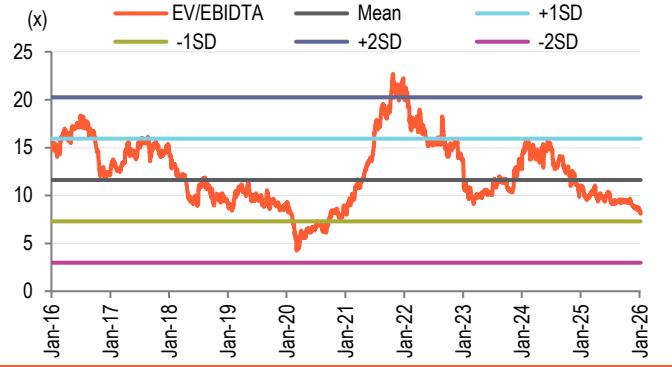
- Muted volume growth
- Further higher-than-expected costs inflation
- Fierce competitive intensity putting pressure on pricing

Fig 11 – EV/EBITDA band: We value ACC at 10x 1YF earnings



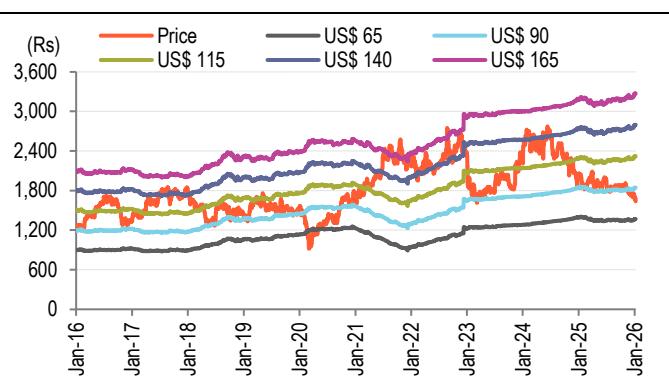
Source: Company, Bloomberg, BOBCAPS Research

Fig 12 – EV/EBITDA 1YF: Valuations will stay muted given the larger exposure in over supply markets



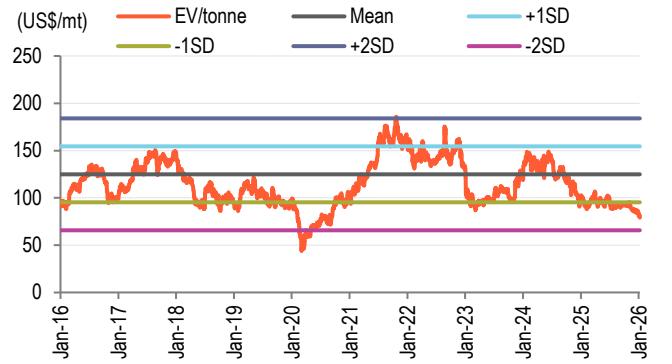
Source: Company, Bloomberg, BOBCAPS Research

Fig 13 – EV/tonne: Trades at fair value replacement cost



Source: Company, Bloomberg, BOBCAPS Research

Fig 14 – 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	1.7	1.9	1.8	1.7	1.6
EV/EBITDA	11.0	13.2	12.9	11.5	10.8
Adjusted P/E	14.5	26.7	16.6	13.9	12.5
P/BV	1.9	1.7	1.6	1.4	1.3

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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Registered office Address: 1704, B Wing, Parinee Crescenzo, G Block, BKC, Bandra East, Mumbai 400051

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

BUY – Expected return >+15%

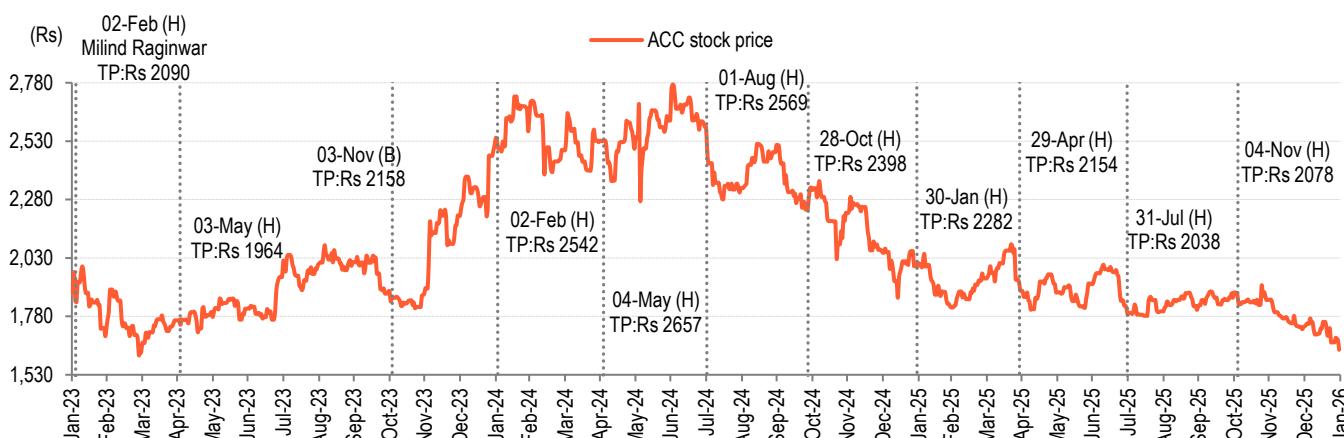
HOLD – Expected return from -6% to +15%

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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