

View: EBITDA/tn at multi-quarter/ year high; Buy

- Revenue and EBITDA in line however APAT above estimates.
- BCORP posted (-9.8%)/ 11.3%/ 64.1% YoY growth in revenue/ EBITDA/ APAT to Rs16.9 bn/ Rs3.4 bn/ Rs1.8 bn in Q4FY20 driven by +4.3% YoY realization growth (+3.1% QoQ).
- We expect 4.8%/ 3.4%/ (4.4%) revenue/ EBITDA/ APAT CAGR over FY20-22E led by (-19.2%)/ (34.6%) volume growth and (-0.5%)/ 2.0% cement realization growth in FY21E/ FY22E.
- We factor 3.9mtpa/ 1.2mtpa Mukutban (Maharashtra)/ Kundanganj (U.P.) expansion to commence by end of Q2FY22 vs. Q1FY22 (management guidance for Mukutban). Our 14.8mt volume estimate for FY22E has decent upside risk as we factor 50% (vs. 87.7% in FY20) utilization for H2FY22E for this 5.1mtpa expansion. These expansions likely to provide decent growth in FY23E also. These expansion will keep its net D:E high till FY22E which will start to decline from FY23E.
- We like BCORP's focus on trade segment (81% share), increasing share of premium products (41% share in trade), higher share (92%) of high margin blended cement and sizable presence in relatively better regions of Central, North and expansion in West. Thus, we recommend Buy with a TP of Rs650 based on 6.5x consolidated FY22E EV/EBITDA (Our TP factors EV of USD 59/tn).

Multi-quarter/year high cement EBITDA/tn backed by robust realization

In line realization (+4.3% YoY/ +3.1% QoQ to Rs4,889/tn), lower than estimated volume (-13.2% YoY/ -3.8% QoQ to 3.3mt) and in line operating cost (-0.6% YoY/ -1.1% QoQ to Rs3,862/tn) helped BCORP to report multi-quarter/ year high cement EBITDA/tn of Rs1,027 (+27.9% YoY/ +22.4 QoQ). For FY20 also, BCORP posted multi-year cement EBITDA/tn of Rs967 (+41.6%). Capacity utilisation for Q4FY20/ FY20 stood at 93%/ 91% vs. 98%/ 89% in Q4FY19/ FY19.

Q4FY20 Result (Rs Mn)

Particulars	Q4FY20	Q4FY19	YoY (%)	Q3FY20	QoQ (%)
Revenue	16,900	18,728	(9.8)	17,151	(1.5)
Total Expense	13,453	15,632	(13.9)	14,205	(5.3)
EBITDA	3,446	3,095	11.3	2,946	17.0
Depreciation	894	829	7.8	884	1.2
EBIT	2,553	2,266	12.6	2,063	23.8
Other Income	281	244	14.9	203	38.0
Interest	909	896	1.5	977	(6.9)
EBT	1,924	1,615	19.1	1,289	49.3
Tax	(24)	333	(107.1)	474	(105.0)
RPAT	1,947	1,282	51.9	815	139.0
APAT	1,825	1,112	64.1	815	123.9
			(bps)		(bps)
Gross Margin (%)	45.3	38.0	722	41.1	412
EBITDA Margin (%)	20.4	16.5	386	17.2	322
NPM (%)	11.5	6.8	468	4.8	677
Tax Rate (%)	(1.2)	20.6	(2184)	36.8	(3799)
EBIT Margin (%)	15.1	12.1	300	12.0	308

CMP	Rs 407
Target / Upside	Rs 650 / 60%
BSE Sensex	30,712
NSE Nifty	9,039

Scrip Details

Equity / FV	Rs 770mn / Rs 5
Market Cap	Rs 31bn
	USD 412mn
52-week High/Low	Rs 420/Rs 382
Avg. Volume (no)	1,92,888
NSE Symbol	BIRLACORPN
Bloomberg Code	BCORP IN

Shareholding Pattern Mar'20(%)

Promoters	62.9
MF/Banks/FIs	15.3
FIIIs	4.2
Public / Others	17.6

Valuation (x)

	FY20A	FY21E	FY22E
P/E	6.4	16.0	7.0
EV/EBITDA	4.8	7.2	5.2
ROE (%)	10.5	4.0	8.7
RoACE (%)	9.3	5.9	8.2

Estimates (Rs mn)

	FY20A	FY21E	FY22E
Revenue	69,157	55,659	75,953
EBITDA	13,360	9,780	14,271
PAT	4,869	1,957	4,452
EPS (Rs.)	63.2	25.4	57.8

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Exhibit 1: Actual V/s DART estimates (Rs mn)

Particulars	Actual	DART Est	% Variance	Comments
Revenue(Rs mn)	16,900	17,506	(3.5)	-4.8%/ +1.6% lower/ higher than estimated volume/ realization
EBITDA(Rs mn)	3,446	3,327	3.6	+1.6%/ -0.1% higher/ lower than estimated realization / cost
EBITDA%	20.4	19.0	139	
PAT(Rs mn)	1,825	1,152	58.4	Lower tax than estimates

Source: DART, Company

Exhibit 2: Change in estimates

(Rs mn)	FY21E			FY22E		
	New	Old	% chg	New	Old	% chg
Net revenues	55,659	-	-	73,555	-	-
EBIDTA	9,780	-	-	13,792	-	-
EBIDTA (%)	17.6%	-	-	18.8%	-	-
Adj. Net Profit	1,957	-	-	4,190	-	-
EPS (Rs)	25.4	-	-	54.4	-	-

Source: DART, Company

Other update

BCORP continues to consolidate its share in key markets by focusing on premium (increased share by 400bps to 41% in FY20) and high margin blended cement (increased share by 300bps to 92% in FY20). Trade segment share declined 3% YoY to 80% (Q4FY20) however, remained flat 81% (FY20). With utilization at 93%, BCORP has limited headroom for growth, thus any delay in capacity expansion will limit the growth for the company.

Exhibit 3: Volume, Realization & Cost/tn Analysis

(Rs)	Q4FY20	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20	FY19	YoY (%)
Volume(MT)	3.30	3.80	(13.2)	3.43	(3.8)	13.58	13.60	(0.1)
Realization/tn (Rs)	4,889	4,686	4.3	4,743	3.1	4,847	4,572	6.0
EBITDA/tn (Rs)	1,027	803	27.9	839	22.4	967	683	41.6
Cost/tn (Rs)	3,862	3,884	(0.6)	3,903	(1.1)	3,881	3,890	(0.2)
Raw Material Cost/tn (Rs)	581	704	(17.4)	872	(33.4)	677	693	(2.3)
Employee Expenses/tn (Rs)	296	261	13.5	305	(3.1)	300	273	10.2
Power and Fuels/tn (Rs)	1,003	1,084	(7.5)	919	9.2	1,017	1,092	(6.9)
Freight Expenses/tn (Rs)	1,219	1,265	(3.7)	1,152	5.8	1,196	1,216	(1.6)
Other expenses/tn (Rs)	978	799	22.3	893	9.5	918	846	8.6

Source: Company, DART

Exhibit 4: % of Revenue

Particulars	Q4FY20	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20	FY19	YoY (%)
Raw Material Cost	11.3	14.3	(294)	17.4	(609)	13.3	14.4	(109)
Employee Expenses	5.8	5.3	49	6.1	(33)	5.9	5.7	24
Power and Fuels	19.6	22.0	(241)	18.4	121	20.0	22.7	(271)
Freight Expenses	23.8	25.7	(187)	23.0	76	23.5	25.2	(175)
Other expenses	19.1	16.2	287	17.9	124	18.0	17.6	47

Source: Company, DART

Exhibit 5: Q4FY20 performance (standalone)

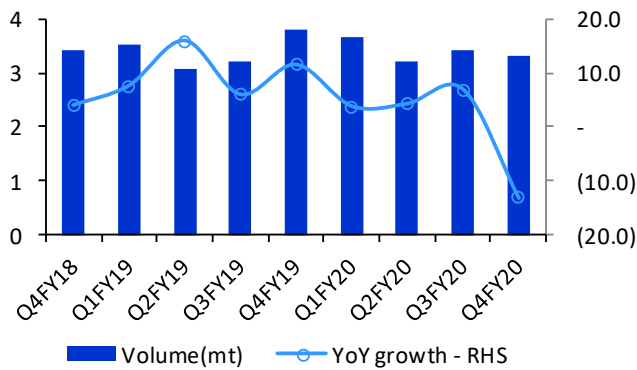
(Rs mn)	Q4FY20	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	FY20	FY19	YoY (%)
Revenue	16,900	18,728	(9.8)	17,151	(1.5)	69,157	65,487	5.6
Raw Material Cost	1,918	2,676	(28.3)	2,992	(35.9)	9,193	9,418	(2.4)
Employee Expenses	976	990	(1.5)	1,047	(6.8)	4,079	3,706	10.1
Power and Fuel	3,311	4,121	(19.7)	3,152	5.0	13,809	14,850	(7.0)
Freight Cost	4,022	4,808	(16.3)	3,952	1.8	16,248	16,529	(1.7)
Other expenses	3,226	3,038	6.2	3,062	5.4	12,469	11,498	8.4
Total Expenditure	13,453	15,632	(13.9)	14,205	(5.3)	55,797	56,001	(0.4)
PBIDT (Excl. OI)	3,446	3,095	11.3	2,946	17.0	13,360	9,486	40.8
Other Income	281	244	14.9	203	38.0	851	785	8.5
Depreciation	894	829	7.8	884	1.2	3,519	3,391	3.8
EBIT	2,833	2,511	12.9	2,266	25.0	10,692	6,880	55.4
Interest	909	896	1.5	977	(6.9)	3,877	3,705	4.6
PBT(Before Exceptional Item)	1,924	1,615	19.1	1,289	49.3	6,815	3,174	114.7
E.O	0	0	-	0	-	0	0	-
PBT(After Exceptional Item)	1,924	1,615	19.1	1,289	49.3	6,815	3,174	114.7
Tax	(24)	333	(107.1)	474	(105.0)	1,763	617	185.6
RPAT	1,947	1,282	51.9	815	139.0	5,052	2,557	97.6
Adjustment	(122)	(170)	-	-	-	(183)	(206)	-
APAT	1,825	1,112	64.1	815	123.9	4,869	2,351	107.1
EPS (Rs)	23.70	14.45	64.1	10.58	123.9	41.38	19.98	107.1
			<i>bps</i>		<i>bps</i>			<i>bps</i>
EBIDTA Margin (excl. O.I.)	20.4	16.5	386	17.2	322	19.3	14.5	483
NPM (%)	10.8	5.94	486	4.8	605	7.0	3.6	345
Tax Rate (%)	(1.2)	20.6	-	36.8	-	25.9	19.4	643

Source: DART, Company

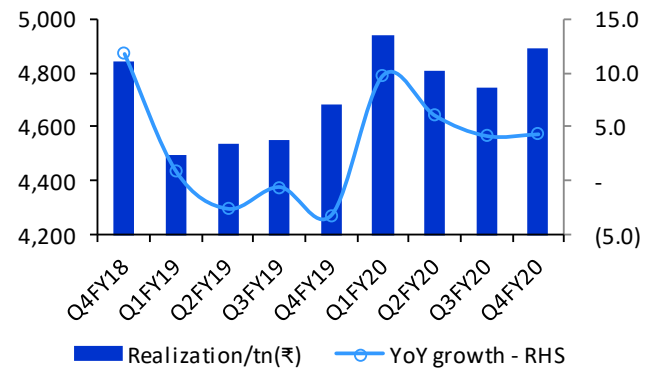
Exhibit 6: Valuation

Particulars	(Rs mn)
Assumed EV/EBITDA multiple (x)	6.5
EBITDA (FY22E)	14,271
EV	92,758
Less: Net Debt (FY22E)	42,799
Mcap	49,960
Shares o/s (mn)	77
Target price (Rs)	650
CMP (Rs)	406.5
Up/(down)side (%)	59.8

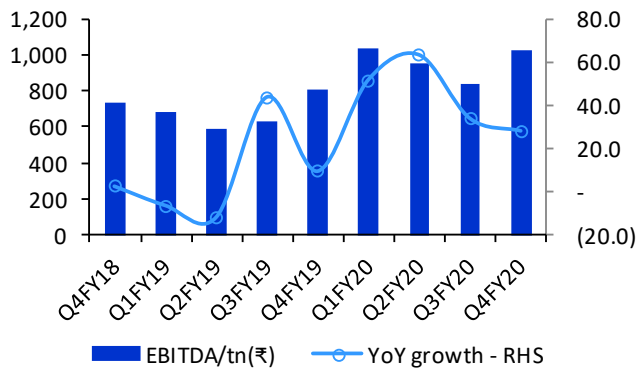
Source: DART, Company

Exhibit 7: Volume (mt)


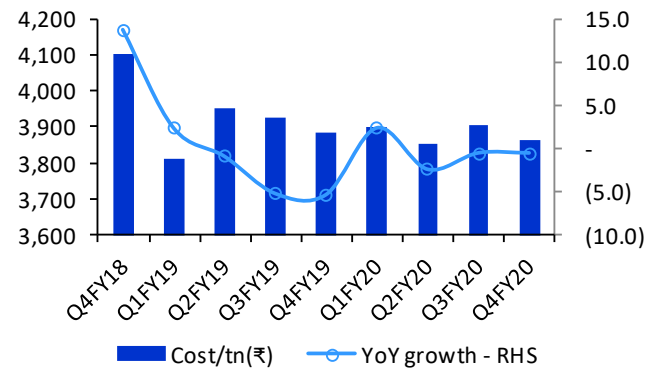
Source: DART, Company

Exhibit 8: Realization/tn(Rs)


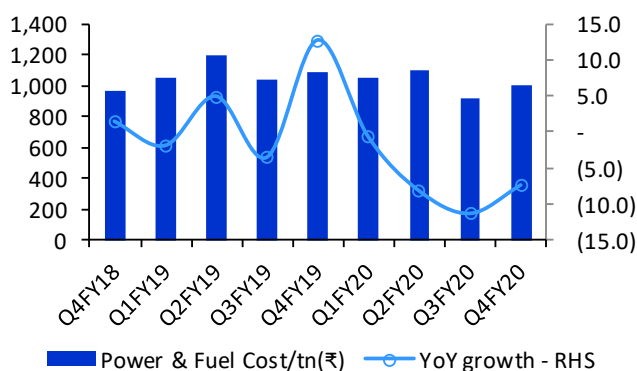
Source: DART, Company

Exhibit 9: EBITDA/tn (Rs)


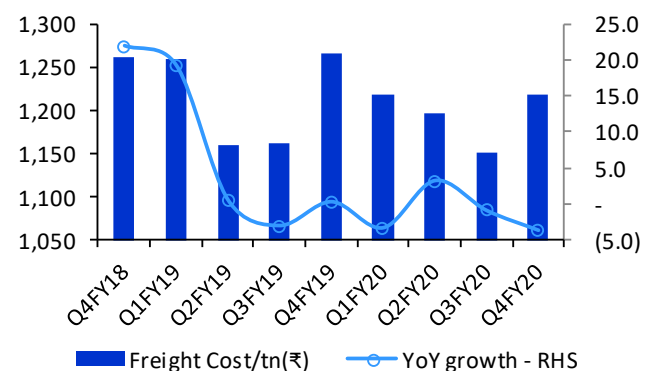
Source: DART, Company

Exhibit 10: Cost/tn (Rs)


Source: DART, Company

Exhibit 11: Power & Fuel Cost/tn (Rs)


Source: DART, Company

Exhibit 12: Freight Cost/tn (Rs)


Source: DART, Company

Profit and Loss Account

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
Revenue	65,487	69,157	55,659	75,953
Total Expense	56,001	55,797	45,879	61,682
COGS	40,798	39,250	31,471	43,124
Employees Cost	3,707	4,079	4,079	4,487
Other expenses	11,497	12,469	10,329	14,072
EBIDTA	9,486	13,360	9,780	14,271
Depreciation	3,391	3,519	3,692	4,332
EBIT	6,095	9,841	6,088	9,939
Interest	3,705	3,877	4,044	4,430
Other Income	785	851	751	851
Exc. / E.O. items	0	0	0	0
EBT	3,174	6,815	2,795	6,360
Tax	617	1,763	839	1,908
RPAT	2,557	5,052	1,957	4,452
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	2,351	4,869	1,957	4,452

Balance Sheet

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
Sources of Funds				
Equity Capital	770	770	770	770
Minority Interest	0	0	0	0
Reserves & Surplus	44,182	47,291	48,670	52,545
Net Worth	44,952	48,061	49,440	53,315
Total Debt	40,492	42,260	46,626	50,726
Net Deferred Tax Liability	7,422	8,568	8,568	8,568
Total Capital Employed	92,866	98,889	1,04,635	1,12,609

Applications of Funds

Net Block	72,662	73,273	74,581	1,01,749
CWIP	9,119	16,020	21,520	2,379
Investments	2,764	1,600	1,600	1,600
Current Assets, Loans & Advances	28,770	30,862	25,647	31,611
Current Investments	6,003	6,762	5,862	6,262
Inventories	7,830	7,876	6,557	8,740
Receivables	2,622	2,504	2,287	2,913
Cash and Bank Balances	1,390	2,558	1,732	1,666
Loans and Advances	12	11	11	11
Other Current Assets	10,913	11,151	9,198	12,019
Less: Current Liabilities & Provisions	20,450	22,865	18,713	24,730
Payables	6,273	5,228	4,727	6,243
Other Current Liabilities	14,177	17,638	13,986	18,487
Net Current Assets	8,320	7,997	6,934	6,881
Total Assets	92,866	98,889	1,04,635	1,12,609

E – Estimates

Important Ratios

Particulars	FY19A	FY20A	FY21E	FY22E
(A) Margins (%)				
Gross Profit Margin	37.7	43.2	43.5	43.2
EBIDTA Margin	14.5	19.3	17.6	18.8
EBIT Margin	9.3	14.2	10.9	13.1
Tax rate	19.5	25.9	30.0	30.0
Net Profit Margin	3.9	7.3	3.5	5.9
(B) As Percentage of Net Sales (%)				
COGS	62.3	56.8	56.5	56.8
Employee	5.7	5.9	7.3	5.9
Other	17.6	18.0	18.6	18.5
(C) Measure of Financial Status				
Gross Debt / Equity	0.9	0.9	0.9	1.0
Interest Coverage	1.6	2.5	1.5	2.2
Inventory days	44	42	43	42
Debtors days	15	13	15	14
Average Cost of Debt	9.1	9.4	9.1	9.1
Payable days	35	28	31	30
Working Capital days	46	42	45	33
FA T/O	0.9	0.9	0.7	0.7
(D) Measures of Investment				
AEPS (Rs)	30.5	63.2	25.4	57.8
CEPS (Rs)	74.6	108.9	73.4	114.1
DPS (Rs)	9.0	9.0	7.5	7.5
Dividend Payout (%)	29.6	14.3	29.5	13.0
BVPS (Rs)	583.7	624.1	642.0	692.4
RoANW (%)	5.4	10.5	4.0	8.7
RoACE (%)	6.8	9.3	5.9	8.2
RoAIC (%)	6.7	10.5	6.1	9.3
(E) Valuation Ratios				
CMP (Rs)	407	407	407	407
P/E	13.3	6.4	16.0	7.0
Mcap (Rs Mn)	31,303	31,303	31,303	31,303
MCap/ Sales	0.5	0.5	0.6	0.4
EV	64,401	64,243	70,335	74,101
EV/Sales	1.0	0.9	1.3	1.0
EV/EBITDA	6.8	4.8	7.2	5.2
P/BV	0.7	0.7	0.6	0.6
Dividend Yield (%)	2.2	2.2	1.8	1.8
(F) Growth Rate (%)				
Revenue	14.3	5.6	(19.5)	36.5
EBITDA	17.4	40.8	(26.8)	45.9
EBIT	28.1	61.5	(38.1)	63.2
PBT	98.6	114.7	(59.0)	127.5
APAT	61.5	107.1	(59.8)	127.5
EPS	61.5	107.1	(59.8)	127.5

Cash Flow

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
CFO	10,641	13,412	7,701	12,172
CFI	(5,434)	(11,840)	(8,271)	(11,331)
CFF	(6,016)	(404)	(256)	(907)
FCFF	6,444	3,505	(2,799)	(187)
Opening Cash	2,198	1,390	2,558	1,732
Closing Cash	1,390	2,558	1,732	1,666

E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

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