

March 6, 2019

Company	Sector	CMP	Recommendation	Target	Potential Upside
Birla Corp Ltd.	Cement	540	BUY	600	11%

Key Stock Data	
BSE Script Code	BIRLACORPN
NSE Script Code	BIRLACORPN
No. of shares	7.7
FV (Rs.)	10
MCAP (Rs.)	4120 Crs
MCAP (\$)	59 Crs
52 Week High	Rs. 918
52 week Low	Rs. 439
Time Frame	6 months

Incorporated in 1919, Birla Corporation Limited is the flagship Company of the M.P. Birla Group. Apart from cement, the Co. also has Jute manufacturing capacity of 52,631 metric tonnes with the segment contributing to 5.2% of the overall top-line as of FY18. The Cement Division of BCORP has ten plants at seven locations, Satna & Maihar (Madhya Pradesh), Raebareli & Kundanganj (Uttar Pradesh), Chanderia (Rajasthan), Butibori (Maharashtra) and Durgapur (West Bengal) with a total manufacturing capacity of ~15.4 MTPA (Million Tonnes per annum)

Investments Rationale

1. Strong 3QFY19 Numbers

BIRLACORP reported stupendous set of 3QFY19 numbers whereby sales grew by 12% Y-o-Y and 6% Q-o-Q on a Bottom-line growth of 69% sequentially and turned profitable in 3QFY19 to Rs. 27 Crs. as compared to a loss in 3QFY18 of Rs. 22 Crs.

2. Steps to improve efficiency

BIRLACORP plans to commission 12.25 MW Waste Heat Recovery System (WHRS) at Maihar along with ramp-up of captive coal mine at Sial Ghogri, MP which would improve operational efficiencies going ahead.

3. Healthy pricing scenario to increase margins

Currently cement prices have increased on a PAN India basis and we believe current trend of realization improvement should continue for BCORP as we factor in a robust pricing scenario in the region where there is unstable supply-demand scenario

Outlook & Valuations

The Indian cement industry has been facing turbulent times given the acute housing segment stress post RERA and GST but with revision of GST in the housing segment, we feel the demand will be back in the cement sector supported by hike in the cement prices. BIRLACORP is trading at mere 19.75x FY20E PE and we would like to allot PE multiple of 22.5x to arrive at a target price of Rs. 600.

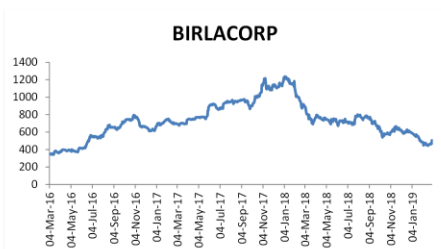
Key Financial

Particulars	FY16 A	FY17 A	FY18 A	Amt in Crs	
				FY19 E	FY20 E
Total Revenue	3761	4981	5943	6474	6927
EBITDA	463	769	869	947	969
PAT	167	219	154	167	208
EPS	21.78	28.5	19.99	21.8	27
PE	24.47	18.70	26.66	24.46	19.75

Source : BSE Website and company research

Shareholding Pattern	
Promoters	62.90%
DII's	15.86%
FII's	2.00%
Others	19.24%

3 years Price Chart



Source: All above data from BSE Website and Capital Line

Analyst Stock Rating	
Ratings	Expected absolute returns over 6 months
BUY	>10%
HOLD	5-10%
SELL	<5%

Note: Our target price is within 6 months perspective. Returns stated in the rating scale are our internal benchmark.

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