

CMP: INR 1,269

Rating: Buy

Target: INR 1,517

Stock Info

BSE	500335
NSE	BIRLACORPN
Bloomberg	BCORP:IN
Sector	Cement
Face Value (INR)	10
Equity Capital (INR mn)	770
Mkt Cap (INR mn)	102,670
52w H/L (INR)	1,657 / 902
Avg Yearly Volume (in 000')	120

Shareholding Pattern %

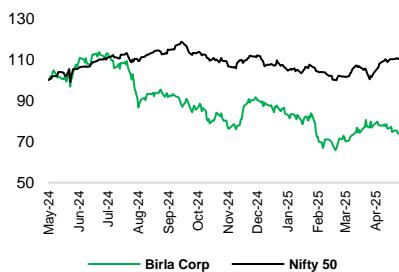
(As on September, 2024)

Promoters	62.9
DII	15.6
FII	6.27
Public & Others	15.23

Stock Performance (%) 1m 6m 12m

BIRLACORPN	13.8%	19%	-9.2%
NIFTY	5.9%	4.91%	11.8%

BIRLACORPN vs Nifty



Abhishek Jain

abhishek.jain@arihantcapital.com
022-422548871

Kunjal Agarwal

kunjal.agarwal@arihantcapital.com

Birla Corp Ltd delivered a strong performance in Q4 FY25, surpassing our expectations, driven by a 7% QoQ improvement in realizations and high capacity utilization. Revenue growth was supported by price recoveries in the north and east regions, with stable central region pricing, and a volume of 750,000 tons from the Mukutban plant alone. The company achieved an EBITDA per ton exceeding INR 1,000, reflecting operational excellence despite challenges like the Kumbh Mela impacting central India logistics. We estimate revenue growth of ~10% YoY, with EBITDA margins expanding due to lower fuel costs (INR 1.39 per million calories) and benign input costs. Revenue for Q4FY25 came in at INR 28,149 Mn, growth of 6.0% YoY / growth of 24.7% QoQ, above estimates of INR 27,872 Mn. Sales Volume was at 5.25 Mnt, with growth of 8.2% YoY and growth of 16.7% QoQ, matching with expectations of 5.3 Mnt. Realization stood at INR 5,362/T, de-growth of 2.0% YoY / growth of 6.9% QoQ, slightly above our expectations INR 5360/T.

Subdued Operating Performance with Improved Profitability- Birla Corp's operating performance in Q4 FY25 showed resilience despite challenges, with cost rationalization efforts (estimated at ~INR 40-50 per ton). EBITDA margins likely expanded to 11% (up 200 bps YoY), supported by a 7% QoQ realization increase and lower fuel costs (INR 1.39 per million calories). PAT turned positive at an estimated INR 384 mn reflecting a PAT margin of ~2% (up 300 bps QoQ), driven by higher operating profits and stable finance costs. However, operating costs may have seen a marginal uptick due to annual employee increments, slightly tempering overall efficiency gains.

Capacity Expansion and Efficiency Initiatives Birla Corp is advancing its capacity expansion plans, targeting 27.6 mn tons by FY29. The Kundanganj plant's 1.4 mn-ton line is on track for commissioning in Q1 FY26, while Maihar Line 2, Prayagraj (1.4 mn tons), Gaya Phase 1 (part of 2.8 mn tons), and Aligarh (2 mn tons) are slated for Q3 FY28, taking capacity to 25 mn tons. The Mukutban plant, operating at 80% utilization, is expected to reach 85% by FY26 end. The company's RCCPL plants remain industry-leading in efficiency, driving future growth. Cost rationalization continues as well as increased renewable energy usage, with 12 MW of green power planned for Maihar by FY25 end. The jute business is being revamped for value-added products (e.g., geotextiles, auto upholstery), with a new management focus to improve ROCE over the long term.

Outlook & Valuation: Birla Corp's Q4 FY25 results reflect a strong recovery driven by pricing tailwinds and operational efficiencies. Management is optimistic for FY26, expecting volumes to align with or exceed the industry's 6-8% growth, fueled by post-festive demand recovery, infrastructure spending, and housing/real-estate demand. Moderate price hikes and demand upticks in Q1fy26 are expected to continue cement sector recovery. The company's focus on cost optimization, green energy, and capacity expansion positions it well for long-term growth. We maintain a Buy rating with a target price of INR 1,517, reflecting confidence in Birla Corp's strategic execution and market recovery.

Key Financials

Particulars (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	86,822	96,562	92,145	97,040	1,04,858
EBITDA	7,720	14,376	12,172	14,347	16,068
EBITDAM (%)	8.9%	14.9%	13.2%	14.8%	15.3%
APAT	405	4,206	2,952	4,985	6,409
APATM (%)	0.5%	4.4%	3.2%	5.1%	6.1%
EPS (Rs)	5.3	54.6	38.3	64.7	83.2
EV/EBITDA	16.9	8.4	9.5	7.4	6.2
RoE (%)	0.6%	6.5%	4.9%	6.9%	8.3%

Source: Arihant Research, Company Filings

Q4FY25 Concall Highlights

Outlook

- Birla Corp expects FY26 volumes to align with industry growth of 6-8%, potentially exceeding it. The focus is on sustainable operations rather than influencing broader industry trends.
- They are targeting 27.6 mn tons of capacity expansion by FY29
- Total CapEx for expansions estimated at INR 47,590 Mn, with INR 11,000 Mn planned for FY26.
- For jute Business they are aiming for a turnaround via value-added products (e.g., geotextiles, auto upholstery) and exports, with new management focus.
- Strategy under development for RMC Business, will clear plans expected by Q2 FY26.
- Bikram coal mine to start in Q3 FY25, with meaningful production in FY26. Another mine to commence in FY28. There focus is on cost optimization

Financial Highlights

- Revenue for Q4FY25 came in at INR 28,149 Mn, growth of 6.0% YoY / growth of 24.7% QoQ, above estimates of INR 27,872 Mn.
- Sales Volume was at 5.25 MnT, with growth of 8.2% YoY and growth of 16.7% QoQ, matching with expectations of 5.3 Mnt.
- Realization stood at INR 5,362/T, de-growth of 2.0% YoY / growth of 6.9% QoQ, slightly above our expectations INR 5360/T.
- EBITDA margin at 19%, increase of 117bps YoY / increase of 798bps QoQ, above our estimate of 15.4%.
- EBITDA/ton at INR 1017/T, increase of 4.4% YoY / increase of 84.5% QoQ, above our estimate of INR 825/T.
- The company reported Profit on the bottom-line with PAT at INR 2566 Mn, growth of 32.7% YoY / growth of 722.7% QoQ.
- Total capex for FY25 was INR 4370 Mn. Planned capex for FY26 is projected at INR 11,000 Mn.
- Net debt expected to rise to INR 30,000 Mn in FY26 due to CapEx.
- Debt-to-EBITDA ratio to remain below 2 in FY26, well below the policy threshold of 3.
- Q4 fuel cost at INR 1.39 per mn calories, with a declining trend in power and fuel costs (INR 1,000 per ton).
- Total incentives accrued in FY25 were INR 1,030 Mn, with INR 410 Mn in Q4.

Other Highlights

- As the company plan to expand its capacity to 27.6 Mnt, in FY26 the Expansion plan is to commission Kundanganj Line 3 (1.4 mn tons) in Q1/Q2, reaching 21.4 mn tons.
 - in FY28 (Q3) they will commission Maihar Line 2, Prayagraj (1.4 mn tons), Gaya Phase 1 (part of 2.8 mn tons), and Aligarh (2 mn tons) to add ~4 mn tons, reaching 25 mn tons.
- Q4 Volumes: 750,000 tons, with a lead distance of 350 km. Mukutban contributed 750,000 tons in Q4, with FY25 total at ~22.5 million tons.
- Mukutban is operating at 80% capacity utilization in Q4, targeting 85% by FY26 end.
- Clinker Sales: Marginal at 20,000-30,000 tons in Q4.
- Power and fuel costs declining, supported by a 25% green power mix (solar, hybrid, WHRS). Target to increase to 36-37% in two years. Continued focus on optimizing fuel mix for cost efficiency.
- Jute Business Strategy: Integrated management approach to improve efficiencies and move up the value chain. No impairment planned.
- Q4 benefited from price recovery in north and east, and stabilization in Maharashtra post-elections. Central India faced logistical challenges due to Kumbh Mela.
- High capacity utilization and operational coordination exceeded internal expectations, driving strong Q4 performance.
- RMC and Other Ventures: Early-stage planning for Ready-Mix Concrete (RMC), with no specific CapEx or margin details yet.

Q4FY25 - Quarterly Performance (Consolidated)

INR Mn (Consolidated)	Q4FY25	Q4FY24	Y-o-Y	Q3FY25	Q-o-Q
Net Revenue	28,149	26,544	6.0%	22,567	24.7%
Operating Costs	16,295	15,621	4.3%	13,917	17.1%
Employee cost	1,320	1,330	-0.8%	1,440	-8.3%
Other Expenses	5,196	4,870	6.7%	4,731	9.8%
EBITDA	5,338	4,724	13.0%	2,479	115.3%
<i>EBITDA margin %</i>	<i>19%</i>	<i>18%</i>	<i>117bps</i>	<i>11%</i>	<i>798bps</i>
Depreciation	1,422	1,497	-5.0%	1,391	2.3%
EBIT	3,916	3,227	21.3%	1,089	259.7%
Other Income	482	257	87.7%	154	212.8%
Finance cost	733	824	-11.1%	830	-11.7%
Exceptional Item	384	(70)	-645.8%	-	-
PBT	3,282	2,731	20.2%	413	693.9%
Tax Expense	716	797	-10.2%	102	605.4%
<i>Effective tax rate %</i>	<i>22%</i>	<i>29%</i>	<i>-738bps</i>	<i>25%</i>	<i>-274bps</i>
PAT	2,566	1,933	32.7%	312	722.7%
<i>PAT margin %</i>	<i>9%</i>	<i>7%</i>	<i>183bps</i>	<i>1%</i>	<i>773bps</i>
EPS (Rs)	3.33	2.51	32.7%	0.41	722.7%

INR Mn (Consolidated)	Q4FY25	Q4FY24	Y-o-Y	Q3FY25	Q-o-Q
Sales volume (mt)	5.25	4.85	8.2%	4.5	16.7%
Realisation	5362	5473	-2.0%	5015	6.9%
Ebitda /ton	1017	974	4.4%	551	84.5%
P&F/ton	884	1000	-11.6%	1025	-13.8%
Freight/ton	1324	1300	1.8%	1319	0.4%
Total cost/ ton	4345	4499	-3.4%	4464	-2.7%

Source: Arihant Research, Company Filings

Profit & Loss Statement (Consolidated)

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E
Net sales	96,562	92,145	97,040	1,04,858
Expenditure				
Cost of materials	14,818	14,437	15,138	16,358
Purchase of stock in trade	238	187	194	210
(Inc)/Dec In Stocks	753	(778)	500	500
Total raw materials	15,809	13,845	15,832	17,068
Gross Profit	80,753	78,300	81,208	87,790
Gross Profit M (%)	83.6%	85.0%	83.7%	83.7%
Employee cost	5,562	5,640	5,628	6,082
Fuel cost	19,474	17,717	18,632	20,133
Freight & Forwarding	20,353	21,188	19,796	21,391
Other expenses	20,988	21,583	22,805	24,117
Total expenditure	66,377	66,128	66,861	71,723
EBITDA	14,376	12,172	14,347	16,068
EBITDAM (%)	14.9%	13.2%	14.8%	15.3%
Depreciation	5783.1	5,719	5,951	6,176
PBIT	8,593	6,454	8,396	9,891
Other income	855.7	979	970	1,049
Interest expenses	3717.1	3,271	2,985	2,737
PBT	5,731	4,162	6,381	8,203
Tax	1593.7	826.3	1395.4	1793.9
Reported PAT	4,138	3,336	4,985	6,409
Except. Inc/Exp	-67.8	383.7	0	0
PAT (after Exceptional)	4,206	2,952	4,985	6,409
PAT Margin %	4.4%	3.2%	5.1%	6.1%
EPS	54.6	38.3	64.7	83.2

Source: Arihant Research, Company Filings

Balance Sheet (Consolidated)

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E
Share Capital	770	770	770	770
Reserves & Surplus	65968	69381	73789	79621
Net worth	66738	70151	74559	80391
Minority Interest	0.4	0.4	0.4	0.4
Long term borrowings	31853	26654	23455	21110
Short term borrowing	5845	6979	6700	6533
Total Debt	37697	33633	30155	27642
Deferred tax liabilities	11042	10401	10401	10401
Current Liabilities	27924	28361	29777	32175
Provisions	960	763	1063	1149
Total	39926	39525	41242	43726
Total liabilities	144362	143309	145956	151759
Application of Funds				
Net Block	97907	95351	91179	90002
Capital work in process	4802	5603	5603	5603
Investments	12870	14523	16497	19923
Current Assets				
Inventories	9646	9670	10103	10917
Sundry Debtors	4149	3391	3456	3735
Cash and Bank	1592	1265	5027	6353
Loans and Advances	13396	13506	14091	15226
Total	28783	27832	32677	36231
Total assets	144362	143309	145956	151759

Source: Arihant Research, Company Filings

Cash Flow Statement (consolidated)

Particulars (INR Mn)	FY24	FY25E	FY26E	FY27E
Profit before tax	5799	3779	6381	8203
Add: Depreciation	5783	5719	5951	6176
Add: Interest cost	3717	3271	2985	2737
Others	-369	-89	0	-4000
Operating profit before WC changes	14930	12678	15318	13116
Changes in working capital	2021	4740	2800	4712
Cash from Operations	16952	17418	18117	17828
Less: Taxes	-751	-723	-700	-700
Cash flow from Operations	16201	16695	17417	17128
Cash flow from investing	-7001	-8857	-7106	-10552
Cash flow from Financing	-9698	-8227	-6463	-5250
Net cash Inflow/Outflow	-497	-389	3848	1326
Opening cash	2065	1568	1179	5027
Closing cash	1568	1179	5027	6353

Source: Arihant Research, Company Filings

Ratio Analysis

Particulars	FY24	FY25E	FY26E	FY27E
Per share Data				
EPS (Rs)	54	43	65	83
Book value per share (Rs)	867	911	968	1044
Profitability Ratios				
EBITDAM(%)	14.9%	13.2%	14.8%	15.3%
PBTM (%)	5.9%	4.5%	6.6%	7.8%
NPM (%)	4.4%	3.2%	5.1%	6.1%
RoE (%)	6.5%	4.9%	6.9%	8.3%
RoCE (%)	7.5%	5.6%	7.3%	8.5%
Efficiency Data				
Debt-Equity (x)	0.6	0.5	0.4	0.3
Net Debt/Equity(x)	0.3	0.3	0.1	0.0
Interest Cover (x)	2.3	2.0	2.8	3.6
Debtors (Days)	16	13	13	13
Inventory (Days)	36	38	38	38
Payable (Days)	106	112	112	112
Valuation				
P/E (x)	23.6	29.3	19.6	15.2
P/BV	1.5	1.4	1.3	1.2
EV/EBITDA	8.4	9.5	7.4	6.2
EV/Sales	1.3	1.3	1.1	0.9

Source: Arihant Research, Company Filings

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 st Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800	6 Lad Colony, Y.N. Road, Indore - 452003, (M.P.) Tel: (91-731) 4217100/101 CIN: L66120MP1992PLC007182

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	www.arihantcapital.com	instresearch@arihantcapital.com

Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Disclaimer: This disclosure statement is provided in compliance with the SEBI Research Analyst Regulations, 2014. Arihant Capital Markets Limited (ACML) is a registered stockbroker, merchant banker, and research analyst under SEBI, and is also a Point of Presence with the Pension Fund Regulatory and Development Authority (PFRDA). ACML is registered with SEBI with Research Analyst Registration Number INH000002764, Stock Broker Registration Number INZ000180939, and is a Trading Member with NSE, BSE, MCX, NCDEX, and a Depository Participant with CDSL and NSDL.

ACML and its associates may have business relationships, including investment banking, with companies covered by its Investment Research Department. The analysts of ACML, and their associates, are prohibited from holding a financial interest in securities or derivatives of companies they cover, though they may hold stock in the companies they analyze. The recommendations provided by ACML's research team are based on technical and derivative analysis and may differ from fundamental research reports.

ACML confirms that neither it nor its associates have a financial interest or material conflict concerning the companies covered in the research report at the time of publication. Furthermore, ACML, its analysts, and their relatives have no ownership greater than 1% in the subject companies as of the month prior to publication. ACML guarantees that the compensation for its research analysts is not influenced by specific securities or transactions.

ACML affirms that neither the analyst nor the company has served as an officer, director, employee, or engaged in market-making activities for any of the subject companies. Additionally, the research report does not reflect any conflict of interest and is not influenced by specific recommendations made. Neither ACML nor its analysts have received compensation for investment banking or brokerage services from the subject companies in the last 12 months.

The views expressed in this report are those of the analysts and are independent of the proprietary trading desk of ACML, which operates separately to maintain an unbiased stance. Analysts comply with SEBI Regulations when offering recommendations or opinions through public media. The report is intended for informational purposes only and is not an offer or solicitation for the purchase or sale of securities.

This report, which is confidential, may not be reproduced or shared without written consent from ACML. It is based on publicly available data believed to be reliable but has not been independently verified, and no guarantees are made about its accuracy. All opinions and information contained in the report are subject to change without notice.

ACML disclaims liability for any losses resulting from reliance on this report. The report does not constitute an offer to buy or sell securities, and ACML is not responsible for the risks involved in investments. ACML and its affiliates may have positions in the securities discussed or hold other financial interests in them.

The distribution of this report in certain jurisdictions may be restricted by law, and the report is not intended for distribution where it would violate local laws. Investors are advised to consider their financial position, risk tolerance, and investment objectives before engaging in transactions, particularly in high-risk financial products such as derivatives.

ACML reserves the right to modify this disclosure statement without prior notice. The report has been prepared using publicly available information and internally developed data, though ACML does not guarantee its completeness or accuracy. Historical price data for securities can be accessed via official exchanges like NSE or BSE.

ACML and its affiliates may conduct proprietary transactions or investment banking services for the companies mentioned in this report. In compliance with SEBI regulations, ACML maintains comprehensive records of research reports, recommendations, and the rationale for those recommendations, which are preserved for at least five years. An annual compliance audit is conducted by a member of the ICAI or ICSI to ensure adherence to applicable regulations. This report is issued in accordance with applicable SEBI regulations and does not guarantee future performance or returns.

Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800