

July 24, 2025

Q1FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	2,543		2,602	
Sales (Rs. m)	2,40,077	2,54,321	2,29,469	2,36,376
% Chng.	4.6	7.6		
EBITDA (Rs. m)	33,022	37,423	35,352	38,028
% Chng.	(6.6)	(1.6)		
EPS (Rs.)	107.3	121.3	117.3	124.9
% Chng.	(8.6)	(2.9)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,99,589	2,11,255	2,40,077	2,54,321
EBITDA (Rs. m)	30,617	28,239	33,022	37,423
Margin (%)	15.3	13.4	13.8	14.7
PAT (Rs. m)	24,313	23,076	20,163	22,798
EPS (Rs.)	129.3	122.7	107.3	121.3
Gr. (%)	145.1	(5.1)	(12.6)	13.1
DPS (Rs.)	7.5	7.5	8.3	9.1
Yield (%)	0.4	0.4	0.4	0.5
RoE (%)	16.0	13.2	10.3	10.6
RoCE (%)	14.1	10.3	11.5	11.9
EV/Sales (x)	1.7	1.5	1.3	1.2
EV/EBITDA (x)	10.8	11.6	9.6	8.2
PE (x)	14.6	15.4	17.6	15.6
P/BV (x)	2.2	1.9	1.7	1.6

Key Data

52-W High / Low	Rs.2,692 / Rs.1,775
Sensex / Nifty	82,184 / 25,062
Market Cap	Rs.355bn / \$ 4,107m
Shares Outstanding	188m
3M Avg. Daily Value	Rs.866.59m

Shareholding Pattern (%)

Promoter's	56.69
Foreign	4.93
Domestic Institution	24.92
Public & Others	13.46
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	2.3	(8.2)	(27.8)
Relative	2.1	(14.9)	(29.6)

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Higher volumes but at lower margins

Quick Pointers:

- Volume grew strong 13% YoY aided by MSA and higher growth in premium products. NSR improved 4% QoQ to Rs4,970/t.
- ACC commissioned 1.5mtpa brownfield GU at Sindri during Q1FY26.

ACC reported weak operating performance in Q1FY26 despite strong volume growth and higher realizations. Volumes grew 12.7% YoY on higher trade volume aided by MSA and strong growth in premium products. Average cement NSR grew 4% QoQ led by price recovery in Southern and Eastern markets since Mar'25. EBITDA/t grew just 2% YoY affected by higher RM costs (purchase of finished goods up 79% YoY). Improved fuel mix, lower fuel prices, greater adoption of green energy (26%), and increased volumes led to a 24% YoY reduction in power and fuel costs; while shorter lead distances and a rise in direct dispatches led to a 6.5%YoY drop in freight expenses.

Although higher prices and strong domestic demand growth bode well for ACC, mgmt's planned efficiency improvement projects at ACC levels are yet to deliver desired results. Higher volume growth aided by MSA is coming with lower margins. ACC's operating performance is expected to improve gradually over the next two years in tandem with parent's long-term plan to merge all operations under ACEM. We cut our FY26/27E EBITDA estimates by 7%/2% on higher costs. We expect ACC to deliver Revenue/EBITDA/PAT CAGR of 10%/24%/12% over FY25-28E. The stock is currently trading at 9.6x/8.2x EV of FY26/27E EBITDA. Maintain 'BUY' with revised TP of Rs2,543 (Rs2,602 earlier) valuing at an EV multiple of 12x Mar'27E EBITDA.

- Strong revenue led by 13% volume growth and 4% rise in realization:** Revenue grew 17% YoY to Rs60.9bn (flat QoQ; PLe Rs56.1bn) aided by strong volume growth and improving NSR. Cement volumes grew 12.7% YoY to 11.5mt (-3.4% QoQ; PLe 10.7mt) supported by higher trade volumes on MSA and higher premium product volumes. Average cement realization has improved 4% QoQ to Rs4,970/t (PLe Rs4,945).
- EBITDA impacted by higher RM costs:** EBITDA grew 14.6% YoY to Rs7.8bn (-6% QoQ; PLe Rs8.6bn) affected by higher trade volumes. RM costs jumped 25% YoY on higher MSA volumes to Rs2,140/t. P&F costs/t declined 24% YoY to Rs747 while freight costs/t declined 7% YoY to Rs995 on improved road direct dispatch by 2pp YoY at 69%. ACC's road PTPK has decreased 1% YoY, to Rs4.15/t. Other expense/t grew 9% YoY to Rs556/t on reclassification of sales promotion expenses to other expenses. Resultant, ACC delivered EBITDA/t of Rs677/t (+2% YoY/-3% QoQ) Vs PLe of Rs804/t on overall higher expense due to traded volumes. EBIT of RMC business declined 8.2% YoY to Rs211mn. Adjusted PAT grew 4% YoY to Rs3.8bn.
- Improving cost efficiencies:** In Q1FY26 kiln fuel cost reduced by 10% YoY to Rs1.56/kcal led by higher consumption of alternative fuels. WHRS power share rose by 4pp YoY from 9.9% to 13.9%, while solar power share increased by 7.9pp from 3.4% to 11.3%, bringing the total green power share up by 11.9pp to 26.2%. ACC has undertaken investments to achieve a 60% green power share by FY28.

Other Key Points:

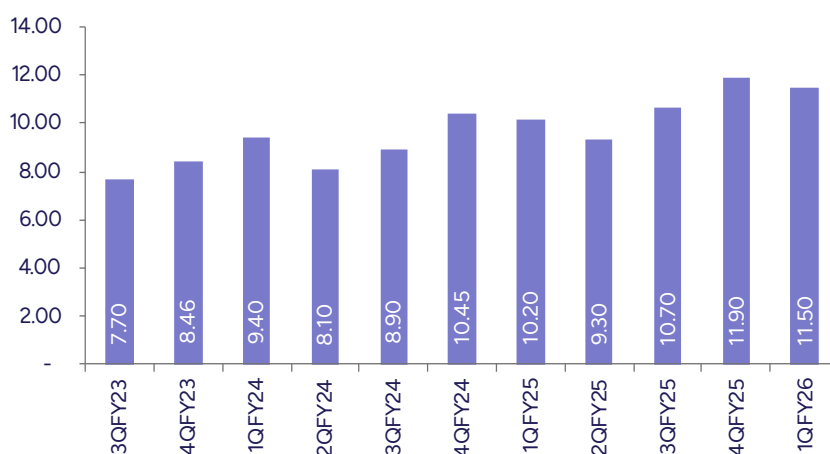
- Increased RMX footprint with 114 plants, with addition of 12 plants.
- Premium product share increased 7pp YoY to 41% of trade sales.
- Successfully commissioned 1.5mtpa brownfield grinding unit at Sindri.
- The Company is disputing royalty charges with Karnataka DMG for its Wadi mines. The case is in the High Court, and Rs1.25bn has been deposited provisionally. No provision is made in Jun'25 results based on legal advice.
- The Group has reclassified certain sales promotion expenses under other expenses from this quarter, instead of netting them off from revenue. Past figures have been regrouped, with no material impact on consolidated results.
- The Holding Company is contesting two CCI penalty orders: Rs11.45bn (2016, alleged cartelization) and Rs353.2mn crore (2017, alleged collusive bidding). Both matters are under appeal: one pending before the Supreme Court and the other scheduled for NCLAT hearing on August 13, 2025. Based on legal advice, the Holding Company believes it has a strong case and has not made any provisions.

Exhibit 1: Q1FY26 Result Overview

Y/e March (Rs mn)	Q1FY26	Q1FY25	YoY gr. (%)	Q1FY26E	Var. (%)	Q4FY25	QoQ gr. (%)	FY26E	FY25	YoY gr. (%)
Net Sales	60,872	51,991	17.1	56,119	8.5	61,146	(0.4)	2,40,077	2,12,177	13.1
Raw Material	24,612	17,509	40.6	21,459	14.7	25,098	(1.9)	93,343	82,459	13.2
% of Net Sales	40.4	33.7		38.2		41.0		38.9	38.9	
Staff Costs	2,051	1,641	25.0	1,772	15.7	1,752	17.1	7,777	7,178	8.3
% of Net Sales	3.4	3.2		3.2		2.9		3.2	3.4	
Power & Fuel	8,589	10,002	(14.1)	8,402	2.2	8,691	(1.2)	34,909	35,054	(0.4)
% of Net Sales	14.1	19.2		15.0		14.2		14.5	16.5	
Freight	11,445	10,854	5.4	10,485	9.2	11,393	0.5	45,815	41,839	9.5
% of Net Sales	18.8	20.9		18.7		18.6		19.1	19.7	
Other Expenses	6,395	5,195	23.1	5,390	18.7	5,911	8.2	25,211	21,403	17.8
% of Net Sales	10.5	10.0		9.6		9.7		10.5	10.1	
Total Expenditure	53092	45200	17.5	47507	11.8	52843	0.5	2,07,055	1,87,932	10.2
EBITDA	7,780	6,791	14.6	8,612	(9.7)	8,302	(6.3)	33,022	24,245	36.2
Margin (%)	12.8	13.1		15.3		13.6		13.8	11.4	
Depreciation	2,546	2,323	9.6	2,625	(3.0)	2,649	(3.9)	10,212	9,991	2.2
EBIT	5,234	4,468	17.2	5,986	(12.6)	5,653	(7.4)	22,810	14,254	60.0
Other income	684	717	(4.7)	531	28.7	1,939	(64.7)	5,864	5,421	8.2
Interest	305	331	(8.1)	123	148.2	136	123.4	1,090	1,082	0.8
PBT	5,613	4,853	15.7	6,395	(12.2)	7,456	(24.7)	27,585	18,593	48.4
Extraordinary income/(expense)	-	-	NA	-		1,347	NA		12,671	NA
PBT (After EO)	5,613	4,853	15.7	6,395	(12.2)	8,803	(36.2)	27,585	31,264	(11.8)
Tax	1,875	1,249	NA	1,643		1,311	43.0	7,448	7,251	2.7
% PBT	33.4	25.7		25.7		14.9		27.0	23.2	
Reported PAT	3,738	3,605	3.7	4,751	(21.3)	7,492	(50.1)	20,137	24,014	(16.1)
Minority Interest	0	-0	NA	1		0	NA	2	1	185.7
Share of profit in JV/Associates	16	9	72.3	9	NA	19	(13.4)	28	28	-
Net Profit Attributable to shareholders	3,755	3,614	3.9	4,761	(21.1)	7,511	(50.0)	20,167	24,042	(16.1)
Adjusted PAT	3,755	3,614	3.9	4,761	(21.1)	6,502	(42.3)	20,163	23,076	(12.6)

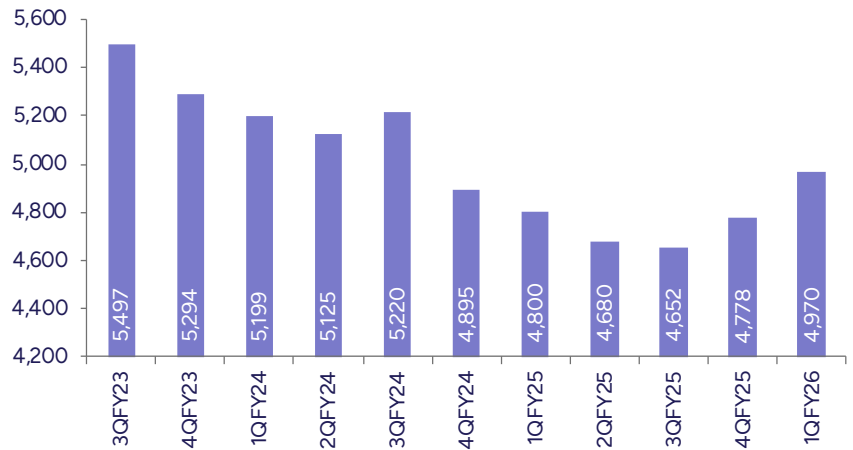
Source: Company, PL

Exhibit 2: 13% YoY volume growth aided by higher trade volumes on MSA (mt)



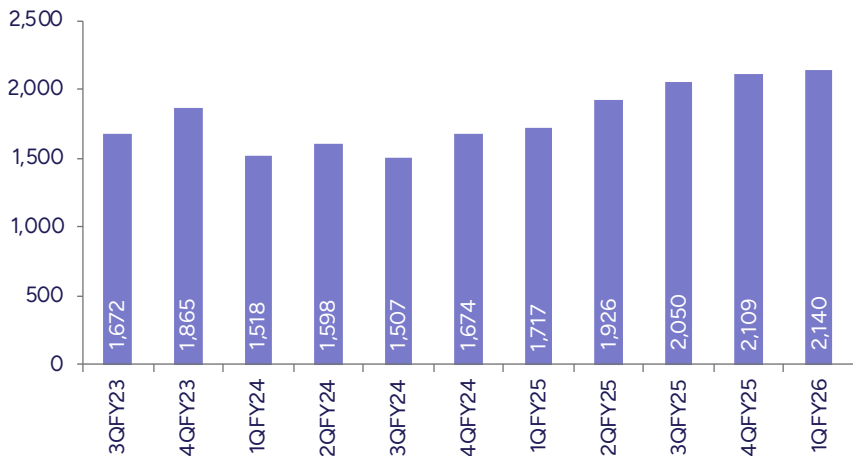
Source: Company, PL

Exhibit 3: NSR improved 4% QoQ due to price hikes in south and east (Rs/t)



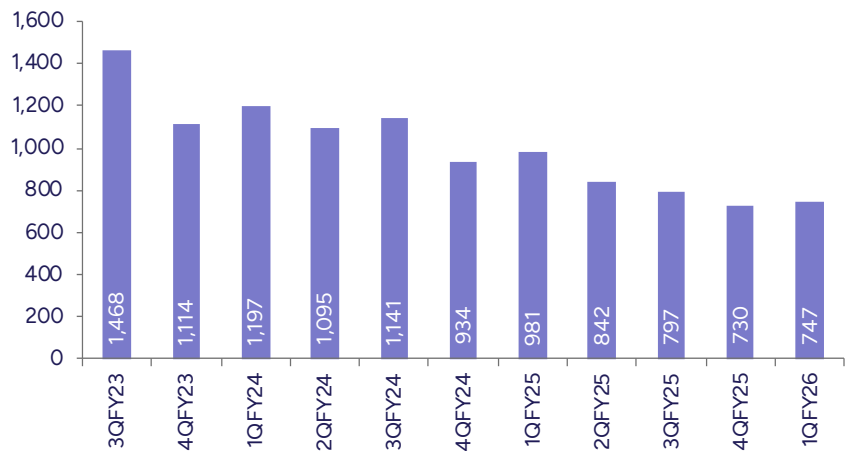
Source: Company, PL

Exhibit 4: RM costs/t grew 25% YoY on higher MSA volumes (Rs)



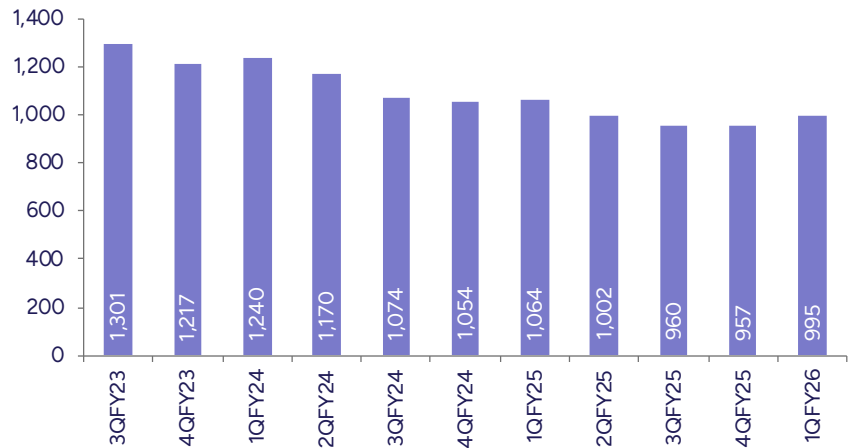
Source: Company, PL

Exhibit 5: P&F costs/t declined 22% YoY led by optimized fuel mix (Rs)



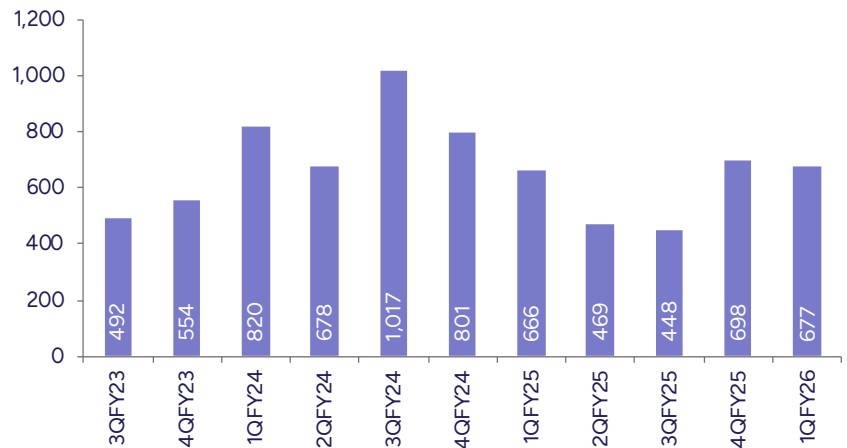
Source: Company, PL

Exhibit 6: Freight costs/t declined 7% YoY due to higher direct dispatches (Rs)



Source: Company, PL

Exhibit 7: EBITDA/t declined to Rs677/t on high cost purchase of goods (Rs)



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,99,589	2,11,255	2,40,077	2,54,321
YoY gr. (%)	(8.3)	5.8	13.6	5.9
Cost of Goods Sold	58,050	82,390	93,343	98,143
Gross Profit	1,41,540	1,28,865	1,46,734	1,56,177
Margin (%)	70.9	61.0	61.1	61.4
Employee Cost	7,372	7,178	7,777	8,399
Other Expenses	1,03,551	93,448	1,05,935	1,10,356
EBITDA	30,617	28,239	33,022	37,423
YoY gr. (%)	106.6	(7.8)	16.9	13.3
Margin (%)	15.3	13.4	13.8	14.7
Depreciation and Amortization	8,831	10,013	10,212	11,587
EBIT	21,786	18,226	22,810	25,836
Margin (%)	10.9	8.6	9.5	10.2
Net Interest	1,546	1,082	1,090	1,101
Other Income	4,929	10,724	5,864	6,461
Profit Before Tax	27,464	35,234	27,585	31,195
Margin (%)	13.8	16.7	11.5	12.3
Total Tax	4,228	7,245	7,448	8,423
Effective tax rate (%)	15.4	20.6	27.0	27.0
Profit after tax	23,236	27,989	20,137	22,773
Minority interest	2	2	2	2
Share Profit from Associate	129	28	28	28
Adjusted PAT	24,313	23,076	20,163	22,798
YoY gr. (%)	145.1	(5.1)	(12.6)	13.1
Margin (%)	12.2	10.9	8.4	9.0
Extra Ord. Income / (Exp)	1,515	4,862	-	-
Reported PAT	23,364	28,015	20,163	22,798
YoY gr. (%)	164.0	19.9	(28.0)	13.1
Margin (%)	11.7	13.3	8.4	9.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	23,364	28,015	20,163	22,798
Equity Shares O/s (m)	188	188	188	188
EPS (Rs)	129.3	122.7	107.3	121.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	1,50,150	1,69,221	1,94,221	2,19,221
Tangibles	1,50,150	1,69,221	1,94,221	2,19,221
Intangibles	-	-	-	-
Acc: Dep / Amortization	53,347	64,873	75,084	86,671
Tangibles	53,347	64,873	75,084	86,671
Intangibles	-	-	-	-
Net fixed assets	96,803	1,04,348	1,19,137	1,32,550
Tangibles	96,803	1,04,348	1,19,137	1,32,550
Intangibles	-	-	-	-
Capital Work In Progress	13,208	24,616	24,616	24,616
Goodwill	3,450	3,946	3,946	3,946
Non-Current Investments	10,441	18,425	18,425	18,425
Net Deferred tax assets	(5,801)	(6,092)	(6,092)	(6,092)
Other Non-Current Assets	12,693	11,348	11,348	11,348
Current Assets				
Investments	7,587	14,585	14,585	14,585
Inventories	18,686	19,254	19,732	19,510
Trade receivables	8,275	11,629	11,839	12,542
Cash & Bank Balance	18,629	16,493	27,737	35,641
Other Current Assets	13,578	17,234	12,477	12,945
Total Assets	2,33,856	2,54,126	2,76,089	2,98,354
Equity				
Equity Share Capital	1,880	1,880	1,880	1,880
Other Equity	1,61,417	1,83,669	2,02,280	2,23,373
Total Networth	1,63,297	1,85,548	2,04,160	2,25,252
Non-Current Liabilities				
Long Term borrowings	2,238	2,809	2,809	2,809
Provisions	1,517	1,406	1,406	1,406
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	19,249	16,383	19,732	20,903
Other current liabilities	41,720	41,850	41,850	41,850
Total Equity & Liabilities	2,33,856	2,54,126	2,76,089	2,98,354

Source: Company Data, PL Research


Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	27,593	31,268	27,585	31,195
Add. Depreciation	8,831	10,013	10,212	11,587
Add. Interest	1,546	1,082	1,090	1,101
Less Financial Other Income	4,929	10,724	5,864	6,461
Add. Other	(7,531)	(11,374)	(5,864)	(6,461)
Op. profit before WC changes	30,439	30,989	33,022	37,423
Net Changes-WC	1,331	(12,957)	7,419	223
Direct tax	(1,819)	(918)	(7,448)	(8,423)
Net cash from Op. activities	29,951	17,115	32,993	29,223
Capital expenditures	(17,716)	(22,517)	(25,000)	(25,000)
Interest / Dividend Income	-	-	-	-
Others	5,265	9,744	5,864	6,461
Net Cash from Invst. activities	(12,451)	(12,773)	(19,136)	(18,539)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	(153)	-	-
Dividend paid	(1,753)	(1,426)	(1,551)	(1,706)
Interest paid	(2,678)	(8,443)	(1,090)	(1,101)
Others	-	-	-	-
Net cash from Fin. activities	(4,432)	(10,023)	(2,641)	(2,807)
Net change in cash	13,069	(5,681)	11,216	7,876
Free Cash Flow	16,003	(2,570)	7,993	4,223

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	51,991	46,135	52,905	61,146
YoY gr. (%)	-	4.0	7.7	13.0
Raw Material Expenses	17,509	17,914	21,938	25,098
Gross Profit	34,482	28,222	30,967	36,047
Margin (%)	66.3	61.2	58.5	59.0
EBITDA	6,791	4,364	4,789	8,302
YoY gr. (%)	(11.9)	(20.6)	(47.1)	(0.8)
Margin (%)	13.1	9.5	9.1	13.6
Depreciation / Depletion	2,323	2,423	2,596	2,649
EBIT	4,468	1,941	2,193	5,653
Margin (%)	8.6	4.2	4.1	9.2
Net Interest	331	333	282	136
Other Income	717	1,586	1,179	1,939
Profit before Tax	4,853	2,844	14,764	8,803
Margin (%)	9.3	6.2	27.9	14.4
Total Tax	1,249	843	3,847	1,311
Effective tax rate (%)	25.7	29.7	26.1	14.9
Profit after Tax	3,605	2,000	10,917	7,492
Minority interest	-	-	(1)	-
Share Profit from Associates	9	(3)	3	19
Adjusted PAT	3,614	2,244	2,294	6,502
YoY gr. (%)	(22.5)	(42.2)	(57.3)	(15.9)
Margin (%)	7.0	4.9	4.3	10.6
Extra Ord. Income / (Exp)	-	(246)	8,627	1,008
Reported PAT	3,614	1,997	10,921	7,511
YoY gr. (%)	(22.5)	(48.5)	103.1	(20.5)
Margin (%)	7.0	4.3	20.6	12.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,614	1,997	10,921	7,511
Avg. Shares O/s (m)	188	188	188	188
EPS (Rs)	19.2	11.9	12.2	34.6

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	129.3	122.7	107.3	121.3
CEPS	176.3	176.0	161.6	182.9
BVPS	868.6	987.0	1,086.0	1,198.2
FCF	85.1	(13.7)	42.5	22.5
DPS	7.5	7.5	8.3	9.1
Return Ratio(%)				
RoCE	14.1	10.3	11.5	11.9
ROIC	14.4	9.9	10.7	11.3
RoE	16.0	13.2	10.3	10.6
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.2)	(0.2)	(0.2)
Net Working Capital (Days)	14	25	18	16
Valuation(x)				
PER	14.6	15.4	17.6	15.6
P/B	2.2	1.9	1.7	1.6
P/CEPS	10.7	10.7	11.7	10.3
EV/EBITDA	10.8	11.6	9.6	8.2
EV/Sales	1.7	1.5	1.3	1.2
Dividend Yield (%)	0.4	0.4	0.4	0.5

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Cement Volume (mt)	37	42	45	47
Net Realisation (Rs/t)	5,132	4,900	5,047	5,148
EBITDA (Rs/ t)	831	668	732	799

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-25	BUY	2,602	1,965
2	28-Apr-25	BUY	2,383	1,938
3	07-Apr-25	BUY	2,549	1,966
4	28-Jan-25	BUY	2,878	2,001
5	08-Jan-25	BUY	3,251	2,008
6	25-Oct-24	BUY	3,262	2,238
7	07-Oct-24	BUY	3,457	2,439
8	30-Jul-24	BUY	3,707	2,591

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,602	1,965
2	Adani Port & SEZ	BUY	1,777	1,453
3	Ambuja Cement	BUY	690	592
4	Dalmia Bharat	Accumulate	2,395	2,270
5	Hindalco Industries	Accumulate	738	692
6	Jindal Stainless	Hold	678	675
7	Jindal Steel & Power	Accumulate	1,008	954
8	JSW Infrastructure	Accumulate	344	322
9	JSW Steel	Hold	1,068	1,034
10	National Aluminium Co.	BUY	218	189
11	NMDC	Accumulate	73	68
12	Nuvoco Vistas Corporation	Accumulate	422	390
13	Shree Cement	Reduce	29,516	31,170
14	Steel Authority of India	Hold	136	133
15	Tata Steel	Accumulate	171	162
16	Ultratech Cement	Accumulate	13,634	12,561

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

ANALYST CERTIFICATION

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