

Orient Cement

Buy | Rs.33

5 Million-Ton Cement business is priced at just 1 Million-Ton!

Orient Cement Ltd, a C K Birla group company was demerged from Orient Paper, making it a pure cement play with clean balance sheet. Company has negligible net debt and high level of corporate governance.

Orient cement's integrated manufacturing unit is located in the limestone belt of Devapur (AP), while another split grinding unit is located in Jalgaon, Maharashtra. The company's installed 5 MTPA cement capacity is complimented by a 50MW captive power plant.

Company is setting up another 3 MTPA greenfield cement plant in the limestone-rich Gulbarga district of Karnataka. Work has started after obtaining all necessary clearances, coal and limestone linkages etc. Limestone reserves are estimated to last over 40 years. Commercial production is expected to start by end of FY-15.

Short-term investors and traders feel uncomfortable about the new project and the potential debt in the coming years and have beaten down the stock price. However we are confident this will add value to long-term investors. Management is very excited about the new project, as it would be one of the most efficient cement plants in India.

We expect the stock price to appreciate by over 400% in next 2-3 years!

Stock Data

Market Cap (Cr.):	675
Year high:	60
Year Low:	30
EPS:	7.55
P/E:	4.37
Book Value:	36.93
P/BV:	0.89

Shareholding Pattern

Promoter:	37.50%
FII's:	2.52%
DII's:	33.34%
Non Institutions:	26.64%

Financial Performance

	FY13
Sales	1736
Profit	162
EPS	7.55

Key Financial Data

Debt (Rs. Cr.)	149
Cash (Rs. Cr.)	76