

ACC

Profits surge on healthy pricing

During 4QCY20, strong pricing in south and stable opex drove ACC's consolidated revenue/EBITDA/APAT by 2/30/65% YoY to INR 41.4/7.0/4.5 bn respectively. ACC commissioned its 1.4mn MT Sindri grinding unit in Jan'21 and expects to commission the greenfield plants (4.8mn MT) in central region by mid-2022, thus boosting its volume growth outlook. We maintain BUY rating on the stock with a revised TP of INR 1,985/share (10x Dec'22 Consolidated EBITDA).

- **4QCY20 key highlights:** Cement volumes fell 1% YoY constrained by capacity ex-south. NSR remained 5% higher YoY despite a 4% QoQ fall (mainly in east and south markets). Unitary opex (adjusted for one-off) rose 1% QoQ (stable YoY) on higher slag and fuel prices. Thus, unitary EBITDA rose 40% YoY to INR 844/MT. RMC division's sales volume/revenue/EBITDA fell 22/21/32% YoY to 0.73 cbm/INR 3.1bn/INR 0.5bn respectively on lower demand in the infrastructure segment.
- **Outlook:** During CY20, ACC generated OCF of INR 22.2bn (flat YoY) and spent INR 7.5bn in capex (vs INR 4.9bn YoY). It has accelerated capex spent 4QCY20 towards its ongoing expansions. In Jan'21, ACC commissioned 1.4mn MT SGU in Sindri (Jharkhand). It expects to commission its greenfield plants in central market (4.8mn MT) by mid-2021. This should boost its volume growth outlook CY22 onwards. We have marginally increased CY21/22E EBITDA estimates by 1/6% respectively. We maintain BUY rating on the stock with a revised TP of INR 1,985/share (10x Dec'22 Consolidated EBITDA).

Consolidated Financial Summary

YE Mar (INR mn)	Q4 CY20	Q4 CY19	YoY (%)	Q3 CY20	QoQ (%)	CY19	CY20	CY21E	CY22E	CY23E
Sales (mn MT)	7.7	7.8	(0.6)	6.5	18.8	28.9	25.5	30.4	32.5	37.0
NSR (INR/MT)	4,970	4,731	5.0	5,148	(3.5)	4,907	5,023	4,985	5,056	5,098
Opex (INR/MT)	4,126	4,128	(0.1)	4,077	1.2	4,124	4,063	4,121	4,148	4,187
EBITDA (INR/MT)	844	603	40.0	1,071	(21.1)	782	960	864	908	911
Net Sales	41,447	40,603	2.1	35,373	17.2	156,576	137,860	166,442	180,859	206,638
EBITDA	7,008	5,410	29.5	6,714	4.4	24,128	24,840	27,464	31,105	35,523
APAT	4,509	2,733	65.0	3,639	23.9	12,782	14,088	15,247	17,615	19,197
AEPS (INR)	24.0	14.5	65.0	19.4	23.9	68.1	75.0	81.2	93.8	102.2
EV/EBITDA (x)						10.0	11.0	10.2	8.7	7.5
EV/MT (INR bn)						7.29	8.23	8.11	6.93	6.76
P/E (x)						22.5	23.5	21.7	18.8	17.3
RoE (%)						11.6	11.6	11.6	12.5	12.6

Source: Company, HSIE Research

Estimates Revision Consolidated

INR Bn	CY21E Old	CY21E Revised	Chg%	CY22E Old	CY22E Revised	Chg%
Net Revenues	160.2	166.4	3.9	169.0	180.9	7.0
EBITDA	27.1	27.5	1.2	29.3	31.1	6.1
APAT	15.0	15.2	1.9	16.3	17.6	8.0
AEPS	79.7	81.2	1.9	86.8	93.8	8.0

Source: Company, HSIE Research

BUY

CMP (as on 12 Feb 2021)	INR 1,764
Target Price	INR 1,985
NIFTY	15,163

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	INR 1,855	INR 1,985
EBITDA %	CY21E 1.2	CY22E 6.1

KEY STOCK DATA

Bloomberg code	ACC IN
No. of Shares (mn)	188
MCap (INR bn) / (\$ mn)	332/4,558
6m avg traded value (INR mn)	2,251
52 Week high / low	INR 1,814/895

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	5.4	25.5	21.9
Relative (%)	(13.5)	(8.8)	(2.1)

SHAREHOLDING PATTERN (%)

	Sep-20	Dec-20
Promoters	54.53	54.53
FIs & Local MFs	25.61	20.68
FPIs	6.60	11.55
Public & Others	13.26	13.24

Pledged Shares - -

Source : BSE

Pledged shares as % of total shares

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