

Birla Corporation

Estimate change 

TP change

Rating change 

Bloomberg	BCORP IN
Equity Shares (m)	77
M.Cap.(INRb)/(USD\$b)	89.4 / 1
52-Week Range (INR)	1802 / 1073
1, 6, 12 Rel. Per (%)	-4/-19/-31
12M Avg Val (INR M)	219

Financial Snapshot (INR b)

Y/E MARCH	FY25E	FY26E	FY27E
Sales	89.2	96.4	103.9
EBITDA	10.3	13.3	15.6
Adj. PAT	1.4	3.9	5.7
EBITDA Margin (%)	11.5	13.8	15.0
Adj. EPS (INR)	18.2	51.3	73.8
EPS Gr. (%)	-66.3	181.6	44.0
BV/Sh. (INR)	873	912	974

Ratios

Net D:E	0.5	0.4	0.4
RoE (%)	2.1	5.7	7.8
RoCE (%)	3.4	5.3	6.6
Payout (%)	66	23	16

Valuations

P/E (x)	63.8	22.7	15.7
P/BV (x)	1.3	1.3	1.2
EV/EBITDA(x)	10.5	8.1	6.6
EV/ton (USD)	62	58	56
Div. Yield (%)	1.0	1.0	1.0

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	62.9	62.9	62.9
DII	16.3	16.2	16.2
FII	5.6	5.5	6.4
Others	15.3	15.4	14.5

FII includes depository receipts

CMP: INR1,161

TP: INR1,470 (+27%)

Buy

Strong volume growth, but earnings under pressure

Mukutban-powered volume growth, but lower realization

- BCORP's 3QFY25 EBITDA declined 34% YoY to INR2.5b (7% miss, led by lower realization and higher variable cost/t vs. our estimate). Volume grew 7% YoY to 4.5mt (+4% vs. estimate). EBITDA/t declined 39% YoY to INR551 (-10% vs. estimate) and OPM contracted 5.4pp YoY to 11% (estimate ~12%). PAT declined 71% YoY (30% miss due to lower-than-estimated other income).
- Management highlighted that the lower realization was due to a change in the geographic mix as volume share from the Mukutban plant increased, where the cement price is lower than in the Northern and Central regions. Within regions, the North has outperformed, driven by better pricing, volume growth, and the advantages of its Chanderia plant in Rajasthan. However, it faced challenges in Central India, its core market, where intense competition led to pricing pressure.
- We cut our EBITDA estimates by 5% for FY25-27 (each) due to lower realization estimates. The EPS cut is higher, at 28%/13%/8% for FY25/FY26/FY27, driven by lower EBITDA and other income. We value the stock at 9x Dec'26E EV/EBITDA to arrive at our revised TP of INR1,470 (earlier 1,580). **Reiterate BUY.**

Cement realization/t declines 10% YoY; opex/t down 3% YoY

- Consol. revenue/EBITDA/Adj. PAT stood at INR22.6b/INR2.5b/INR312m (-2%/-34%/-71% YoY and +3%/-7%/-30% vs. our estimates) in 3QFY25. Volume grew ~7% YoY to 4.5mt. Cement realization declined 10% YoY (-1% vs. est.).
- Opex/t declined 3% YoY (+1% vs. estimate), led by a 6%/1% decline in variable costs/other expenses. Freight cost/t was flat YoY. OPM contracted 5.4pp YoY to ~11% and EBITDA/t decreased 39% YoY to INR551. Interest costs declined 14% YoY, and other income declined 5%.
- In 9MFY25, consol. revenue/EBITDA/PAT declined 9%/29%/83% YoY. Volume was flat YoY and realization fell ~9% YoY. OPM contracted 3pp YoY to ~11% and EBITDA/t declined 30% YoY to INR532. We estimate revenue/EBITDA/PAT to decline ~5%/28%/46% YoY in 4QFY25. Further, we estimate EBITDA/t at INR691 vs. INR974/INR551 in 4QFY24/3QFY25.

Highlights from the management commentary

- Management reiterated volume growth guidance of ~4% in FY25E and 7-8% in 2HFY25E and EBITDA/t improvement of INR150/t in 2H vs. 1HFY25.
- The Mukutban plant's capacity utilization stood at +60% and is expected to increase further. This plant's performance is improving QoQ and has started contributing positively to the company's overall performance.
- It has started accruing incentives for the Mukutan plant and is expecting a total incentive accrual of INR1.0b in FY25 (with INR600m accrued in 9MFY25).

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Valuation and view

- BCORP posted strong volume growth, benefiting from its favorable regional presence and steady growth at the Mukutban plant. However, due to a limited expansion plan and peak capacity utilization (at +90%), modest volume growth is expected in the medium term (~6% CAGR over FY25-27).
- BCORP trades inexpensively at 8x/7x FY26E/FY27E EV/EBITDA and USD58/USD56 EV/T. We reiterate our BUY rating with a revised TP of INR1,470 (earlier INR1,580), based on 9x Dec'26E EV/EBITDA.

Consolidated performance

(INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Cement Sales (MT)	4.4	4.2	4.2	4.9	4.4	4.0	4.5	5.0	17.7	17.8	4.3	4
YoY Change (%)	12.2	14.8	12.9	9.2	(0.7)	(5.0)	7.1	2.1	12.2	0.8	3.0	
Cement Realization	5,229	5,211	5,316	5,218	4,843	4,722	4,790	4,885	5,239	4,814	4,842	(1)
YoY Change (%)	(2.2)	1.2	2.7	(1.2)	(7.4)	(9.4)	(9.9)	(6.4)	(0.0)	(8.1)	(8.9)	
QoQ Change (%)	(0.9)	(0.3)	2.0	(1.8)	(7.2)	(2.5)	1.4	2.0			2.5	
Net Sales	24.1	22.9	23.1	26.6	21.9	19.5	22.6	25.2	96.6	89.2	21.8	3
YoY Change (%)	9.3	14.3	14.7	7.9	(9.1)	(14.6)	(2.4)	(5.3)	11.3	(7.7)	(5.6)	
Total Expenditure	21.1	20.0	19.3	21.8	19.3	17.8	20.1	21.7	82.3	78.9	19.2	5
EBITDA	3.0	2.9	3.8	4.7	2.6	1.8	2.5	3.4	14.4	10.3	2.7	(7)
Margin (%)	12.4	12.6	16.4	17.8	11.8	9.1	11.0	13.6	14.9	11.5	12.2	(118)
YoY Change (%)	14.9	207.4	162.1	72.2	-13.3	-38.7	-34.5	-27.6	86.2	-28.7		
Depreciation	1.4	1.4	1.4	1.5	1.5	1.5	1.4	1.4	5.8	5.7	1.4	(3)
Interest	1.0	1.0	1.0	0.8	0.9	0.9	0.8	0.8	3.7	3.3	0.8	(0)
Other Income	0.2	0.3	0.2	0.3	0.2	0.2	0.2	0.2	0.9	0.7	0.2	(34)
Profit before Tax	0.8	0.8	1.5	2.7	0.4	-0.4	0.4	1.4	5.7	1.9	0.6	(34)
EO (Income)/Expense	-	0.0	-	(0.1)	-	-	-	-	(0.1)	-	-	
Profit before Tax after EO	0.8	0.8	1.5	2.7	0.4	-0.4	0.4	1.4	5.8	1.9	0.6	(34)
Tax	0.2	0.2	0.4	0.8	0.1	-0.1	0.1	0.4	1.6	0.5	0.2	
Rate (%)	21.7	24.3	28.9	29.2	25.9	29.4	24.6	26.7	27.5	25.5	29.4	
Reported PAT	0.6	0.6	1.1	1.9	0.3	-0.3	0.3	1.0	4.2	1.4	0.4	(30)
Adj. PAT	0.6	0.6	1.1	1.9	0.3	-0.3	0.3	1.0	4.2	1.4	0.4	(30)
Margin (%)	2.5	2.6	4.7	7.1	1.5	-1.3	1.4	4.0	4.3	1.6	2.0	
YoY Change (%)	(16.2)	NM	NM	164.6	(45.4)	NM	(71.4)	(46.1)	1,052.2	(66.3)	(59.3)	

Per tonne analysis (INR)

Blended Realization	5,461	5,468	5,505	5,477	5,001	4,918	5,015	5,084	5,475	5,009	5,043	(1)
YoY Change (%)	(2.6)	(0.5)	1.6	(1.2)	(8.4)	(10.1)	(8.9)	(7.2)	(0.8)	(8.5)	(8.4)	
Raw Material	958	917	782	921	666	719	749	746	896	721	699	7
Staff Cost	317	341	336	274	337	354	320	296	315	325	341	(6)
Power and Fuel	1,153	1,183	1,094	1,000	1,004	1,025	1,025	1,008	1,103	1,015	1,020	0
Transport and Forwarding	1,321	1,240	1,325	1,284	1,322	1,249	1,319	1,322	1,292	1,305	1,310	1
Other Exp.	1,038	1,096	1,066	1,024	1,082	1,126	1,051	1,021	1,061	1,067	1,060	(1)
Total Expenditure	4,786	4,777	4,604	4,503	4,411	4,472	4,464	4,393	4,660	4,433	4,430	1
EBITDA	675	691	901	974	590	446	551	691	815	576	614	(10)

Source: Company, MOFSL Estimates



Highlights from the management commentary

Demand and pricing

- BCORP remains cautiously optimistic about demand recovery, projecting full momentum restoration in 4QFY25. Post the muted demand scenario earlier in FY25, the Northern and Eastern regions witnessed demand recovery and favorable price movements toward the end of 3QFY25. The Kumbh Mela had no material impact. However, the pent-up demand is expected to be realized in the coming period.
- The company's core market in Central India has been facing challenges due to overcapacity and weaker demand in the trade segment, leading to pricing pressures.
- The North region witnessed a strong uptick in demand as well as pricing, mainly in the non-trade segment, where prices were significantly lower. The company also benefited from its single-location plant at Chanderia Rajasthan.
- The company deliberately limited exposure to non-trade sales to maintain profitability and brand strength in the premium trade segment.
- The Mukutban plant emerged as a growth engine despite pricing pressures in Maharashtra. The plant maintained ~40% premium product sales and predominantly sold blended cement, despite being in an OPC-dominated region.

Operational performance

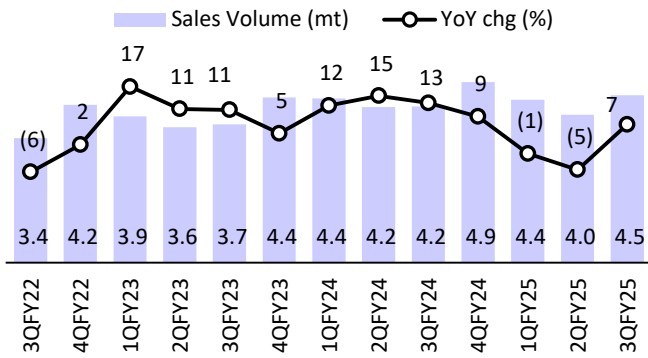
- The company's capacity utilization stood at ~92% in 3QFY25 vs. ~85%/78% in 3QFY24/2QFY25. Blended cement sales stood at 79% in 3QFY25 vs. ~83%/83% of total volumes in 3QFY24/2QFY25. Trade share stood at ~68% of total volumes in 3QFY24 vs. ~69%/71% each in 3QFY24/2QFY25. Premium products contributed ~59% of trade volumes in 3QFY25 vs. ~52%/62% in 3QFY24/2QFY25.
- The share of renewable power stood at ~26% in 3QFY25 vs. ~23%/25% in 3QFY24/2QFY25. The company aims to achieve 35% green energy usage over the next 1-1.5 years through hybrid solar initiatives. The lead distance was ~360km, while for the Mukutban plant, it was ~425km.
- Fuel consumption costs stood at INR1.50/Kcal vs. INR1.47/Kcal in 2QFY25. Reduced reliance on petcoke and a shift toward indigenous coal helped contain costs for the company. The Bikram coal mines are expected to reach optimum utilization levels by FY27, which is expected to increase indigenous coal supply by ~30% and raise the overall mix of indigenous coal to ~55-60%.
- Accrued incentives stood at INR600m in 9MFY25, with a projection of INR1.0b for FY25.

Capacity expansion and net debt

- So far, the company has not provided any guidance on its future expansion plan, beyond the ongoing capacity expansion at Kundanganj (Line III) GU in eastern UP with a planned capacity of 1.4mtpa.
- Capex for 9MFY25 was around INR3b, and the total capex for FY25 is INR5b, reduced from the earlier projection of INR7b.
- Net debt stood at INR30.0b as of Dec'24.

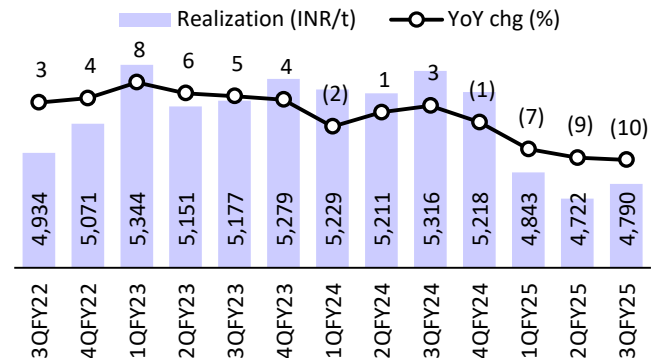
Story in charts

Exhibit 1: Sales volume increased ~7% YoY



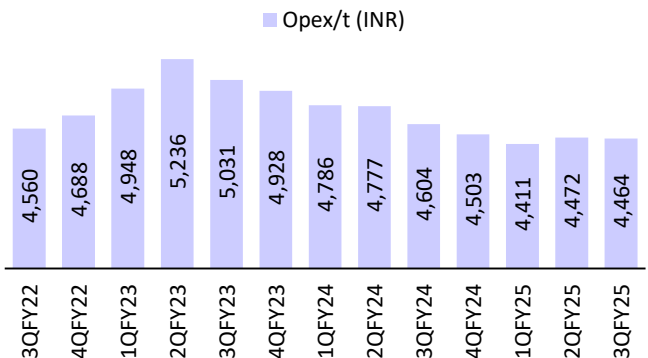
Source: Company, MOFSL

Exhibit 2: Cement realization was down ~10% YoY



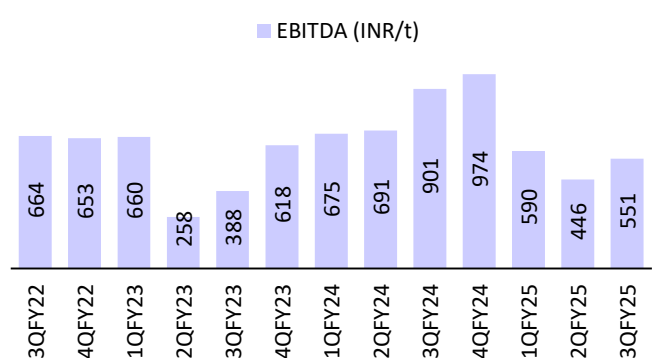
Source: Company, MOFSL

Exhibit 3: Opex/t declined ~3% YoY



Source: Company, MOFSL

Exhibit 4: EBITDA/t declined ~39% YoY



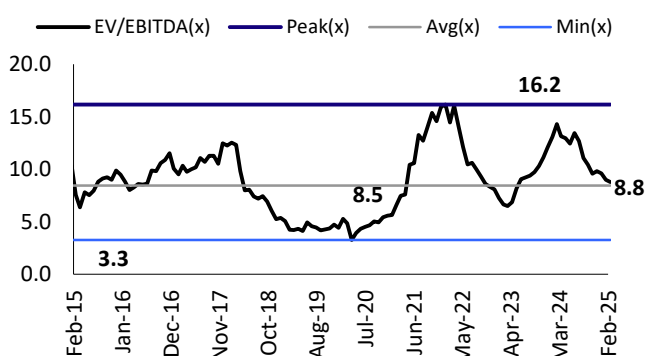
Source: Company, MOFSL

Exhibit 5: Key performance indicators – per ton analysis

INR/t	3QFY25	3QFY24	YoY (%)	2QFY25	QoQ (%)
Blended Realization	5,015	5,505	(9)	4,918	2
RM Costs	749	782	(4)	719	4
Employee Expenses	320	336	(5)	354	(10)
Power and Fuel	1,025	1,094	(6)	1,025	0
Freight and Handling Outward	1,319	1,325	(0)	1,249	6
Other Expenses	1,051	1,066	(1)	1,126	(7)
Total Expenses	4,464	4,604	(3)	4,472	(0)
EBITDA	551	901	(39)	446	23

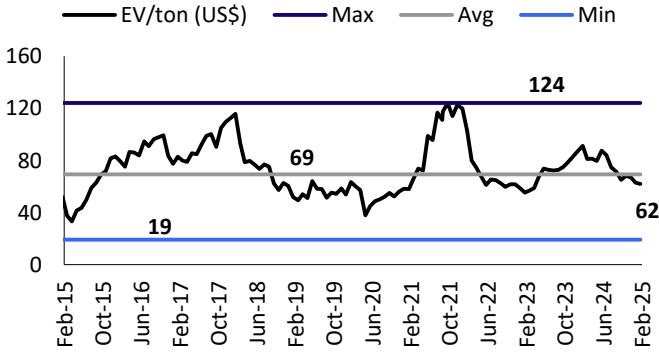
Source: Company, MOFSL

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	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	69,157	67,855	74,612	86,823	96,627	89,164	96,422	1,03,877
Change (%)	5.6	-1.9	10.0	16.4	11.3	-7.7	8.1	7.7
Total Expenditure	55,797	54,163	63,512	79,103	82,251	78,909	83,094	88,278
EBITDA	13,360	13,691	11,100	7,720	14,376	10,255	13,328	15,599
Margin (%)	19.3	20.2	14.9	8.9	14.9	11.5	13.8	15.0
Depreciation	3,519	3,708	3,969	5,099	5,783	5,719	6,002	6,159
EBIT	9,841	9,984	7,131	2,621	8,593	4,536	7,326	9,440
Int. and Finance Charges	3,877	2,963	2,427	3,387	3,717	3,329	2,949	2,797
Other Income - Rec.	851	673	988	1,131	856	675	923	989
PBT after EO	6,815	8,375	5,421	431	5,799	1,882	5,300	7,632
Change (%)	114.7	22.9	-35.3	-92.0	1,245.2	-67.5	181.6	44.0
Tax	1,763	2,074	1,435	26	1,594	480	1,351	1,946
Tax Rate (%)	25.9	24.8	26.5	6.1	27.5	25.5	25.5	25.5
Reported PAT	5,052	6,301	3,986	405	4,206	1,402	3,948	5,686
Extra-Ordinary Expenses	0	-681	271	-67	-68	0	0	0
PAT Adjusted for EO Items	5,052	5,460	4,200	361	4,158	1,402	3,948	5,686
Change (%)	97.6	8.1	-23.1	-91.4	1,052.2	-66.3	181.6	44.0
Margin (%)	7.3	8.0	5.6	0.4	4.3	1.6	4.1	5.5

Balance Sheet								(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	770	770	770	770	770	770	770	770
Reserves	47,291	54,090	59,718	59,038	65,968	66,446	69,470	74,232
Net Worth	48,061	54,860	60,488	59,808	66,738	67,216	70,240	75,002
Loans	42,820	40,464	42,080	43,497	37,697	36,697	34,697	32,697
Deferred Liabilities	8,568	8,668	9,722	9,712	11,042	11,042	11,042	11,042
Capital Employed	99,449	1,03,992	1,12,291	1,13,017	1,15,477	1,14,955	1,15,979	1,18,741
Gross Block	87,430	91,087	97,586	1,25,338	1,30,596	1,35,401	1,43,901	1,49,401
Less: Accum. Deprn.	14,158	17,852	21,821	26,920	32,703	38,422	44,424	50,583
Net Fixed Assets	73,273	73,235	75,765	98,418	97,893	96,979	99,477	98,817
Capital WIP	16,020	21,048	25,511	3,576	4,805	5,000	3,500	6,000
Investments	8,363	7,526	10,093	8,683	12,881	11,881	10,881	9,881
Curr. Assets	24,098	27,147	27,147	30,042	28,783	28,769	31,972	36,130
Inventory	7,876	8,101	8,200	10,616	9,646	8,916	9,642	10,388
Account Receivables	2,504	2,795	3,028	3,233	4,149	3,567	3,857	4,155
Cash and Bank Balance	2,558	1,773	1,380	2,183	1,592	1,554	1,974	2,615
Others	11,160	14,479	14,539	14,010	13,396	14,732	16,499	18,972
Curr. Liability and Prov.	22,306	24,964	26,225	27,703	28,884	27,673	29,851	32,087
Account Payables	21,637	24,230	25,453	26,797	27,924	26,749	28,927	31,163
Provisions	669	734	772	906	960	924	924	924
Net Current Assets	1,793	2,184	922	2,340	-102	1,095	2,122	4,043
Appl. of Funds	99,449	1,03,992	1,12,291	1,13,017	1,15,477	1,14,955	1,15,980	1,18,741

Source: Company, MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	65.6	70.9	54.5	4.7	54.0	18.2	51.3	73.8
Cash EPS	111.3	119.0	106.1	70.9	129.1	92.5	129.2	153.8
BV/Share	624.1	712.4	785.5	776.6	866.6	872.8	912.1	973.9
DPS	7.5	10.0	10.0	2.5	10.0	12.0	12.0	12.0
Payout (%)	13.3	12.2	19.3	47.5	18.3	65.9	23.4	16.3
Valuation (x)								
P/E	17.7	16.4	21.3	248.0	21.5	63.8	22.7	15.7
Cash P/E	10.4	9.8	11.0	16.4	9.0	12.6	9.0	7.6
P/BV	1.9	1.6	1.5	1.5	1.3	1.3	1.3	1.2
EV/Sales	1.5	1.5	1.3	1.4	1.1	1.2	1.1	1.0
EV/EBITDA	7.9	7.3	8.5	15.4	7.5	10.5	8.1	6.6
EV/t - Cap (USD)	79	74	68	68	62	62	58	56
Dividend Yield (%)	0.6	0.9	0.9	0.2	0.9	1.0	1.0	1.0
Return Ratios (%)								
RoE	10.9	10.6	7.3	0.6	6.6	2.1	5.7	7.8
RoCE	8.2	7.9	5.5	3.1	6.0	3.4	5.3	6.6
RoIC	10.0	10.3	7.0	2.8	6.4	3.5	5.6	7.0
Working Capital Ratios								
Inventory (Days)	42	44	40	45	36	37	37	37
Debtor (Days)	13	15	15	14	16	15	15	15
Working Capital Turnover (Days)	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.9
Leverage Ratio								
Current ratio	1.1	1.1	1.0	1.1	1.0	1.0	1.1	1.1
Debt/Equity (x)	0.9	0.7	0.7	0.7	0.6	0.5	0.5	0.4

Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
(INR m)								
OP/(Loss) before Tax	6,815	7,126	5,378	431	5,799	1,882	5,300	7,632
Depreciation	3,519	3,708	3,969	5,099	5,783	5,719	6,002	6,159
Interest and Finance Charges	3,877	2,963	2,427	3,387	3,717	3,329	2,949	2,797
Direct Taxes Paid	-418	-843	-610	-508	-751	-480	-1,351	-1,946
(Inc.)/Dec. in WC	207	-201	-2	280	2,021	-1,235	-606	-1,281
CF from Operations	14,000	12,752	11,162	8,689	16,570	9,215	12,294	13,361
Others	-588	532	-770	-634	-376	0	0	0
CF from Operating incl. EO	13,412	13,284	10,392	8,055	16,195	9,215	12,294	13,361
(Inc.)/Dec. in FA	-9,860	-8,028	-7,762	-6,263	-5,255	-5,000	-7,000	-8,000
Free Cash Flow	3,552	5,256	2,629	1,791	10,939	4,215	5,294	5,361
(Pur.)/Sale of Investments	-446	2,438	-1,269	1,595	-1,053	1,000	1,000	1,000
Others	74	-1,699	950	601	-786	0	0	0
CF from Investments	-10,232	-7,289	-8,082	-4,068	-7,094	-4,000	-6,000	-7,000
Issue of Shares	0	0	0	0	0	0	0	0
Inc./(Dec.) in Debt	1,860	-2,252	1,246	980	-5,998	-1,000	-2,000	-2,000
Interest Paid	-3,872	-3,493	-3,179	-3,393	-3,501	-3,329	-2,949	-2,797
Dividend Paid	0	-1,036	-770	-770	-193	-924	-924	-924
Others	0	0	0	0	0	0	0	0
CF from Fin. Activity	-2,012	-6,781	-2,703	-3,183	-9,691	-5,253	-5,873	-5,721
Inc./Dec. in Cash	1,169	-786	-393	803	-591	-38	420	640
Opening Balance	1,390	2,559	1,772	1,380	2,183	1,592	1,554	1,974
Closing Balance	2,559	1,772	1,380	2,183	1,592	1,554	1,974	2,615

Source: Company, MOFSL estimates

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Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
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UNDER REVIEW	Rating may undergo a change
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