

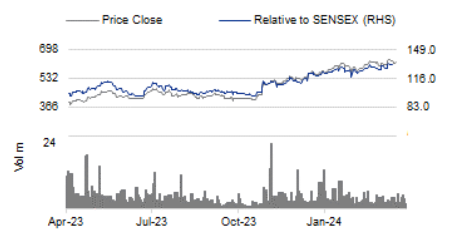
India

ADD (no change)

Consensus ratings*: Buy 23 Hold 9 Sell 8	
Current price:	Rs626
Target price: ▲	Rs715
Previous target:	Rs700
Up/downside:	14.2%
InCred Research / Consensus:	20.1%
Reuters:	ABUJ.NS
Bloomberg:	ACEM IN
Market cap:	US\$16,475m
	Rs1,375,086m
Average daily turnover:	US\$25.5m
	Rs2129.3m
Current shares o/s:	1,985.7m
Free float:	30.6%
*Source: Bloomberg	

Key changes in this note

- EBITDA raised by ~3% for FY26F.
- Raise target price marginally to Rs715 from Rs700.




Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(1.4)	12.3	58.6
Relative (%)	(2.4)	8.5	30.1

Major shareholders	% held
Promoter & Promoter Group	70.3
Life Insurance Corporation of India	5.1
QGQ Partners	1.5

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Ambuja Cements Ltd

Ambitious growth path with huge cash reserves

- 4Q standalone/consol. EBITDA Stood at Rs8bn/Rs17bn, respectively, and was below our/consensus estimates primarily due to lower-than-expected realization.
- ACEM targets total cost/t of Rs3,650 by FY28F (a reduction of >Rs500/t). Cash balance of ~Rs243bn, as of Apr 2024, will accelerate its expansion program.
- We raise our EBITDA estimates by ~3% for FY26F to factor in cost-saving initiatives and growth prospects. Retain ADD rating with a new TP of Rs715.

Volume continues to impress; growth plan remains intact

Ambuja Cements or ACEM's standalone 4QFY24 sales volume grew by ~17% yoy to 9.5mt, including the inter-company cement/clinker sales under MSA (~3.4mtpa), which got nullified in the consol. numbers, while at the consol. level, volume grew by ~17% yoy to 16.6mt (adjusting the 4.08mnt MSA volume). In 4Q, ACEM achieved the highest cement and clinker sales in the last 20 quarters. Cement realization was down ~7% qoq. For FY25F, management has highlighted that strong cement demand post-elections to bring back the pricing momentum. The group further unveiled details (timeline) of its expansion plans which, we feel, are more back-ended (largely in FY26F). Capex work for the previously announced ~20mt capacity is progressing well and incremental projects of ~41mt are at the evaluation stage. Management retained its plan to double capacity to 140mt by FY28F (~85mt and ~100mt by FY25F and FY26F, respectively) along with ~8bn mt limestone reserves. Fig. 11 shows the timeline of capacity additions. The company has identified incremental three locations for 4mt clinker capacity each in the western, northern and southern regions, where only the environmental clearance or EC approvals are awaited for ordering the equipment. Targets to reach ~82mt clinker capacity by FY28F.

Consol. unit EBITDA at Rs1,026; targets cost reduction of >Rs500/t

Standalone unit EBITDA was down by Rs198/t qoq to Rs840/t while consol. unit EBITDA by Rs199 qoq to ~Rs1,026. During 4Q, ~11% of ACEM's standalone clinker capacity was under planned maintenance, resulting in lower cost absorption, where the company expects benefits will accrue in the coming quarters. Management revised its target of cost reduction to >Rs500/t (earlier Rs400/t) with ~40% of the savings expected from logistics (target to reduce primary lead distance by 100km) and 55-60% from manufacturing operations. ACEM expects WHRS capacity at 186MW by Mar 2025F vs. 134MW currently. Besides, 200MW renewable power generation capacity is expected to get commissioned by 1QFY25F and it aims to commission 1GW of renewable energy or RE by FY26F, which will reduce the cost by Rs90/t. The target is to achieve cost leadership by leveraging group adjacencies in areas like energy cost, supply chain & infrastructure going ahead.

Retain ADD with a slightly higher target price of Rs715 (Rs700 earlier)

We retain ADD rating on ACEM with a Mar 2025F target price of Rs715, set at one-year forward based on implied consol. EV/EBITDA of 17x (unchanged). Though its current valuation is at a marginal premium vs. its long-term median, the premium is to reflect the possibility of a potential rise, and cost-saving synergies with group companies. On B/S, ACEM had a cash balance of Rs243.4bn (including warrant money of Rs83.4bn) in Apr 2024 vs. Rs152.5bn in Mar 2024. Downside risks: Pricing pressure, delay in projects, rise in input costs and dismal demand growth.

Financial Summary	Dec-21A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Revenue (Rsm)	139,650	199,854	179,193	205,200	239,283
Operating EBITDA (Rsm)	32,075	32,204	33,708	42,742	54,042
Net Profit (Rsm)	20,805	25,535	23,663	30,192	38,443
Core EPS (Rs)	10.7	13.5	11.9	13.6	15.6
Core EPS Growth	19.0%	26.1%	(12.3%)	14.5%	15.0%
FD Core P/E (x)	59.72	48.66	52.50	46.10	40.09
DPS (Rs)	6.3	2.5	2.0	2.5	3.7
Dividend Yield	1.01%	0.40%	0.32%	0.39%	0.60%
EV/EBITDA (x)	37.45	37.81	34.25	27.47	24.59
P/FCFE (x)	78.41	(16.98)	(25.62)	32.51	25.59
Net Gearing	(18.6%)	(8.7%)	(23.8%)	(40.0%)	(37.0%)
P/BV (x)	5.60	4.36	3.36	2.83	2.69
ROE	10.0%	10.6%	7.2%	6.6%	6.9%
% Change In Core EPS Estimates				(0.17%)	(0.22%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

4QFY24 results review

Figure 1: Standalone quarterly performance

Particulars (Rs m)	4QFY24	4QFY24F	3QFY24	4QFY23	4QFY24F	3QFY24	% Change 4QFY23
Net Sales	47,803	47,479	44,395	42,563	1%	8%	12%
Raw Materials Consumed	13,942	11,213	11,278	8,695	24%	24%	60%
Freight and Forwarding Expenses	10,465	10,271	9,133	9,326	2%	15%	12%
Power and Fuel Cost	8,878	9,164	8,582	10,343	-3%	3%	-14%
Employee Cost	1,319	1,503	1,369	1,680	-12%	-4%	-21%
Other Expenses	5,221	5,935	5,522	4,637	-12%	-5%	13%
Total Expenditure	39,825	38,085	35,885	34,681	5%	11%	15%
EBITDA	7,978	9,394	8,511	7,883	-15%	-6%	1%
Depreciation	2,440	2,393	2,335	2,047	2%	5%	19%
EBIT	5,538	7,001	6,176	5,836	-21%	-10%	-5%
Interest	338	431	454	335	-22%	-25%	1%
Other Income	1,768	1,785	1,082	1,740	-1%	63%	2%
PBT	6,810	8,355	6,804	6,434	-18%	0%	6%
Tax	1,487	2,089	1,668	1,410	-29%	-11%	6%
Recurring PAT	5,323	6,266	5,137	5,024	-15%	4%	6%
Extraordinary Items	158	0	0	807			
Reported PAT	5,323	6,266	5,137	5,831	-15%	4%	-9%
EPS (Rs)	2.7	3.2	2.6	2.5	-15%	4%	6%
Margins (%)	4QFY24	4QFY24F	3QFY24	4QFY23			
Gross Margin	25%	31%	29%	28%	-560 bp	-409 bp	-314 bp
EBITDA Margin	17%	20%	19%	19%	-310 bp	-248 bp	-183 bp
EBIT Margin	12%	15%	14%	14%	-316 bp	-233 bp	-213 bp
PBT Margin	14%	18%	15%	15%	-335 bp	-108 bp	-87 bp
PAT Margin	11%	13%	12%	14%	-206 bp	-44 bp	-256 bp
Tax Rate	22%	25%	25%	22%	-316 bp	-267 bp	-7 bp
Cost items as % of Sales							
RM + Freight + P&F Costs	70%	65%	65%	67%	508 bp	432 bp	299 bp
Employee Costs	3%	3%	3%	4%	-40 bp	-32 bp	-119 bp
Other Expenses	11%	12%	12%	11%	-158 bp	-152 bp	3 bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: 4QFY24 results: Per tonne analysis

Per tonne analysis	4QFY24	4QFY24F	3QFY24	4QFY23	4QFY24F	3QFY24	% Change 4QFY23
Sales volume (Cement)	9.50	9.32	8.20	8.10	2.0%	15.9%	17.3%
Realization	5,032	5,097	5,414	5,255	-1.3%	-7.1%	-4.2%
EBITDA/t	840	1,008	1,038	973	-17%	-19%	-14%
RM cost/t	1,468	1,204	1,375	1,073	22%	7%	37%
P&F costs/t	934	984	1,047	1,277	-5%	-11%	-27%
Freight costs/t	1,102	1,103	1,114	1,151	0%	-1%	-4%
Employee costs/t	139	161	167	207	-14%	-17%	-33%
Other expenses/t	550	637	673	572	-14%	-18%	-4%
Total costs/t	4,192	4,089	4,376	4,282	3%	-4%	-2%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Ambitious growth path with huge cash reserves

4QFY24 results review

Quick snapshot of ACEM's results ►

- **Volume:** During 4Q, standalone cement volume came in at **9.5mt** (~2% above our expectation), up ~17% yoy and ~16% qoq. Consol. volume came in at **16.6mt**, up 18% yoy. Consol. volume in FY24 stood at **59.2mt**, up 8.1% yoy.
- **Realization:** Cement realization was down 7% qoq at ~Rs5,032/t (~1% below our estimate).
- **Costs:** Overall blended cost/t was higher by 3% with estimates (down 4% qoq and 2% yoy on account of a) P&F costs down ~11% qoq and 27% yoy, b) logistics cost/t down by 1% qoq and 4% yoy, c) fixed expenses down 18% qoq, while d) raw materials consumed were up 7% qoq and up 37% yoy. **During 4Q, ~11% of ACEM's standalone clinker capacity was under planned maintenance, resulting in lower cost absorption and drawing of inventory from the opening stock, where the company expects benefits will accrue in the coming quarters.**
- **Kiln fuel costs** (on consol. basis) remained flat qoq at Rs1.84/Kcal and Rs2.21 yoy. ACEM expects better visibility in fuel costs with domestic linkage coal tied up and some imported shipments booked for the year at an average expected price of Rs. 1.7/Kcal for FY25F. Reduces fuel cost volatility.
- **Operating parameters in 4QFY24 for the group:** WHRS share up 4.5% yoy at 13.5% in 4Q; blended cement at 86% (92% in 4Q23), trade sales at 86% (similar yoy), premium sales at 24% (22.2% in 4QFY23).
- **Longterm targets for cost optimisation** (targets total cost of Rs 3,650/t by FY28F, needs additional reduction by Rs530/t) remains core part of the company's strategy.
- **EBITDA:** Standalone EBITDA for the quarter came in at ~Rs8bn (~15% below our and street estimates), down 6% qoq and up 1% yoy. Unit EBITDA stood at **Rs840/t during the quarter vs. our estimate of Rs1,008/t (down by Rs198/t qoq and Rs133/t yoy).**
- **Reported PAT** came in at ~Rs5.3bn, up 4% qoq and 6% yoy. Reported an exceptional item loss of Rs158m related to loss on sale of shares in the open market of Sanghi Industries.
- **Consol. cash and cash equivalents** as of Apr 2024-end stood at ~Rs243.4bn (including warrant money of Rs83.4bn) vs. Rs152.5bn as of Mar 2024-end and Rs115.3bn as of Apr 2023-end. Capex to grow from the existing 78.9mtpa to 140mtpa by 2028F, which will be met through internal accruals and operating cash flow.
- The company's board has recommended a dividend of Rs2/share for FY24.

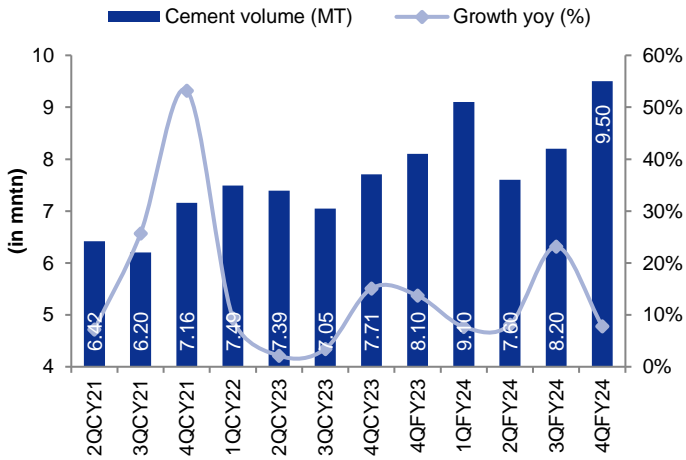
Other updates during the quarter and year

- **In the current quarter (1QFY25), the promoter group increased its stake in ACEM to 70.3% by fully subscribing to its convertible warrant program and taking the total infusion to Rs200bn.**
- In Apr 2024, ACEM acquired 1.5mtpa grinding unit or GU from MAHA Cement located in Tamil Nadu for ~Rs4.14bn (EV/t US\$33), to expand its reach in southern states.
- WHRS share in power mixed increased to 13.5% in 4Q and 12.4% in FY24. Consol. thermal value reduced from 755kCal to 742kCal and expects further improvement in the coming quarters.
- Expect better visibility on fuel cost as domestic linkage coal tied up and some imported shipments booked for the year at an expected average price of **Rs1.70/Kcal** for FY25F. It helps to reduce fuel cost volatility.
- Of the 1GW renewable power planned, 200MW solar power to be operational in 1QFY25F, green power's share will improve to ~30% with cost savings of ~Rs30/t annually direct flowing into EBITDA.
- ~4mtpa clinker & 4.8mtpa cement capacity targeted to commence in 4QFY25F.
- Capacity utilization of Ambuja Cements consol. was at ~82% in 4Q and ~81% in FY24.
- Adani Cement's (ACC-ACEM) current market share is ~14% and targets ~20% by FY28F.
- Region-wise consolidated volume growth during 4Q on yoy basis: North +21%, East +15%, South flat, Central +7%, West +22%.
- **Expansion status (Ambuja Cements consol):** During the year, Adani group successfully completed three acquisitions (Sanghi, Asian Cements & GU in Tuticorin), and cement capacity increased by 11.4mtpa, taking the total capacity to 78.9mtpa. The group has a roadmap to take its capacity to ~100mtpa by 2026F (~20mtpa projects under execution) and ~140mtpa by 2028F (~40mtpa additional projects at various stages).
- Management highlighted that 40 % of fly ash requirement is under long-term arrangement (will increase to > 50% by 2028F).
- During 4Q, the company added 142mt new limestone reserves, with total reserves reaching 7.8bn mt at a premium of <3%.
- With new sea logistics infrastructure and own BCFC rakes, logistics costs will reduce further.
- Its ~41mtpa capacity expansion are at various stages (includes 9 kilns and 17 GUs).
- AFR was 10.6% and WHRS at 13.5% in 4Q.
- It highlighted that in 4Q, ACEM achieved the highest clinker and cement sales in the last 20 quarters. Direct dispatches to customers stood at 54% in 4Q vs. 52% in 3Q.
- It highlighted that three clinker facilities, each with 4mtpa capacity, await environmental clearance or EC approval in West (Sanghi), North, and South India regions. Orders will be placed upon clearance, as it already has land lease agreements for the same. Expects to get EC by 2HFY25F.
- It is targeting to reduce road distance to 100km. Lead distance was 276km in 4Q. Out of the ordered 11 rakes, 8 has been delivered and 3 more will be delivered by 1QFY25F. Out of 26 BCFC rakes ordered, it expects 10 to be delivered in FY25F.
- The **Rs500/t** cost savings will be achieved primarily through power cost reduction of >Rs100/t, with logistic costs making up ~40% of the total contribution. Additionally, contributions from coal mines and railway wagons will further contribute to the savings.
- Expects pricing and demand to recover post general elections. Sees the industry growing at a rate of >1.25x of GDP growth. Demand to grow by around ~8-9% at a rate higher than the capacity addition rate.

- Of the announced 1,000MW RE by FY26F, the first phase of 200MW to be commissioned in 1QFY25F.
- Expects to secure 80-90% of coal requirements from own captive mines in the next 12 months.
- For FY25F, MSA of Sanghi Industries will remain the same, as announced.
- **Trend:** Management highlighted that as supplies keep coming up and demand remains slow, prices will be impacted. However, it sees robust demand and 1.2-1.25x industry growth over GDP growth. Expects prices to remain stable from here on and not decline.
- **For FY25F, it gave growth capex guidance** of Rs50-60bn, which will be funded from internal accruals and operating cash flow. A portions of these funds will be spent for achieving the green energy target also.
- **Sanghi volume in 4Q** was 0.7mt clinker and 0.8mt cement. Line-2 wasn't operational for Sanghi in 4Q. Margins were beaten because of one-off.
- Sees Rs~0.4-0.5/kcal improvement in fuel costs.
- Currently, rail mix is ~27% and its sea freight will come into play in 18 months from now.
- The company highlighted that its South India market share is reducing due to lack of capacity. Once it has the capacity in the region, it can regain market share due to the strong brand image of ACC.

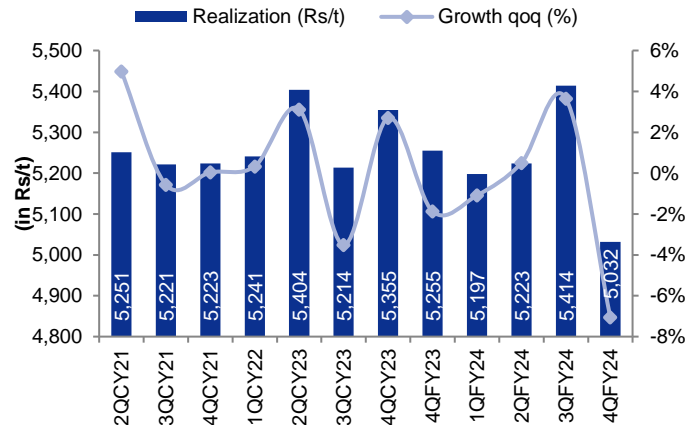
Key charts ➤

Figure 3: Cement sales volume, including clinker, up ~17% yoy



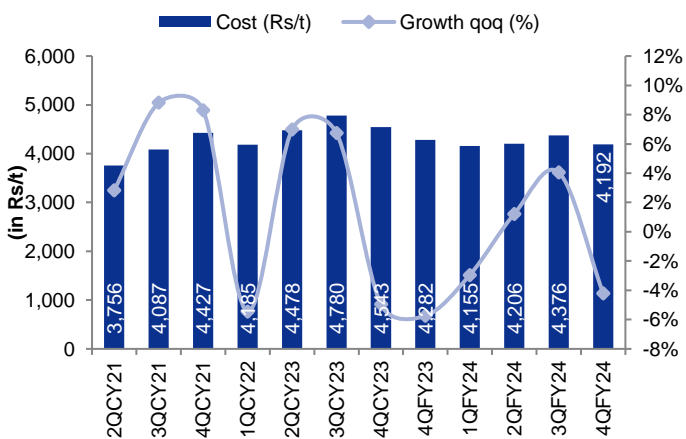
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Realization decreased by 7% qoq during the quarter



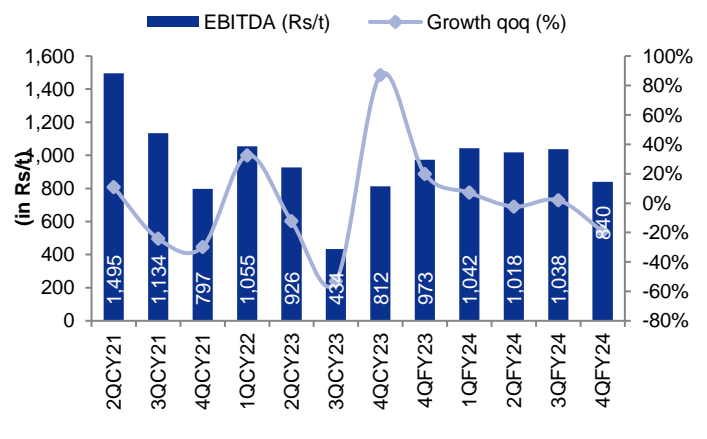
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Total operating cost/t decreased by 4% qoq and 2% yoy



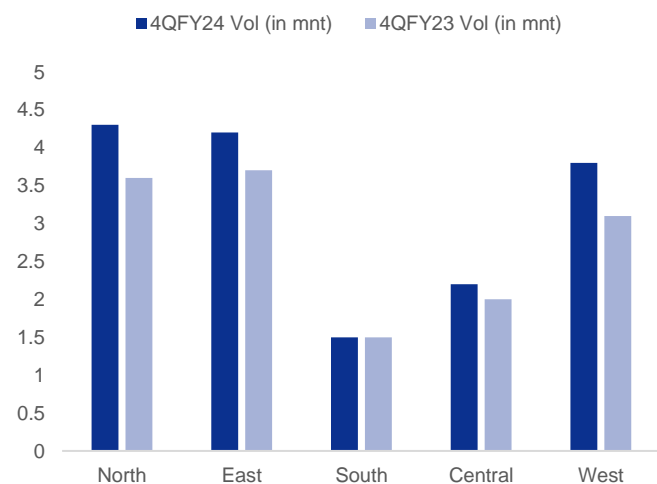
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Unit EBITDA declined by Rs198/t qoq to Rs840/t during the quarter



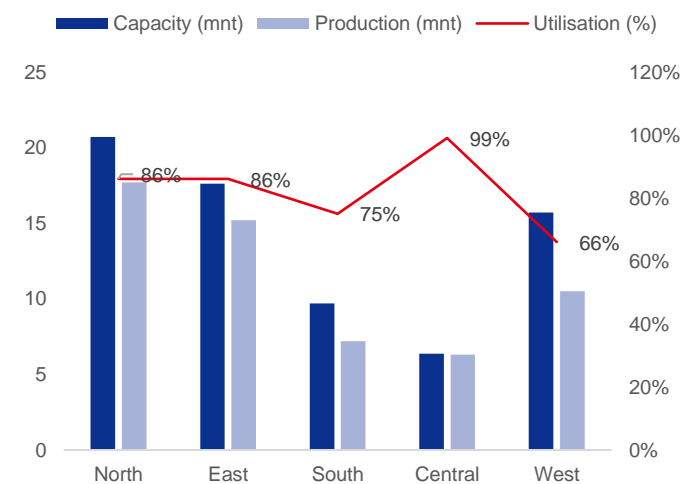
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Adani Cements' region-wise trade sales



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Adani Cements' region-wise capacity & production in FY24



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: ACEM (standalone) cement business 4Q operational performance overview

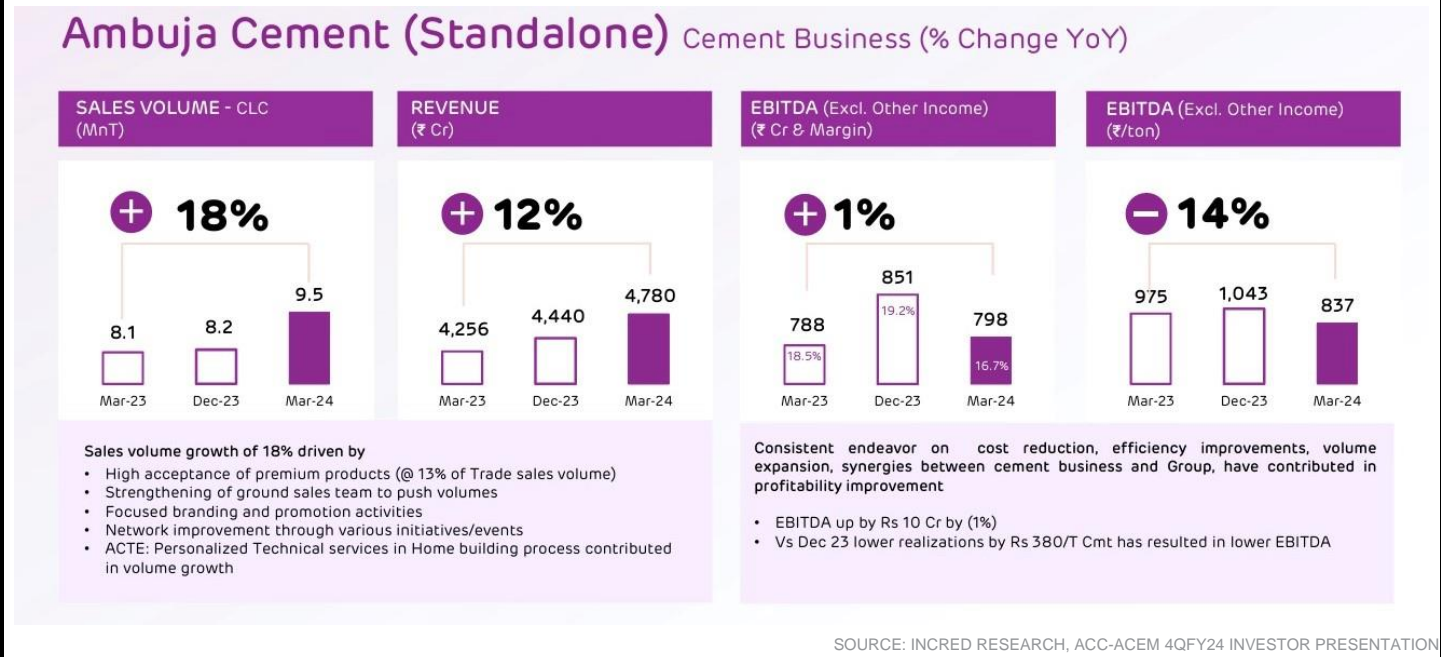


Figure 10: ACEM (standalone) cement business 4Q cost performance

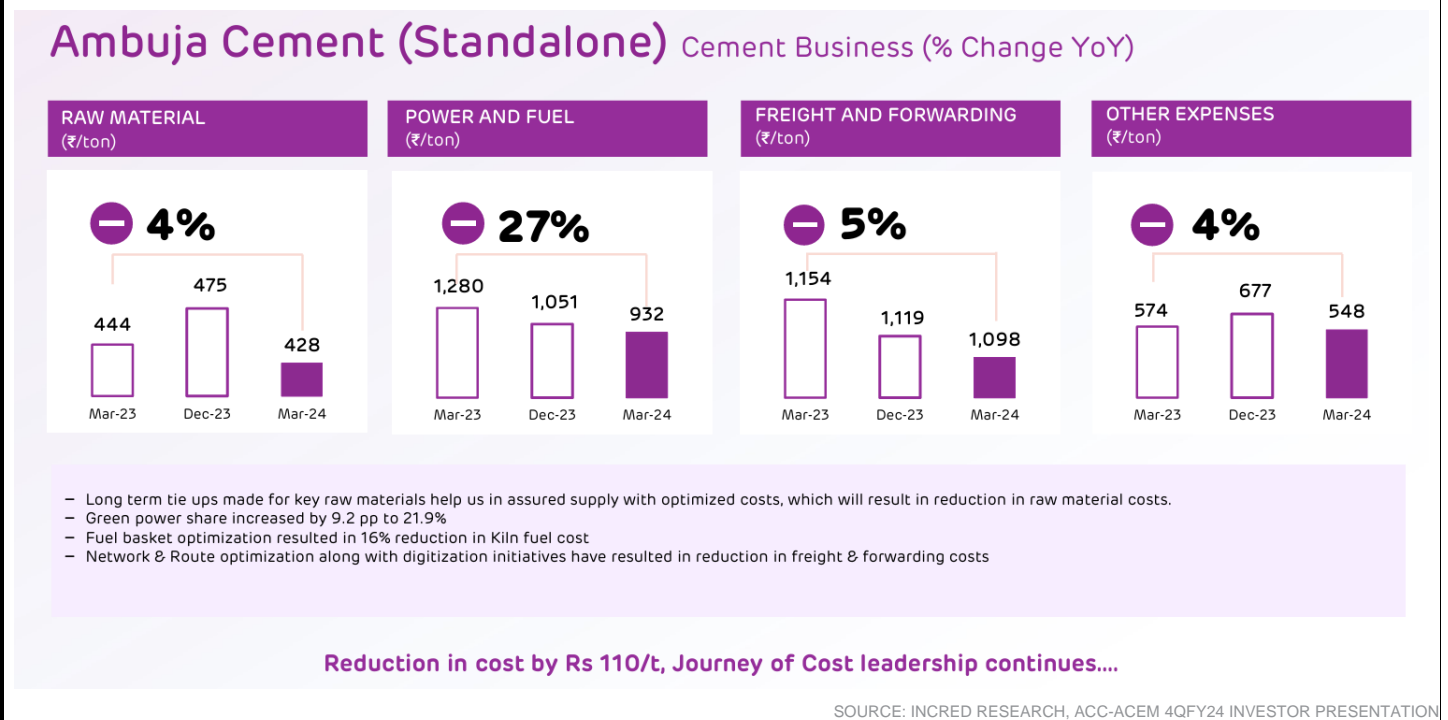


Figure 11: Adani Group's cements (ACC+ACEM) planned capacity expansion status

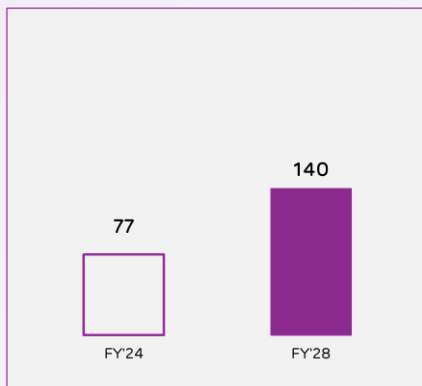
Expansion project	Capacity MTPA		Expected timeline for completion	Current Status
	Clinker	Cement		
Bathinda	NA	1.2	2QFY26F	Land available. Environmental Clearance (EC) expiry by Jul 2024
Bhatapara Line 3 (CU)	4	NA	4QFY25F	Civil work 67% completed. Overall project 30% completed. Receipt of major equipment commenced.
Maratha Line 2 (CU)	4	NA	2QFY26F	EPC contract awarded. Project activities started.
Sankrail (GU)	NA	2.4	3QFY25F	EPC contract awarded, 90% of pilling work & 52% civil work has been completed. Overall project 27 % completed.
Marwar (GU)	NA	2.4	2QFY26F	EC recd. Lol Issued, EPC contract to be awarded by May 2024F.
Farakka (GU)	NA	4.8	3QFY25F (Phase-I)	Phase I, 2.4mtpa and the remaining will be taken as Phase II. EPC contract awarded. Overall project 27% completed.
Sindri (GU)	NA	1.6	4QFY25F	EPC contract awarded. Project activities started.
Salai Banwa (GU)	NA	2.4	1QFY26F	EPC contract awarded. Project activities started.
Mundra (GU)	NA	4.8	3QFY26F (1st Line), 1QFY27F (2nd Line)	CTE / EC approvals expected by May 2024F. Lol Issued.
Total	8	19.6		

SOURCE: INCRED RESEARCH, ACC-ACEM 4QFY24 INVESTOR PRESENTATION
*EC: ENVIRONMENT CLEARANCE; EPC: ENGINEERING PROCUREMENT CONTRACT

Figure 12: Adani Cements– to enhance its capacity while remaining debt-free

Adani Cement – Capacity Enhancement Enablers

Cement Capacity (Mn T)



- Land:** land already in possession/ available with group / in advance stages of acquisition
- Limestone:** Cumulative ~8000 Mn MT limestone reserve in possession at NIL to nominal premium
- Raw Material:** 40 % of Fly Ash requirement under long term arrangement (will increase to 50%+ by 2028)
- Enterprise Risk Management:** better enterprise risk management, 65% of total cost of cement has synergies with group or where Group is market leader
- Ground Network:** Ground network (1,00,000+ channel partners), stronger brand equity will facilitate improved volumes and margins
- Strong Balance Sheet:** Ambuja continues to remain debt free with net worth of Rs 59,185 Cr , cash and cash equivalents of Rs 24,338 Cr and Crisil AAA (stable) / A1+ credit rating maintained.

Adani Cement business will implement its accelerated capex program through internal accruals. Business will continue to remain debt free

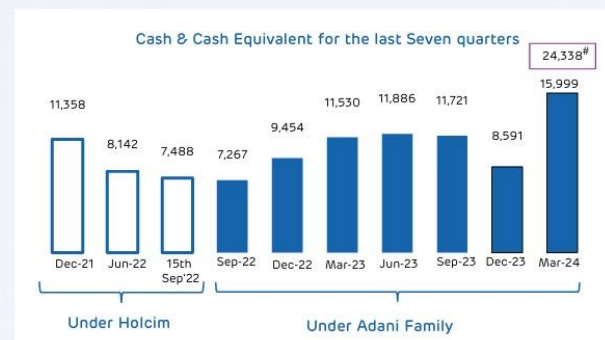
SOURCE: INCRED RESEARCH, ACC-ACEM 4QFY24 INVESTOR PRESENTATION

Figure 13: Adani Cements – improving cash profile

Ambuja Cement (consolidated): Cash & Cash Equivalents position

Synopsis of the movements in Cash & Cash Equivalent

Particulars	₹ Crs
Opening balance as on 1 st Apr 2023	11,530
(+) Cash flow from operating activities	5,646
(+) Cash flow from Investing activities	(7,137)
(+) Cash flow from Financing activities	5,637
Free Cash (other than lien marked) - as on 31 st Mar 2024	15,676
(+) Lien marked cash for CCI and other ongoing court	323
Total Cash & Cash Equivalents	15,999
Total Cash & Cash Equivalents (including warrant money of Rs. 8,339 Cr received in April '24)	24,338



Capex growth from existing 78.9 to 140 MTPA will be met through internal accruals and operating cash flows

Net worth increased by ₹ 12,089 Crs during FY'24 and now stands at ₹ 50,846 Crs.

Company remains Debt Free

SOURCE: INCRED RESEARCH, ACC-ACEM 4QFY24 INVESTOR PRESENTATION

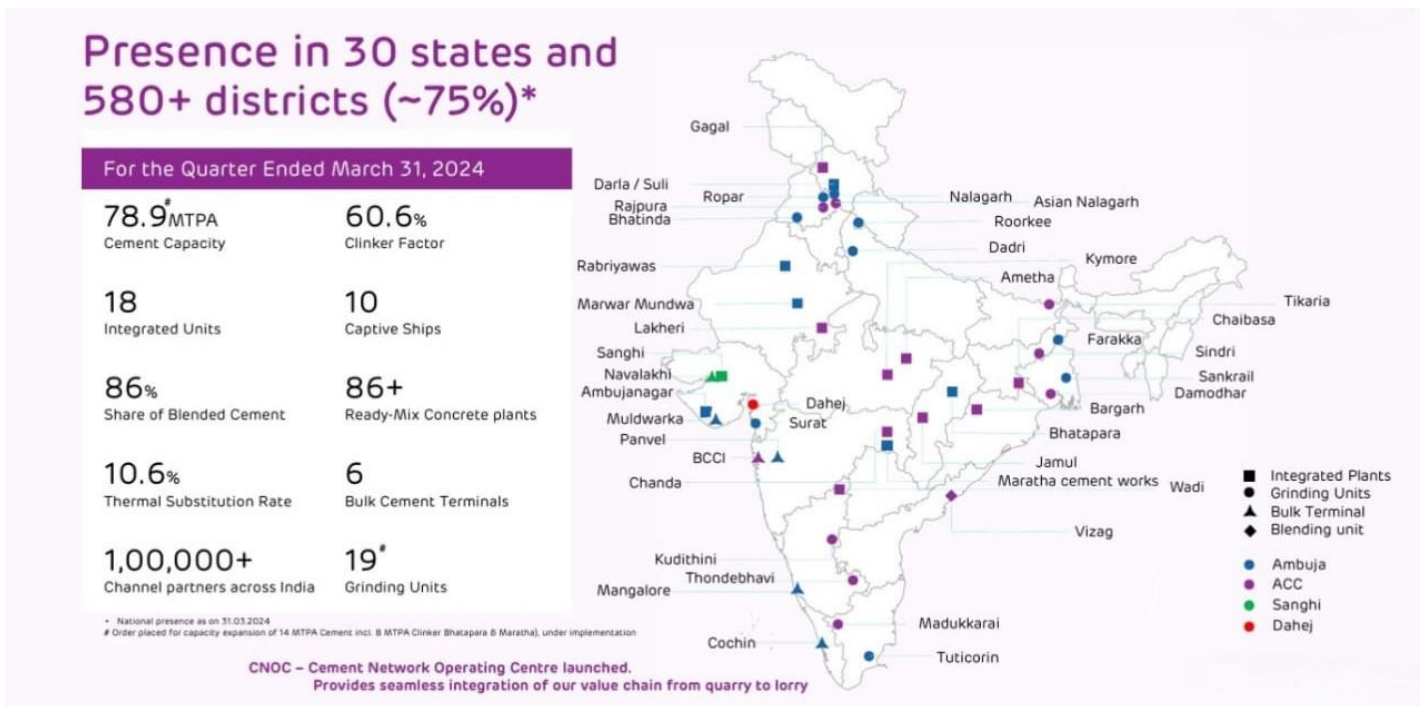
Figure 14: Sustainability goal – ACEM-ACC’s strategy is led by Sustainable Development (SD) 2030 Plan; ACEM/ACC are confident of achieving the 2030F target much ahead of time

Material topic	Ambuja		ACC		UN SDGs
	2030 TARGETS	STATUS FY 24*	2030 TARGETS	STATUS FY 24*	
Climate & Energy (Net specific CO ₂ emissions - Kg/T, without CPP)	453	518	400	466	3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION
Circular Economy (Use of waste derived resources Mnt/yr)	21	8.6	30	12.0	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Water & Nature	10x Water positive	11x Water positive	5x Water positive	1x Water positive	13 CLIMATE ACTION 7 AFFORDABLE AND CLEAN ENERGY
People & Community (Number of beneficiaries – million)	3.5	3.27	3.5	1.4	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 15 LIFE ON LAND 14 LIFE BELOW WATER 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SOURCE: INCRED RESEARCH, ACC-ACEM 4QFY24 INVESTOR PRESENTATION

NOTE: ACTUAL NUMBERS ARE FOR ACHIEVEMENT DURING 4QFY24, WHRS-WASTE HEAT RECOVERY SYSTEM; MW-MEGA WATT

Figure 15: Adani Cements - presence in 30 states and 580+ districts (~75%)



SOURCE: INCRED RESEARCH, ACC-ACEM 4QFY24 INVESTOR PRESENTATION

*AS OF MAR 2024, ORDER PLACED FOR CAPACITY EXPANSION OF 14MTPA CEMENT INCL. 8MTPA CLINKER (BHATAPARA & MARATHA), UNDER IMPLEMENTATION

Figure 16: Adani Cements on industry outlook

Infrastructure and Housing sectors to keep Cement Demand vibrant

Housing



- Govt. of India promotional scheme for rural housing to push demand
- Aspirational India (per capita **GDP ~ USD 3000 by 2025**)
 - Working age population of 1 Bn by 2030
 - Rising shift from rental to own house
 - Redevelopment across several cities

(Housing sale grew **63%** in Q4 FY'24 YoY (area volume growth))

Infrastructure

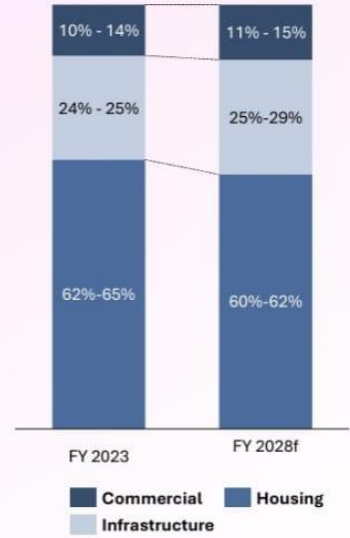


- GOI's National Infrastructure Pipeline (NIP), decade of infrastructure, ~**USD 4 Trillion** investment expected
- Highways (~15000 km/year), Ports, Bullet Trains, Rail/Metro, Renewables
- New Economic Corridors** across the country to boost cement demand
- Stronger Banking Industry** – a booster to Capex, **GDP** expected robust growth of **6-8%** in long run

Commercial



- GOI's **Make in India & PLI schemes** attracting sizeable investments ~ \$ 12 Bn in a year
- China Plus strategy driving manufacturing
- Growth in commercial space to support demand
 - Net leasing of office space expected to grow by 10-15%
 - 47-52% growth expected in the Indian data center industry in fiscal 2023



SOURCE: INCRED RESEARCH, ACC-ACEM 4QFY24 INVESTOR PRESENTATION

Key changes ➤

Figure 17: Our revised earnings estimates

Rs. m	New		Change (%)		Old	
	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F
Sales	2,05,200	2,39,283	5%	7%	1,95,496	2,23,038
EBITDA	42,740	54,041	-1%	3%	42,987	52,261
Recurring PAT	30,191	38,441	4%	5%	29,154	36,613
EPS (Rs.)	12.3	15.6	4%	13%	12	14

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 18: Changes in our estimates vs. Bloomberg consensus estimates

Rs. m	Incred		Consensus		Change (%)	
	FY25F	FY26F	FY25F	FY26F	FY25F	FY26F
Sales	2,05,200	2,39,283	2,04,151	2,32,165	1%	3%
EBITDA	42,740	54,041	47,575	55,044	-10%	-2%
PAT	30,191	38,441	32,673	37,768	-8%	2%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 19: Key assumptions

	CY21A	FY23F (15M)*	FY24A	FY25F	FY26F
Volume (in mtpa)	27	38	34	39	45
yoy	19%	40%	-9%	14%	15%
Realization (per t)	5,105	5,287	5,209	5,233	5,306
yoy	4%	4%	-1%	0%	1%
Cost (per t)	3,981	4,435	4,229	4,143	4,107
yoy	3%	11%	-5%	-2%	-1%
EBITDA (per t)	1,187	852	980	1,090	1,198
yoy	2%	-28%	15%	11%	10%
EBITDA (Rs m)	32,075	32,204	33,708	42,740	54,041
yoy	21%	0%	5%	27%	26%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS
*NOTE: FINANCIAL YEAR IS FOR 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR

Figure 20: Maintain ADD rating on ACEM, with a Mar 2025F target price of Rs715

Particulars	Unit	Valuation
Standalone FY26F EBITDA	Rs m	54,041
One-year Forward Multiple	x	23
End FY26F EV	Rs m	12,42,947
End FY25F Net Debt	Rs mn	(2,17,809)
End FY26F Equity Value	Rs mn	14,60,757
ACC's Equity Value at our TP	Rs mn	5,52,865
ACEM's Share in ACC	%	50
ACEM's Share in ACC Market Cap	Rs mn	2,76,488
End FY26F Equity Value	Rs mn	17,61,875
End FY26F Equity Value	Rs/share	715
One-year Forward Target Price	Rs/share	715

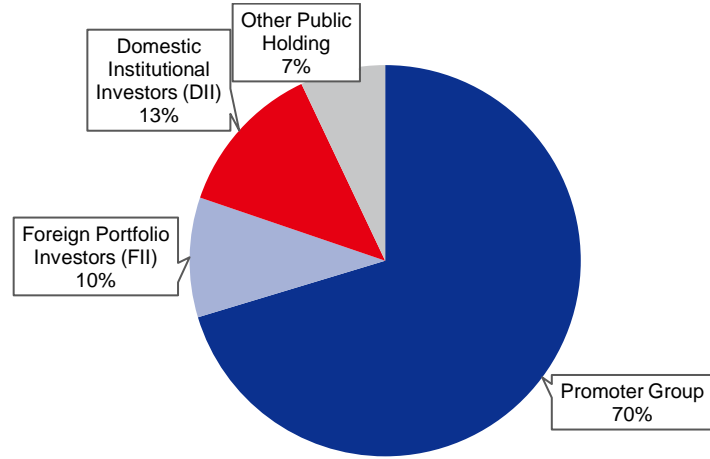
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS
NOTE: INCLUDES VALUE OF SANGHI INDUSTRIES AT RS9/SHARE

Figure 21: Maintain ADD rating on ACC with a Mar 2025F target price of Rs2,940, set at a one-year forward EV/EBITDA of 13x (12x earlier)

Valuation	TP
Target EV/EBITDA (x)	13
Target EV (Rs m)	5,06,665
Net debt / (cash) (Rs m)	(46,200)
No. of shares (m)	188
Fair value per share (Rs)	2,940

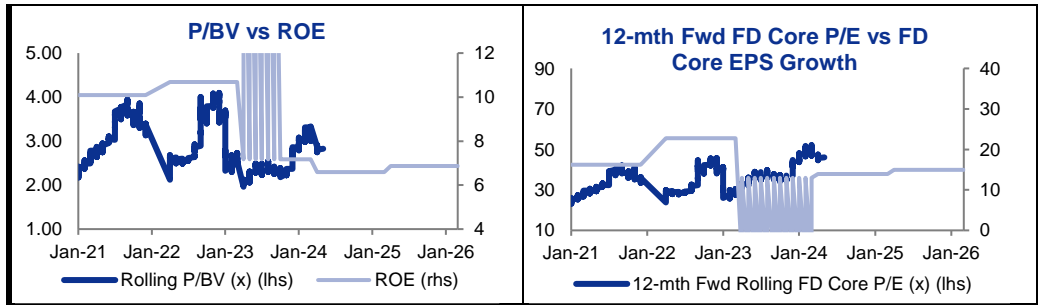
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 22: ACEM's shareholding pattern (as of end-Apr 2024)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Dec-21A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Total Net Revenues	139,650	199,854	179,193	205,200	239,283
Gross Profit	139,650	199,854	179,193	205,200	239,283
Operating EBITDA	32,075	32,204	33,708	42,742	54,042
Depreciation And Amortisation	(5,512)	(8,324)	(9,380)	(9,942)	(11,135)
Operating EBIT	26,562	23,880	24,329	32,799	42,907
Financial Income/(Expense)	(909)	(1,280)	(1,623)	(1,590)	(1,574)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,856	9,523	8,526	9,208	10,129
Profit Before Tax (pre-EI)	28,509	32,123	31,233	40,418	51,462
Exceptional Items	(657)	(1,573)	158		
Pre-tax Profit	27,853	30,551	31,391	40,418	51,462
Taxation	(7,047)	(5,016)	(7,728)	(10,225)	(13,020)
Exceptional Income - post-tax					
Profit After Tax	20,805	25,535	23,663	30,192	38,443
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	20,805	25,535	23,663	30,192	38,443
Recurring Net Profit	21,296	26,849	23,544	30,192	38,443
Fully Diluted Recurring Net Profit	21,296	26,849	23,544	30,192	38,443

Cash Flow

(Rs mn)	Dec-21A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
EBITDA	32,075	32,204	33,708	42,742	54,042
Cash Flow from Invt. & Assoc.					
Change In Working Capital	2,951	50,455	(25,773)	(282)	3,687
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	2,856	9,523	8,526	9,208	10,129
Other Operating Cashflow	(5,263)	(65,791)	20,462	58,462	57,462
Net Interest (Paid)/Received	(909)	(1,280)	(1,623)	(1,590)	(1,574)
Tax Paid	(7,047)	(5,016)	(7,728)	(10,225)	(13,020)
Cashflow From Operations	24,663	20,096	27,574	98,314	110,727
Capex	(11,425)	(21,116)	(18,837)	(55,500)	(50,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	2,607	(72,156)	(57,234)		
Cash Flow From Investing	(8,818)	(93,272)	(76,071)	(55,500)	(50,500)
Debt Raised/(repaid)					
Proceeds From Issue Of Shares		50,000	66,610	150,529	(1)
Shares Repurchased					
Dividends Paid	(12,510)	(4,964)	(3,971)	(6,038)	(9,226)
Preferred Dividends					
Other Financing Cashflow	9,341	(8,921)	(5,668)	(57,462)	(56,462)
Cash Flow From Financing	(3,168)	36,115	56,970	87,029	(65,689)
Total Cash Generated	12,677	(37,060)	8,473	129,843	(5,463)
Free Cashflow To Equity	15,845	(73,176)	(48,497)	42,814	60,227
Free Cashflow To Firm	16,755	(71,896)	(46,875)	44,404	61,801

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Dec-21A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Total Cash And Equivalents	41,692	25,331	88,334	218,177	212,715
Total Debtors	2,947	5,649	7,168	7,308	8,522
Inventories	14,641	16,394	15,903	15,741	17,045
Total Other Current Assets	8,551	65,091	38,656	40,014	44,267
Total Current Assets	67,832	112,465	150,061	281,241	282,549
Fixed Assets	73,276	77,958	82,440	133,090	171,955
Total Investments	117,739	117,759	140,581	140,581	140,581
Intangible Assets	9,514	8,419	15,485	15,485	15,485
Total Other Non-Current Assets	13,495	42,441	52,720	47,629	48,129
Total Non-current Assets	214,023	246,576	291,227	336,784	376,149
Short-term Debt	34	135	179	179	179
Current Portion of Long-Term Debt					
Total Creditors	11,457	15,711	14,522	16,272	18,549
Other Current Liabilities	42,102	48,389	49,944	49,248	57,428
Total Current Liabilities	53,594	64,235	64,645	65,699	76,156
Total Long-term Debt	435	342	189	189	189
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	5,777	9,409	6,389	7,389	8,389
Total Non-current Liabilities	6,212	9,751	6,578	7,578	8,578
Total Provisions					
Total Liabilities	59,806	73,986	71,223	73,277	84,734
Shareholders Equity	222,049	285,055	370,065	544,749	573,964
Minority Interests					
Total Equity	222,049	285,055	370,065	544,749	573,964

Key Ratios					
	Dec-21A	Mar-23A	Mar-24A	Mar-25F	Mar-26F
Revenue Growth	22.8%	43.1%	(10.3%)	14.5%	16.6%
Operating EBITDA Growth	21.2%	0.4%	4.7%	26.8%	26.4%
Operating EBITDA Margin	23.0%	16.1%	18.8%	20.8%	22.6%
Net Cash Per Share (Rs)	20.76	12.52	44.30	88.43	86.21
BVPS (Rs)	111.83	143.56	186.37	221.17	233.03
Gross Interest Cover	29.21	18.66	14.99	20.63	27.26
Effective Tax Rate	25.3%	16.4%	24.6%	25.3%	25.3%
Net Dividend Payout Ratio	58.3%	18.3%	16.9%	20.0%	24.0%
Accounts Receivables Days	6.35	7.85	13.05	12.88	12.07
Inventory Days	28.89	28.34	32.89	28.14	25.01
Accounts Payables Days	34.38	29.57	37.93	34.59	34.31
ROIC (%)	38.6%	15.7%	16.4%	16.9%	18.7%
ROCE (%)	12.5%	9.4%	7.4%	7.2%	7.7%
Return On Average Assets	8.3%	8.9%	6.3%	6.0%	6.3%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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