

RESEARCH REPORT

ACC LTD



PREPARED BY:

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About

ACC Limited (incorporated in 1936), a member of the Adani Group, is principally engaged in the business of manufacturing and selling of Cement and Ready Mix Concrete. The Company has manufacturing facilities across India and caters mainly to the domestic market.

Revenue Breakup

Cement- 94%

Ready Mix Concrete-6%

Synopsis of Financials

- Revenue of Rs. 8,129 crores driven by micro market management strategy and expansion of dealer network
- Operational cost decline of 10% due to better fuel management and footprint optimization
- EBITDA growth of 70% at Rs. 1,732 crores and EBITDA per tonne at Rs. 1,225, a jump of 65%
- Revenue for the quarter was INR 7,424 crores, a YoY increase of 4.1%.
- Operational costs for the quarter decreased by 11.8% YoY, mainly due to lower energy costs and optimization of expenses.
- EBITDA excluding other income for the quarter was INR 1,302 crores, a YoY increase of 298%.

Stock data (as 26th Mar 2025)

Nifty Price : 23,682.95

52 week High (in Rs.) : 2,844

52 week Low (in Rs.) : 1,778

Market Cap. (in Crore) : ₹ 36,484 Cr.

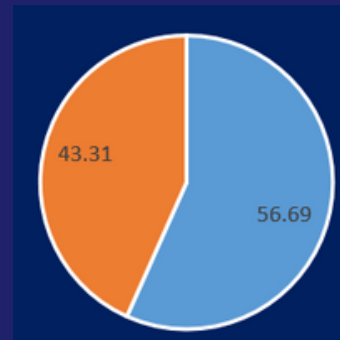
NSE Code : ACC



-NIFTY50

-ACC

Shareholding Pattern (March 2024)



-PUBLIC GROUP

-PROMOTER GROUP

Financial Summary

Particulars	Dec 2021	Mar 2023(15m)	Mar 2024
Sales	16,152	22,210	19,959
Sales Growth %	17.16%		-10.14%
Expenses	13,154	20,285	16,897
Operating Profit	2,998	1,925	3,062
OPM %	19%	9%	15%
Net Profit	1,863	885	2,337
EPS in Rs	99.21	47.13	124.42

Quarterly Results



Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	3,987	4,537	4,791	5,201	4,435	4,914	5,409
Expenses	3,971	4,158	4,322	4,430	3,885	4,010	4,572
Operating Profit	16	379	469	771	549	905	837
OPM %	0%	8%	10%	15%	12%	18%	15%
Other Income	56	-35	55	80	212	94	350
Interest	18	19	15	25	29	34	67
Depreciation	173	173	177	200	213	235	235
Profit before tax	-118	152	331	626	519	729	885
Tax %	-26%	26%	29%	25%	25%	26%	-7%
Net Profit	-87	113	236	466	388	538	945

Source: Screener

Key Ratios

Business Performance

Particulars	2023-24	2022-23*
Sales Volume CLC (MMT)	36.88	38.59
Revenue from operations (₹crore)	19,959	22,210
Operating EBITDA (₹crore)	3,062	1,925
Operating EBITDA margin (%)	15.3	8.7

Significant Improvements in Key Financial Ratios (Standalone)

Particulars	2023-24	2022-23*
Operating EBITDA Margin (%)	15.3%	8.6%
Net Profit Margin (%)	10.9%	3.9%
Return on Net Worth (%)	15.5%	4.9%
Net Worth (₹crore)	16,022	14,043
Net Debt Equity Ratio	NA	NA
Debtors Turnover (Times)	22.8	26.0
Inventory Turnover (Times)	6.1	6.8
Debt service coverage ratio (Times)	19.4	25.4

Source: Annual Report

Yearly Results

Particulars	Dec 2021	Mar 2023	Mar 2024
Equity Capital	188	188	188
Reserves	14,121	13,950	16,142
Borrowings	126	153	355
Other Liabilities	6,604	6,252	6,701
Total Liabilities	21,039	20,544	23,386
Fixed Assets	6,750	7,512	10,025
CWIP	1,216	1,684	986
Investments	150	163	811
Other Assets	12,923	11,185	11,564
Total Assets	21,039	20,544	23,386

Synopsis Quater Results

Key Highlights

Capacity Expansion:

- Ambuja Cement successfully completed the acquisition of a state-of-the-art 1.5 million ton grinding unit at Tuticorin in Tamil Nadu.
- Increased capacity by 17% since acquisition through organic and inorganic growth, reaching 11.4 million tons.
- 142 million tons of new limestone reserves secured in Q4 FY24, totaling 7.8 billion tons.
- Plans to increase capacity from 78.9 million tons to 140 million tons through both internal accruals and opening cash flows.
- Expected commencement of 4 million tons of clinkering and 4.8 million tons of cement capacity by Q4 FY25.
- Promoters fully subscribed to the warrants program, infusing a total amount of INR20,000 crores.
- Promoters increased their stake in the company by 3.6% to 70.3%.

Strategic Plan:

- Targeting to double the capacity of grinding facilities to 140 million tons by FY28.
- Targeting 35 new grinding units to achieve this capacity.
- Various grinding units and clinker facilities are planned across different locations in India.
- Focused on becoming a cost leader in the cement business through efficiency and productivity improvements.
- Initiatives to lower energy costs, secure raw materials, and optimize logistics for cost optimization.
- Investing in waste heat recovery systems and renewable energy sources to reduce power costs.

Sanghi Industries:

- Sanghi has a strategic location within the company's ecosystem.
- Plan to run existing kilns at full capacity and add two more kilns of 4 million tons each.
- Working towards achieving an EBITDA margin of 9% for Sanghi.
- Upgraded Sanghi's rating to AA with a goal to reach AAA.
- Repayment of ICD to improve Sanghi's financials and balance sheet.

Industry Outlook:

- Positive outlook for the Indian cement industry driven by government initiatives, infrastructure development, and demand-supply dynamics.
- Expect higher utilization over the next five years with demand growth outpacing capacity expansion.
- Cement prices expected to remain stable and improve with a growing economy and demand for cement.

Cost Optimization:

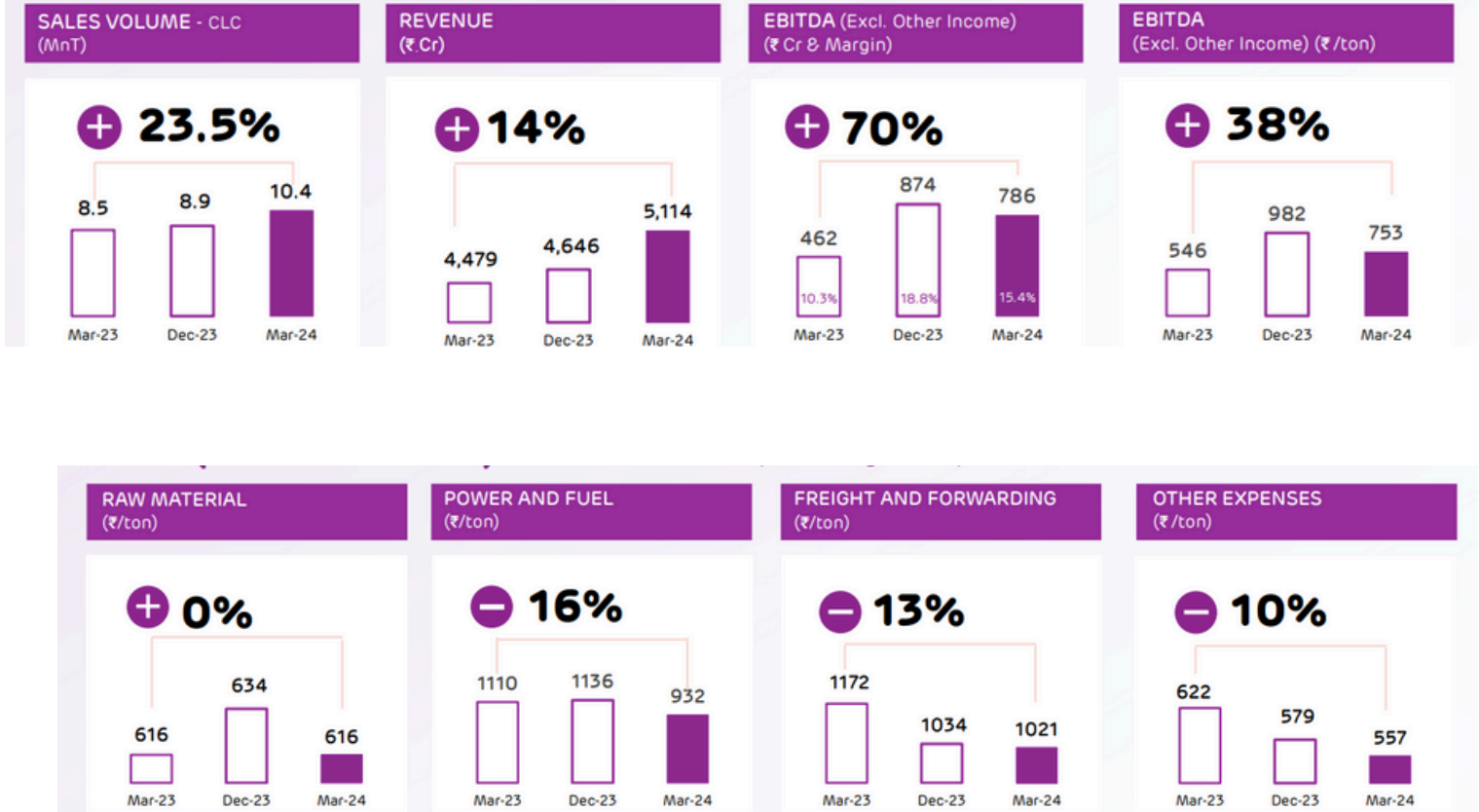
- Targeting a reduction of INR 500 per ton by FY28 through various cost-saving initiatives.
- Significant cost savings expected from coal mines, long-term procurement, power cost reduction, and logistics optimization.
- EBITDA per ton expected to increase to over INR 1500 with the implementation of cost reduction measures.
- Focus on structural changes to drive cost efficiencies and improve margins.

Fuel Cost and Efficiencies:

- Sequentially, fuel cost is flattish, but power and fuel cost per ton of cement has seen a decline.
- Improved percentage of green energy and AFR.
- Efficiencies at the plant have increased, new kiln in Ametha running at 100% capacity utilization.
- Introduction of new initiatives like new coolers and equipment showing improved efficiency parameters.
- Power and fuel cost on a per-ton basis reduced by almost 10%.

Highlights

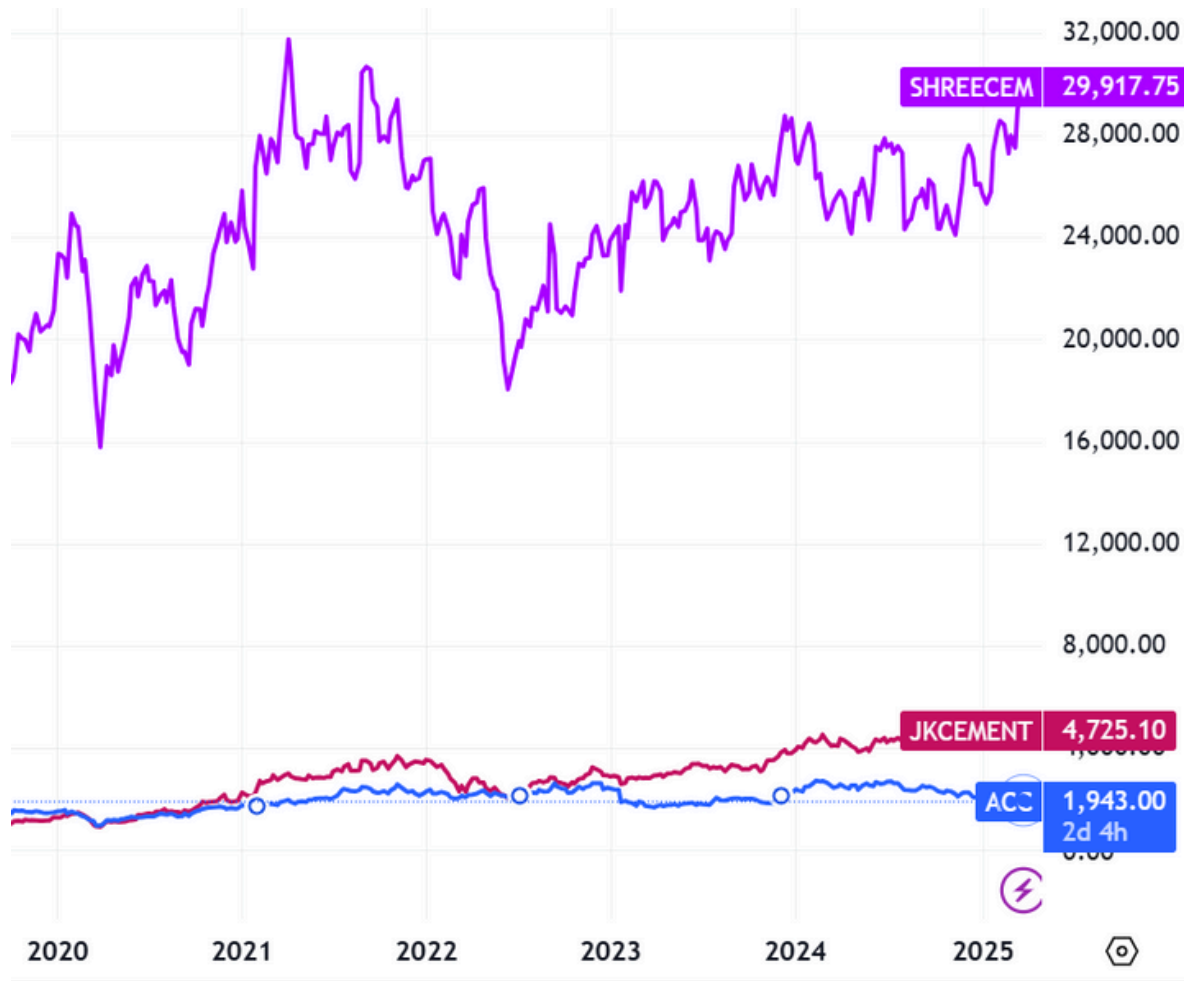
Con-Call Q1FY23: Key Highlights Sales Volume and Revenue over last 20 qtrs.



Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

Company	Revenue	Profit	Assets	Debt	Equity	Change	EPS	Dividend	Payout
Shree Cement	29486.15	86.98	106388.25	0.35	193.72	-72.44	4572.68	-11.95	14.76
J K Cements	4754.30	58.20	36735.63	0.32	189.87	-33.19	2930.28	-0.16	15.80
ACC	1942.00	15.15	36468.26	0.38	1091.79	103.06	5927.38	20.61	17.27

Source: Screener

Final Outlook



ACC: BUY | LTP: 1,942

- Company is virtually debt free.
- Company has a healthy Interest coverage ratio of 17.38.
- Company's PEG ratio is 0.10.
- The company has an efficient Cash Conversion Cycle of -68.90 days.
- The company has a good cash flow management; CFO/PAT stands at 1.19
- The company has a high promoter holding of 56.69%.
- Company witnessed QoQ revenue growth of 37.79%, which is highest in the last 3 years.
- Acc is trading 0.38% upper at Rs 1,937.70 as compared to its last closing price. Acc has been trading in the price range of 1,954.00 & 1,923.00. Acc has given -5.93% in this year & 2.72% in the last 5 days. Acc has TTM P/E ratio 14.85 as compared to the sector P/E of 25.52.
- The company posted a net profit of 1,091.73 Crores in its last quarter. Listed peers of Acc include Shree Cement (1.13%), J.k. Cement (-0.34%), Acc (0.38%).

I would give **Buy** Recommendation for this stock.

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