

Birla Corporation | BUY

Profitability improves; capex unveiled

Birla Corp's 4QFY25 consolidated EBITDA increased 13% YoY/ 2.2x QoQ to its highest ever at INR 5.3bn, sharply beating our and consensus estimates by >30% owing to better-than-expected realisation (+7% QoQ vs. JMFe: +2.2% QoQ). It resulted in healthy increase in EBITDA/tn sequentially (+4% YoY/ +85% QoQ) to INR 1,017 (JMFe: INR 780). Net debt declined by ~INR 8bn YoY to INR 22.4bn as of Mar'25. With improving profitability and reduction in leverage, the company has announced new expansions to increase its cement capacity by 30% to 27.6mt by FY29 (~8% CAGR) at a capex of INR 43.3bn, addressing investors' concerns on volume growth. The company has also entered into the business of ready mix concrete (RMC) in 4Q. Besides, the term of Mr Sandip Ghose, current MD & CEO, has been extended by another 3 years w.e.f. Jan'26. Factoring in 4Q beat and better profitability, we have increased our FY26-27E EBITDA estimates by 6-8%. We maintain BUY with a revised Mar'26 TP of INR 1,600/sh based on 9x FY27 P/E.

- **Result summary:** Cement EBITDA/tn increased 5% YoY/ 78% QoQ to INR 1,014/tn (+INR 445/tn QoQ), mainly driven by higher realisation sequentially. Reported cement realisation contracted 1% YoY/ grew 7% QoQ to INR 5,103/tn. Volume rose 8% YoY/ 17% QoQ to 5.25mt with capacity utilisation rates improving by 800bps YoY to 105% in 4Q. The company also entered into the business of ready mix concrete (RMC) in 4Q. The management mentioned that the initial experience in the Uttar Pradesh market was encouraging, and said the company was looking to further scale up the business. In FY25, it generated an FCF of INR 9.1bn post working capital release of INR 4.7bn and capex spend of INR 4.4bn. Post dividend payment, net debt declined by INR 7.5bn YoY to INR 22.4bn as of Mar'25.
- **What we liked:** Sharp improvement in profitability, decline in net debt, capex announcement.
- **Earnings Call KTAs:** 1) Change in geographical mix with higher share of North and East regions led to sequential improvement in realisation in 4Q. The management mentioned that average spot cement prices in its key markets are broadly similar to average price in 4Q; 2) Incentive income was broadly flat QoQ at INR 410mn. In FY25, incentive income was INR 1.03bn; 3) The management has guided for industry growth of 6-8% in FY26, and the company is expected to grow at least in line with the industry; 4) Capex guidance for FY26 stands at INR 11bn; 5) With capex announcement, absolute net debt level is likely to go up; however, net debt to EBITDA is still expected to be <2x in the next couple of years; 6) Blended fuel cost was INR 1.39/ Mcal in 4Q vs. INR 1.5/ Mcal in 3Q; 7) Volume from Mukutban plant was 0.75mt in 4Q (~75% utilisation) and 2.45mt in FY25. The management mentioned that it is targeting to end up with ~85% utilisation by Mar-26 end; 8) Lead distance for the quarter stood at 350kms in 4Q, broadly flat on sequential basis; 9) Current clinker capacity stands at ~13mt.



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We acknowledge the support of **Piyush Kedia** (piyush.kedia@jmfl.com) in preparation of this report

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,600
Upside/(Downside)	26.1%
Previous Price Target	1,460
Change	9.6%

Key Data – BCORP IN

Current Market Price	INR1,269
Market cap (bn)	INR97.7/US\$1.1
Free Float	36%
Shares in issue (mn)	77.0
Diluted share (mn)	77.0
3-mon avg daily val (mn)	INR143.5/US\$1.7
52-week range	1,657/902
Sensex/Nifty	82,430/24,925
INR/US\$	85.4

Price Performance

%	1M	6M	12M
Absolute	14.3	15.0	-13.0
Relative*	4.2	8.4	-23.2

* To the BSE Sensex

Financial Summary	(INR mn)				
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	95,027	90,337	95,979	1,01,326	1,08,986
Sales Growth (%)	12.0	-4.9	6.2	5.6	7.6
EBITDA	14,376	12,172	14,584	16,761	19,333
EBITDA Margin (%)	14.9	13.2	14.9	16.2	17.4
Adjusted Net Profit	4,205	2,952	4,618	5,555	6,533
Diluted EPS (INR)	54.6	38.3	60.0	72.1	84.8
Diluted EPS Growth (%)	938.4	-29.8	56.4	20.3	17.6
ROIC (%)	6.8	5.9	7.2	7.8	8.3
ROE (%)	6.6	4.3	6.4	7.3	8.1
P/E (x)	23.2	33.1	21.2	17.6	15.0
P/B (x)	1.5	1.4	1.3	1.3	1.2
EV/EBITDA (x)	8.9	9.9	8.7	7.9	7.1
Dividend Yield (%)	0.2	0.8	1.1	1.3	1.5

Source: Company data, JM Financial. Note: Valuations as of 12/May/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Actual vs. estimate (4QFY25)

Particulars (INR mn)	Actual	Estimates		% variation		Comment
		JM	Consensus	JM	Consensus	
Net sales	28,149	26,341	26,114	6.9	7.8	Owing to better than expected realisation
EBITDA	5,338	4,010	3,905	33.1	36.7	
PAT	2,950	1,402	1,320	110.4	123.4	
Volumes (mt)	5.3	5.1		2.1		
Cement realisation (INR/tn)	5,362	5,124		4.6		
Blended EBITDA (INR/tn)	1,017	780		30.4		

Source: Company, JM Financial

Exhibit 2. Consolidated quarterly analysis

Particulars (INR mn)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
Revenue	26,564	21,904	19,526	22,567	28,149	6.0	24.7	96,627	92,145	(4.6)
Expenditure	21,840	19,321	17,754	20,087	22,811	4.4	13.6	82,251	79,973	(2.8)
Total RM	4,466	2,918	2,854	3,369	4,705	5.4	39.7	15,809	13,845	(12.4)
Power & Fuel	4,848	4,398	4,068	4,612	4,639	(4.3)	0.6	19,474	17,717	(9.0)
Freight	6,229	5,791	4,957	5,937	6,951	11.6	17.1	22,804	23,636	3.6
Staff cost	1,330	1,475	1,406	1,440	1,320	(0.8)	(8.3)	5,562	5,640	1.4
Other expenditure	4,967	4,740	4,469	4,731	5,196	4.6	9.8	18,603	19,135	2.9
EBITDA	4,724	2,583	1,772	2,479	5,338	13.0	115.3	14,376	12,172	(15.3)
Depreciation	1,497	1,455	1,450	1,391	1,422	(5.0)	2.3	5,783	5,719	(1.1)
EBIT	3,227	1,127	322	1,089	3,916	21.3	259.7	8,593	6,454	(24.9)
Other Income	257	170	172	154	482	87.7	212.8	856	979	14.4
Interest	824	858	851	830	733	(11.1)	(11.7)	3,717	3,271	(12.0)
PBT	2,660	440	(357)	413	3,666	37.8	786.7	5,731	4,162	(27.4)
Total Tax	797	114	(105)	102	716	(10.2)	605.4	1,594	826	NA
Adjusted PAT	1,863	326	(252)	312	2,950	58.3	845.7	4,138	3,336	(19.4)
Extra ordinary items	70	-	-	-	(384)	(645.8)	NA	68	(384)	
Reported PAT	1,933	326	(252)	312	2,566	32.7	722.7	4,205	2,952	(29.8)
Adjusted EPS (INR)	24.2	4.2	(3.3)	4.1	38.3	58.3	845.7	54	43	(19.4)
Margins (%)	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (bps)	QoQ (bps)	FY24	FY25	YoY (bps)
EBIDTA	17.8	11.8	9.1	11.0	19.0	118.1	797.7	14.9	13.2	(167)
EBIT	12.1	5.1	1.6	4.8	13.9	176.3	908.6	8.9	7.0	(189)
EBT	10.0	2.0	(1.8)	1.8	13.0	300.8	1,119.1	5.9	4.5	(141)
PAT	7.0	1.5	(1.3)	1.4	10.5	346.5	909.7	4.3	3.6	(66)
Effective Tax rate	30.0	25.9	29.4	24.6	19.5			27.8	19.9	

Source: Company, JM Financial

Exhibit 3. Quarterly analysis on per-tonne basis (consolidated)

INR/tonne	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	YoY (%)	QoQ (%)	FY24	FY25	YoY (%)
Volumes (mt)	4.85	4.38	3.97	4.50	5.25	8.2	16.7	17.64	18.10	2.6
Cement Realization	5,218	4,843	4,722	4,790	5,127	(9.9)	1.4	3,808	4,886	28.3
Blended Realization	5,477	5,001	4,918	5,015	5,362	(2.1)	6.9	5,478	5,091	(7.1)
Raw Material	921	666	719	749	896	(2.7)	19.7	896	765	(14.6)
Power & Fuel	1,000	1,004	1,025	1,025	884	(11.6)	(13.8)	1,104	979	(11.3)
Freight	1,284	1,322	1,249	1,319	1,324	3.1	0.4	1,293	1,306	1.0
Staff cost	274	337	354	320	251	(8.3)	(21.4)	315	312	(1.2)
Other expenditure	1,024	1,082	1,126	1,051	990	(3.4)	(5.9)	1,055	1,057	0.2
Operating cost	4,503	4,411	4,472	4,464	4,345	(3.5)	(2.7)	4,663	4,418	(5.2)
EBITDA/tn	974	590	446	551	1,017	4.4	84.5	815	672	(17.5)

Source: Company, JM Financial

Exhibit 4. We increase our EBITDA by 6-8% for FY26E-27E

Earnings revision	FY26E			FY27E		
	Old	New	% chg	Old	New	% chg
Revenue (INR mn)	94,898	97,877	3.1	100,155	103,301	3.1
EBITDA (INR mn)	13,516	14,584	7.9	15,799	16,761	6.1
PAT (INR mn)	3,334	4,618	38.5	4,627	5,555	20.0

Source: JM Financial

Exhibit 5. We maintain BUY with a revised TP of INR 1,600 based on 9x FY27 EV/E**EV/E method**

Mar27E EBITDA (INR bn)	17
EV/E multiple (x)	9
EV (Rs bn)	152
Net debt (Mar'26E)	29
Equity value	123
No. of shares (mn)	77.0
Mar'26 Fair Value (INR)	1,600

Source: JM Financial

Exhibit 6. Annual analysis (Consolidated)

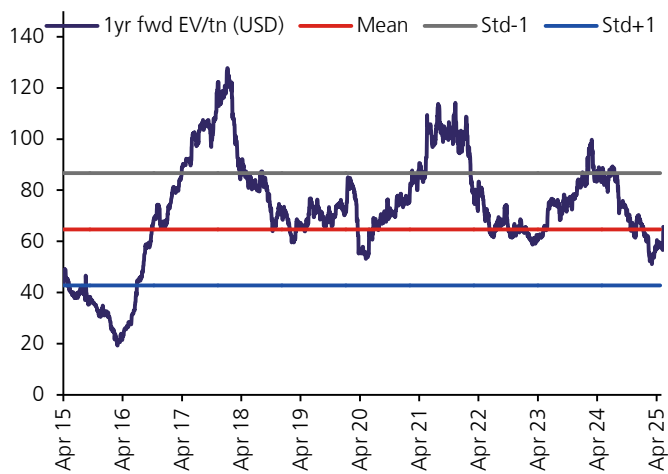
Key Assumptions										CAGR %	
	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	FY20-25	FY25-28E
Capacity (mt)	15.5	15.5	16.1	20.0	20.0	20.0	21.4	22.8	24.2	5.2	10.0
Volumes (mt)	13.8	13.5	14.2	15.7	17.6	18.1	19.0	19.7	20.9	5.5	7.4
Utilisation (%) RHS	89	87	88	79	88	91	89	86	86		
Blended Realisation (INR/tn)	4,865	4,872	5,129	5,395	5,387	4,991	5,065	5,141	5,217	0.5	2.2
EBITDA/tn (INR/tn)	967	988	781	491	815	672	770	850	925	(7.0)	17.3
P&L (INR bn.)											
Revenue	69	68	75	87	97	92	98	103	111	5.9	9.8
EBITDA	13	13	11	8	14	12	15	17	19	(1.8)	26.0
Adj. Net Profit	5	7	4	0	4	3	5	6	7	(8.0)	39.9
Balance Sheet (INR bn.)											
Equity	48	55	60	60	67	70	74	78	83		
Net Debt	35	34	35	37	30	22	29	35	39		
Net Debt: EBITDA	2.6	2.5	3.1	4.8	2.1	1.8	2.0	2.1	2.0		
Net Debt: Equity	0.73	0.62	0.57	0.61	0.45	0.32	0.39	0.44	0.47		
Cash Flow (INR bn)											
OCF before NWC change	9	10	8	5	11	10	10	12	14		
Change in NWC	0	(0)	(0)	0	2	5	(1)	(1)	(1)		
Capex	(10)	(8)	(8)	(6)	(5)	(4)	(15)	(16)	(16)		
FCF	(0)	2	(1)	(2)	7	9	(6)	(6)	(4)		
Return ratios (%)											
RoE	10.9	13.4	7.5	0.6	6.5	4.9	6.4	7.3	8.1		
RoCE	7.7	8.7	5.3	2.9	5.5	4.8	5.5	6.1	6.6		
RoIC	9.5	11.1	6.8	2.7	6.1	5.2	6.9	7.8	8.1		
Valuations (x)											
PE						29.3	21.2	17.6	15.0		
EV/EBITDA						10.5	8.2	7.5	6.8		
EV/tn (USD)						75	66	65	64		

Source: Company, JM Financial

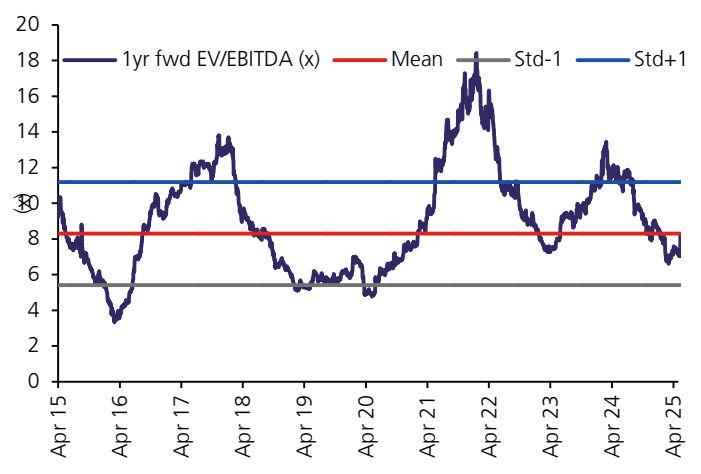
Exhibit 7. Annual analysis on per tonne basis (Consolidated)

INR/tn	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Blended realisation	4,865	4,872	5,129	5,395	5,387	4,991	5,065	5,141	5,217
% YoY	5.8	0.1	5.3	5.2	(0.1)	(7.4)	1.5	1.5	1.5
Raw materials consumed	665	729	741	696	896	765	740	725	730
Power & fuel costs	999	894	1,143	1,508	1,104	979	995	985	978
Freight costs	1,176	1,151	1,231	1,339	1,293	1,306	1,293	1,284	1,289
Staff cost	295	294	315	331	315	312	313	316	313
Other expenses	902	954	1,038	1,154	1,055	1,057	1,055	1,081	1,080
Total OpEx	4,037	4,022	4,470	5,029	4,663	4,418	4,395	4,391	4,390
% YoY	(0.2)	(0.4)	11.1	12.5	(7.3)	(5.2)	(0.5)	(0.1)	(0.0)
Other operating income	139	138	122	125	91	100	100	100	98
Blended EBITDA	967	988	781	491	815	672	770	850	925
% YoY	41.0	2.2	(20.9)	(37.2)	66.1	(17.5)	14.4	10.5	8.8

Source: Company, JM Financial

Exhibit 8. one-year forward EV / tonne

Source: Bloomberg, JM Financial

Exhibit 9. one-year forward EV / EBITDA

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	95,027	90,337	95,979	1,01,326	1,08,986
Sales Growth	12.0%	-4.9%	6.2%	5.6%	7.6%
Other Operating Income	1,600	1,808	1,898	1,974	2,053
Total Revenue	96,627	92,145	97,877	1,03,301	1,11,039
Cost of Goods Sold/Op. Exp	15,809	13,845	14,022	14,292	15,245
Personnel Cost	5,562	5,640	5,922	6,218	6,529
Other Expenses	60,881	60,487	63,349	66,030	69,932
EBITDA	14,376	12,172	14,584	16,761	19,333
EBITDA Margin	14.9%	13.2%	14.9%	16.2%	17.4%
EBITDA Growth	86.2%	-15.3%	19.8%	14.9%	15.3%
Depn. & Amort.	5,783	5,719	5,877	6,323	7,109
EBIT	8,593	6,454	8,707	10,438	12,224
Other Income	856	979	727	745	764
Finance Cost	3,717	3,271	3,252	3,747	4,242
PBT before Excep. & Forex	5,731	4,162	6,182	7,436	8,746
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	5,731	4,162	6,182	7,436	8,746
Taxes	1,594	826	1,564	1,881	2,213
Extraordinary Inc./Loss(-)	68	-384	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	4,205	2,952	4,618	5,555	6,533
Adjusted Net Profit	4,205	2,952	4,618	5,555	6,533
Net Margin	4.4%	3.2%	4.7%	5.4%	5.9%
Diluted Share Cap. (mn)	77.0	77.0	77.0	77.0	77.0
Diluted EPS (INR)	54.6	38.3	60.0	72.1	84.8
Diluted EPS Growth	938.4%	-29.8%	56.4%	20.3%	17.6%
Total Dividend + Tax	193	770	1,066	1,282	1,508
Dividend Per Share (INR)	2.5	10.0	13.8	16.7	19.6

Source: Company, JM Financial

Cash Flow Statement					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	5,731	4,162	6,182	7,436	8,746
Depn. & Amort.	5,783	5,719	5,877	6,323	7,109
Net Interest Exp. / Inc. (-)	3,699	3,271	3,252	3,747	4,242
Inc (-) / Dec in WCcap.	2,021	3,294	-519	-573	-505
Others	-291	-1,363	-727	-745	-764
Taxes Paid	-751	-826	-1,564	-1,881	-2,213
Operating Cash Flow	16,194	14,256	12,500	14,307	16,616
Capex	-5,255	-3,964	-15,000	-16,000	-16,000
Free Cash Flow	10,939	10,293	-2,500	-1,693	616
Inc (-) / Dec in Investments	-1,899	-4,398	0	0	0
Others	154	979	727	745	764
Investing Cash Flow	-7,001	-7,382	-14,273	-15,255	-15,236
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-193	-770	-1,066	-1,282	-1,508
Inc / Dec (-) in Loans	-5,809	-4,064	5,000	6,000	5,000
Others	-3,782	-2,367	-3,252	-3,747	-4,242
Financing Cash Flow	-9,784	-7,201	682	971	-750
Inc / Dec (-) in Cash	-591	-327	-1,091	22	629
Opening Cash Balance	2,183	1,592	1,265	174	196
Closing Cash Balance	1,592	1,265	174	196	825

Source: Company, JM Financial

Balance Sheet					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	66,738	70,151	73,703	77,976	83,001
Share Capital	770	770	770	770	770
Reserves & Surplus	65,968	69,381	72,933	77,206	82,231
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	37,697	33,633	38,633	44,633	49,633
Def. Tax Liab. / Assets (-)	11,042	10,401	10,505	10,610	10,716
Total - Equity & Liab.	1,15,477	1,14,186	1,22,842	1,33,219	1,43,350
Net Fixed Assets	1,02,709	1,00,954	1,10,078	1,19,755	1,28,646
Gross Fixed Assets	1,30,610	1,33,773	1,42,773	1,54,773	1,79,773
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	32,704	38,422	44,299	50,621	57,730
Capital WIP	4,803	5,604	11,604	15,604	6,604
Investments	13,099	17,497	17,497	17,497	17,497
Current Assets	28,554	24,859	25,077	26,987	29,781
Inventories	9,646	9,670	10,458	11,604	12,777
Sundry Debtors	4,149	3,391	4,005	4,227	4,543
Cash & Bank Balances	1,592	1,265	174	196	825
Loans & Advances	2,559	3,297	3,088	3,269	3,483
Other Current Assets	10,608	7,236	7,353	7,692	8,152
Current Liab. & Prov.	28,884	29,124	29,810	31,020	32,573
Current Liabilities	8,680	8,724	9,243	9,756	10,486
Provisions & Others	20,204	20,400	20,567	21,264	22,087
Net Current Assets	-330	-4,265	-4,733	-4,032	-2,792
Total - Assets	1,15,477	1,14,186	1,22,842	1,33,219	1,43,350

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	4.4%	3.2%	4.7%	5.4%	5.9%
Asset Turnover (x)	0.8	0.8	0.8	0.8	0.8
Leverage Factor (x)	1.8	1.7	1.6	1.7	1.7
RoE	6.6%	4.3%	6.4%	7.3%	8.1%

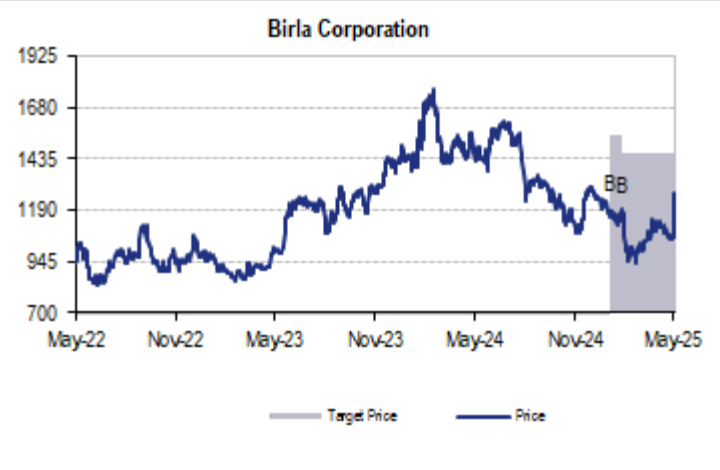
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	866.7	911.0	957.1	1,012.6	1,077.9
ROIC	6.8%	5.9%	7.2%	7.8%	8.3%
ROE	6.6%	4.3%	6.4%	7.3%	8.1%
Net Debt/Equity (x)	0.4	0.3	0.4	0.4	0.5
P/E (x)	23.2	33.1	21.2	17.6	15.0
P/B (x)	1.5	1.4	1.3	1.3	1.2
EV/EBITDA (x)	8.9	9.9	8.7	7.9	7.1
EV/Sales (x)	1.3	1.3	1.3	1.3	1.2
Debtor days	16	13	15	15	15
Inventory days	36	38	39	41	42
Creditor days	39	40	41	41	42

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
14-Jan-25	Buy	1,550	
5-Feb-25	Buy	1,460	-5.8

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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