

HOLD
 TP: Rs 1,595 | ▲ 14%

ACC

| Cement

| 05 May 2026

Disappointing show in Q4; no respite in the medium term

- Revenue growth strong (~17% YoY), driven by realisations gains (~9% YoY). Premium share improved to 45% vs 41% YoY
- Cost inflation sustained on the back of higher purchase of traded good and logistics cost despite efficiency gains and RE share improvement
- Value ACC at 8x 1YF EV/EBITDA; revise FY27E/FY28E EBITDA; margin at ~11%; TP revised at Rs1,595. Downgrade to HOLD

Volume-led growth with realisation support; momentum continues: ACC's Q4FY26 revenue came in at ~Rs 70.8bn, up ~16.8%/9.6% YoY/QoQ. The growth was driven by cement volumes of 11.9mt (+7.2% YoY) and realisation improvement of ~9.2% YoY to Rs 5,594/tn. Premium product share in trade sales increased to ~45% vs 41% YoY, continuing to support pricing amid a competitive environment.

Cost pressures intensify: Cost/t rose sharply by ~14.6% YoY (+6.4% QoQ) to Rs 5,428/tn, due to higher external purchases and input cost inflation. Adjusted RM cost (incl. external purchases) surged ~23.1%/14.7% YoY/QoQ to Rs 2,765/tn. Energy cost remained stable (+2.4% YoY at Rs 790/tn), aided by a higher RE share (31% vs 22% YoY) and WHRS improvement (16.4% vs 13.5% YoY). Logistics cost rose ~8.9% YoY to Rs 1,132/t, due to higher lead distance (273km vs 270km YoY) and fuel inflation.

Margin compression on an inflated cost base: EBITDA declined ~23% YoY to Rs 6.2bn, translating to EBITDA/tn of Rs 518 (-28.2%/15.6% YoY/QoQ). Consequently, EBITDA margin contracted sharply by ~450bps YoY to 8.7%, as the cost escalation more than offset realisation gains. APAT declined ~57.9% YoY to Rs 2.5bn.

Expansion and integration: Capacity additions stay on track, with 3.4mtpa (Salai Banwa + Kalamboli) expected to be commissioned in Q1FY27. The ACC–Ambuja amalgamation continues to progress, with filings completed with exchanges and completion expected in FY27, aimed at unlocking synergies and delivering ~Rs 100/t cost benefit over the medium term.

Earnings revised; downgrade to HOLD: We revise our FY27E/FY28E earnings estimates and introduce FY29 earnings. Our 3Y CAGR revenue/EBITDA is 6%/7%, due to limited headroom capacity and impacted cost structure. We now value ACC at 8x EV/EBITDA 1YF earnings with rollover to March 2028 earnings and revise TP downwards to Rs1,595 (from Rs 2,176). This implies a replacement cost of Rs 7.0bn per mt at par to the industry average. Considering the current valuations, we feel ACC is available at fair valuations. Effectively, we revise our rating to HOLD from BUY.

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Key changes

Target	Rating
▼	▼

Ticker/Price	ACC IN/Rs 1,398
Market cap	US\$ 2.8bn
Free float	43%
3M ADV	US\$ 3.2mn
52wk high/low	Rs 2,029/Rs 1,252
Promoter/FPI/DII	57%/12%/19%

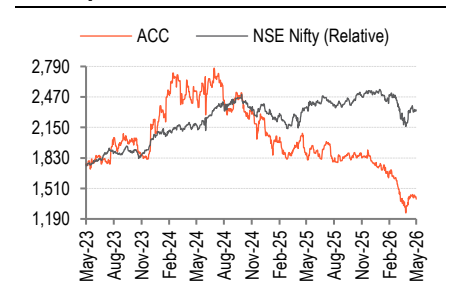
Source: NSE | Price as of 4 May 2026

Key financials

Y/E 31 Mar	FY25A	FY26E	FY27E
Total revenue (Rs mn)	2,05,943	2,57,875	2,53,460
EBITDA (Rs mn)	30,162	32,901	34,080
Adj. net profit (Rs mn)	11,533	21,694	21,952
Adj. EPS (Rs)	61.4	115.4	116.8
Adj. ROAE (%)	10.6	11.9	10.9
Adj. P/E (x)	22.8	12.1	12.0
EV/EBITDA (x)	11.7	10.7	10.4
Adj. EPS growth (%)	(45.7)	88.1	1.2

Source: Company, Bloomberg, BOBCAPS Research

Stock performance



Source: NSE



Fig 1 – Key quarterly metrics

(Rs)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviation (%)
Volumes (mn mt)	11.9	11.1	7.2	11.30	5.3	12.10	(1.6)
Cement realisations (Rs/t)	5,594	5,165	8.3	5,335	4.8	5,385	3.9
Operating costs (Rs/t)	5,428	4,735	14.6	5,102	6.4	5,191	4.6
EBITDA/t (Rs)	518	721	(28.2)	614	(15.6)	580	(10.7)

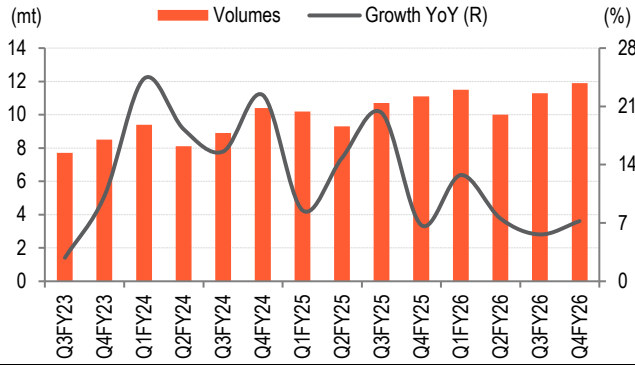
Source: Company, BOBCAPS Research

Fig 2 – Quarterly performance

(Rs mn)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	Q4FY26E	Deviation (%)
Net sales	70,758	60,566	16.8	64,586	9.6	69,823	1.3
Expenditure							
Change in stock	822	401		475	72.9	841	
Raw material	12,009	10,996	9.2	10,224	17.5	11,165	7.6
Purchased products	20,071	13,529	48.4	16,545	21.3	17,981	11.6
Power & fuel	9,401	8,568	9.7	9,276	1.3	10,031	(6.3)
Freight	13,473	11,542	16.7	12,525	7.6	13,611	(1.0)
Employee costs	1,770	1,730	2.3	1,780	(0.6)	1,806	(2.0)
Other exp	7,048	5,797	21.6	6,825	3.3	7,371	(4.4)
Total Operating Expenses	64,594	52,561	22.9	57,649	12.0	62,807	2.8
EBITDA	6,164	8,004	(23.0)	6,937	(11.1)	7,016	(12.1)
EBITDA margin (%)	8.7	13.2	(450bps)	10.7	(203bps)	10.0	(134bps)
Other Income	538	1,909	(71.8)	581	(7.6)	918	(41.4)
Interest	262	134	96.2	255	2.9	241	8.8
Depreciation	2,592	2,533	2.3	2,877	(9.9)	2,891	(10.4)
PBT	3,848	7,246	(46.9)	4,387	(12.3)	4,802	(19.9)
Non-recurring items	(44)	1,347	0.0	1,569	0.0	0	0.0
PBT (after non-recurring items)	3,804	8,593	(55.7)	5,955	(36.1)	4,802	(20.8)
Tax	1,317	1,240	6.2	541	143.4	1,297	1.6
Reported PAT	2,487	7,354	(66.2)	5,414	(54.1)	3,506	(29.1)
Adjusted PAT	2,531	6,007	(57.9)	3,846	(34.2)	3,506	(27.8)
NPM (%)	3.6	9.9	(634bps)	6.0	(238bps)	5.0	(144bps)
Adjusted EPS (Rs)	13.5	32.0	(57.9)	20.5	(34.2)	18.6	(27.8)

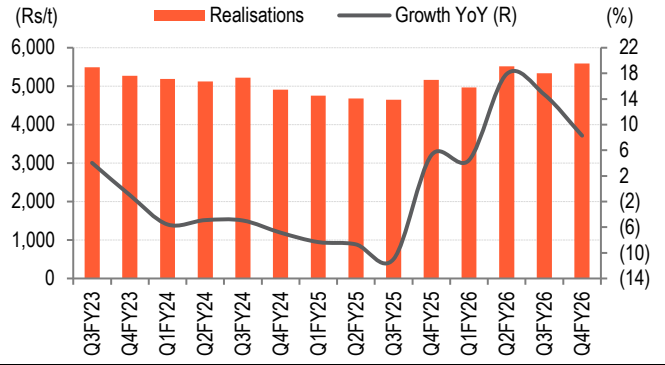
Source: Company, BOBCAPS Research

Fig 3 – Volume growth in line with industry growth



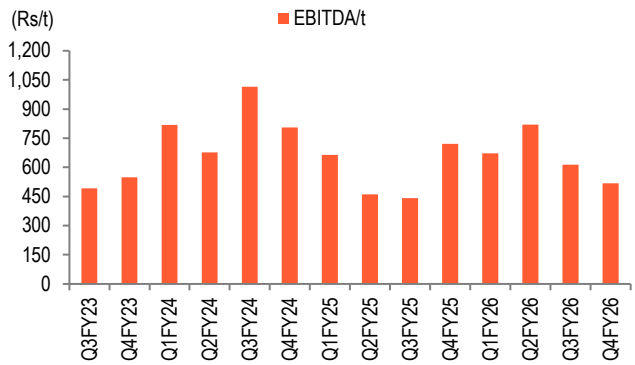
Source: Company, BOBCAPS Research | Note: ACC has changed its accounting Y/E from Dec to Mar; thus, FY23 consists of 5 quarters

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



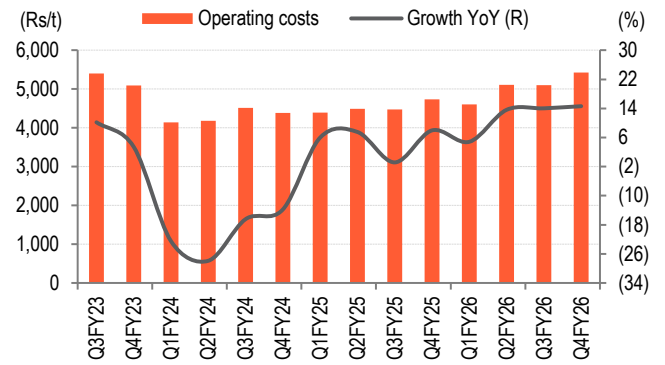
Source: Company, BOBCAPS Research

Fig 5 – EBITDA/t recovery short lived as the inflated cost base exerts pressure



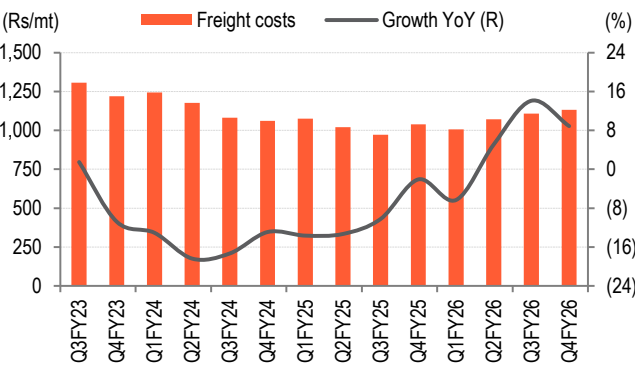
Source: Company, BOBCAPS Research

Fig 6 – Operating cost inflation a key negative while near-term volatility exacerbate further



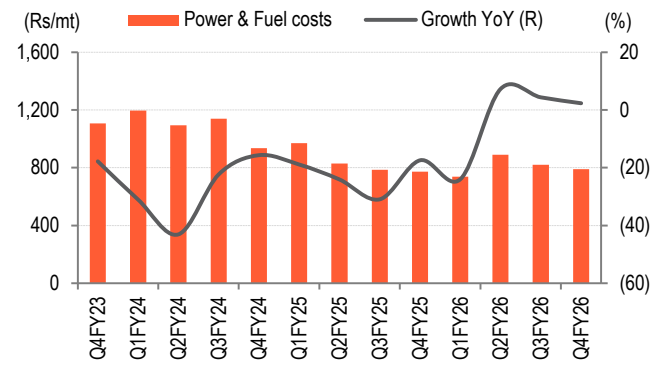
Source: Company, BOBCAPS Research

Fig 7 – Logistics expected to stay elevated as fuel cost pressures persist in the near term



Source: Company, BOBCAPS Research

Fig 8 – Power cost escalation in check, as RE share improves, though gains might be capped



Source: Company, BOBCAPS Research

Valuation Methodology

We revise our FY27E/FY28E earnings estimates and introduce FY29 earnings. Our 3Y CAGR revenue/EBITDA is 6%/7%, due to limited headroom capacity and impacted cost structure. We now value ACC at 8x EV/EBITDA 1YF earnings with rollover to March 2028 earnings and revise TP upwards to Rs1,595 (from Rs 2,176).

This implies a replacement cost of Rs 7.0bn per mt at par to the industry average. Given the current valuations, we feel ACC is available at fair valuations. Effectively, we revise our rating to HOLD from BUY.

Fig 9 – Revised estimates

(Rs mn)	New			Old			Change (%)		
	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E	FY27E	FY28E	FY29E
Revenue	2,53,460	2,53,460	2,53,460	2,30,888	2,44,095		9.8	3.8	
EBITDA	34,080	34,080	34,080	34,687	36,799		(1.8)	(7.4)	
Adj PAT	21,952	21,952	21,952	22,129	24,654		(0.8)	(11.0)	
Adj EPS (Rs)	116.8	123.1	132.9	117.7	131.1		(0.8)	(6.1)	

Source: BOBCAPS Research, Note: FY29 Estimates newly introduced

Fig 10 – Key assumptions

	FY26P	FY27E	FY28E	FY29E
Volumes (mt)	44.70	44.83	45.03	46.26
Realisations (Rs/mt)	5,354	5,005	5,105	5,182
Operating costs (Rs/mt)	5,060	5,575	5,616	5,688
EBITDA/mt (Rs)	656	563	669	686

Source: Company, BOBCAPS Research

Fig 11 – Valuation summary

Business (Rs mn)	Mar 2028
Target EV/EBITDA (x)	8.0
EBITDA	33,264
Target EV	2,49,481
Total EV	2,49,481
Net debt	-50,329
Target market capitalisation	2,99,809
Target price (Rs/sh)	1595
Weighted average shares (mn)	188

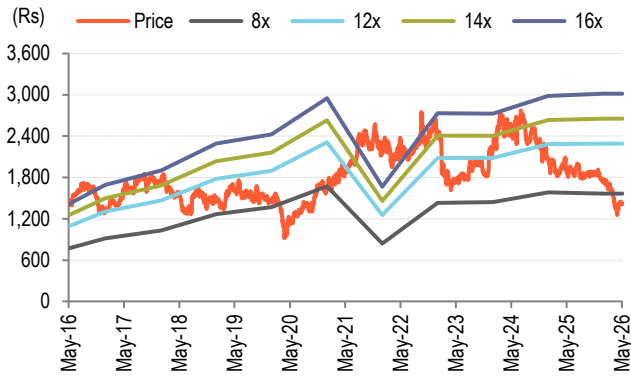
Source: BOBCAPS Research | Note: Valuations are based on March 2028 earnings

Key Risks

Key downside risks to our estimates:

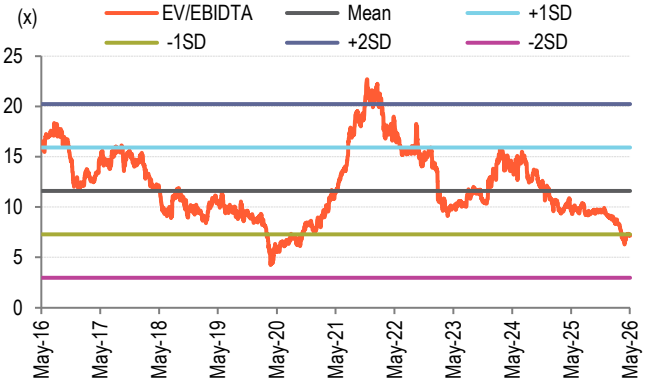
- Muted volume growth
- Further lower-than-expected costs inflation
- Fierce competitive intensity putting pressure on pricing

Fig 12 – EV/EBITDA band: We value ACC at 8x 1YF earnings



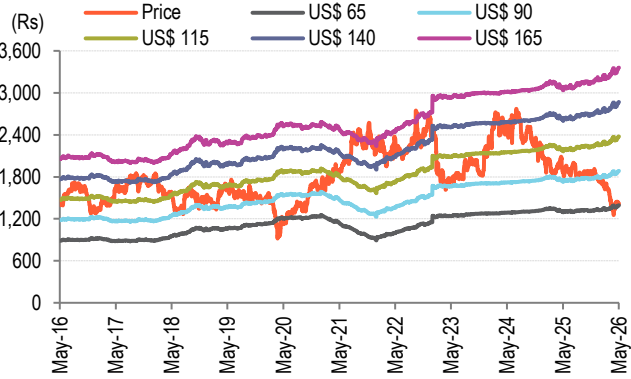
Source: Company, Bloomberg, BOBCAPS Research

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



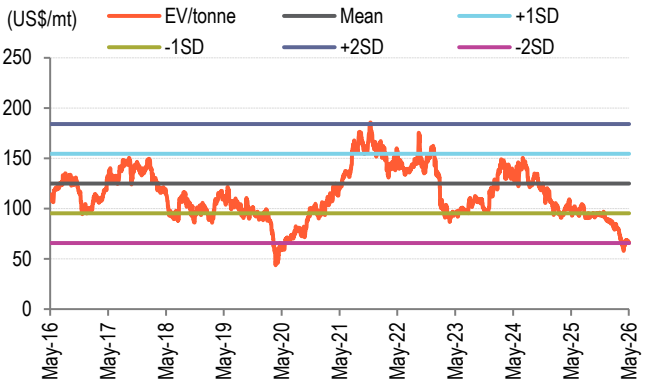
Source: Company, Bloomberg, BOBCAPS Research

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)	FY25A	FY26E	FY27E	FY28E	FY29E
Total revenue	2,05,943	2,57,875	2,53,460	2,61,887	2,74,353
EBITDA	30,162	32,901	34,080	34,264	36,828
Depreciation	(9,562)	(10,417)	(11,146)	(11,637)	(12,129)
EBIT	31,186	22,858	27,118	28,309	30,490
Net interest inc./(exp.)	(1,080)	(1,108)	(1,175)	(1,250)	(1,280)
Other inc./(exp.)	10,586	374	4,184	5,682	5,791
Exceptional items	13,019	0	0	0	0
EBT	43,126	21,750	25,943	27,059	29,210
Income taxes	(18,573)	(56)	(3,991)	(3,909)	(4,232)
Extraordinary items	0	0	0	0	0
Min. int./Inc. from assoc.	0	0	0	0	0
Reported net profit	24,553	21,694	21,952	23,150	24,979
Adjustments	(13,019)	0	0	0	0
Adjusted net profit	11,533	21,694	21,952	23,150	24,979

Balance Sheet

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Accounts payables	51,243	64,068	63,755	67,411	71,653
Other current liabilities	9,017	(4,386)	12,449	13,540	14,740
Provisions	1,527	431	1,552	1,564	1,576
Debt funds	0	0	0	0	0
Other liabilities	4,733	6,240	6,307	6,374	6,441
Equity capital	1,880	1,880	1,880	1,880	1,880
Reserves & surplus	1,80,829	2,02,284	2,18,115	2,35,144	2,54,002
Shareholders' fund	1,82,709	2,04,164	2,19,995	2,37,024	2,55,882
Total liab. and equities	2,49,229	2,70,517	3,04,058	3,25,913	3,50,292
Cash and cash eq.	29,750	34,376	21,569	37,494	54,325
Accounts receivables	11,716	36,715	35,252	35,571	36,379
Inventories	18,950	17,516	16,975	17,294	17,863
Other current assets	62,287	78,035	69,100	72,888	76,968
Investments	12,834	(14,250)	12,834	12,834	12,834
Net fixed assets	94,727	93,524	91,345	88,750	85,740
CWIP	16,159	23,719	56,000	60,000	65,000
Intangible assets	2,807	882	982	1,082	1,182
Deferred tax assets, net	0	0	0	0	0
Other assets	0	0	0	0	0
Total assets	2,49,230	2,70,517	3,04,058	3,25,913	3,50,292

Cash Flows

Y/E 31 Mar (Rs mn)	FY25A	FY26E	FY27E	FY28E	FY29E
Cash flow from operations	36,958	(10,211)	60,349	33,606	35,512
Capital expenditures	(22,763)	(13,656)	(39,841)	(11,560)	(12,560)
Change in investments	(6,998)	(15,000)	15,000	(20,000)	(20,000)
Other investing cash flows	0	0	0	0	0
Cash flow from investing	(29,760)	(28,656)	(24,841)	(31,560)	(32,560)
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	(2,817)	(3,516)	(5,164)	(5,054)	(5,054)
Other financing cash flows	(5,926)	32,008	(28,151)	(1,067)	(1,067)
Cash flow from financing	(8,743)	28,492	(33,315)	(6,121)	(6,121)
Chg in cash & cash eq.	(1,546)	(10,374)	2,193	(4,075)	(3,169)
Closing cash & cash eq.	29,750	34,376	21,569	37,494	54,325

Per Share

Y/E 31 Mar (Rs)	FY25A	FY26E	FY27E	FY28E	FY29E
Reported EPS	130.6	115.4	116.8	123.1	132.9
Adjusted EPS	61.4	115.4	116.8	123.1	132.9
Dividend per share	15.0	23.5	23.0	23.0	23.0
Book value per share	971.9	1,086.0	1,170.2	1,260.8	1,361.1

Valuations Ratios

Y/E 31 Mar (x)	FY25A	FY26E	FY27E	FY28E	FY29E
EV/Sales	1.7	1.4	1.4	1.3	1.3
EV/EBITDA	11.7	10.7	10.4	10.3	9.6
Adjusted P/E	22.8	12.1	12.0	11.4	10.5
P/BV	1.4	1.3	1.2	1.1	1.0

DuPont Analysis

Y/E 31 Mar (%)	FY25A	FY26E	FY27E	FY28E	FY29E
Tax burden (Net profit/PBT)	56.9	99.7	84.6	85.6	85.5
Interest burden (PBT/EBIT)	96.5	95.2	95.7	95.6	95.8
EBIT margin (EBIT/Revenue)	15.1	8.9	10.7	10.8	11.1
Asset turnover (Rev./Avg TA)	90.9	103.3	91.6	87.8	83.9
Leverage (Avg TA/Avg Equity)	1.4	1.4	1.4	1.4	1.4
Adjusted ROAE	10.6	11.9	10.9	10.5	10.5

Ratio Analysis

Y/E 31 Mar	FY25A	FY26E	FY27E	FY28E	FY29E
YoY growth (%)					
Revenue	5.2	25.2	(1.7)	3.3	4.8
EBITDA	(1.4)	9.1	3.6	0.5	7.5
Adjusted EPS	(45.7)	88.1	1.2	5.5	7.9
Profitability & Return ratios (%)					
EBITDA margin	13.9	12.6	13.2	12.9	13.2
EBIT margin	14.4	8.7	10.5	10.7	11.0
Adjusted profit margin	5.6	8.4	8.7	8.8	9.1
Adjusted ROAE	10.6	11.9	10.9	10.5	10.5
ROCE	17.7	11.5	12.4	12.1	12.1
Working capital days (days)					
Receivables	21	52	51	50	48
Inventory	34	25	24	24	24
Payables	100	102	104	106	108
Ratios (x)					
Gross asset turnover	1.3	1.5	1.4	1.4	1.4
Current ratio	2.0	2.8	1.8	2.0	2.1
Net interest coverage ratio	28.9	20.6	23.1	22.6	23.8
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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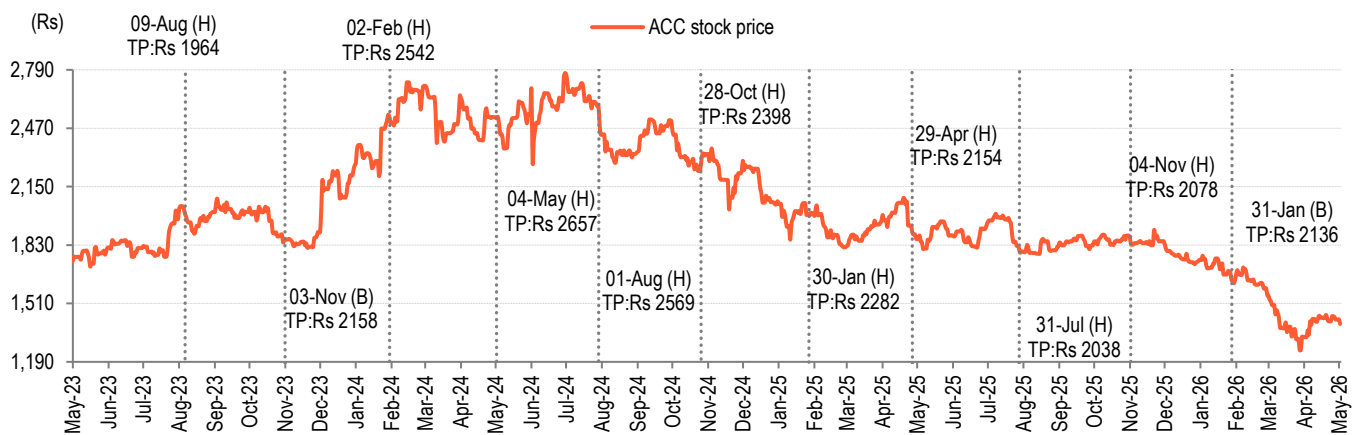
Recommendation scale: Recommendations and Absolute returns (%) over 12 months

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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