

May 13, 2025

Growth outlook remains strong...

About the stock: Birla Corporation, a MP Birla group company, is engaged in the business of manufacturing of cement & also has presence in the jute business. Currently, cement capacity stands at 20 mtpa with 11 plants across Madhya Pradesh, Uttar Pradesh, Rajasthan, Maharashtra & West Bengal. Cement business contributes 95% to total revenue, while jute business contributes 5%

- Birla Corp's revenue has grown by 7.29% CAGR over FY22-25, while EBITDA has grown by 3.1% over the same period

Q4FY25 performance: Revenue was up 6% YoY (+24.7% QoQ) to Rs 2814.9 crore, led by 8.2% YoY growth in sales volume (5.3 mtpa, +16.7% QoQ). Blended realisation remained down 2.1% YoY (+6.9% QoQ). Total cost/ton declined by 3.5% YoY (-2.7% QoQ), mainly due to positive operating leverage. EBITDA/ton stood at Rs 1017/ton (+4.4% YoY, +84.5% QoQ). Subsequently, EBITDA was up 13% YoY (+115.3% QoQ) to Rs 533.8 crores. PAT increased by 32.7% YoY to Rs 256.6 crore.

Investment Rationale

- Reviving demand and expanding capacity to drive volume growth:** Company's volumes recovered in Q4FY25 (+8.2% YoY), led by improvement in demand and improvement in capacity utilisation. We believe that company's sales volume to improve further in FY26E-27E, driven by further ramp-up of Mukutban facility (which is operating at ~80% utilisation) and 1.4 mtpa expansion at Kundanganj (scheduled to be commissioned in Q2FY26E). By FY29E, company plans to increase its total capacity to 27.6 mtpa (expansions at Gaya – 2.8 mtpa, Alighra – 2 mtpa and Prayagraj – 1.4 mtpa totalling to 6.2 mtpa new capacity addition) from 20 mtpa at present. We estimate sales volume growth of ~6.3% CAGR over FY25-27E to 20.4 mtpa in FY27E (from 18.1 mtpa in FY25)
- Significant improvement in EBITDA/ton is expected over FY26E-27E:** With lower total cost/ton (-3.5% YoY, -2.7% QoQ) and 6.9% QoQ improvement in realisation in Q4FY25 (compared to +2% in Q3FY25), EBITDA/ton improved substantially QoQ to Rs 1017/ton in Q4FY25. We believe that overall cost structure will continue to remain favourable, led by various cost efficiency measures including increase in share of green power to 36-37% (from 25% at present), fuel cost & freight cost optimisation. Moreover, increasing share of premium products & positive operating leverage to help margin recovery over FY26E-27E. We estimate EBITDA/ton to improve to ₹ 896/ton by FY27E (from Rs 672/ton in FY25)

Rating and Target Price

- With healthy volume growth and significant improvement in EBITDA/ton over FY25-27E, we expect revenue to grow 8.4% CAGR over FY25-27E while EBITDA & PAT are expected to grow at ~22.6% & ~57.5% CAGR respectively
- We maintain **BUY** with a revised target price of ₹ 1560 (based on 8x EV/EBITDA on FY27E)

Key Financial Summary

Rs crore	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Revenues	8,682	9,663	9,214	7.3%	10,144	10,824	8.4%
EBITDA	772	1,438	1,217	3.1%	1,569	1,831	22.6%
EBITDA margin (%)	8.9	14.9	13.2		15.5	16.9	
Net Profit	41	421	295	-9.5%	556	732	57.5%
EPS (Rs)	5.3	54.6	38.3		72.2	95.1	
P/E (x)	241.3	23.2	30.0		17.6	13.3	
EV/EBITDA (x)	17.4	8.9	10.1		8.0	6.8	
EV/ton (\$)	79	75	72		69	68	
RoCE (%)	3.6	9.0	7.2		9.7	11.3	
RoE (%)	0.7	6.3	4.6		7.5	9.1	

Source: Company, ICICI Direct Research


BIRLA CORPORATION LIMITED

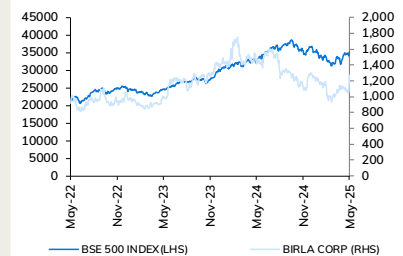
Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	9,772
FY25 Gross Debt (Rs Crore)	3,363
FY25 Cash (Rs Crore)	822
EV (Rs Crore)	12,313
52 Week H/L (Rs)	1657 / 902
Equity Capital	77.0
Face Value	10.0

Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoter	62.9	62.9	62.9	62.9
FII	6.0	5.5	5.6	6.3
DII	16.3	16.2	16.2	15.6
Others	14.8	15.4	15.2	15.2

Price Chart



Recent Event & Key risks

(1) Slowdown in demand (2) Delays in capacity expansion (3) Increase in commodity prices (4) High competition

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Q4FY25 Result Highlights:

- Revenue increased by 6% YoY to Rs 2814.9 crores, as the sales volume growth of 8.2% YoY (to 5.3 mtpa) was partially offset by 2.1% YoY decline in realization
- Sequentially, revenue was up 24.7%, led by 16.7% volume growth with 6.9% improvement in realization
- Total cost/ton declined by 3.5% YoY (-2.7% QoQ), mainly due to positive operating leverage.
- EBITDA/ton stood at Rs 1017/ton which increased by 4.4% YoY (+84.5% QoQ) led by improvement in realisation, positive operating leverage and reduction in power and fuel costs. Subsequently, absolute EBITDA was up 13% YoY (+115.3% QoQ) to Rs 533.8 crores
- PAT increased by 32.7% YoY (+722.7% QoQ) to Rs 256.6 crore.
- For FY25, revenue is down by 4.6% YoY, due to lower realization (-7.1% YoY) and marginal growth in volume of 2.6% YoY. EBITDA/ton stands at Rs 672/ton (vs Rs 815/ton in FY24)

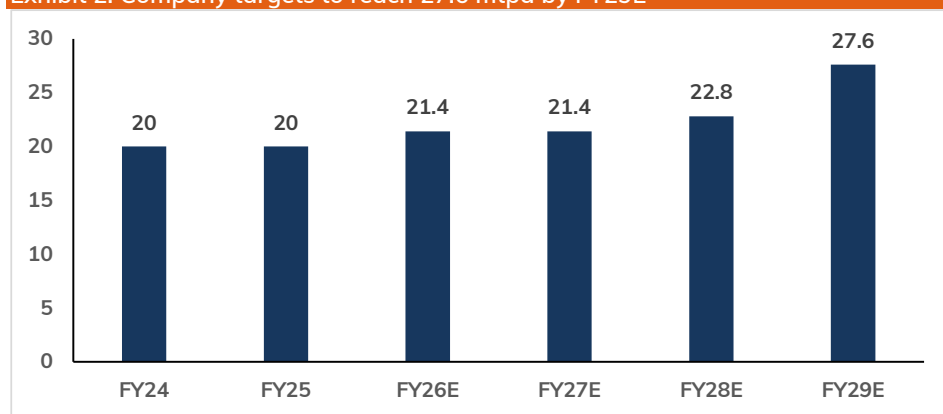
Recent earnings call highlights:

- The company achieved more than 7% QoQ improvement in realizations, primarily from North and East India markets. Prices improved in North and East regions but were flat in Central region
- Volume growth for FY26E is expected at 8-10% in line with industry
- Incentives accrued during the year were ₹103 crores, with ₹41 crores in Q4FY25. Fuel cost for Q4FY25 was ₹1.39 kcal. Lead distance in Q4FY25 was 350 kms overall
- Total Capex for FY25 was ₹437 crores. Capex guidance for FY26E is around ₹1100 crores
- Total capacity expected to reach 27.6 mtpa by FY29E. Key upcoming expansions: Kundanganj Line 3 with 1.4 mtpa to be commissioned in Q2FY26E. Additionally, new grinding units are planned at Gaya with a capacity of 2.8 mtpa, Aligrah with 2 mtpa, and Prayagraj with 1.4 mtpa totalling to 7.6 mtpa
- Clinker capacity is 13 mtpa at present and additional 3.7 mtpa expansion is announced by the company
- Management has reiterated its long-term dedication to the jute sector, emphasizing a strategic transition towards integrated management and the development of value-added products such as geotextiles and environmentally sustainable fabrics. This approach aims to reposition jute as a strategic asset instead of a financial liability
- Bikram coal mine expected to start by Q2/Q3FY26E and meaningful production from FY27E. Power & fuel costs showed a declining trend in this quarter supported by strategic fuel mix. Focus on green power, expected to rise to 36-37% going ahead from 25% at present
- Net debt/EBITDA expected to remain below 2x despite capex plans. Company has no current plans to divest non-strategic equity investments as internal accruals are sufficient for funding capex. Net Debt is expected to be ₹3000 crores
- No material change is expected from Chittorgarh mining case as per the management

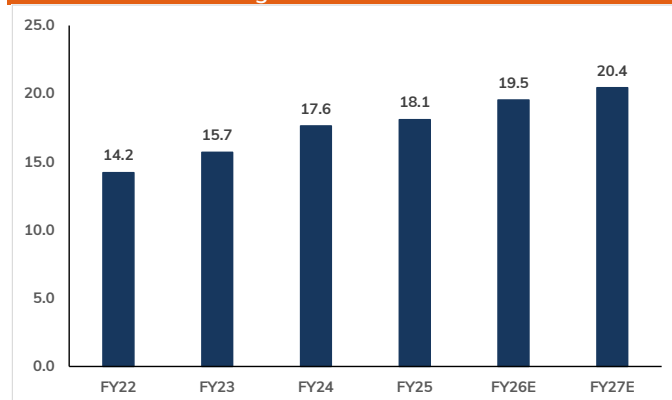
Exhibit 1: Quarterly Analysis

	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	Comments
Operating Income	2,814.9	2,656.4	6.0	2,256.7	24.7	Revenue grew substantially QoQ led by strong volume growth and realisation improvement
Other income	48.2	25.7	87.7	15.4	212.8	
Total Revenue	2,863.1	2,682.1	6.7	2,272.1	26.0	
Raw materials costs	470.5	446.6	5.4	336.9	39.7	
Employees Expenses	132.0	133.0	-0.8	144.0	-8.3	
Other Expenses	519.6	496.7	4.6	473.1	9.8	
Total Expenditure	2,281.1	2,184.0	4.4	2,008.7	13.6	
EBITDA	533.8	472.4	13.0	247.9	115.3	EBITDA improved led by better realisation and lower costs
EBITDA margins (%)	19.0	17.8	118 bps	11.0	798 bps	
Interest	73.3	82.4		83.0		
Depreciation	142.2	149.7	-5.0	139.1	2.3	
Tax	71.6	79.7	-10.2	10.2	605.4	
PAT	256.6	186.3	37.7	31.2	722.7	

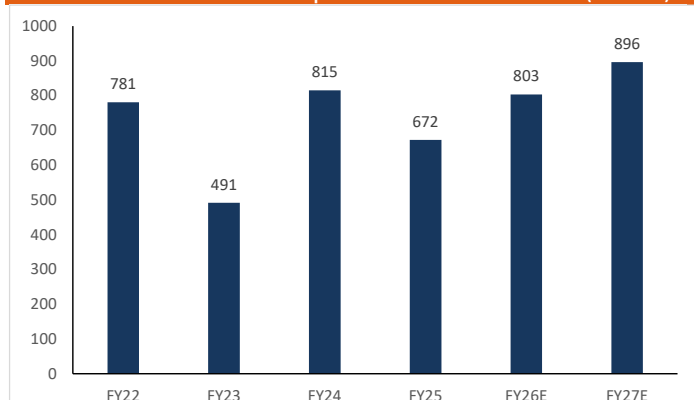
Source: Company, ICICI Direct Research

Exhibit 2: Company targets to reach 27.6 mtpa by FY29E


Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~6.3% CAGR over FY25-27E


Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton to improve over FY25-FY27E (Rs/ton)


Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement

₹ crore

Year-End March	FY24	FY25	FY26E	FY27E
Revenue	9,662.7	9,214.5	10,144.5	10,823.6
% Growth	11.3	(4.6)	10.1	6.7
Other income	85.6	97.9	105.7	114.2
Total Revenue	9,662.7	9,214.5	10,144.5	10,823.6
% Growth	11.3	(4.6)	10.1	6.7
Total Raw Material Costs	1,580.9	1,384.5	1,494.5	1,563.3
Employee Expenses	556.2	564.0	609.1	660.9
other expenses	1,860.3	1,913.5	6,471.9	6,768.5
Total Operating Expenditure	8,225.1	7,997.3	8,575.6	8,992.7
Operating Profit (EBITDA)	1,437.6	1,217.2	1,568.9	1,830.9
% Growth	86.2	(15.3)	28.9	16.7
Interest	371.7	327.1	314.0	308.3
PBDT	1,151.5	988.1	1,360.6	1,636.8
Depreciation	578.3	571.9	618.8	660.2
PBT before Exceptional Items	573.2	416.2	741.8	976.5
Total Tax	159.4	82.6	185.4	244.1
PAT before MI	413.8	295.2	556.3	732.4
PAT	420.6	295.2	556.3	732.4
% Growth	938.4	(29.8)	88.5	31.6
EPS	54.6	38.3	72.2	95.1

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement

₹ crore

Year-End March	FY24	FY25	FY26E	FY27E
Profit after Tax	420.6	295.2	556.3	732.4
Depreciation	578.3	571.9	618.8	660.2
Interest	371.7	327.1	314.0	308.3
Cash Flow before WC changes	1,370.6	1,194.1	1,489.2	1,701.0
Changes in inventory	97.1	(2.4)	(117.0)	(72.6)
Changes in debtors	(91.6)	75.8	(36.1)	(25.1)
Changes in loans & Advances	(36.7)	32.8	(69.3)	(34.8)
Changes in other current assets	138.5	22.8	(59.4)	(20.4)
Net Increase in Current Assets	107.2	129.1	(281.8)	(152.9)
Changes in creditors	(51.7)	4.4	100.4	65.1
Changes in provisions	30.4	(23.4)	(0.5)	1.3
Net Inc in Current Liabilities	111.3	53.1	118.3	99.2
Net CF from Operating activities	1,589.1	1,376.2	1,325.7	1,647.2
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(648.7)	(396.4)	(1,100.0)	(1,000.0)
Net CF from Investing activities	(968.9)	(721.6)	(978.8)	(1,034.0)
Dividend and Dividend Tax	(77.0)	(77.0)	(107.8)	(130.9)
Net CF from Financing Activities	(679.2)	(687.4)	(321.8)	(589.2)
Net Cash flow	(59.1)	(32.7)	25.1	24.0
Opening Cash/Cash Equivalent	218.3	159.2	126.4	151.5
Closing Cash/ Cash Equivalent	159.2	126.4	151.5	175.6

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet

₹ crore

Year-End March	FY24	FY25	FY26E	FY27E
Equity Capital	77.0	77.0	77.0	77.0
Reserve and Surplus	6,596.8	6,938.1	7,386.7	7,988.1
Total Shareholders funds	6,673.8	7,015.1	7,463.7	8,065.1
Total Debt	3,769.7	3,363.3	3,463.3	3,313.3
Total Liabilities	12,502.3	12,343.9	12,892.5	13,343.9
Gross Block	11,770.6	12,130.7	13,191.0	14,191.0
Acc: Depreciation	3,022.7	3,594.5	4,213.3	4,873.6
Net Block	8,747.9	8,536.1	8,977.7	9,317.4
Capital WIP	480.2	560.3	600.0	600.0
Total Fixed Assets	10,269.8	10,094.3	10,575.5	10,915.3
Non Current Assets	1,184.8	1,306.0	1,384.8	1,418.7
Inventory	964.6	967.0	1,083.9	1,156.5
Debtors	414.9	339.1	375.2	400.3
Other Current Assets	267.7	244.9	304.3	324.7
Cash	159.2	126.4	151.5	175.6
Total Current Assets	2,396.9	2,235.1	2,542.0	2,718.9
Current Liabilities	868.0	872.4	972.8	1,037.9
Provisions	52.7	90.0	90.0	91.0
Total Current Liabilities	1,933.9	1,987.0	2,105.3	2,204.5
Net Current Assets	463.0	248.1	436.7	514.5
Total Assets	12,502.3	12,343.9	12,892.5	13,343.9

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

Year-End March	FY24	FY25	FY26E	FY27E
EPS	54.6	38.3	72.2	95.1
Cash per Share	96.6	106.7	84.0	87.1
BV	866.7	911.0	969.2	1,047.3
EBITDA Margin	14.9	13.2	15.5	16.9
PAT Margin	4.4	3.2	5.5	6.8
RoE	6.3	4.6	7.5	9.1
RoCE	9.0	7.2	9.7	11.3
RoIC	8.4	6.3	8.8	10.4
EV / EBITDA	8.9	10.1	8.0	6.8
P/E	23.2	30.0	17.6	13.3
EV / Net Sales	1.3	1.3	1.2	1.1
Sales / Equity	1.4	1.3	1.4	1.3
Market Cap / Sales	1.0	1.1	1.0	0.9
Price to Book Value	1.5	1.4	1.3	1.2
Asset turnover	0.9	0.9	0.9	1.0
Debtors Turnover Ratio	26.2	24.4	28.4	27.9
Creditors Turnover Ratio	10.8	10.6	11.0	10.8
Debt / Equity	0.6	0.5	0.5	0.4
Current Ratio	1.4	1.3	1.4	1.4
Quick Ratio	0.8	0.7	0.8	0.8

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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