

## Recommendation

<b>Orient Cements Ltd.</b>		<b>BUY</b>
Current Market Price (CMP) <b>Rs. 139.</b>	Target Price <b>Rs. 159</b>	

**Our price target of Rs. 159 offers upside of approximately 15.43% from current levels in the short run with a stop loss of Rs. 128.**

### Rationale

- FII's have increased stake from 6.02% in Q3 FY23, to 7.72% in Q4 FY24.
- The company is investor friendly with a consistently growing dividend payout ratio over the last 3 years. It is a low debt company
- Devapur cement plant in Telangana's Mancherial District will increase the plant's capacity by 60% to 8Mt/yr. Orient Cement will participate in the establishment of the nearby Belampalli skill development centre to help train local youths.
- Commissioning of the 10MW WHRS will boost its margin going forward.
- The stock is looking strong on the technical charts and we recommend an BUY on the stock with a short term target of Rs. 159 with a stop loss of Rs.128, a potential upside of over 15% in the short run.
- The expected reduction in GST rates on cement from 28% will prove beneficial for the company.

### Company Profile

- Orient Cement manufactures and markets cement.
- The New-Delhi based Company's product mix includes ordinary Portland cement (OPC) and Pozzolana Portland cement (PPC), which are sold under the brand name of Birla A1.
- Its high-grade raw materials are used for industrial, residential and commercial construction work.

### Negatives

- Its expansions (Devapur and Tiroda) are expected to be delayed beyond FY25E. However, Orient's volume growth will not suffer as it has a surplus capacity.
- Weak liquidity ratio.



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