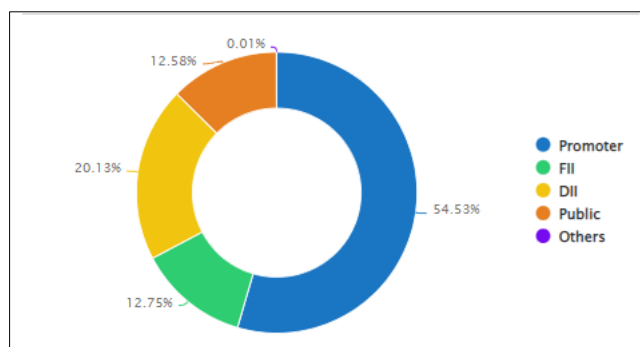


May 2022

**VALUE PARAMETERS**

Face Value (Rs.)	10.00
EPS (TTM)	90.4
52-Week High/Low	2589/1853
M.Cap (Rs. in Cr.)	43,490
P/E Ratio (TTM)	25.1
Sector P/E	19.4
P/B Ratio (calc at CMP)	3.01
Dividend Yield (%)	2.49
Enterprise value (Rs in Cr)	36,092

**SHAREHOLDING PATTERN**



**FINANCIAL PERFORMANCE**

	ACTUAL	FORECAST	
	CY Mar-21	CY Mar-22	CY Mar-23
Sales (Rs. Cr)	16,152	17,688	19,374
Growth (%)	17.2	9.5	9.53
EBITDA	3000	3402	3864
EBITDA margin (%)	18.6	19.2	19.9
PAT (Rs. Cr)	1890	2149	2421
EPS (Rs)	99.21	78.7	110
ROE	14.1	10.3	13.5
ROCE	14	10.3	13.5
DPS	58	35.9	42.5
P/E	20.5	26	18.6
EV/EBITDA	10.8	12.1	9.2

**Price performance over 1-year**



**Our Recommendation:** ACC is focusing on expansion of its production capacity and is diversifying its services. The company’s focus on sustainability by switching to green energy sources could bring down the operational cost in the future. Cement demand should improve led by PMAY scheme, pick-up in real estate and Govt’s infrastructure projects. Thus, we recommend BUY in price range Rs. 2200-2250 with targetprice 2800 (upside 21%).

**Investment Rationale:**

**About Company:** ACC Limited is a part of LafargeHolcim Group. ACC deals in the business of manufacturing and selling of Cement and Ready-Mix Concrete. The Company has 17+ manufacturing facilities across India and 82 ready-mix concrete plants. The company caters mainly to the domestic market. The company has also extended its businesses to the Middle East, Africa, and South America where it has provided technical and managerial consultancy to a variety of consumers and helps in the operation and maintenance of cement plants abroad.

**Q1CY22 Results:** The company reported mixed set of numbers:

- Revenues increased by 3.1% YoY led by higher realizations (up 6.6% YoY). Sales volume was down 3.3% YoY to 7.71 MT from 7.97 MT.
- The company reported consolidated net profit of ₹396 crore for the quarter ending March 2022, declining by 29.7% YoY. This decrease is due to lackluster sales and a decline in operating profit due to the global rise in fuel costs.
- EBITDA dropped by more than 26% to ₹635 crore in Q4FY22 versus ₹860 crore in Q4FY21 due to a significant fuel cost increase. EBITDA margins stood at 14.7% in Q4FY22 versus 20.4% in Q4FY21.

**Key Highlights from management commentary:**

- January-March 2022 quarter was impacted by the global rise in fuel price by Russia-Ukraine war.
- Efficiency and cost reduction actions under project ‘Parvat’ remained strong, which helped us partially offset the impact.
- The new investments in waste heat recovery systems will help us mitigate the energy cost inflation while also strengthening our sustainability actions.
- The company’s Ametha project is progressing ahead of schedule. This will add 5 MTPA capacity and the commissioning of the integrated unit is expected in Q4 2022.
- The company commissioned Tikaria grinding unit in UP with 1.6 MTPA capacity in February 2022.
- Company’s waste heat recovery projects at Jamul and Kymore plants are on track.
- The board has approved the next phase of projects at the Chanda and Wadi plants. ACC expects the total capacity to reach 75 MW.

**Risks:**

- Any delay in commissioning of new capacity.
- Volatility of prices of imported coal/petcock.
- Geopolitical crisis affecting fuel prices.

## Financials and Valuations

### Standalone Income Statement (Rs. Cr)

Y/E December	CY17	CY18	CY19	CY20	CY21
<b>Revenue</b>	<b>13,284.6</b>	<b>14,801.4</b>	<b>15,656.7</b>	<b>13,784.5</b>	<b>16,151.4</b>
Change (%)	20.9	11.4	5.8	-12	17.2
<b>EBITDA</b>	<b>1,909.1</b>	<b>2,044.6</b>	<b>2,409.5</b>	<b>2,481.1</b>	<b>3,000.4</b>
Change (%)	29.5	7.1	17.8	3	20.9
Margin (%)	14.4	13.8	15.4	18	18.6
Depreciation	640.1	599.6	603.0	635.3	597.3
Interest	102.3	89.2	86.2	57.0	54.6
Other Income	131.7	138.5	311.2	204.0	204.8
<b>PBT after Extraordinary Item</b>	<b>1,298.4</b>	<b>1,494.3</b>	<b>2,031.5</b>	<b>1,992.7</b>	<b>2,553.3</b>
EO Income/(Expense)		501		-304.9	-92.9
<b>PBT after Extraordinary Item</b>	<b>1,298.4</b>	<b>1,994.9</b>	<b>2,031.5</b>	<b>1,687.8</b>	<b>2,460.4</b>
Tax	382.9	488.3	672.6	272.8	640.1
Tax Rate (%)	29.5	24.5	33.1	16.2	26
<b>Reported PAT</b>	<b>915.4</b>	<b>1,506.6</b>	<b>1,358.9</b>	<b>1,414.9</b>	<b>1,820.3</b>
<b>Adjusted PAT</b>	<b>915.4</b>	<b>1,006.0</b>	<b>1,358.9</b>	<b>1,474.6</b>	<b>1,889.9</b>
Change (%)	32.7	9.9	35.1	8.5	28.2
Margin (%)	6.9	6.8	8.7	10.7	11.7
<b>EPS</b>	<b>49.23</b>	<b>80.97</b>	<b>73.35</b>	<b>76.16</b>	<b>99.21</b>

### Standalone Balance Sheet (Rs. Cr)

Y/E December	CY17	CY18	CY19	CY20	CY21
Equity Capital	188	188	188	188	188
Reserves & Surplus	9,178	10,340	11,333	12,474	14,040
<b>Total Shareholders Fund</b>	<b>9,366</b>	<b>10,528</b>	<b>11,521</b>	<b>12,661</b>	<b>14,228</b>
Loans	59	0	0	0	0
Deferred Tax Liability	541	663	642	376	383
<b>Capital Employed</b>	<b>9,966</b>	<b>11,191</b>	<b>12,164</b>	<b>13,038</b>	<b>14,611</b>
Gross Block	8,480	8,877	9,397	9,809	10,448
Less: Accumulated Depreciation	1,239	1,828	2,406	3,151	3,725
<b>Net Fixed Assets</b>	<b>7,241</b>	<b>7,049</b>	<b>6,991</b>	<b>6,659</b>	<b>6,723</b>
Capital Work in Progress	262	392	435	545	1,241
Investments in trade	2,530	2,841	4,387	5,743	7,266
Investments in subsidiaries	227	227	227	212	174
<b>Current Assets</b>	<b>4,629</b>	<b>5,517</b>	<b>5,042</b>	<b>4,967</b>	<b>5,516</b>
Inventory	1,404	1,679	1,141	901	1,273
Account Receivables	668	868	628	452	489
Cash and Bank Balance	169	164	155	156	157
Others	2,388	2,806	3,118	3,458	3,596
<b>Current Liabilities and Provisions</b>	<b>4,923</b>	<b>4,834</b>	<b>4,919</b>	<b>5,088</b>	<b>6,308</b>
Account Payables	1,811	1,923	1,471	1,416	1,899
Other Liabilities	2,452	2,563	2,848	3,019	3,387
Provisions	661	349	600	653	1,022
<b>Net Current Assets</b>	<b>-294</b>	<b>682</b>	<b>124</b>	<b>-122</b>	<b>-792</b>
<b>Application of Funds</b>	<b>9,966</b>	<b>11,191</b>	<b>12,164</b>	<b>13,038</b>	<b>14,611</b>

## Financials and Valuations

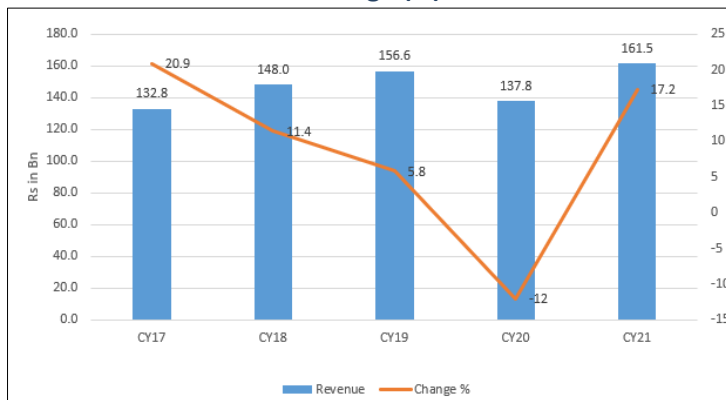
### Key Ratios

	CY17	CY18	CY19	CY20	CY21
<b>Per Share Data</b>					
EPS	49.23	80.97	73.35	76.16	99.21
Book Value per share	498.2	560	612.9	673.5	756.9
DPS	26	14	14	14	58
Dividend Payout (%)	53.3	17.4	19.3	18.6	59.9
<b>Efficiency Ratios</b>					
EBITDA margin (%)	14.4	13.8	15.4	18	18.6
EBIT margin (%)	9.84	9.81	12.07	11.29	13.73
PAT margin (%)	6.9	6.8	8.7	10.7	11.7
<b>Valuation (x)</b>					
P/E	35.71	38.59	28.5	26.2	20.5
Cash P/E	-	24.1	19.7	18.3	15.6
EV/EBITDA	17.3	14	13.2	10.1	10.83
EV/Sales		2.4	2.2	2.3	1.9
Price/Book Value	3.53	3.7	3.4	3.1	2.7
Dividend Yield (%)	0.7	0.7	0.7	0.7	2.8
<b>Profitability Ratios (%)</b>					
RoE	10.1	10.1	12.3	12.2	14.1
RoCE	10.2	11.3	12.1	13.6	14
<b>Solvency Ratios</b>					
Current Ratio (x)	1.18	1.42	1.6	1.76	1.73
Quick Ratio (x)	0.89	1.06	1.36	1.57	1.51
Debt Equity Ratio (x)	0	0	0	0	0

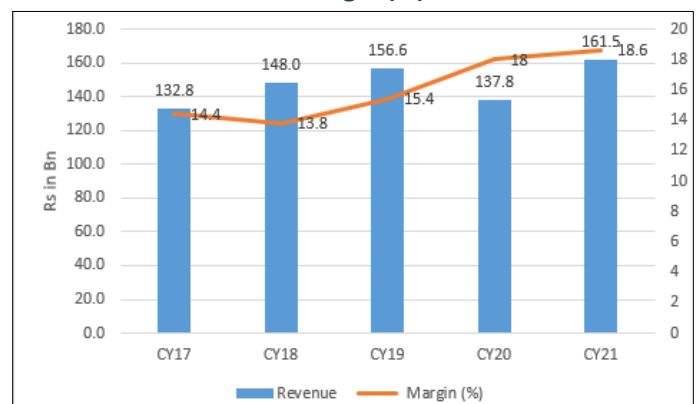
### Cash Flow Statement (Rs. Cr)

Y/E December	CY17	CY18	CY19	CY20	CY21
Net Profit bf EO items & Tax	1,298.4	1,494.3	2,031.5	1,687.8	2,460.4
Depreciation	640.1	599.6	603.0	635.3	597.3
Interest and Finance Charges	10.4	-12.9	0.0	57.0	0.0
Direct Taxes Paid	-217.7	-526.5	-446.2	-706.4	-284.9
(Inc.)/Dec. in WC	-166.0	-449.3	60.1	541.9	58.8
<b>CashFlow from Operations</b>	<b>1,565.1</b>	<b>1,105.2</b>	<b>2,248.4</b>	<b>2,215.6</b>	<b>2,831.6</b>
Others	-10.4	12.9	0	0	0
<b>CashFlow from Operations incl. EO</b>	<b>1,554.8</b>	<b>1,118.1</b>	<b>2,248.4</b>	<b>2,215.6</b>	<b>2,831.6</b>
(Inc.)/Dec. in FA	-519.4	-495.1	-493.5	-725.2	-1,150.9
<b>Free Cash Flow</b>	<b>1,035.4</b>	<b>623.0</b>	<b>1,754.9</b>	<b>1,490.4</b>	<b>1,680.8</b>
Sale/purchase of Investments	134.8	127.3	165.1	188.6	161.9
Others	-26.2	-4.2	-4.2	0	0
<b>CashFlow from Investments</b>	<b>-410.8</b>	<b>-372.0</b>	<b>-332.5</b>	<b>-536.6</b>	<b>-989.0</b>
Inc./(Dec.) in Debt	4.2	-60.6	0	0	0
Interest Paid	-42.0	-40.9	-57.2	-39.9	-31.6
Dividend Paid	-319.2	-281.7	-262.9	-262.9	-262.9
Others	-65.0	-57.9	-54.0	-24.6	-36.0
<b>CashFlow from Financial Activity</b>	<b>-422.1</b>	<b>-441.1</b>	<b>-374.2</b>	<b>-327.4</b>	<b>-330.5</b>
Inc./Dec. in Cash	721.9	305.0	1,541.7	1,351.6	1,512.1
<b>Opening Balance</b>	<b>1,973.5</b>	<b>2,695.4</b>	<b>3,000.3</b>	<b>4,542.0</b>	<b>5,893.6</b>
<b>Closing Balance</b>	<b>2,695.4</b>	<b>3,000.3</b>	<b>4,542.0</b>	<b>5,893.6</b>	<b>7,405.7</b>

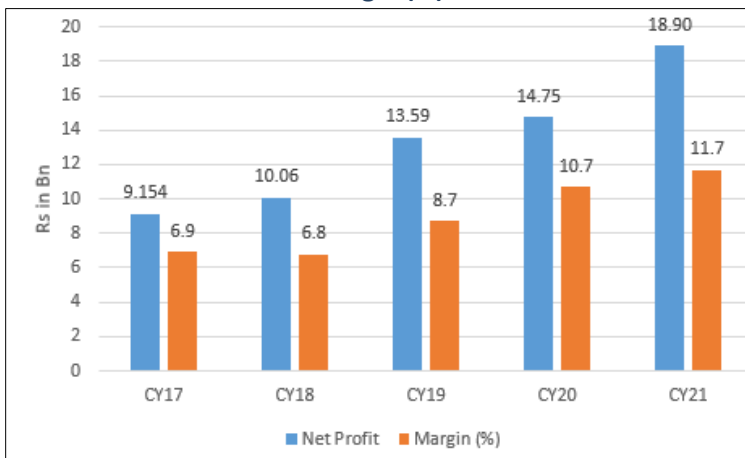
Revenue & Change (%)



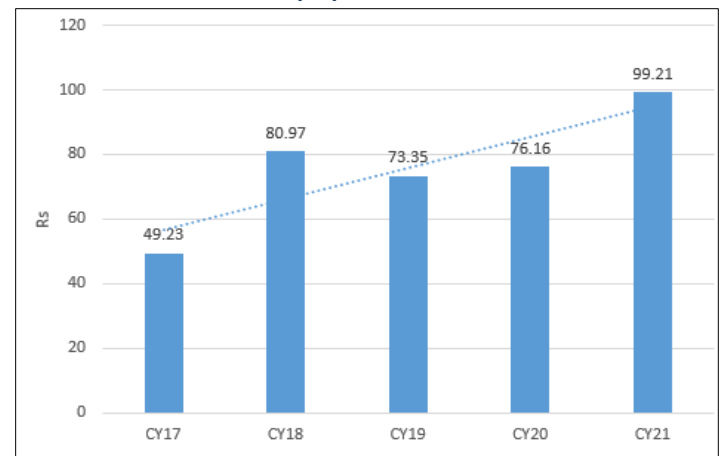
Revenue % Margin (%)



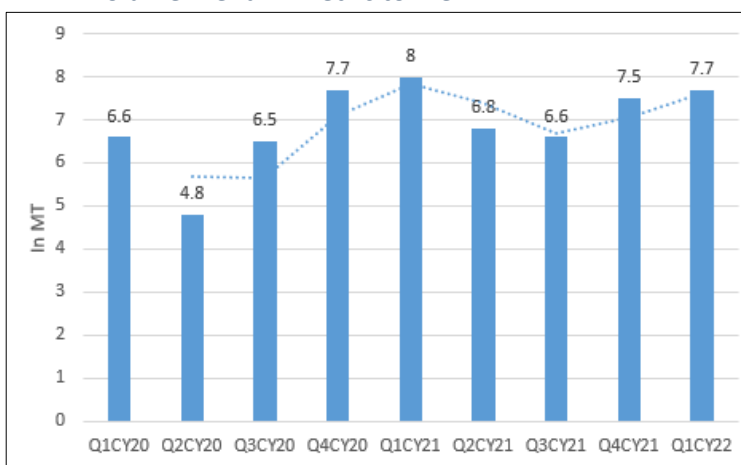
Net Profit & Margin (%)



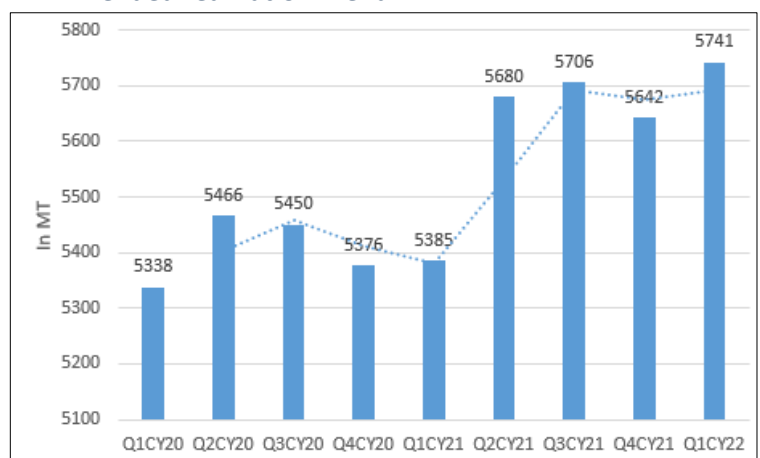
EPS (Rs)



Volume Trend in metric tonne



Blended realization Trend



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**Disclosure:**

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