

20th February 2025

Close* - ₹975/-

View – **Hold**

Q3FY25 Performance

- Birla Corporation Limited (BCL) reported revenue of ₹2,257crs for Q3FY25, marking 2% YoY degrowth from ₹2,310crs in Q3FY24, the decline in prices led to lower revenue growth.
- Cement sales volume grew in Q3FY25, with 4.5mn tonnes, marking a 7%/13% increase YoY/QoQ.
- Capacity utilization rate for Q3FY25 at 92%, reflecting a YoY improvement of 6.6%.
- EBITDA at ₹248crs declined 39% YoY but improved 40% sequentially.
- Consolidated Net revenue for the quarter was reported at ₹31crs, significantly reversing from Net Loss in Q2FY25 but reduced threefold from ₹109cr in Q3FY24.
- Premium products sales improved to 59% versus 52% in Q2FY24.
- Blended cement sales and Trade channel sales both saw a slight decline on YoY basis. Blended at 79% from 83% and Trade at 68% from 69%.
- Favourable pet coke prices, along with an optimized fuel mix, led to a 6% reduction in power and fuel costs compared to the same period last year, bringing them down to ₹1,072/ton.
- In Q3FY25, 26% of total power consumption came from renewable sources, up from 25% in the previous quarter.
- EBITDA/t declined 39% at ₹551crs from ₹901crs in Q3FY24 due to lower realizations led by lower prices in Maharashtra and central India throughout the quarter.

Important Statistics

Nifty	22,933
Sensex	75,939
Close* (₹)	975
MCap (₹ Cr)	7501
52 Week H/L (₹)	1802/943
NSE Code	BIRLACORPN
BSE Code	500335
Bloomberg	BCORP:IN

Close* as on 19th Feb 2025

Shareholding %	Dec'23	Mar'24	Jun'24	Sep'24	Dec'24
Promoters	62.9	62.9	62.9	62.9	62.9
FII	6.45	6.79	5.99	5.46	5.6
DII	16.17	15.6	16.26	16.2	16.24
Public	14.48	14.7	14.84	15.44	15.24

Financials

Particulars	FY24	FY25E	FY26E	FY27E
Revenue	9,663	9,063	9,820	10,576
PAT	421	233	472	605
EBITDA margin %	15	13	15	16
EPS (₹)	55	28	57	80
ROE (%)	7	3	7	8
ROA (%)	3	2	3	4
P/BV	1.1	1.1	1	1
EV/EBITDA (x)	8.5	9.6	7.4	6.4

Source: Company, Way2Wealth

Key Concall Highlights

- **Capacity Expansion** – Birla Corporation is actively expanding its production capacity to strengthen its market presence and drive growth. The Mukutban plant, now a key contributor, has reached nearly 70% capacity utilization, improving overall performance. A 1.4 million tonne expansion at Kundanganj is set for commissioning by Q1FY26, ensuring future volume growth. The company's optimized manufacturing footprint across northern, central, and western India enhances efficiency and market reach.
- **Volume** – Volume for the Q3FY25 was 4.5mn tonnes, reflecting a 13% sequential growth that was driven by strong performance at the Chanderia unit and increasing contributions from the Mukutban plant, which saw a sequential volume rise of nearly 20%. Management aims to boost its production capacity to 30 mtpa by 2030, starting with an additional 5 mtpa. Management shall share detail in FY26. Currently, the capacity is 20 mtpa.
- **Cement prices** – Prices improved sequentially by 1.8%, supported by price hikes of ₹3-5 per 50-kg bag towards the end of the quarter. While northern markets saw stronger price gains, central and eastern regions experienced a more modest increase of ₹2-3 per bag. With demand improving and price hikes sustaining into January, BCL expects better realizations to support profitability in the coming quarters.

Relative Performance

Return (%)	1Yr	3Yr	5Yr
Birla corp	-40	-10	37
Nifty 50	3	33	89
Sensex	4	31	84

Source: Company, Way2Wealth

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- **Premium cement Sales** – BCL continued to strengthen its premium cement portfolio, with premium products accounting for 59% of total sales in Q3FY25, up from 52% a year ago. This growth in premium cement sales, led by its flagship brand, Perfect Plus, recorded a robust 23% increase in volume. The company's strategic focus on premiumization has helped it maintain price resilience despite market challenges. By offering high-value products, BCL has reinforced its position in key markets, ensuring better margins and stronger brand equity amid rising competition.
- **Jute Vertical**– Jute division continued to face challenges in Q3FY25 due to drop in government orders and rising raw material and conversion costs, resulting in a cash loss of ₹4.6crs. However, the division achieved significant growth in exports, with a 108% increase in overseas sales of value-added jute products. The company continues to explore opportunities in international markets while focusing on cost management to improve profitability. Despite short-term setbacks, management remains committed to strengthening its jute business by leveraging its legacy and expanding its portfolio of high-value products.
- **Energy cost** – BCL achieved 6% YoY reduction in fuel and power costs in Q3FY25 to ₹1,025/tonne. This was primarily due to lower pet coke prices and an optimized fuel mix. The company also increased its use of renewable energy, with green power contributing 26% of total consumption during the quarter. Additionally, RCCPL's Maihar unit secured a deal to source 12MW of wind-solar hybrid power, further enhancing cost efficiency and sustainability in energy consumption. By the end of the current quarter, renewables will contribute almost 45% of Maihar's total power needs.
- **Freight cost** – Freight costs rose in Q3FY25 due to increased distribution from the Mukutban plant, impacting lead distance, which stood at 360kms. The company optimized its geo-mix strategy to balance costs while maintaining market reach. Despite cost pressures, company continues to focus on logistics efficiency to minimize freight expenses.
- **Debt** – BCL's net debt stood at approximately ₹3,000crs as of Q3FY25. The company remains committed to maintaining financial discipline while funding its expansion plans, including the upcoming 1.4 million tonne capacity addition at Kundanganj.
- **Capex** – BCL has earmarked ₹500crs for capex in FY25, with ₹300crs already spent in the first nine months. A key focus is the 1.4 million tonne Kundanganj expansion, set for commissioning by Q1FY26. BCL is also investing in debottlenecking, cost optimization, and sustainability initiatives, including increased use of renewable energy.
- **Incentive** – Accrued ₹60crs in government incentives during the first nine months of FY25, with expectations to reach ₹100 crores by year-end. Most of these incentives are linked to the Mukutban plant, which has now become a key contributor to the company's overall performance. As of December 31, 2024, there was an outstanding incentive receivable of ₹435 crores, excluding ₹118 crores under litigation in West Bengal. Birla Corporation continues to work on the timely realization of these incentives to support cash flows and strengthen financial stability.

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View – Hold

Key Risks

- Rising transportation distances and fluctuating fuel prices may increase logistics and operational expenses.
- Declining cement prices in key markets like Maharashtra and central India could impact realizations and margins.

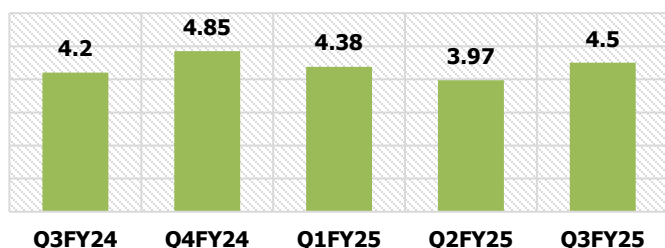
Key Metrics

Particulars	Q3FY25	Q3FY24	Var	9MFY25	9MFY24	Var
Sales (by volume) mt	4.5	4.2	7.1	12.8	12.8	-
Capacity utilisation %	91.9	85.3	6.6	87.1	86.5	0.7
Blended cement %	79	83	(4)	82	86	(4)
Trade channel %	68	69	(1)	70	73	(3)
Premium cement %	59	52	7	60	53	7

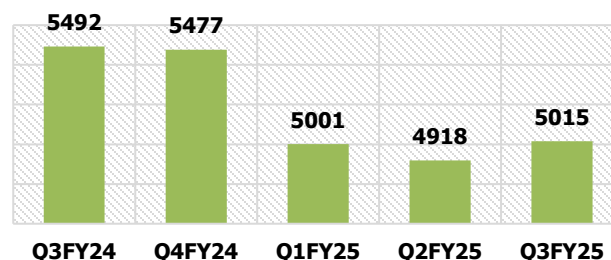
Source – Company, Way2Wealth

Story in Charts

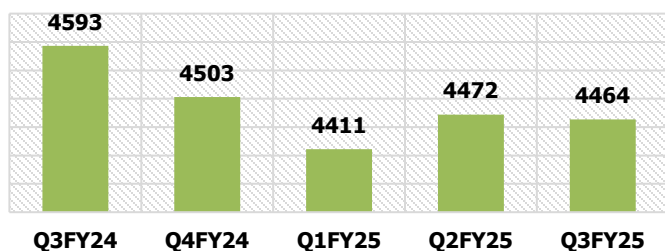
Volumes (MMT)



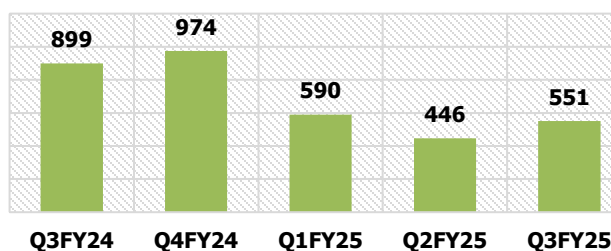
Realisation/tonne



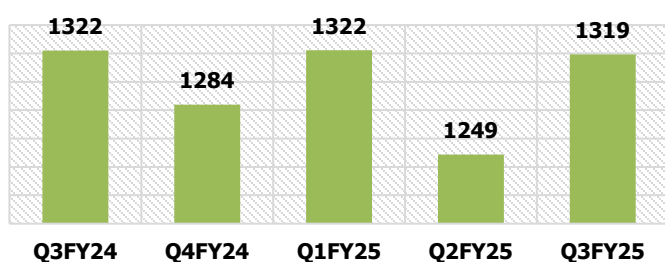
Cost/tonne



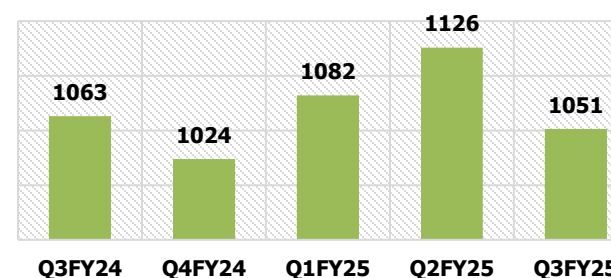
EBITDA/tonne



Freight/tonne



Other expenses/tonne

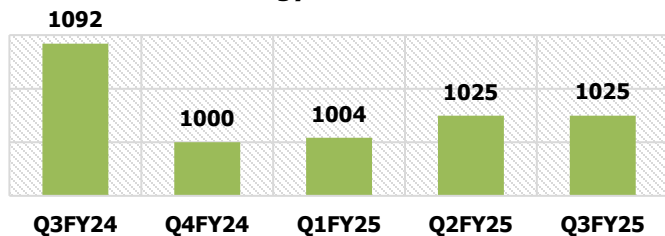


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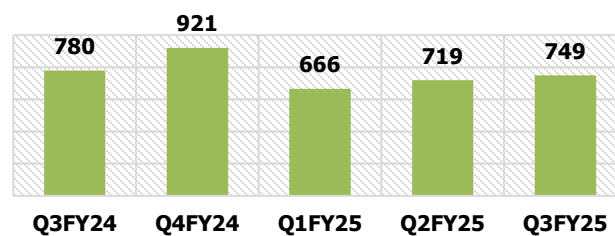
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View – Hold

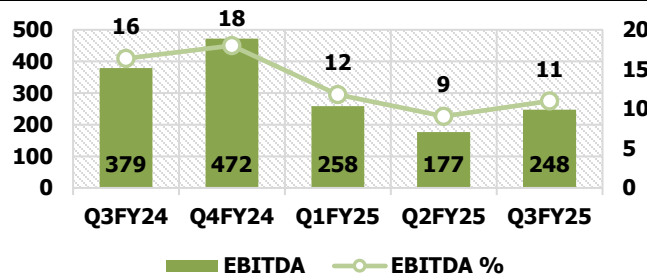
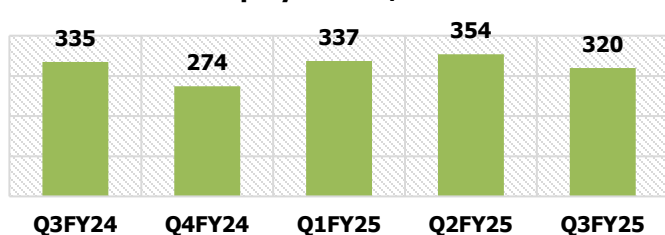
Energy Cost/tonne



RM/tonne



Employee Cost/tonne



Source – Company, Way2wealth Research

Important Ratios

Particulars	Q3FY25	Q3FY24	YoY	Q2FY25	QoQ	9MFY25	9MFY24	YoY
Debt Equity Ratio (in times)	0.61	0.71	(14)	0.63	(3)	0.61	0.71	(14)
Debt Service Coverage Ratio (in times)	1.3	1.84	(29)	0.71	83	0.97	1.27	(24)
interest Service Coverage Ratio (in times)	3.17	4.09	(22)	2.29	38	2.89	3.54	(18)
Debenture Redemption Reserve (in Crs)	16.51	24.96	(34)	16.51	0	16.51	24.96	(34)
Net Worth (in Crs)	5,773	5,411	7	5,812	(1)	5,773	5,411	7
Net Profit / (Loss) after Tax (in Crs)	31	109	(71)	(25)	(224)	39	227	(83)
Basic and Diluted EPS	4.06	14.17	(71)	(3.27)	(224)	5.02	29.51	(83)
Current Ratio (in times)	1.06	1.12	(5)	1.1	(4)	1.06	1.12	(5)
Long Term Debt to Working Capital (In times)	4.83	4.44	9	4.46	8	4.83	4.44	9
Current Liability Ratio (in times)	0.36	0.33	9	0.35	3	0.36	0.33	9
Total Debts to Total Assets (in times)	0.24	0.27	(11)	0.25	(4)	0.24	0.27	(11)
Debtors Turnover (in times)	16.67	16.36	2	14.93	12	17.41	19.04	(9)
Inventory Turnover (in times)	8.41	9.32	(10)	7.31	15	8.24	8.91	(8)
Operating Margin (in %)	11.14%	16.70%	(556) bps	9.18%	196 bps	10.82%	14.06%	(324) bps
Net Profit Margin (in %)	1.40%	4.81%	(341) bps	(1.31%)	271 bps	0.61%	3.31%	(270) bps

Source – Company, Way2wealth Research

View

The contribution from the Mukutban unit, now a key growth driver exceeding expectations in capacity utilization and profitability. Although Central India faced competitive challenges, Mukutban's performance offset these issues, while the Chanderia unit also performed well due to a northern market upswing. The company strategically prioritized maintaining its price premium in the central zone, with a high proportion of premium sales. A strong focus remains on cost control as cement prices stabilize and infrastructure demand rises, the company expects EBITDA per ton to improve, margins to strengthen, and overall financial performance to rebound in the coming quarters. With a balanced approach to growth, efficiency, and sustainability, Birla Corporation is poised for long-term value creation in the cement industry. **Hence, the stock is recommended to Hold at its current price, trading at 6.5x FY27E EV/EBITDA.**

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View – Hold

Financial Highlights

(₹ Cr)

Particulars	Q3FY25	Q3FY24	YoY	Q2FY25	QoQ	9MFY25	9MFY24	YoY
Income								
Revenue from operations	2,257	2,310	(2)	1,953	16	6,399	7,002	(9)
Other income	15	16	(6)	17	(10)	50	60	(17)
Total income	2,272	2,327	(2)	1,970	15	6,449	7,062	(9)
Expenses								
Cost of materials consumed	353	354	(0)	329	7	1,050	1,083	(3)
Purchases of stock in trade	5	5	5	3	40	12	15	(20)
Changes in inventories	-21	-30	(30)	-47	(55)	-148	17	(994)
Employee benefits expense	144	141	2	141	2	432	423	2
Finance costs	83	97	(14)	85	(2)	254	289	(12)
Depreciation and amortisation expense	139	145	(4)	145	(4)	430	429	0
Power fuel	461	460	0	407	13	1,308	1,463	(11)
Transport & forwarding expenses								
On finished products	530	496	7	449	18	1,496	1,468	2
On internal material transfer	63	68	(7)	47	35	173	208	(17)
Other expenses	473	439	8	447	6	1,394	1,340	4
Total expenses	2,231	2,173	3	2,003	11	6,400	6,755	(5)
Profit (Loss) before exceptional items and tax	41	153	(73)	-16	(363)	50	307	(84)
Exceptional Items							0	
Profit (Loss) before tax	41	153	(73)	-35	(216)	49	307	(84)
Tax expenses								
Current tax	7	13	(44)	-7	(208)	8	35	(78)
Deferred tax	3	31	(91)	-4	(175)	3	44	(92)
Net Profit / (Loss) for the period	31	109	(71)	-25	(224)	39	227	(83)
Paid-up Equity Share Capital (FV ₹ 10/- each)	77.01	77.01	0	77.01	0	77.01	77.01	0
Basic and Diluted EPS	4.06	14.17	(71)	-3.27	(224)	5.02	29.51	(83)

Source: Company, Way2wealth Research

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View – Hold

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Disclosure of Interest Statement: Birla Corporation Ltd.as on February 20th, 2024

Name of the Security	Birla Corporation Ltd.
Name of the analyst	Dhananjay Kansara
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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