

Company Name: ACC Ltd

BSE CODE: 500410

NSE CODE: ACC

Sector: Cement

Industry: Cement

CMP (Rs): 2531 | Buy Range: 2500-2530 | Target Price: 3180 | Potential Upside: 25%
Duration of Recommendation: 8 - 12 months

Company Data

Market Cap (Rs Cr)	47,535
Enterprise value (Rs Cr)	46,027
52-Week High/Low (Rs)	2760/1704
EPS (TTM) (Rs)	124.00
P/E Ratio (x) TTM	22.2
Industry PE (x)	30.3
EV/EBITDA (x) TTM	12.9
P/PB (x) TTM	2.91

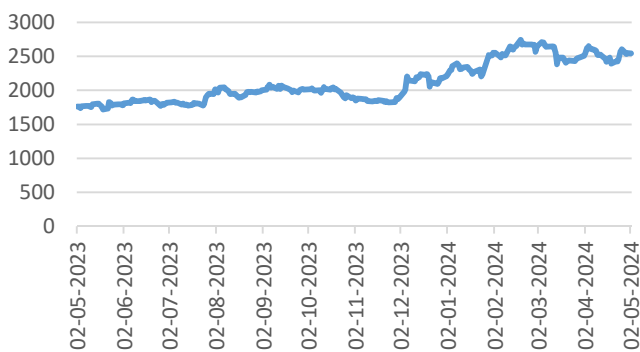
Shareholding %	Q2FY24	Q3FY24	Q4FY24
Promoters	56.69	56.69	56.69
FII's	7.10	6.24	6.17
DII's	22.79	24.14	24.64
Public	13.26	12.76	12.33
Others	0.15	0.15	0.15
Total	100.0	100.0	100.0
Pledged	0.00	0.00	0.00

Financial Performance (Consolidated)

INR (Cr)	FY23	FY24	FY25E	FY26E
Revenue	22,210	19,959	21,955	24,150
Growth (%)	37.5%	-10.1%	10.0%	10.0%
EBITDA	1,925	3,062	3,732	4,468
EBITDA growth	-35.8%	59.1%	21.9%	19.7%
EBITDA margin	8.7%	15.3%	17.0%	18.5%
Net Profit	885	2,337	2,525	2,777
Profit growth	10.4%	10.4%	8.1%	10.0%
Profit margins	4.0%	11.7%	11.5%	11.5%
EPS	47.1	124.3	134.3	147.8
BVPS	752.9	869.5	956.0	1,052.0
P/E (x)	52.8	20.4	18.8	17.1
P/BV(x)	3.3	2.9	2.6	2.4
ROE (%)	0.0%	0.0%	0.0%	0.0%
RoCE	0.0%	0.0%	0.0%	0.0%
EV/EBITDA(x)	16.06	14.69	12.05	10.06

Source: Company, Share India Securities

Price Performance



Share India Securities | Retail Research

Our Valuation / Recommendation: ACC is strongly positioned aided by infrastructure development push by Govt, strong parentage, improving operational efficiency, strong volume growth, healthy financial position with net debt Rs. -1488 crores, & capacity expansion by acquisitions. Stock is currently trading at 12x/10x its FY26E EBITDA. **We recommend BUY in price range of 3380-3410 with target price of 3180 (valuing the stock at 13x FY26E EV/EBITDA) with potential upside 25%.**

About Company: ACC Limited is a member of the Adani Group. The company is principally deals 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.

Investment Rationale:

Healthy volume growth driven by capacity expansions: Till Dec 2023, company increased its cement capacity to 38.6 mtpa through recent expansions and acquisition of remaining 55% stake in Asian Concretes. Further expansions of 4 mtpa (1.6 mtpa at Sindri, Jharkhand, and 2.4 mtpa at Salai Banwa, UP) are underway that can help increase in capacity to 42.6 mtpa by FY26E. commissioning of a 3.3 mtpa clinker at Amethi will further catalyze cement production growth.

Macroeconomic outlook looks promising: Govt's promotional scheme for rural housing to push demand. Govt's National Infrastructure Pipeline, decade of infrastructure, USD 4 Trillion investment expected, Highways (15000 km/year), Ports, Bullet Trains, Rail/Metro, Renewables, New Economic Corridors across the country to boost cement demand.

Consistent Financial Performance: Revenue has grown at a CAGR of 6% over FY19-24 period from Rs. 15658 crores in FY19 to Rs. 19959 crores in FY24. EBITDA has grown at a CAGR of 4.9% during FY19-24 from Rs. 2413 crores to Rs. 3062 crores. Operating margins have stable around 15% consistently. PAT has grown at a CAGR of 7% from Rs. 1378 crores in FY19 to Rs. 2337 crores in FY24. Company's ROE/ROCE have been 17%/17% respectively during this period. Company is almost debt free with with D/E at 0.02%.

Q4FY24 Results: Strong revenue growth aided by volume growth

- ❖ Consolidated Revenue/EBITDA/PAT up by 13%/78.6%/300% YoY to Rs. 5409/837/945 crores respectively.
- ❖ EBITDA margins improved by 569 bps to 15.5% YoY from 9.8%.
- ❖ On QoQ basis, Revenue/EBITDA/PAT increased by 10%/-7.5%/76%. respectively. EBITDA margins dropped 294 bps.
- ❖ Volumes grew 23.5% YoY to 10.45mt (up 17.4% QoQ; PLe 9.74mt) aided by MSA

Key Risks: Sharp rise in cost, strong competition from peers.

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