

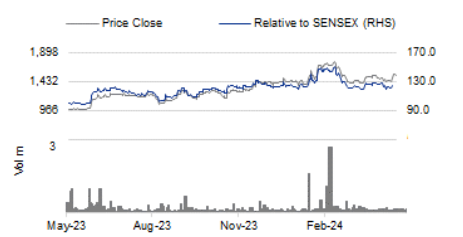
India

**ADD** (no change)

|  |            |
|--|------------|
| Consensus ratings*: Buy 18 Hold 2 Sell 0 |            |
| Current price:                           | Rs1,544    |
| Target price:                            | Rs1,800    |
| Previous target:                         | Rs1,800    |
| Up/downside:                             | 16.6%      |
| InCred Research / Consensus:             | -1.0%      |
| Reuters:                                 | BRLC.BO    |
| Bloomberg:                               | BCORP IN   |
| Market cap:                              | US\$1,424m |
|  | Rs118,927m |
| Average daily turnover:                  | US\$3.2m   |
|  | Rs268.9m   |
| Current shares o/s:                      | 77.0m      |
| Free float:                              | 34.6%      |
| *Source: Bloomberg                       |            |

**Key changes in this note**

- Broadly maintain EBITDA for FY25F-26F.
- Maintain our target price to Rs1,800. We value BCORP at 9x Mar 2026F EV/EBITDA.




Source: Bloomberg

|                          |     |       |      |
|--------------------------|-----|-------|------|
| <b>Price performance</b> | 1M  | 3M    | 12M  |
| Absolute (%)             | 2.4 | 1.7   | 57.6 |
| Relative (%)             | 2.9 | (0.7) | 30.2 |

|                               |        |
|-------------------------------|--------|
| <b>Major shareholders</b>     | % held |
| Promoter & Promoter Group     | 62.9   |
| Nippon Life India Trustee Ltd | 4.4    |
| ICICI Prudential              | 2.4    |

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# Birla Corporation Ltd

## Profitability outshines expectations

- 4Q consol. EBITDA stood at ~Rs4.7bn, up 72% yoy and 25% qoq (~18% above our estimate). Cement EBITDA/t stood at Rs964, up Rs356 yoy and Rs73 qoq.
- The ramp-up of Mukutban unit has been progressing above internal target and achieved 0.66mt (vs. estimate of 0.6mt) in sales volume in 4Q, up ~35% qoq.
- Maintain our EBITDA est. for FY25F-26F. Retain ADD rating with a similar target price of Rs1,800. BCORP is our top stock pick in the small-cap space.

### Broadly in-line volume performance; 8-10% guidance for FY25F

Birla Corporation or BCORP's cement sales volume in 4QFY24 grew by 9% yoy to 4.85mt led by Mukutban unit ramp-up and its levered strategies. Average capacity utilization stood at 97% (vs. 85% qoq) and 89% yoy. Cement realization was at Rs5,218/t, down ~2% qoq only, with the continued focus on premium sales and the strategy of not compromising on the pricing front. Prices to stay muted in the near term as management expects soft demand due to general elections. Premium products accounted for ~55% in 4Q vs. 52% qoq. Management expects an 8-10% volume growth in FY25F and aims at 2.7mt volume from the Mukutban unit. We factor in FY25F/26F volume growth of 8%/7%, respectively.

### Cement EBITDA/t improves to Rs964 without Mukutban incentives

Total cost/t stood at Rs4,503, down 2% qoq and 9% yoy, because of lower freight costs + power and fuel costs. Fuel costs stood at Rs1.56/kcal in 4Q vs. Rs1.58/kcal qoq. Green power contributed 25.4% to total power requirement in 4Q vs. 23% qoq. 'Project Shikhar', meant for manufacturing excellence, delivered savings of Rs37/t and 'Project Unnati' meant for sales, logistics and marketing operations delivered savings of Rs57/t in FY24 and further savings are likely. Reported cement unit EBITDA stood at Rs964, up Rs349 yoy and Rs61 qoq. Incentives for the Mukutban unit will begin to get recognized from 1QFY25F. BCORP expects unit EBITDA in FY25F to improve by 8-10% over FY24.

### Mukutban unit ramp-up; medium-term target of 25mtpa by 2027F

The Mukutban plant's volume rose to 0.66mt in 4Q, up 35% qoq, implying capacity utilization of >65%, above its internal target. ~65% of the volume was sold in Maharashtra in 4Q and the company expects to boost premium product sales in Maharashtra, Gujarat & Rajasthan. In FY25F, it is likely to post a ~2.7mt volume from the Mukutban unit. It expects incentives worth Rs1.1bn in FY25F (incl. Mukutban) vs. Rs1.6bn in FY24. BCORP's Kundanganj grinding unit of 1.4mtpa to be commissioned by FY26F-end and it targets to have ~25mtpa capacity by FY27F. It is targeting a capex of ~Rs8bn in FY25F.

### Retain ADD rating; stock remains our top pick in the sector

At CMP, BCORP trades at FY25F/26F EV/EBITDA of 9x/7.8x, respectively. We retain ADD rating on it with a Mar 2025F target price of Rs1,800 (unchanged), set at one-year forward EV/EBITDA of 9x (unchanged). Downside risks: Weak demand, pricing pressure, slower-than-expected ramp-up of Mukutban unit, and a rise in input costs.

**Financial Summary**

|                                   | Mar-22A | Mar-23A | Mar-24A  | Mar-25F | Mar-26F |
|-----------------------------------|---------|---------|----------|---------|---------|
| Revenue (Rsm)                     | 74,612  | 86,823  | 96,627   | 104,845 | 113,700 |
| Operating EBITDA (Rsm)            | 11,100  | 7,720   | 14,376   | 16,523  | 18,967  |
| Net Profit (Rsm)                  | 4,300   | 339     | 4,138    | 5,495   | 7,179   |
| Core EPS (Rs)                     | 55.8    | 4.4     | 53.7     | 71.4    | 93.2    |
| Core EPS Growth                   | (37.5%) | (92.1%) | 1,122.4% | 32.8%   | 30.7%   |
| FD Core P/E (x)                   | 27.66   | 351.34  | 28.74    | 21.64   | 16.57   |
| DPS (Rs)                          | 10.0    | 2.5     | 10.0     | 11.4    | 14.0    |
| Dividend Yield                    | 0.78%   | 0.20%   | 0.78%    | 0.89%   | 1.10%   |
| EV/EBITDA (x)                     | 13.84   | 20.16   | 10.38    | 9.02    | 7.80    |
| P/FCFE (x)                        | 29.44   | 21.39   | 35.14    | 14.07   | 12.96   |
| Net Gearing                       | 57.3%   | 61.4%   | 45.3%    | 42.2%   | 37.8%   |
| P/BV (x)                          | 1.97    | 1.99    | 1.78     | 1.67    | 1.54    |
| ROE                               | 7.5%    | 0.6%    | 6.5%     | 8.0%    | 9.7%    |
| % Change In Core EPS Estimates    |         |         |          | (0.53%) | (0.48%) |
| InCred Research/Consensus EPS (x) |         |         |          |         |         |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

## Profitability outshines expectations

### 4QFY24 results review and earnings-call takeaways ➤

#### Update on operational performance:

- **Volume:** Cement sales volume came in at **4.85mt, up ~9% yoy** (~2% below Incred estimate of ~4.9mt). **Volume in FY24 was up 12.2% yoy at 17.65mt.**
- **Realization/t:** In 4Q, realization came in at Rs5,218/t, down ~2% qoq (~2% above Incred estimate). Reported realization (for the cement division only) stood at Rs5,178/t, down 1.6% yoy.
- **Cost/t:** Overall blended cost/t fell by ~2% qoq to Rs4,503. a) Freight expenses declined by 4% yoy and 3% qoq to Rs1,284/t due to the benefits of various logistic efficiency schemes. b) Power & fuel costs decreased by 9% qoq and 23% yoy to Rs1,000/t. Fixed costs fell by 7% qoq and 1% yoy to Rs1,298/t. In 4QFY24, green power provided ~25.4% of the power consumed by BCORP's integrated unit vs. 23% qoq and ~20% yoy.
- **EBITDA/t:** Consolidated EBITDA grew by 72% yoy and 25% qoq to Rs4.7bn (vs. our expectation of ~Rs4.02bn); **Cement division (reported) EBITDA/t stood at Rs964 during the quarter** (vs. Rs903/t in 3QFY24 and Rs615/t in 4QFY23), much above our estimate of Rs814.
- BCORP reported a PAT of ~Rs1.9bn during the quarter vs. our estimate of ~Rs1.4bn, up ~1.3x yoy and 77% qoq.
- **Cash flow from operations** in FY24 stood at Rs16.2bn vs. Rs8.1bn in FY23 while capex in FY24 was at Rs5.2bn vs. Rs6.3bn in FY23. The **debt-to-equity ratio** improved to 0.67x as of Mar 2024-end vs. 0.71x as of Dec 2023-end.
- The board of directors has approved a dividend of Rs10/share.
- The company highlighted that FY24 was a good year as its strategies have started to converge on all fronts. The Mukutban plant notably contributed to the positive performance throughout the year.
- The company will continue to focus on premium products and prefers not to compromise on pricing to gain additional volume. Nonetheless, if the market prices go down, it may need to adjust accordingly to remain competitive.
- Management gave volume growth guidance of 8-10% for FY25F. It is aiming at 2.7mt volume from the Mukutban unit in FY25F.
- Central market: In this market, a significant amount of new capacity has emerged, resulting in increased competition. For FY25F, market performance will depend on how demand pans out and on what front other players focus - whether on volume or price. However, it has sold its products in the central market and continues to have a strong brand presence.
- Pricing & demand: Management expects the demand to remain soft till 2HFY25F due to the ongoing general elections in India followed by the usually weak period during the monsoons. The volume push by major players will continue due to favourable cost conditions. As a result of all this, it doesn't see any improvement in cement prices in the near term.
- The trade channel drop was attributed to market reaction. As per management, the trade channel mix will continue to remain higher than that of the industry.
- Management remains confident on its premium product brand (like 'Perfect Plus') as the company holds a strong position in its core markets.

### Mukutban plant update:

- Mukutban helped via both volume and better realization during the quarter,
- The company plans to intensify its operations at Mukutban, prioritizing the Maharashtra market to leverage tax incentives. It will also emphasize boosting the proportion of premium products in Maharashtra, Gujarat, and Rajasthan, targeting areas with ample growth potential.
- **The volume from the Mukutban unit** was ~0.66mt in 4Q (~0.49mt in 3Q), with ~65% sales coming from Maharashtra.
- Mukutban had a lead distance of **~420km and it will remain at a similar level.**

### Margins, pricing & costs:

- **In 4Q**, the overall lead distance stood at 349km, and at 337km excluding Mukutban unit.
- **Fuel costs** stood at Rs1.56/kcal in 4QFY24 vs. 1.58/kcal qoq, declining by 1.3%.
- **EBITDA/t** to increase by 8-10% over FY24 level.
- **Expects incentives worth Rs1.1bn in FY25F** across all plants (including Mukutban). It received incentives worth Rs1.6bn in FY24. Kudunganj plant's incentives ended in Mar 2024, and the company hasn't started recognizing Mukutban plant's incentives yet due to non-completion of the required formalities with the state government.
- Project Shikhar and Project Unnati have resulted in gross savings of Rs660m and Rs1bn, respectively, in FY24 and will aid in further savings in the coming quarters.
- Bikram coal mines to get operational in 4QFY25F and Marki Barka coal mines by FY26F/27F.

### Capacity expansion & utilization update:

- **Capex guidance** of Rs8bn for FY25F, of which Rs4bn will be towards maintenance capex, Rs2bn for coal mines and Rs2bn for Kudunganj unit's expansion.
- **Capacity utilization stood at 97% during the quarter** (which reflects swift ramp-up of the Mukutban unit during the year) vs. 85% qoq and 89% yoy.
- BCORP subsidiary RCCPL has announced an investment of Rs4.25bn to expand the capacity of its Kundanganj unit by 1.4mtpa over the next two years (EV/t of US\$36). One-third of the investment will be funded by internal accruals. The company remains committed to its target to have 25mtpa capacity by FY27F.

### Other updates:

- **Trade: non-trade mix** stood at 72%:28% during the quarter vs. 69%:31% qoq and 77%:23% yoy.
- **Blended cement** stood at 84% during the quarter vs. 83% qoq and 89% yoy, while premium cement's share increased to 55% vs. 52% qoq of the total trade channel. Sales of Perfect Plus (flagship premium product) grew 19% yoy.
- **The share of renewables** in total power consumption stood at 25.37% in 4Q vs. 23% qoq and 21.7% yoy.
- **Jute division:** The division had a decent quarter, but its full-year profitability was impacted due to poor overseas demand and increased competition in value-added products. The jute division's reported cash profit stood at Rs86.1m vs. Rs13.8m qoq and ~Rs82m yoy. For FY24, cash profit dropped from Rs372m to Rs208.2 crore as exports declined by 30%. The company is in discussions with several supermarket chains across key markets, with an order pipeline for 1.61m bags. The company is developing a new jute-based geo-fibre, which can be used in diverse ways on roads and pavements. It can change the dynamics of segment's revenue and profitability.

- **Net debt** stood at Rs30bn in 4QFY24, a reduction of Rs6bn compared to last year. In FY25F, debt amounting to Rs5.2bn will be maturing and the company expects net debt to be lower than the FY24 level.

**Figure 1: Consolidated quarterly performance**

| Particulars (Rsm)                     | 4QFY24        | 4QFY24F       | 3QFY24        | 4QFY23        | % Change      |               |               |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|                                       |               |               |               |               | 4QFY24F       | 3QFY24        | 4QFY23        |
| <b>Net Sales</b>                      | <b>26,564</b> | <b>26,420</b> | <b>23,120</b> | <b>24,626</b> | <b>1%</b>     | <b>15%</b>    | <b>8%</b>     |
| Raw Materials Consumed                | 4,466         | 3,934         | 3,285         | 4,358         | 14%           | 36%           | 2%            |
| Freight and Forwarding Expenses       | 6,229         | 6,503         | 5,565         | 5,952         | -4%           | 12%           | 5%            |
| Power and Fuel Costs                  | 4,848         | 5,343         | 4,597         | 5,732         | -9%           | 5%            | -15%          |
| Employee Costs                        | 1,330         | 1,632         | 1,412         | 1,299         | -19%          | -6%           | 2%            |
| Other Expenses                        | 4,967         | 4,993         | 4,476         | 4,542         | -1%           | 11%           | 9%            |
| <b>Total Expenditure</b>              | <b>21,840</b> | <b>22,404</b> | <b>19,335</b> | <b>21,882</b> | <b>-3%</b>    | <b>13%</b>    | <b>0%</b>     |
| <b>EBITDA</b>                         | <b>4,724</b>  | <b>4,016</b>  | <b>3,785</b>  | <b>2,743</b>  | <b>18%</b>    | <b>25%</b>    | <b>72%</b>    |
| Depreciation                          | 1,497         | 1,506         | 1,448         | 1,401         | -1%           | 3%            | 7%            |
| <b>EBIT</b>                           | <b>3,227</b>  | <b>2,510</b>  | <b>2,337</b>  | <b>1,342</b>  | <b>29%</b>    | <b>38%</b>    | <b>140%</b>   |
| Interest                              | 824           | 994           | 965           | 887           | -17%          | -15%          | -7%           |
| Other Income                          | 257           | 375           | 163           | 491           | -32%          | 58%           | -48%          |
| <b>PBT</b>                            | <b>2,731</b>  | <b>1,891</b>  | <b>1,535</b>  | <b>1,129</b>  | <b>44%</b>    | <b>78%</b>    | <b>142%</b>   |
| Tax                                   | 797           | 465           | 443           | 280           | 72%           | 80%           | 185%          |
| <b>PAT before MI &amp; Associates</b> | <b>1,933</b>  | <b>1,426</b>  | <b>1,091</b>  | <b>850</b>    | <b>36%</b>    | <b>77%</b>    | <b>128%</b>   |
| Minority Interest                     | 0             | 0             | 0             | 0             |               |               |               |
| Profit from Assoc.                    | 0             | 0             | 0             | 0             |               |               |               |
| <b>Recurring PAT</b>                  | <b>1,933</b>  | <b>1,426</b>  | <b>1,091</b>  | <b>850</b>    | <b>36%</b>    | <b>77%</b>    | <b>128%</b>   |
| Extraordinary Items                   | -70           | 0             | 0             | -183          |               |               |               |
| <b>Reported PAT</b>                   | <b>1,933</b>  | <b>1,426</b>  | <b>1,091</b>  | <b>850</b>    | <b>36%</b>    | <b>77%</b>    | <b>128%</b>   |
| EPS (Rs)                              | 25.1          | 18.5          | 14.2          | 11.0          | 36%           | 77%           | 128%          |
| Gross Margin                          | 41%           | 40%           | 42%           | 35%           | 121 bp        | -35 bp        | 663 bp        |
| <b>EBITDA Margin</b>                  | <b>17.8%</b>  | <b>15.2%</b>  | <b>16.4%</b>  | <b>11.1%</b>  | <b>258 bp</b> | <b>141 bp</b> | <b>664 bp</b> |
| EBIT Margin                           | 12%           | 9%            | 10%           | 5%            | 265 bp        | 204 bp        | 670 bp        |
| PBT Margin                            | 10%           | 7%            | 7%            | 5%            | 312 bp        | 364 bp        | 569 bp        |
| PAT Margin                            | 7%            | 5%            | 5%            | 3%            | 188 bp        | 256 bp        | 383 bp        |
| Tax Rate                              | 29%           | 25%           | 29%           | 25%           | 463 bp        | 31 bp         | 442 bp        |
| <b>Cost items as % of Sales</b>       |               |               |               |               |               |               |               |
| Raw Material Costs                    | 17%           | 15%           | 14%           | 18%           | 192 bp        | 260 bp        | -88 bp        |
| Freight Costs                         | 23%           | 25%           | 24%           | 24%           | -116 bp       | -62 bp        | -72 bp        |
| P&F Costs                             | 18%           | 20%           | 20%           | 23%           | -197 bp       | -163 bp       | -503 bp       |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 2: 4QFY24 results on per tonne analysis**

| Per tonne analysis              | 4QFY24       | 4QFY24F      | 3QFY24       | 4QFY23       | % Change     |            |            |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|------------|------------|
|                                 |              |              |              |              | 4QFY24F      | 3QFY24     | 4QFY23     |
| Sales volume (cement + clinker) | 4.85         | 4.93         | 4.20         | 4.44         | -1.6%        | 15.5%      | 9.2%       |
| Realization                     | 5,218        | 5,130        | 5,316        | 5,279        | 1.7%         | -1.8%      | -1.2%      |
| <b>EBITDA/t</b>                 | <b>974</b>   | <b>814</b>   | <b>901</b>   | <b>618</b>   | <b>20%</b>   | <b>8%</b>  | <b>58%</b> |
| RM costs/t                      | 921          | 798          | 782          | 982          | 15%          | 18%        | -6%        |
| P&F costs/t                     | 1,000        | 1,084        | 1,094        | 1,291        | -8%          | -9%        | -23%       |
| Freight costs/t                 | 1,284        | 1,319        | 1,325        | 1,340        | -3%          | -3%        | -4%        |
| Employee costs/t                | 274          | 331          | 336          | 293          | -17%         | -18%       | -6%        |
| Other expenses/t                | 1,024        | 1,013        | 1,066        | 1,023        | 1%           | -4%        | 0%         |
| <b>Cost/t</b>                   | <b>4,503</b> | <b>4,544</b> | <b>4,604</b> | <b>4,928</b> | <b>-0.9%</b> | <b>-2%</b> | <b>-9%</b> |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Key quarterly charts ➤

Figure 3: Cement sales volume increased by ~9% yoy to 4.85mt in 4QFY24  
Figure 4: Cement realization declined by 2% qoq in 4QFY24

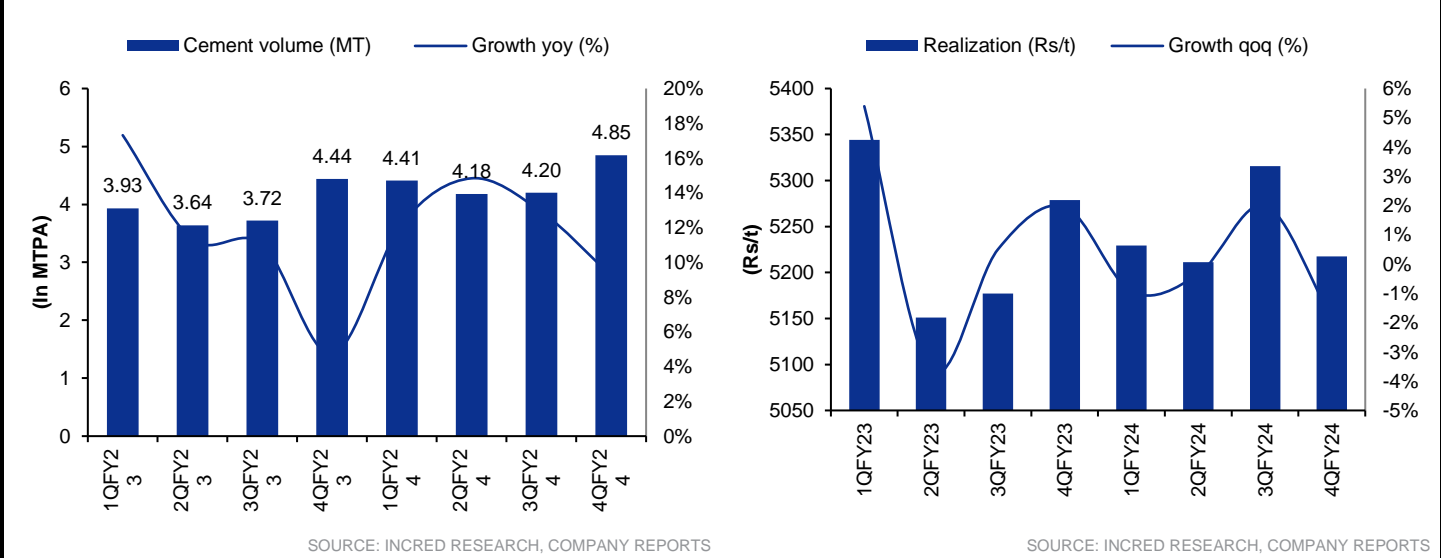


Figure 5: Blended operating cost declined by 2% qoq to Rs4,503 in 4QFY24  
Figure 6: Blended EBITDA/t improves by ~58% yoy and ~8% qoq to Rs974 in 4QFY24

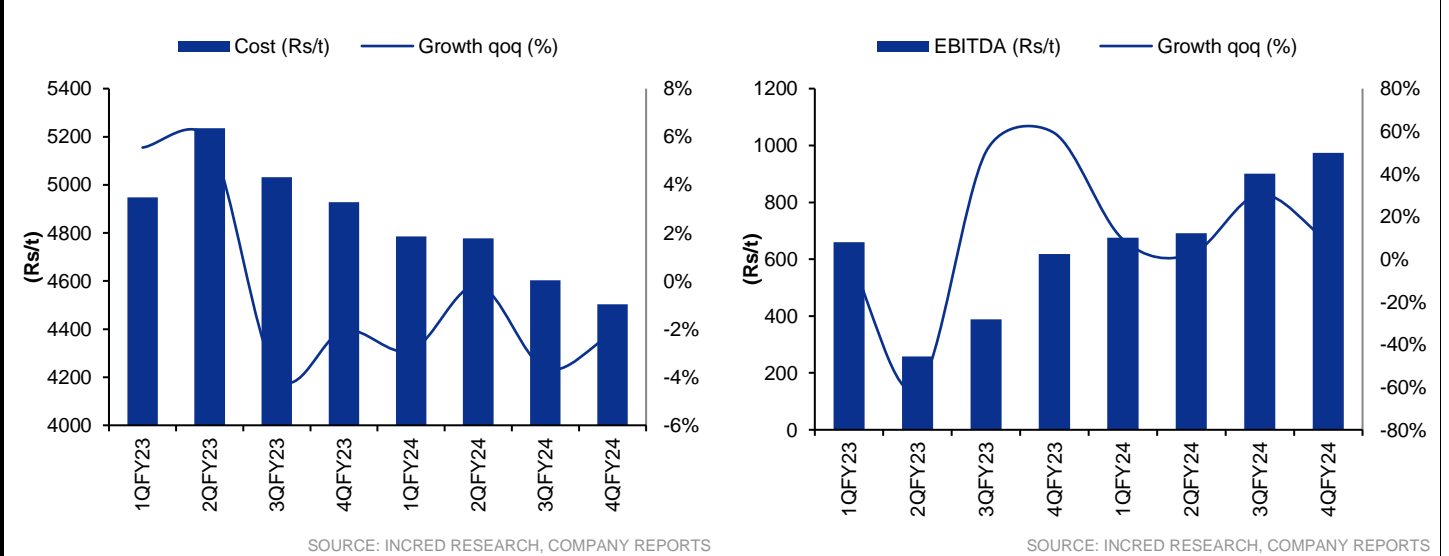


Figure 7: Segment-wise break up (consolidated)

| Segment-wise revenue (Rs m) | 4QFY22        | 1QFY23        | 2QFY23        | 3QFY23        | 4QFY23        | 1QFY24        | 2QFY24        | 3QFY24        | 4QFY24        |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cement                      | 21,500        | 21,003        | 18,750        | 19,259        | 23,437        | 23,061        | 21,783        | 22,326        | 25,305        |
| Jute                        | 1,142         | 1,032         | 1,240         | 904           | 1,190         | 1,021         | 1,076         | 796           | 1,258         |
| Others                      | 24            | 10            | 18            | 23            | 28            | 14            | 24            | 13            | 15            |
| <b>Total revenue</b>        | <b>22,666</b> | <b>22,045</b> | <b>20,008</b> | <b>20,185</b> | <b>24,655</b> | <b>24,096</b> | <b>22,883</b> | <b>23,134</b> | <b>26,578</b> |

| Segment EBIT (Rs m) | 4QFY22       | 1QFY23       | 2QFY23      | 3QFY23     | 4QFY23       | 1QFY24       | 2QFY24       | 3QFY24       | 4QFY24       |
|---------------------|--------------|--------------|-------------|------------|--------------|--------------|--------------|--------------|--------------|
| Cement              | 1,510        | 1,495        | -185        | 308        | 1,873        | 1,759        | 1,637        | 2,584        | 3,533        |
| Jute                | 134          | 60           | 79          | 62         | 58           | 50           | 30           | 4            | 72           |
| Others              | -11          | -7           | -7          | -5         | -6           | -7           | -4           | -6           | -6           |
| <b>Total</b>        | <b>1,633</b> | <b>1,547</b> | <b>-113</b> | <b>365</b> | <b>1,926</b> | <b>1,802</b> | <b>1,663</b> | <b>2,582</b> | <b>3,599</b> |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: Our revised earnings estimates

| Rs. m     | New      |          | Old     |         | Change (%) |       |
|-----------|----------|----------|---------|---------|------------|-------|
|           | FY25F    | FY26F    | FY25F   | FY26F   | FY25F      | FY26F |
| Sales     | 1,04,845 | 1,13,700 | 104,359 | 114,220 | 0%         | 0%    |
| EBITDA    | 16,523   | 18,967   | 16,547  | 19,005  | 0%         | 0%    |
| PAT       | 5,495    | 7,179    | 5,663   | 7,410   | -3%        | -3%   |
| EPS (Rs.) | 71.4     | 93.2     | 74      | 97      | -3%        | -4%   |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 9: Changes in our estimates vs. Bloomberg consensus estimates**

| Rs. m  | Incred   |          | Consensus |          | Change (%) |       |
|--------|----------|----------|-----------|----------|------------|-------|
|        | FY25F    | FY26F    | FY25F     | FY26F    | FY25F      | FY26F |
| Sales  | 1,04,845 | 1,13,700 | 1,04,711  | 1,13,322 | 0%         | 0%    |
| EBITDA | 16,523   | 18,967   | 17,017    | 19,203   | -2%        | -1%   |
| PAT    | 5,495    | 7,179    | 6,532     | 8,207    | -16%       | -13%  |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

**Figure 10: Key assumptions**

|                                | FY22A  | FY23A | FY24   | FY25F  | FY26F  |
|--------------------------------|--------|-------|--------|--------|--------|
| <b>Volume (in mtpa)</b>        | 14     | 16    | 18     | 19     | 20     |
| yoy                            | 6%     | 11%   | 12%    | 8%     | 7%     |
| <b>Realization (per tonne)</b> | 4,961  | 5,242 | 5,239  | 5,266  | 5,342  |
| yoy                            | 2%     | 6%    | 0%     | 0%     | 1%     |
| <b>Cost (per tonne)</b>        | 4,466  | 5,029 | 4,660  | 4,633  | 4,645  |
| yoy                            | 10%    | 13%   | -7%    | -1%    | 0%     |
| <b>EBITDA (per tonne)</b>      | 781    | 491   | 815    | 867    | 930    |
| yoy                            | -22%   | -37%  | 66%    | 6%     | 7%     |
| <b>EBITDA (Rs m)</b>           | 11,100 | 7,720 | 14,376 | 16,523 | 18,967 |
| yoy                            | -17%   | -30%  | 86%    | 15%    | 15%    |

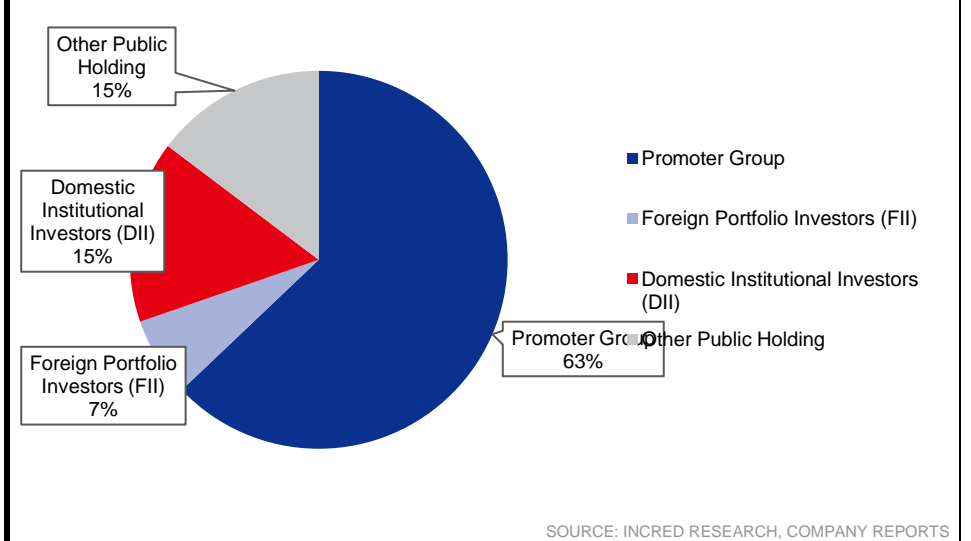
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 11: Maintain ADD rating on the stock with a Mar 2025F target price of Rs1,800, set at one-year forward EV/EBITDA of 9x**

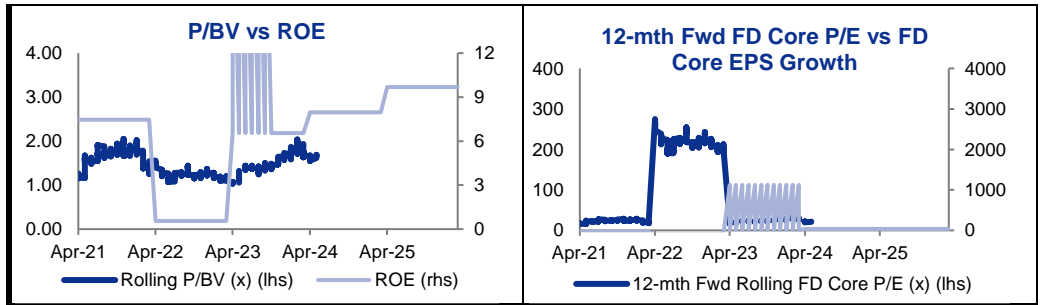
| Valuation                        | TP           |
|----------------------------------|--------------|
| Target EV/EBITDA (x)             | 9            |
| Target EV (Rs m)                 | 1,68,809     |
| Net debt / (cash) (Rs m)         | 30,029       |
| No. of shares (m)                | 77           |
| <b>Fair value per share (Rs)</b> | <b>1,800</b> |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

**Figure 12: Birla Corporation's shareholding pattern (as of end-Mar 2024)**



BY THE NUMBERS



Profit & Loss

| (Rs mn)                                   | Mar-22A       | Mar-23A       | Mar-24A       | Mar-25F        | Mar-26F        |
|---|---------------|---------------|---------------|----------------|----------------|
| <b>Total Net Revenues</b>                 | <b>74,612</b> | <b>86,823</b> | <b>96,627</b> | <b>104,845</b> | <b>113,700</b> |
| <b>Gross Profit</b>                       | <b>74,612</b> | <b>86,823</b> | <b>96,627</b> | <b>104,845</b> | <b>113,700</b> |
| <b>Operating EBITDA</b>                   | <b>11,100</b> | <b>7,720</b>  | <b>14,376</b> | <b>16,523</b>  | <b>18,967</b>  |
| Depreciation And Amortisation             | (3,969)       | (5,099)       | (5,783)       | (6,130)        | (6,498)        |
| <b>Operating EBIT</b>                     | <b>7,131</b>  | <b>2,621</b>  | <b>8,593</b>  | <b>10,392</b>  | <b>12,469</b>  |
| Financial Income/(Expense)                | (2,427)       | (3,387)       | (3,717)       | (3,866)        | (3,711)        |
| Pretax Income/(Loss) from Assoc.          |               |               |               |                |                |
| Non-Operating Income/(Expense)            | 988           | 1,131         | 856           | 898            | 943            |
| <b>Profit Before Tax (pre-EI)</b>         | <b>5,692</b>  | <b>365</b>    | <b>5,732</b>  | <b>7,425</b>   | <b>9,702</b>   |
| Exceptional Items                         |               |               |               |                |                |
| <b>Pre-tax Profit</b>                     | <b>5,692</b>  | <b>365</b>    | <b>5,732</b>  | <b>7,425</b>   | <b>9,702</b>   |
| Taxation                                  | (1,392)       | (26)          | (1,594)       | (1,931)        | (2,522)        |
| Exceptional Income - post-tax             |               |               |               |                |                |
| <b>Profit After Tax</b>                   | <b>4,300</b>  | <b>339</b>    | <b>4,138</b>  | <b>5,495</b>   | <b>7,179</b>   |
| Minority Interests                        |               |               |               |                |                |
| Preferred Dividends                       |               |               |               |                |                |
| FX Gain/(Loss) - post tax                 |               |               |               |                |                |
| Other Adjustments - post-tax              |               |               |               |                |                |
| <b>Net Profit</b>                         | <b>4,300</b>  | <b>339</b>    | <b>4,138</b>  | <b>5,495</b>   | <b>7,179</b>   |
| Recurring Net Profit                      | 4,300         | 339           | 4,138         | 5,495          | 7,179          |
| <b>Fully Diluted Recurring Net Profit</b> | <b>4,300</b>  | <b>339</b>    | <b>4,138</b>  | <b>5,495</b>   | <b>7,179</b>   |

Cash Flow

| (Rs mn)                          | Mar-22A        | Mar-23A        | Mar-24A        | Mar-25F        | Mar-26F         |
|----------------------------------|----------------|----------------|----------------|----------------|-----------------|
| <b>EBITDA</b>                    | <b>11,100</b>  | <b>7,720</b>   | <b>14,376</b>  | <b>16,523</b>  | <b>18,967</b>   |
| Cash Flow from Invt. & Assoc.    |                |                |                |                |                 |
| Change In Working Capital        | (1,531)        | 1,131          | (2,185)        | (1,032)        | (1,657)         |
| (Incr)/Decr in Total Provisions  |                |                |                |                |                 |
| Other Non-Cash (Income)/Expense  | 988            | 1,131          | 856            | 898            | 943             |
| <b>Other Operating Cashflow</b>  | <b>3,653</b>   | <b>1,487</b>   | <b>8,458</b>   | <b>8,458</b>   | <b>8,458</b>    |
| Net Interest (Paid)/Received     | (2,427)        | (3,387)        | (3,717)        | (3,866)        | (3,711)         |
| Tax Paid                         | (1,392)        | (26)           | (1,594)        | (1,931)        | (2,522)         |
| <b>Cashflow From Operations</b>  | <b>10,392</b>  | <b>8,055</b>   | <b>16,195</b>  | <b>19,051</b>  | <b>20,478</b>   |
| Capex                            | (7,762)        | (6,263)        | (5,255)        | (8,300)        | (8,800)         |
| Disposals Of FAs/subsidiaries    |                |                |                |                |                 |
| Acq. Of Subsidiaries/investments |                |                |                |                |                 |
| Other Investing Cashflow         | 12             | 2,613          | (1,745)        | (1,500)        | (1,500)         |
| <b>Cash Flow From Investing</b>  | <b>(7,751)</b> | <b>(3,650)</b> | <b>(7,001)</b> | <b>(9,800)</b> | <b>(10,300)</b> |
| Debt Raised/(repaid)             | 1,399          | 1,156          | (5,809)        | (800)          | (1,000)         |
| Proceeds From Issue Of Shares    |                |                |                |                |                 |
| Shares Repurchased               |                |                |                |                |                 |
| Dividends Paid                   | (770)          | (193)          | (770)          | (879)          | (1,077)         |
| Preferred Dividends              |                |                |                |                |                 |
| Other Financing Cashflow         | (3,332)        | (4,146)        | (3,112)        | (8,143)        | (8,184)         |
| <b>Cash Flow From Financing</b>  | <b>(2,703)</b> | <b>(3,183)</b> | <b>(9,691)</b> | <b>(9,822)</b> | <b>(10,261)</b> |
| Total Cash Generated             | (62)           | 1,221          | (497)          | (571)          | (83)            |
| <b>Free Cashflow To Equity</b>   | <b>4,040</b>   | <b>5,560</b>   | <b>3,385</b>   | <b>8,451</b>   | <b>9,178</b>    |
| <b>Free Cashflow To Firm</b>     | <b>5,067</b>   | <b>7,792</b>   | <b>12,911</b>  | <b>13,117</b>  | <b>13,889</b>   |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

| <b>Balance Sheet</b>                 |                |                |                |                |                |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>(Rs mn)</b>                       | <b>Mar-22A</b> | <b>Mar-23A</b> | <b>Mar-24A</b> | <b>Mar-25F</b> | <b>Mar-26F</b> |
| Total Cash And Equivalents           | 7,396          | 6,750          | 7,439          | 6,868          | 6,785          |
| Total Debtors                        | 3,028          | 3,233          | 4,149          | 4,309          | 4,673          |
| Inventories                          | 8,200          | 10,616         | 9,646          | 10,341         | 11,526         |
| Total Other Current Assets           | 10,037         | 9,600          | 8,582          | 9,855          | 11,256         |
| <b>Total Current Assets</b>          | <b>28,661</b>  | <b>30,199</b>  | <b>29,816</b>  | <b>31,373</b>  | <b>34,240</b>  |
| Fixed Assets                         | 75,765         | 98,418         | 97,893         | 99,762         | 101,765        |
| Total Investments                    | 4,077          | 4,116          | 7,035          | 7,535          | 8,035          |
| Intangible Assets                    | 25,511         | 3,577          | 4,805          | 5,805          | 6,805          |
| Total Other Non-Current Assets       | 4,502          | 4,411          | 4,813          | 5,113          | 5,413          |
| <b>Total Non-current Assets</b>      | <b>109,855</b> | <b>110,521</b> | <b>114,546</b> | <b>118,215</b> | <b>122,018</b> |
| Short-term Debt                      | 4,175          | 5,114          | 5,845          | 5,545          | 5,045          |
| Current Portion of Long-Term Debt    |                |                |                |                |                |
| Total Creditors                      | 7,620          | 9,197          | 8,680          | 9,426          | 10,130         |
| Other Current Liabilities            | 9,554          | 9,029          | 10,659         | 11,009         | 11,597         |
| <b>Total Current Liabilities</b>     | <b>21,348</b>  | <b>23,340</b>  | <b>25,184</b>  | <b>25,980</b>  | <b>26,772</b>  |
| Total Long-term Debt                 | 37,906         | 38,383         | 31,853         | 31,353         | 30,853         |
| Hybrid Debt - Debt Component         |                |                |                |                |                |
| Total Other Non-Current Liabilities  | 18,773         | 19,189         | 20,587         | 21,087         | 21,587         |
| <b>Total Non-current Liabilities</b> | <b>56,679</b>  | <b>57,572</b>  | <b>52,440</b>  | <b>52,440</b>  | <b>52,440</b>  |
| Total Provisions                     |                |                |                |                |                |
| <b>Total Liabilities</b>             | <b>78,027</b>  | <b>80,912</b>  | <b>77,624</b>  | <b>78,420</b>  | <b>79,212</b>  |
| Shareholders Equity                  | 60,488         | 59,808         | 66,738         | 71,169         | 77,045         |
| Minority Interests                   |                |                |                |                |                |
| <b>Total Equity</b>                  | <b>60,489</b>  | <b>59,808</b>  | <b>66,738</b>  | <b>71,169</b>  | <b>77,045</b>  |

| <b>Key Ratios</b>         |                |                |                |                |                |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
|                           | <b>Mar-22A</b> | <b>Mar-23A</b> | <b>Mar-24A</b> | <b>Mar-25F</b> | <b>Mar-26F</b> |
| Revenue Growth            | 10.0%          | 16.4%          | 11.3%          | 8.5%           | 8.4%           |
| Operating EBITDA Growth   | (17.0%)        | (30.5%)        | 86.2%          | 14.9%          | 14.8%          |
| Operating EBITDA Margin   | 14.9%          | 8.9%           | 14.9%          | 15.8%          | 16.7%          |
| Net Cash Per Share (Rs)   | (450.41)       | (477.20)       | (392.94)       | (389.96)       | (378.06)       |
| BVPS (Rs)                 | 785.51         | 776.67         | 866.66         | 924.20         | 1,000.51       |
| Gross Interest Cover      | 2.94           | 0.77           | 2.31           | 2.69           | 3.36           |
| Effective Tax Rate        | 24.4%          | 7.2%           | 27.8%          | 26.0%          | 26.0%          |
| Net Dividend Payout Ratio | 21.7%          | 68.8%          | 22.5%          | 19.4%          | 18.2%          |
| Accounts Receivables Days | 14.24          | 13.16          | 13.94          | 14.72          | 14.42          |
| Inventory Days            | 39.87          | 39.55          | 38.27          | 34.79          | 35.10          |
| Accounts Payables Days    | 38.82          | 38.80          | 39.67          | 37.41          | 37.68          |
| ROIC (%)                  | 6.5%           | 2.3%           | 7.8%           | 9.1%           | 10.4%          |
| ROCE (%)                  | 7.2%           | 2.5%           | 8.3%           | 9.8%           | 11.3%          |
| Return On Average Assets  | 5.0%           | 2.7%           | 5.5%           | 6.4%           | 7.1%           |

SOURCE: INCRED RESEARCH, COMPANY REPORTS



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