

**CMP: Rs 1402**  
**Rating : Hold**

**Target Price : Rs 1457**

**Stock Info**

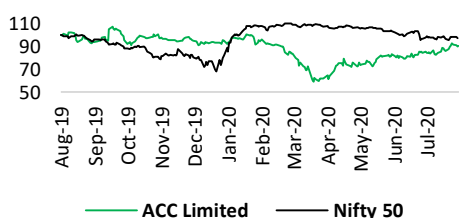
BSE	500410
NSE	ACC
Bloomberg	ACC.BO
Reuters	ACC.NS
Sector	CEMENT
Face Value (Rs)	10
Equity Capital (Rs Cr)	188
Mkt Cap (Rs Cr)	26136
52w H/L (Rs)	1707 / 895
Avg Yearly Volume (in 000')	43.28

**Shareholding Pattern %**

(As on June, 2020)

Promoters	54.53
FII	8.14
DII	18.38
Public & Others	18.95

**ACC Limited Vs Nifty**



**Peer Group Comparison (TTM Cons.)**

in Cr	ACC LIMITED	RAMCO CEMENT	ULTRATEC H CEMENT
Revenue	13387	5285	38353
EBITDA	2209	1147	8408
EBITDAM (%)	16.5	21.7	21.9
PAT	1169	604	5331
PATM (%)	8.7	11.4	13.9
EPS (Rs)	62	25	185
PE(x)	22.5	26.8	21.5
EV/EBIDTA(x)	9.7	16.3	16.1
ROE(%)	9.9	12.1	13.6
D/E(x)	0.0	0.5	0.5

**AGM Highlights ( 26<sup>th</sup> July 2020)**

**Highlights from Chairman's Speech**

- Health & Safety is priority for the company. The business teams have executed a strong business continuity plan focusing on Health, Cost and Cash. This supported resumption of operations, in a phased manner, post lifting of lockdown under strong health precautions. Today, all the plants and grinding units are in operation following strict health and safety protocols. Company is not compromising on Health and Safety while restarting operations
- The year 2019 was a challenging year for the Indian economy, with GDP growth at ~ 5%, also reflecting in the sluggish demand growth of 1.5% to 2% in the Cement industry. Despite the muted economic environment, ACC net sales increased by 6% YoY to Rs. 15,343 cr. Company's premium range of cement products delivered strong double-digit volume growth. Operating EBITDA improved 18% YOY with focus on cost reduction initiatives such as procurement efficiencies, optimising fuel mix and various logistics initiatives. These actions helped deliver Profit After Tax of Rs 1,378 Cr which is 35% YOY improvement over the previous year.
- Company is a debt free and has sufficient cash reserves to meet its financial obligations with a comfortable liquidity position. Company is focused on cash conversion and collections during this period. Company has embarked on a robust program to reduce costs and conserve cash, with very successful outcomes.
- Ready mix concrete business continued to record strong growth of 12% in volume terms and 13% revenue growth over previous year. Fifteen new plants were added during the year, taking the total number of ready mix plants to 90. Your Company has also launched several new products like: ACC Ultivacrete NX, ACC Refraxcrete, ACC Cure Crete ACC Structlitecrete.

**Financial Highlights (Consolidated)**

in Cr	CY18	CY19	CY20E	CY21E
Revenue	14802	15658	14092	15571
EBITDA	2048	2413	2062	2287
EBITDAM (%)	13.8	15.4	14.6	14.7
PAT	1521	1378	1299	1517
PATM (%)	10.3	8.8	9.2	9.7
EPS	80.9	73.3	69.1	80.7
EV/EBIDTA(x)	11.4	9.1	10.1	9.2
PE(x)	17.3	19.1	20.3	17.4

Source: Arihant Research, Company Filings

**AGM Highlights continued:**

- In line with strategy of evolving further into a building materials Company, Company's innovation in cement like Gold water shield is finding rapid acceptance. Company is rolling out a new consumer campaign to further accelerate adoption. Company newly launched construction chemical brand - LeakBlock, has been well received by the market. The innovative packaging and easy to use features are helping educate our stakeholders on improving construction quality.
- On the expansion projects announced by the Company, the Sindri project in Jharkhand is progressing as per plan. The integrated plant expansion at Ametha in Madhya Pradesh is on and the timing of implementation is presently being assessed in the given context.
- The synergy projects between ACC and Ambuja Cement as per the Master Supply Agreement (MSA) approved by the shareholders, are progressing and are delivering efficiencies, especially in the supply chain. Company will continue to drive the MSA to derive further benefits.
- Company continues to work closely with LafargeHolcim. Management is using their knowledge and experience in performance, innovation and digital programs, all of which is helping the Company in delivering robust performance.
- Company continues to work towards becoming carbon neutral, water positive and plastic negative. During the year 2019, Company's Specific CO<sub>2</sub> emission was 505 kg CO<sub>2</sub>/tonne of cement which is one of the best performance in India and compares very well with Global benchmarks. A number of initiatives have been launched towards this purpose. Company's Green Building Centres (GBC) initiative is a key programme that contributes to sustainable construction where it produces sustainable fly ash bricks and pre-fab materials to build affordable homes. Company has helped support local micro entrepreneurs and small businesses to make and market affordable construction materials.
- Company continues to make investments into green energy, notably in solar and wind.
- The Board had recommended a final dividend of Rs. 14/- per equity share for the financial year 2019 which had to be recalled due to deferment of the Annual General Meeting. The company has instead paid Interim Dividend at the same rate of final dividend, resulting in a total outflow of Rs. 262.90 crores



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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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