

Estimate change



TP change



Rating change



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Bloomberg	ACC IN
Equity Shares (m)	188
M.Cap.(INRb)/(USD\$)	364.1 / 4.4
52-Week Range (INR)	2785 / 1594
1, 6, 12 Rel. Per (%)	4/-9/-29
12M Avg Val (INR M)	1681

Financials & Valuations (INR b)

Y/E Dec	FY23*	FY24E	FY25E
Sales	222.1	199.5	213.9
EBITDA	19.2	28.2	35.1
Adj. PAT	9.9	16.7	21.9
EBITDA Margin (%)	8.6	14.2	16.4
Adj. EPS (INR)	52.6	88.6	116.3
EPS Gr. (%)	(47.6)	68.3	31.3
BV/Sh. (INR)	747.0	826.3	930.6

Ratios

Net D:E	-0.2	-0.3	-0.4
RoE (%)	7.0	11.3	13.2
RoCE (%)	7.2	11.2	13.2
Payout (%)	20.0	13.5	12.0

Valuations

P/E (x)	36.8	21.9	16.7
P/BV (x)	2.6	2.3	2.1
EV/EBITDA(x)	16.4	11.0	8.2
EV/ton (USD)	107	103	94
Div. Yield (%)	0.5	0.6	0.7
FCF Yield (%)	-8.8	5.5	7.3

*FY23E is 15m period due to change in accounting year

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	56.7	56.7	54.5
DII	19.5	19.7	20.8
FII	10.0	10.1	12.1
Others	13.8	13.6	12.5

FII Includes depository receipts

CMP: INR1,939

TP: INR2,180 (+12%)

Neutral

Strong performance led by lower costs and higher volumes

Ametha's Greenfield expansion likely to be commissioned in 2QFY24

- ACC's 1QFY24 result surprised us as the company operated at 100%+ capacity utilization level (volumes 17% above estimate) with controlled operating costs. Absolute employee expense declined 30% YoY/28% QoQ. Other expense/t was down 24% YoY/9.5% QoQ. Management expects EBITDA to sustain with further improvement fueled by various efficiency and operational excellence initiatives.
- ACC beat our estimates on all fronts and delivered an EBITDA of INR7.7b (vs. estimated INR4.9b) and EBITDA/t of INR818 (vs. estimated INR610). Profit was at INR4.6b vs. estimated INR2.6b. Opex/t was 7% below our estimates.
- We raise our FY24E/25E EBITDA by 25%/23% given the significant beat in 1QFY24 and management's guidance of sustaining the current cost structure. ACC trades at 11x/8.2x FY24E/FY25E EV/EBITDA and USD100/USD95 FY24E/FY25E EV/ton. We maintain our **Neutral** rating on the stock with a revised TP of INR2,180 (earlier INR2,000).

Opex/t down 11% YoY; EBITDA/t came in at INR818 (est. INR610)

- Revenue/EBITDA/Adj. PAT stood at INR52b/INR7.7b/INR4.6b (+16%/+81%/+109% YoY and +14%/+57%/+80% vs. our estimate). Cement sales volumes grew 24% YoY to 9.4mt (est. 8.1mt). RMC sales volumes declined 8% YoY.
- Cement realization declined 4% YoY (1% below estimate). However, Opex/t dipped 11% YoY, led by 4%/13%/24% YoY decline in variable cost/freight cost/other expenses. Employee cost declined 30% YoY to INR1.5b.
- Lower costs and higher volumes drove EBITDA growth of 81% YoY to INR7.7b. OPM was up 5.2pp YoY to 14.8%. EBITDA/t rose 46% YoY to INR549.

Highlights from the management commentary

- Kiln fuel cost declined 15.5% YoY and 9% QoQ to INR2.13/kCal. Energy efficiency, manpower productivity and other operational efficiency measures helped to optimize costs during the quarter.
- RMX and construction chemicals sectors are on robust growth trajectory and likely to grow faster due to investments in construction segments and urbanization.
- WHRS at Jamul and Kymore (combined capacity of 22.4MW) became operational fully. Share of WHRS has increased to 8.4% from 2.0% earlier. WHRS capacity of 16.3MW will be commissioned in FY24, which will take total WHRS capacity to 46.3MW.

Valuation and view

- ACC's cash and cash equivalent stood at INR32.3b as of Jun'23 vs. INR32b as of Mar'23. We will monitor the sustainability of cost savings and profitability improvement. Further, there is still a lack of clarity on ACC's growth plans.
- ACC trades at reasonable valuations of 11.0x/8.2x FY24E/FY25E EV/EBITDA and USD100/USD95 FY24E/FY25E EV/ton. We maintain our **Neutral** rating on the stock with a revised TP of INR2,180 (earlier INR2,000).

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Standalone quarterly performance

(INR b)

Y/E December/ March	FY23*					FY24				FY23*	FY24E	MOFSL 1QE	Var. (%)
	1Q	2Q	3Q	4Q	5Q	1Q	2QE	3QE	4Q				
Cement Sales (mt)	7.90	7.59	6.85	7.70	8.50	9.40	8.46	8.71	9.55	38.6	36.1	8.06	17
Change (YoY %)	(0.9)	11.0	4.3	2.8	7.6	23.8	23.5	13.2	12.4	31.3	17.0	6.2	
Net Sales	44.3	44.7	39.9	45.4	47.9	52.0	46.8	47.8	52.9	222.1	199.5	45.7	14
Change (YoY %)	3.1	15.0	6.4	7.4	8.2	16.4	17.4	5.3	10.5	37.5	(10.2)	2.2	
EBITDA	6.3	4.3	0.2	3.8	4.7	7.7	6.0	6.6	7.9	19.2	28.2	4.9	57
Margin (%)	14.3	9.5	0.4	8.3	9.7	14.8	12.9	13.9	14.9	8.6	14.2	10.8	402
Depreciation	1.5	1.6	1.7	1.7	1.7	2.0	2.0	2.1	1.2	8.4	7.3	1.8	12
Interest	0.1	0.1	0.2	0.2	0.2	0.3	0.1	0.1	0.1	0.8	0.6	0.2	39
Other Income	0.6	0.5	0.7	0.4	1.2	0.8	0.8	0.8	-0.4	3.4	2.0	0.5	48
PBT before EO Item	5.3	3.0	-1.0	2.3	3.9	6.2	4.7	5.2	6.2	13.4	22.4	3.5	79
EO Income/(Expense)	0.0	0.0	-0.2	-0.8	-0.7	0.0	0.0	0.0	0.0	-1.6	0.0	0.0	
PBT after EO Item	5.3	3.0	-1.2	1.5	3.3	6.2	4.7	5.2	6.2	11.8	22.4	3.5	79
Tax	1.4	0.8	-0.3	0.4	0.9	1.6	1.2	1.4	1.6	3.1	5.7	0.9	
Rate (%)	25.9	25.8	26.0	26.1	27.8	25.5	26.0	26.0	25.0	26.4	25.6	26.0	
Reported PAT	3.9	2.2	-0.9	1.1	2.4	4.6	3.5	3.9	4.7	8.7	16.7	2.6	80
Adjusted PAT	3.9	2.2	-0.8	1.7	2.9	4.6	3.5	3.9	4.7	9.9	16.7	2.6	80
Margin (%)	8.8	5.0	-1.9	3.7	6.0	8.9	7.5	8.1	8.8	4.5	8.3	5.7	
Change (YoY %)	(30.1)	(60.5)	NM	(47.4)	(26.6)	108.8	NM	128.1	63.3	(47.6)	68.3	16.1	

Source: MOSL, Company *Note: FY23 is 15-month period as the company changed its accounting year-end from December to March

Per ton analysis, including RMC (INR/t)

Y/E December/ March	FY23*					FY24				FY23*	FY24E	MOFSL 1QE	Var. (%)
	1Q	2Q	3Q	4Q	5Q	1Q	2QE	3QE	4QE				
Blended Realization	5,603	5,887	5,821	5,892	5,636	5,533	5,533	5,483	5,544	5,755	5,524	5,665	(2)
Change (YoY %)	4.1	3.7	2.0	4.4	0.6	(6.0)	(5.0)	(7.0)	(1.6)	4.7	(4.0)	(3.8)	
Raw Material	1,141	1,105	1,240	1,673	1,856	1,520	1,480	1,470	1,459	1,414	1,483	1,512	1
Staff Cost	244	285	308	266	249	162	242	240	223	269	216	271	(40)
Power and fuel	1,316	1,727	1,922	1,466	1,108	1,196	1,146	1,071	1,106	1,487	1,130	1,350	(11)
Freight	1,334	1,427	1,442	1,308	1,219	1,245	1,272	1,272	1,300	1,339	1,272	1,272	(2)
Other expenditure	767	783	887	687	655	592	680	670	629	750	641	650	(9)
Total Expenditure	4,801	5,327	5,798	5,401	5,088	4,715	4,820	4,723	4,717	5,258	4,742	5,055	(7)
EBITDA	802	560	23	491	549	818	713	760	827	497	782	610	34
Change (YoY %)	(25.6)	(56.2)	(97.9)	(33.7)	(31.6)	46.0	NM	54.7	50.8	(51.3)	57.2	8.8	

Source: MOSL, Company *Note: FY23 is 15-month period as the company changed its accounting year-end from December to March

Exhibit 1: Revisions to our estimates

(INR b)	Revised		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Revenue	196	210	178	191	10.0	10.0
EBITDA	28	35	23	29	25.1	22.6
PAT	17	22	12	17	33.9	28.3
EPS (INR)	196	210	178	191	33.9	28.3

Source: Company, MOFSL estimates

Key exhibits

Exhibit 1: Sales volume grew 24% YoY

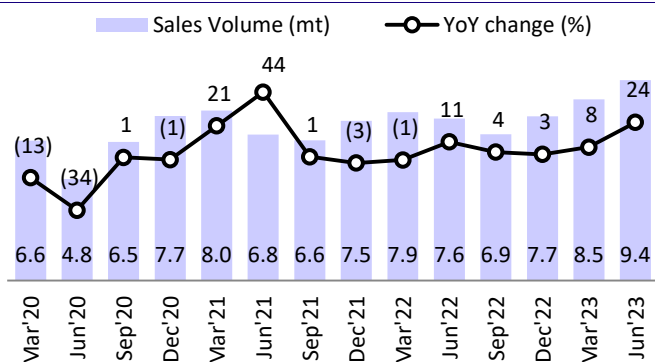


Exhibit 2: Cement realization declined 4% YoY

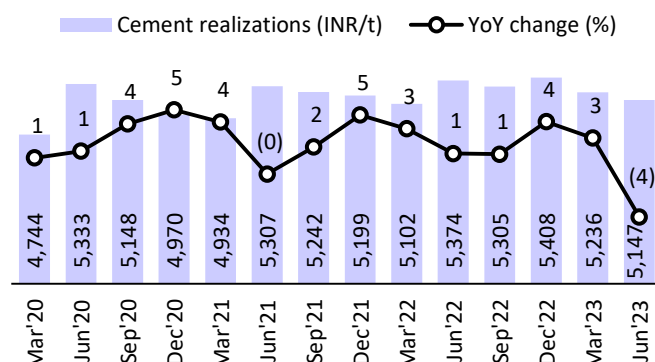


Exhibit 3: Opex/t declined 11% YoY and 7% QoQ

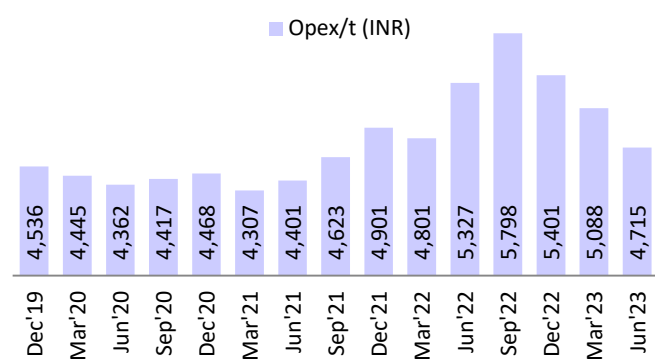


Exhibit 4: EBITDA/t grew 46% YoY to INR818

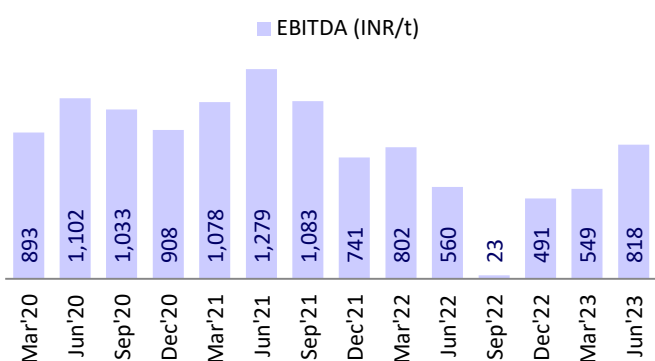
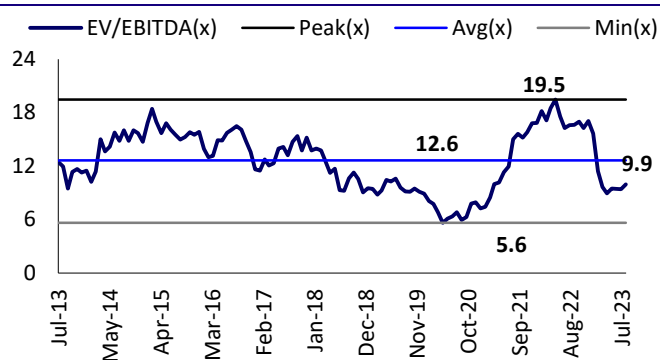


Exhibit 5: Key performance indicators (including the RMC business)

INR/t	Jun'23	Jun'22	YoY (%)	Mar'23	QoQ (%)
Blended realization	5,533	5,887	(6)	5,636	(2)
Cement realization	5,147	5,374	(4)	5,236	(2)
Raw materials	1,520	1,105	38	1,856	(18)
Staff cost	162	285	(43)	249	(35)
Power	1,196	1,727	(31)	1,108	8
Freight	1,245	1,427	(13)	1,219	2
Other expenditure	592	783	(24)	655	(10)
Total cost	4,715	5,327	(11)	5,088	(7)
EBITDA	818	560	46	549	49

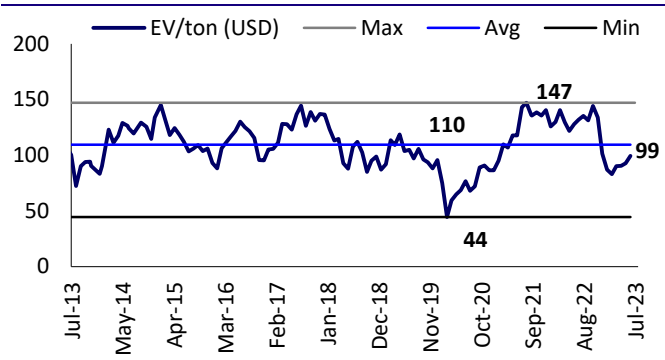
Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA trend



Source: Company, MOFSL

Exhibit 7: One-year forward EV/t trend



Source: Company, MOFSL

Financials and valuations

Income Statement							(INR m)	
Y/E December/March	CY17	CY18	CY19	CY20	CY21	FY23*	FY24E	FY25E
Net Sales	1,32,846	1,48,014	1,56,567	1,37,845	1,61,514	2,22,100	1,99,539	2,13,916
Change (%)	20.9	11.4	5.8	(12.0)	17.2	37.5	(10.2)	7.2
EBITDA	19,091	20,446	24,095	24,811	30,004	19,190	28,238	35,094
Change (%)	29.5	7.1	17.8	3.0	20.9	(36.0)	47.2	24.3
Margin (%)	14.4	13.8	15.4	18.0	18.6	8.6	14.2	16.4
Depreciation	6,401	5,996	6,030	6,353	5,973	8,351	7,315	7,402
Int. and Fin. Charges	1,023	892	862	570	546	772	580	622
Other Income – Rec.	1,317	1,385	3,112	2,040	2,048	3,372	2,040	2,310
PBT Before EO Item	12,984	14,943	20,315	19,927	25,533	13,439	22,384	29,380
EO Income/(Expense)	-	5,006	-	(3,049)	(929)	(1,618)	-	-
PBT After EO Item	12,984	19,949	20,315	16,878	24,604	11,821	22,384	29,380
Tax	3,829	4,883	6,726	2,728	6,401	3,122	5,730	7,521
Tax Rate (%)	29.5	24.5	33.1	16.2	26.0	26.4	25.6	25.6
Reported PAT	9,154	15,066	13,589	14,149	18,203	8,699	16,654	21,859
Adjusted PAT	9,154	10,060	13,589	14,746	18,899	9,896	16,654	21,859
Change (%)	32.7	9.9	35.1	8.5	28.2	(47.6)	68.3	31.3
Margin (%)	6.9	6.8	8.7	10.7	11.7	4.5	8.3	10.2

Balance Sheet							(INR m)	
Y/E December/March	CY17	CY18	CY19	CY20	CY21	FY23*	FY24E	FY25E
Share Capital	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
Fully Diluted Capital	1,880	1,880	1,880	1,880	1,880	1,880	1,880	1,880
Reserves	91,775	1,03,397	1,13,333	1,24,735	1,40,404	1,38,550	1,53,465	1,73,067
Net Worth	93,655	1,05,277	1,15,213	1,26,614	1,42,284	1,40,430	1,55,345	1,74,947
Loans	592	0	0	0	0	0	0	0
Deferred Tax Liability	5,414	6,631	6,422	3,762	3,827	4,331	4,331	4,331
Capital Employed	99,660	1,11,908	1,21,635	1,30,376	1,46,112	1,44,761	1,59,676	1,79,279
Gross Block	84,799	88,774	93,972	98,093	1,04,708	1,20,694	1,45,294	1,50,794
Less: Accum. Depn.	12,389	18,280	24,059	31,507	37,480	45,831	53,145	60,547
Net Fixed Assets	72,410	70,494	69,914	66,586	67,228	74,863	92,148	90,246
Capital WIP	2,617	3,922	4,353	5,453	12,121	16,831	2,231	2,731
Investments – Trade	25,304	37	37	82	184	184	184	184
Investments in subsidiaries	2,265	2,265	2,265	2,124	1,743	1,743	1,743	1,743
Curr. Assets, Loans, and Adv.	46,292	83,533	94,252	1,07,014	1,27,914	1,10,464	1,29,036	1,57,286
Inventory	14,040	16,786	11,410	9,005	12,733	16,235	18,253	19,581
Account Receivables	6,682	8,683	6,284	4,515	4,624	8,747	9,835	10,550
Cash and Bank Balance	1,687	30,003	45,672	59,219	74,345	32,062	50,273	74,692
Others	23,884	28,062	30,887	34,275	36,212	53,420	50,676	52,462
Curr. Liab. and Prov.	49,229	48,343	49,186	50,883	63,078	59,324	65,667	72,911
Account Payables	18,105	19,227	14,710	14,163	18,992	14,922	18,889	20,993
Other Liabilities	24,515	25,627	28,478	30,189	33,868	35,632	32,069	33,672
Provisions	6,609	3,489	5,998	6,531	10,219	8,770	14,709	18,246
Net Current Assets	(2,936)	35,190	45,067	56,131	64,835	51,141	63,370	84,375
Application of Funds	99,660	1,11,908	1,21,635	1,30,376	1,46,112	1,44,761	1,59,676	1,79,279

Source: Company, MOFSL; *Note: FY23 is 15-month period as the company changed its accounting year-end from December to March

Financials and valuations

Ratios								
Y/E December/March	CY17	CY18	CY19	CY20	CY21	FY23*	FY24E	FY25E
Basic (INR)								
EPS	48.7	53.5	72.3	78.4	100.5	52.6	88.6	116.3
Cash EPS	82.7	85.4	104.4	112.2	132.3	97.1	127.5	155.7
BV/Share	498.2	560.0	612.9	673.5	756.9	747.0	826.3	930.6
DPS	26.0	14.0	14.0	14.0	58.0	9.3	12.0	14.0
Payout (%)	53.3	17.4	19.3	18.6	59.9	20.0	13.5	12.0
Valuation (x)								
P/E ratio		36.2	26.8	24.7	19.3	36.8	21.9	16.7
Cash P/E ratio		22.7	18.6	17.3	14.7	20.0	15.2	12.5
EV/Sales ratio		2.2	2.0	2.2	1.7	1.4	1.6	1.3
EV/EBITDA ratio		16.2	13.0	12.1	9.3	16.4	11.0	8.2
P/BV ratio		3.5	3.2	2.9	2.6	2.6	2.3	2.1
Dividend Yield		0.7	0.7	0.7	3.0	0.5	0.6	0.7
EV/t (USD-Cap)		121	116	111	98	107	103	94
Return Ratios (%)								
RoE	10.1	10.1	12.3	12.2	14.1	7.0	11.3	13.2
RoCE	10.2	11.3	12.1	13.6	14.0	7.2	11.2	13.2
RoIC	12.7	14.7	16.2	22.6	28.4	10.3	15.4	19.7
Working Capital Ratios								
Debtor (Days)	18	21	15	12	10	14	18	18
Asset Turnover ratio (x)	0.8	0.8	0.8	0.9	0.9	0.7	0.8	0.8
Leverage Ratio								
Debt/Equity ratio (x)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement								(INR m)
Y/E December/March	CY17	CY18	CY19	CY20	CY21	FY23*	FY24E	FY25E
OP/(Loss) before Tax	12,984	14,943	20,315	16,878	24,604	11,821	22,384	29,380
Depreciation	6,401	5,996	6,030	6,353	5,973	8,351	7,315	7,402
Interest and Finance Charges	104	-129	0	570	0	0	0	0
Direct Taxes Paid	(2,177)	(5,265)	(4,462)	(7,064)	(2,849)	(4,027)	(5,730)	(7,521)
(Inc.)/Dec. in WC	(1,660)	(4,493)	601	5,419	588	(28,533)	5,981	3,415
CF from Operations	15,651.4	11,052	22,484	22,156	28,316	-12,388	29,950	32,676
Others	(104)	129	-	-	-	-	-	-
CF from Operations incl. EO	15,548	11,181	22,484	22,156	28,316	-12,388	29,950	32,676
(Inc.)/Dec. in FA	(5,194)	(4,951)	(4,935)	(7,252)	(11,509)	(19,788)	(10,000)	(6,000)
Free Cash Flow	10,354	6,230	17,549	14,904	16,808	-32,175	19,950	26,676
(Pur.)/Sale of Investments	1,348	1,273	1,651	1,886	1,619	(26,632)	-	-
Others	(262)	-	-	-	-	-	-	-
CF from Investments	(4,108)	(3,678)	(3,283)	(5,366)	(9,890)	(46,420)	(10,000)	(6,000)
Issue of Shares	0	0	0	0	0	0	0	0
Inc.)/(Dec.) in Debt	42	-606	0	0	0	0	0	0
Interest Paid	(420)	(409)	(572)	(399)	(316)	(596)	0	0
Dividend Paid	(3,192)	(2,817)	(2,629)	(2,629)	(2,629)	(10,892)	(1,739)	(2,256)
Others	(650)	(579)	(540)	(246)	(360)	(889)	-	-
CF from Fin. Activity	(4,221)	(4,411)	(3,742)	(3,274)	(3,305)	(12,377)	(1,739)	(2,256)
Inc./Dec. in Cash	7,219	3,092	15,459	13,516	15,121	-71,185	18,211	24,420
Opening Balance	19,772	26,949	29,959	45,477	58,908	74,029	32,062	50,273
Closing Balance	26,991	30,040	45,418	58,993	74,029	32,062	50,273	74,692

Source: Company, MOFSL; *Note: FY23 is 15-month period as the company changed its accounting year-end from December to March

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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