




Estimate change 
TP change 
Rating change 

CMP: INR1,545 TP: INR1,800 (+16%) Buy

Higher realization drives earnings beat

Volume growth at ~8-9% YoY in FY25E; EBITDA/t to grow ~8-10% YoY

- Birla Corporation (BCORP)'s 4QFY24 consol. EBITDA increased 72% YoY to INR4.7b (vs. estimated INR4.0b), while EBITDA/t grew 58% YoY to INR974 (est. INR801). OPM surged 6.6pp YoY to 17.8% (est. ~15.0%) for the quarter. Adj. PAT stood at INR1.9b vs. estimated INR1.4b for 4QFY24.
- Mukutban unit's capacity utilization improved to ~68% in 4QFY24 and ~77% in Mar'24. It targets 2.7mt of volume from the Mukutban plant (~70% utilization) in FY25. Management guided a volume growth of ~8-9% YoY in FY25 and ~8-10% improvement in EBITDA/t. Currently, BCORP is focusing on expanding the grinding capacity, while clinker expansion is likely by FY27.
- We retain our earnings estimates for FY25/26. **However, we raise our TP to INR1,800 (from INR1,700)** due to a higher-than-estimated CFO in FY24 and a lower capex in FY24/FY25E. We value the stock at 9x FY26E EV/EBITDA to arrive at our TP. **Reiterate BUY.**

Volume up 9% YoY; Opex/t down 9% YoY

- Consolidated revenue/EBITDA/Adj. PAT stood at INR26.6b/INR4.7b/INR1.9b (up 8%/72%/165% YoY and in line/up 19%/31% vs. our estimates) in 4QFY24. Sales volume grew 9% YoY to 4.85mt (2% below our estimate). Cement realization declined 1%/2% YoY/QoQ to INR5,218 (3% above estimates).
- Opex/t dipped 9% YoY (1% below estimate), led by a 15% decline in variable costs, and a 4% decline in freight costs. Other expenses/t remained flat YoY. OPM jumped 6.6pp YoY to 17.8%, and EBITDA/t was up 58% YoY to INR974.
- **In FY24**, revenue grew 11% YoY to INR97b, largely led by 12% YoY volume growth. EBITDA rose 86% YoY to INR14.4b, while OPM surged 6pp YoY to ~15%. EBITDA/t rose 66% YoY to INR815. Net profit surged 11.5x YoY to INR4.2b.
- The company's OCF doubled YoY to INR16.2b in FY24. BCORP's capex stood at INR5.3b vs. INR6.3b in FY23. FCF stood at INR11.0b vs. INR1.8b in FY23.

Highlights from the management commentary

- The company expects state incentives for the Mukutban plant to accrue from the beginning of FY25 (vs. previous estimate of 4QFY24). The total incentive accrual is estimated at INR1.1b in FY25, largely from the Mukutban plant.
- Fuel consumption costs stood at INR1.56/Kcal vs. INR1.58/Kcal in 3QFY24. Operations at the Bikram coal mine are likely to commence from 2QFY25.
- Capex is pegged at INR8b in FY25E, of which INR4b is for maintenance and other projects, INR2b for coal mine development, and INR2b for the Kundanganj line-3.

Valuations attractive; reiterate BUY

- We estimate a consol. revenue/EBITDA/PAT CAGR of 7%/11%/28% over FY24-26. We further estimate BCORP's net debt to decline to INR21b in FY26 from INR30b in FY24 and net debt-to-EBITDA to improve to 1.2x from 2.1x in FY24.
- BCORP currently trades at 8.6x/7.5x FY25E/26E EV/EBITDA, at a lower valuation than its similar-sized peers. **We reiterate our BUY rating with a revised TP of INR1,800 (vs. 1,700), based on 9x FY26E EV/EBITDA.**

Bloomberg	BCORP IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	118.9 / 1.4
52-Week Range (INR)	1802 / 970
1, 6, 12 Rel. Per (%)	3/2/33
12M Avg Val (INR M)	226

Financial Snapshot (INR b)

Y/E MARCH	FY24	FY25E	FY26E
Sales	96.6	101.6	110.1
EBITDA	14.4	16.1	17.8
Adj. PAT	4.2	5.5	6.9
EBITDA Margin (%)	14.9	15.8	16.2
Adj. EPS (INR)	54.0	71.8	89.0
EPS Gr. (%)	1,052.2	33.0	23.9
BV/Sh. (INR)	867	926	1,003

Ratios

Net D:E	0.5	0.4	0.3
RoE (%)	6.6	8.0	9.2
RoCE (%)	7.5	6.8	7.6
Payout (%)	15	17	13

Valuations

P/E (x)	28.6	21.5	17.4
P/BV (x)	1.8	1.7	1.5
EV/EBITDA(x)	9.9	8.6	7.5
EV/ton (USD)	86	84	75
Div. Yield (%)	0.6	0.8	0.8

Shareholding pattern (%)

As On	Mar-24	Dec-23	Mar-23
Promoter	62.9	62.9	62.9
DII	15.6	16.2	16.4
FII	6.8	6.4	5.7
Others	14.7	14.5	15.0

FII Includes depository receipts

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Consolidated performance

(INR b)

Y/E March	FY23				FY24				FY23	FY24	FY24 4QE	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Cement Sales (MT)	3.93	3.64	3.72	4.44	4.41	4.18	4.20	4.85	15.73	17.65	4.97	(2)
YoY Change (%)	17.3	11.3	11.0	4.7	12.2	14.8	12.9	9.2	10.6	12.2	11.9	
Cement Realization	5,344	5,151	5,177	5,279	5,229	5,211	5,316	5,218	5,242	5,239	5,090	3
YoY Change (%)	8.1	5.6	4.9	4.1	(2.2)	1.2	2.7	(1.2)	5.7	(0.0)	(3.6)	
QoQ Change (%)	5.4	(3.6)	0.5	2.0	(0.9)	(0.3)	2.0	(1.8)			(4.2)	
Net Sales	22.0	20.0	20.2	24.6	24.1	22.9	23.1	26.6	86.8	96.6	26.5	0
YoY Change (%)	26.0	17.8	15.2	8.8	9.3	14.3	14.7	7.9	16.4	11.3	7.6	
Total Expenditure	19.4	19.1	18.7	21.9	21.1	20.0	19.3	21.8	79.1	82.3	22.5	(3)
EBITDA	2.6	0.9	1.4	2.7	3.0	2.9	3.8	4.7	7.7	14.4	4.0	19
Margin (%)	11.8	4.7	7.2	11.1	12.4	12.6	16.4	17.8	8.9	14.9	15.0	275
Depreciation	1.1	1.3	1.3	1.4	1.4	1.4	1.4	1.5	5.1	5.8	1.5	3
Interest	0.7	0.9	0.9	0.9	1.0	1.0	1.0	0.8	3.4	3.7	1.0	(16)
Other Income	0.1	0.4	0.1	0.5	0.2	0.3	0.2	0.3	1.1	0.9	0.4	(31)
Profit before Tax	0.9	-0.8	-0.6	0.9	0.8	0.8	1.5	2.7	0.4	5.7	1.9	39
EO (Income)/Expense	0.1	-	-	(0.2)	-	0.0	-	(0.1)	(0.1)	(0.1)	-	
Profit before Tax after EO	0.8	-0.8	-0.6	1.1	0.8	0.8	1.5	2.7	0.4	5.8	1.9	42
Tax	0.2	-0.3	-0.1	0.3	0.2	0.2	0.4	0.8	0.0	1.6	0.5	68
Rate (%)	19.7	31.5	22.6	24.8	21.7	24.3	28.9	29.2	6.1	27.5	24.8	
Reported PAT	0.6	-0.6	-0.5	0.8	0.6	0.6	1.1	1.9	0.4	4.2	1.4	34
Adj. PAT	0.7	-0.6	-0.5	0.7	0.6	0.6	1.1	1.9	0.4	4.2	1.4	31
Margin (%)	3.2	-2.8	-2.5	2.9	2.5	2.6	4.7	7.1	0.4	4.3	5.4	0
YoY Change (%)	(49.6)	NM	NM	(48.5)	(16.2)	NM	NM	164.6	(91.4)	1,052.2	102.5	
Per tonne analysis (INR)												
Blended Realization	5,608	5,494	5,420	5,546	5,461	5,468	5,505	5,477	5,520	5,475	5,329	3
YoY Change (%)	7.4	5.8	3.7	3.9	(2.6)	(0.5)	1.6	(1.2)	5.2	(0.8)	(3.9)	
Raw Material	565	592	593	982	958	917	782	921	696	896	787	17
Staff Cost	325	361	355	293	317	341	336	274	331	315	302	(9)
Power and Fuel	1,564	1,671	1,549	1,291	1,153	1,183	1,094	1,000	1,508	1,103	1,046	(4)
Transport and Forwarding	1,330	1,361	1,325	1,340	1,321	1,240	1,325	1,284	1,339	1,292	1,331	(4)
Other Exp.	1,163	1,250	1,208	1,023	1,038	1,096	1,066	1,024	1,154	1,061	1,062	(4)
Total Expenditure	4,948	5,236	5,031	4,928	4,786	4,777	4,604	4,503	5,029	4,660	4,528	(1)
EBITDA	660	258	388	618	675	691	901	974	491	815	801	22

Source: Company, MOFSL Estimates



CONFERENCE
CALL

Highlights from the management commentary

Highlights of the Mukutban operations

- The Mukutban plant's capacity utilization stood at ~68% vs. ~50% in 3QFY24, while the capacity utilization in Mar'24 stood at ~77%. Total dispatches from the Mukutban plant stood at ~0.7mt in 4QFY24, ~10% higher than the management guidance. It sold ~65% volume in Maharashtra and the rest of the volume in other markets (such as Gujarat, Southern Madhya Pradesh, and Chhattisgarh).
- It targets 2.7mt of total volume from the Mukutban plant (~70% utilization) in FY25.
- The company expects state incentives for the Mukutban plant to accrue from the beginning of FY25 (vs. previous estimate of 4QFY24). The total incentive accrual is estimated at INR1.1b in FY25, largely from the Mukutban plant.

Demand and pricing outlook

- Cement demand in 1HFY25 is likely to be subdued due to the general elections followed by the monsoons. Cement prices have been weak and are not likely to improve due to weak demand and volume push by major players.
- The management guided volume growth of ~8-9% YoY in FY25, aided by further ramp-up of the Mukutban plant. It estimates ~8-10% YoY improvement in EBITDA/t supported by cost-reduction measures.

Operational data points and progress on cost-saving initiatives

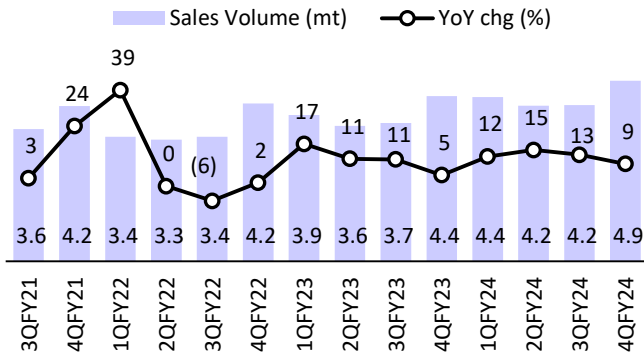
- The company's capacity utilization stood at 97%/89% in 4QFY24/FY24 vs. 89%/81% in 4QFY23/FY23.
- Blended cement sales stood at 84%/85% of total volumes in 4QFY24/FY24 vs. 89%/90% in 4QFY23/FY23.
- Trade share stood at 72% of total volumes in 4QFY24/FY24 (each) vs. 77% in 4QFY23/FY23 (each). Decline in trade share was mainly due to higher traction in infrastructure and commercial sector demand during the year.
- Premium products contributed 55%/54% of trade volumes in 4QFY24/FY24 vs. 54%/51% in 4QFY23/FY23.
- The share of renewable power stood at ~25%/24% in 4QFY24/FY24 vs. 20%/22% in 4QFY23/FY23. Fuel consumption costs stood at INR1.56/Kcal vs. INR1.58/Kcal in 3QFY24.
- SGST incentive accrued to INR1.6b in FY24, largely from its Kundanganj unit. However, this incentive benefit is now expired.
- The company's lead distance stood at 350Km. Lead distance at Mukutban plant was 420Km and ex-Mukutban, the distance was 337Km.
- "Project Shikhar" has yielded gross savings of INR660m (INR37/t) in FY24 led by improvement in manufacturing operations (green energy, process optimization etc.). Whereas "Project Unnati" yielded gross savings of INR1b (INR57/t) led by reduction in logistics cost, and improvement in marketing operations (increasing premium sales, focus on "Go-to-Market" strategy, and network optimization). These projects will lead to further savings and improvement in efficiency.
- The company's realization declined only 2% sequentially vs. 5-8% decline for other companies (reported so far). Better realizations were driven by focus on sale of premium products, selling more in the higher realization markets and higher capacity utilization allowing it to maintain the pricing in its key markets.

Capacity expansion and net debt

- The company is setting up a Greenfield grinding unit of 1.4mtpa in Prayagraj, Uttar Pradesh with an investment of INR4b, which is likely to be commissioned in 1QFY26. The Board approved one more grinding capacity expansion of 1.4mtpa at its existing location, Kundanganj, with an investment of INR4.25b. The project is likely to be completed in 24 months. The company targets raising the grinding capacity to 25mtpa by FY27 from 20mtpa currently.
- Capex stood at INR5.3b in FY24, while it is pegged at INR8b in FY25E, of which INR4b is for maintenance and other projects, INR2b for coal mine development, and INR2b for the Kundanganj line-3.
- BCORP's net debt declined INR6b YoY to INR30b. Net debt-to-EBITDA reduced to 2.1x from 4.8x in FY23.

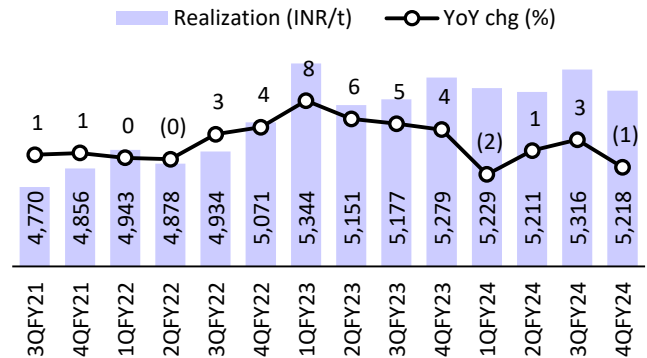
Story in charts

Exhibit 1: Sales volume up 9% YoY



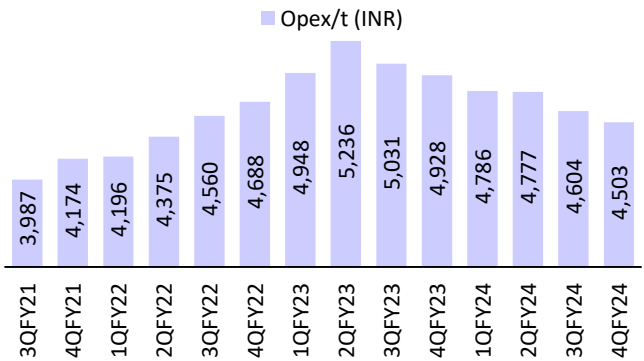
Source: Company, MOFSL

Exhibit 2: Cement realization down 1% YoY



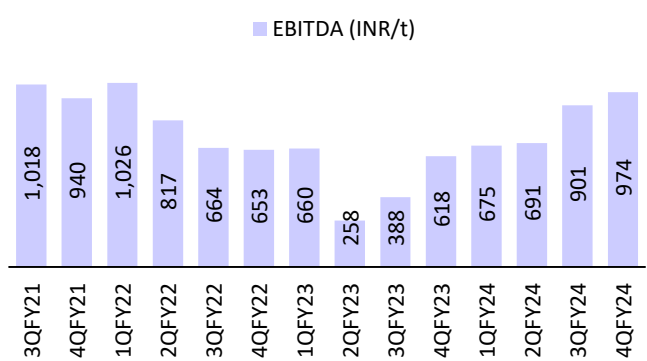
Source: Company, MOFSL

Exhibit 3: Opex/t down 9% YoY



Source: Company, MOFSL

Exhibit 4: EBITDA/t up 58% YoY



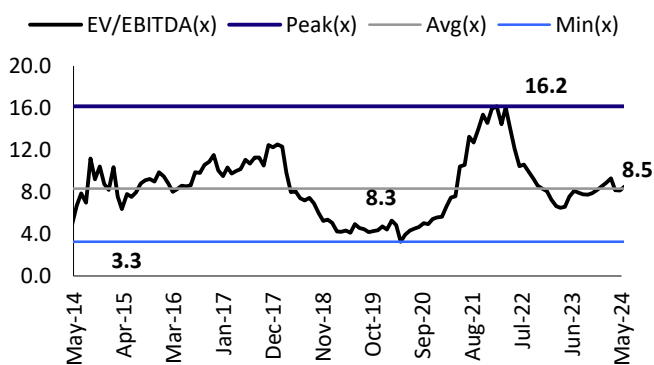
Source: Company, MOFSL

Exhibit 5: Key performance indicators – per tonne analysis

INR/t	4QFY24	4QFY23	YoY (%)	3QFY24	QoQ (%)
Blended Realization	5,477	5,546	(1)	5,505	(1)
RM Costs	921	982	(6)	782	18
Employee Expenses	274	293	(6)	336	(18)
Power, Oil, and Fuel	1,000	1,291	(23)	1,094	(9)
Freight and Handling Outward	1,284	1,340	(4)	1,325	(3)
Other Expenses	1,024	1,023	0	1,066	(4)
Total Expenses	4,503	4,928	(9)	4,604	(2)
EBITDA	974	618	58	901	8

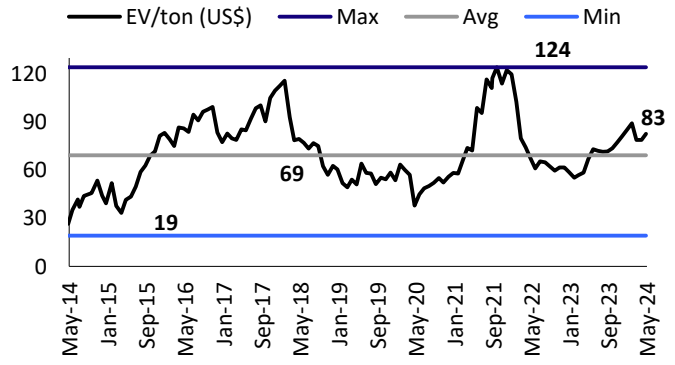
Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA trend



Source: Company, MOFSL

Exhibit 7: One-year forward EV/t trend



Source: Company, MOFSL

Financials and valuations

Consolidated Income Statement

	(INR m)							
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Net Sales	65,487	69,157	67,855	74,612	86,823	96,627	1,01,586	1,10,089
Change (%)	14.2	5.6	-1.9	10.0	16.4	11.3	5.1	8.4
Total Expenditure	56,001	55,797	54,163	63,512	79,103	82,251	85,502	92,258
EBITDA	9,486	13,360	13,691	11,100	7,720	14,376	16,083	17,831
Margin (%)	14.5	19.3	20.2	14.9	8.9	14.9	15.8	16.2
Depreciation	3,391	3,519	3,708	3,969	5,099	5,783	6,079	6,352
EBIT	6,095	9,841	9,984	7,131	2,621	8,593	10,004	11,480
Int. and Finance Charges	3,705	3,877	2,963	2,427	3,387	3,717	3,353	3,077
Other Income - Rec.	785	851	673	988	1,131	856	972	1,046
PBT after EO	3,174	6,815	8,375	5,421	431	5,799	7,623	9,448
Change (%)	98.6	114.7	22.9	-35.3	-92.0	1245.2	31.4	23.9
Tax	617	1,763	2,074	1,435	26	1,594	2,095	2,596
Tax Rate (%)	19.4	25.9	24.8	26.5	6.1	27.5	27.5	27.5
Reported PAT	2,557	5,052	6,301	3,986	405	4,206	5,528	6,852
Extra-Ordinary Expenses	0	0	-681	271	-67	-68	0	0
PAT Adjusted for EO Items	2,557	5,052	5,460	4,200	361	4,158	5,528	6,852
Change (%)	53.6	97.6	8.1	-23.1	-91.4	1,052.2	33.0	23.9
Margin (%)	3.9	7.3	8.0	5.6	0.4	4.3	5.4	6.2

Balance Sheet

	(INR m)							
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	770	770	770	770	770	770	770	770
Reserves	44,182	47,291	54,090	59,718	59,038	65,968	70,571	76,499
Net Worth	44,952	48,061	54,860	60,488	59,808	66,738	71,342	77,269
Loans	40,492	42,820	40,464	42,080	43,497	37,697	35,197	31,697
Deferred Liabilities	7,422	8,568	8,668	9,722	9,712	11,042	11,042	11,042
Capital Employed	92,866	99,449	1,03,992	1,12,291	1,13,017	1,15,477	1,17,581	1,20,008
Gross Block	83,400	87,430	91,087	97,586	1,25,338	1,30,596	1,38,401	1,43,901
Less: Accum. Deprn.	10,738	14,158	17,852	21,821	26,920	32,703	38,783	45,134
Net Fixed Assets	72,662	73,273	73,235	75,765	98,418	97,893	99,618	98,766
Capital WIP	9,119	16,020	21,048	25,511	3,576	4,805	5,000	7,500
Investments	8,769	8,363	7,526	10,093	8,683	12,881	12,881	12,881
Curr. Assets	22,765	24,098	27,147	27,147	30,042	28,783	31,989	35,362
Inventory	7,830	7,876	8,101	8,200	10,616	9,646	11,174	12,110
Account Receivables	2,622	2,504	2,795	3,028	3,233	4,149	4,063	4,404
Cash and Bank Balance	1,390	2,558	1,773	1,380	2,183	1,592	2,686	4,501
Others	10,924	11,160	14,479	14,539	14,010	13,396	14,065	14,348
Curr. Liability and Prov.	20,450	22,306	24,964	26,225	27,703	28,884	31,908	34,501
Account Payables	19,911	21,637	24,230	25,453	26,797	27,924	30,984	33,577
Provisions	538	669	734	772	906	960	924	924
Net Current Assets	2,316	1,793	2,184	922	2,340	-102	82	861
Appl. of Funds	92,866	99,449	1,03,992	1,12,291	1,13,017	1,15,477	1,17,581	1,20,009

Source: Company, MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Basic (INR)								
EPS	33.2	65.6	70.9	54.5	4.7	54.0	71.8	89.0
Cash EPS	77.2	111.3	119.0	106.1	70.9	129.1	150.7	171.5
BV/Share	583.7	624.1	712.4	785.5	776.6	866.6	926.4	1,003.4
DPS	7.5	7.5	10.0	10.0	2.5	10.0	12.0	12.0
Payout (%)	26.2	13.3	12.2	19.3	47.5	14.7	16.7	13.5
Valuation (x)								
P/E	46.5	23.6	21.8	28.3	329.8	28.6	21.5	17.4
Cash P/E	20.0	13.9	13.0	14.6	21.8	12.0	10.3	9.0
P/BV	2.6	2.5	2.2	2.0	2.0	1.8	1.7	1.5
EV/Sales	2.1	2.0	1.9	1.7	1.7	1.4	1.3	1.1
EV/EBITDA	15.7	11.3	11.0	13.5	19.6	9.9	8.6	7.5
EV/t - Cap (USD)	117	118	118	112	92	86	84	75
Dividend Yield (%)	0.5	0.5	0.6	0.6	0.2	0.6	0.8	0.8
Return Ratios (%)								
RoE	5.8	10.9	10.6	7.3	0.6	6.6	8.0	9.2
RoCE	6.1	8.2	7.9	5.5	3.1	7.5	6.8	7.6
RoIC	6.7	10.0	10.3	7.0	2.8	8.0	7.5	8.7
Working Capital Ratios								
Inventory (Days)	44	42	44	40	45	36	40	40
Debtor (Days)	15	13	15	15	14	16	15	15
Working Capital Turnover (Days)	0.7	0.7	0.7	0.7	0.8	0.8	0.9	0.9
Leverage Ratio								
Current ratio	1.1	1.1	1.1	1.0	1.1	1.0	1.0	1.0
Debt/Equity (x)	0.9	0.9	0.7	0.7	0.7	0.6	0.5	0.4

Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
(INR m)								
OP/(Loss) before Tax	3,174	6,815	7,126	5,378	431	5,799	7,623	9,448
Depreciation	3,391	3,519	3,708	3,969	5,099	5,783	6,079	6,352
Interest and Finance Charges	3,705	3,877	2,963	2,427	3,387	3,717	3,353	3,077
Direct Taxes Paid	-469	-418	-843	-610	-508	-751	-2,095	-2,596
(Inc.)/Dec. in WC	1,309	207	-201	-2	280	2,021	911	1,036
CF from Operations	11,111	14,000	12,752	11,162	8,689	16,570	15,871	17,316
Others	-470	-588	532	-770	-634	-376	0	0
CF from Operating incl. EO	10,641	13,412	13,284	10,392	8,055	16,195	15,871	17,316
(Inc.)/Dec. in FA	-4,030	-9,860	-8,028	-7,762	-6,263	-5,255	-8,000	-8,000
Free Cash Flow	6,611	3,552	5,256	2,629	1,791	10,939	7,871	9,316
(Pur.)/Sale of Investments	-1,521	-446	2,438	-1,269	1,595	-1,053	0	0
Others	-550	74	-1,699	950	601	-786	0	0
CF from Investments	-6,101	-10,232	-7,289	-8,082	-4,068	-7,094	-8,000	-8,000
Issue of Shares	0	0	0	0	0	0	0	0
Inc./(Dec.) in Debt	-1,297	1,860	-2,252	1,246	980	-5,998	-2,500	-3,500
Interest Paid	-3,448	-3,872	-3,493	-3,179	-3,393	-3,501	-3,353	-3,077
Dividend Paid	-501	0	-1,036	-770	-770	-193	-924	-924
Others	-103	0	0	0	0	0	0	0
CF from Fin. Activity	-5,349	-2,012	-6,781	-2,703	-3,183	-9,691	-6,777	-7,501
Inc./Dec. in Cash	-808	1,169	-786	-393	803	-591	1,094	1,815
Opening Balance	2,198	1,390	2,559	1,772	1,380	2,183	1,592	2,686
Closing Balance	1,390	2,559	1,772	1,380	2,183	1,592	2,686	4,501

Source: Company, MOFSL estimates

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