



ACC ACC Limited

"Book Profit"
18th March '14

Result Update	Book Profit
CMP	1253
Target Price	1257
Previous Target Price	1257
Upside	0%
Change from Previous	0%

Market Data

BSE Code	500410
NSE Symbol	ACC
52wk Range H/L	1355/912
Mkt Capital (Rs Crores)	19634
Average Daily Volume (Nos.)	9817
Nifty	6063

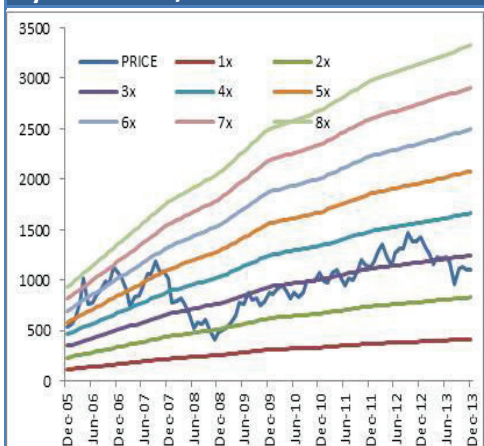
Stock Performance-%

	1M	1yr	YTD
Absolute	-3.5	-22.3	-21.0
Rel. to Nifty	-1.9	-24.4	-22.8

Share Holding Pattern-%

	Curent	3QCY13	2QCY13
Promoters	50.3	50.3	50.3
FII	20.0	20.9	19.5
DII	12.9	11.9	11.7
Others	16.8	16.9	18.6

1 yr Forward P/B



Source - Comapany/EastWind Research

Nearly we saw a upward rally in stocks due to the forecasting of a stable government after election by the market players. The sentimental effect on market is on positive side ,hence the low valued stock like ACC took very less time like one month to come to its near fare value, which we had estimated for a medium term target.

No doubt the stock's fundamentals are good and also available at a cheaper rate comparing to its early trade . In the previous one month the stock performed well & recover 20-22% from its estimated low of CY2013. We didn't expected this rise to be so fast.The CMP was estimated for a medium term target price looking at its earnings and fundamentals . How ever the target price got achieved few days back. we believe the stock's fundamental is still good and price too cheap also , but for the earning upgradation and revised target price we would like to see the 1st quarter earnings, **hence we recommend Book Profit on the stock at a price range between Rs.1253 to Rs.1310.**

Holcim eyeing Jaypee Group's cement grinding plant in Panipat

Holcim Cements has expressed interest in the grinding unit which has an annual capacity of 1.5 million tonnes per annum and the talks are at a preliminary stage. Holcim wants to expand its presence in North India through this strategic asset and will take a call if this potential deal can be routed through ACC cements.ACC Cements has a cement plant nearby in Himachal Pradesh and if JP's grinding unit is absorbed, it would be beneficial logistically and even in terms of costs.

JP Associates looks to exit JV with SAIL

JP Associates,looking to sell its entire stake in its cement joint ventures with SAIL to cut down its debt.The company is likely to part with its 74% stake in Bhilai and Bokaro cement plants that together have an installed capacity of 4.3 mtpa. As per the story , the company is eying around Rs. 2900 crore from the deal with cement major ACC.The deal with ACC if it happens would imply enterprise value of USD 147 per MT as against USD 127 per MT it got for Gujarat plant sale.

Management Quotes :

According to Management the economic environment in the country was sluggish, thus impacting the demand for cement and concrete. As a result, the company's cement volumes remained almost flat. The company appears not enthusiastic for demand growth going forward. Based on current demand indications, we do not foresee any significant improvement in the cement.

Financials :	Q4CY13	Y-o-Y %	Q-o-Q %	Q4CY12	Q3CY13
Net Revenue	2792	-12.2	8.6	3180	2570
EBITDA	361	-9.3	26.2	398	286
Depreciation	153	-3.2	6.3	158	144
Interest Cost	12	-55.6	9.1	27	11
Tax	-36	-190.0	-170.6	40	51
PAT	278	16.3	129.8	239	121

(In Crs)

Outlook

Company has made several capacity expansion plans in the region. ACC is replacing the existing facilities at Jamul, Chhattisgarh with a clinker plant with an annual production capacity of 2.8 MT and local grinding capacity of 1.1 MT of cement, while a new plant with annual capacity of 2.7 MT is scheduled to be built in Kharagpur. The capacity expansion plant will increase the company's total cement production capacity to 35 MT from the existing 30 MT. On a QoQ basis, the EBITDA/tonne improved 10.4% due to an improvement in realisations & comparatively lower increase in total expenditure/tonne, it shows a positive view for the further quarters. Considering the expansion plans we expect 4% growth in sales volume and 10% growth in realization for CY14.

Valuation And Recommendation

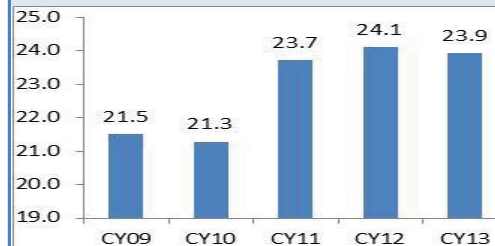
Cement prices witnessed an increase during Oct-Nov,13 but also witnessed a sharp fall during Dec,13 which has contributed towards lower average realizations for the year for the company. Further, with a strong balance sheet with zero debt and better dividend yield of 3%, we continue to remain positive despite near term challenges. We revise our estimates downwards to factor in lower demand growth scenario. At current price of Rs 1253, stock is trading at 2.8x P/B and 2.8x P/B on CY14 estimates. Valuation looks good for this company, but we would like to see the 1st quarter for earning upgrading hence we recommend Book Profit on the stock at a price range between 1253 to 1310.

Company Description :

ACC Limited (ACC) is engaged in manufacture of cement & ready mixed concrete. The Company has grinding plants in Karnataka and clinkering line in Maharashtra. The Company's subsidiaries include ACC Mineral Resources Limited, Lucky Minmat Limited, Bulk Cement Corporation (India) Limited, National Limestone Company Private Limited and Encore Cement and Additives Private Limited. The Company is subsidiary of Ambuja Cement India Private Limited.

P/L PERFORMANCE	CY11	CY12	CY13	CY14E
Net Revenue from Operation	10237	11358	11169	13027
Other Income	191	263	219	219
Total Income	10428	11621	11389	19723
Power and fuel	2199	2384	2384	0
Freight and forwarding	1940	2219	2299	0
Expenditure	8316	9162	9540	10942
EBITDA	1921	2197	1848	2084
Depreciation	510	569	584	639
Interest Cost	97	115	52	50
Tax	215	391	132	323
PAT	1276	1050	1094	1292
ROE%	17.7	18.8	13.8	15.3

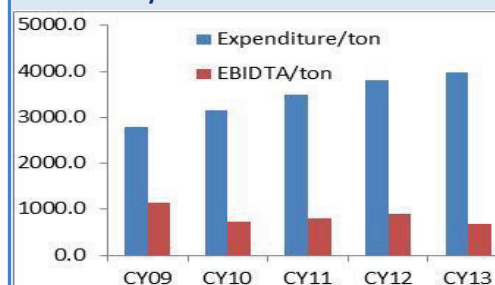
Cement Sales Volume



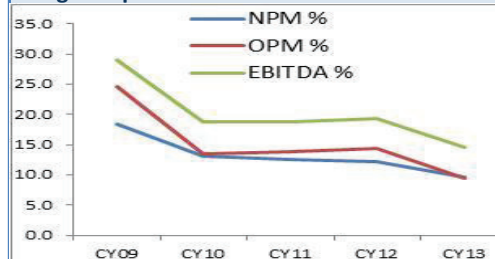
Cement Realization



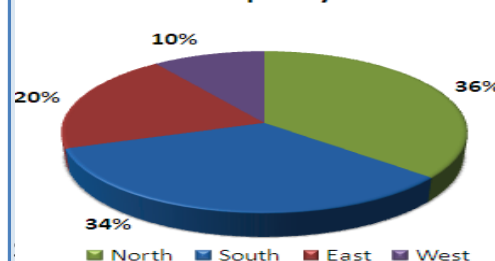
Per Ton Analysis



Margin Gap



Regional distribution of ACC's capacity



B/S PERFORMANCE	CY10	CY11	CY12	CY13
Total equity	6281	6979	7372	7813
Long-term borrowings	510	506	85	0
Short-term borrowings	14	0	0	0
Long-term provisions	188	126	157	89
Trade payables	1581	816	661	642
Short-term provisions	1466	1051	1227	1081
Total liabilities	11041	11921	11928	12101
Intangibles	77	48	39	40
Tangible assets	5230	6359	5893	6040
Capital work-in-progress	1564	370	314	322
Long-term loans and advances	283	461	566	880
Inventories	926	1113	1134	1122
Trade receivables	249	266	303	397
Cash and bank balances	1086	1660	681	506
Short-term loans and advances	162	279	325	340
Total Assets	11041	11921	11928	12101
RATIOS	CY10	CY11	CY12	CY13
P/B	3.2	3.1	3.6	2.7
EPS	57.4	68.7	73.8	57.6
Debtor to Turnover%	3.0	2.6	2.7	3.6
Creditors to Turnover%	19.1	8.0	5.8	5.7
EV	19632	20180	26240	20296
P/E	18.7	16.5	19.4	19.2
EV/EBIDTA	12.7	10.5	11.9	12.5
Dividend Yield%	2.8	2.5	2.1	2.7
ROCE%	14.6	15.2	16.3	12.3
Debt/Equity	0.1	0.1	0.0	0.0
Current Ratio	1.0	1.3	1.4	1.4

