



Company Details:

- One of the leading Cement companies in India with **20.0 MT** cement capacity spread across 11 plants at 9 locations in the states of M.P., Rajasthan, Maharashtra, U.P., and West Bengal.
- **Captive power generation capacity of 162.37 MW** – comprising of **94 MW** of captive coal based power plants, **34.75 MW** of WHRS and **33.62 MW** of solar power.
- Has **6** operational captive limestone mines, which helps meet about **94%** of total limestone requirement and **1** operational coal mine. It has also bagged rights to mine 3 additional coal blocks.
- Steadily increased cement grinding capacity from **9.8 MTPA** in FY15 to **20 MTPA** in FY23, through inorganic as well as organic route.

Strength:

- **Established market position** in the steadily growing Central part of the country.
- Its recently commissioned plant is highly cost efficient making it **one of the lowest cost producers** in the cement industry.
- **Consistently operating at high utilization rates** of about **90%**. 81% utilization rate in FY23 was on the back of ramping-up stage of its newly commissioned 3.9 MTPA Mukutban plant.
- **Strategic location of Plants** - close to its captive mines, aids in keeping input logistics costs lower.
- Right to mine additional **3 coal blocks** will **help in mitigating Fuel cost volatility**, which in turn is expected to aid in reporting **stable operating performance**.
- Industry leading Premium Cement sales, which has been consistently accounting for **over 50%** of Trade Sales.

Growth Drivers:

- Cement demand in India is expected to witness **sustainable annual growth** in the range of **6% - 8%** on the back of government backed infra spend and increased spend on both rural and urban housing.
- **Ramp-up of newly commissioned** (in FY23) **3.9 MTPA** integrated cement manufacturing plant at Mukutban, Maharashtra.



- Mukutban plant **facilitating entry into newer geographies** of South M.P., Gujarat, and Telangana.
- Expansion of cement capacity by **setting up 1.4 MTPA** cement grinding unit at Prayagraj (U.P.) to serve the core markets of Purvanchal region, at an estimated cost of about **Rs. 400 cr.**
- Expected to register exit **Ebitda/Tonne of Rs. 850 by end of FY24** on the back of operating leverage and Project Shikhar which envisages improving operating efficiencies through process improvement in the areas of power & fuel consumption, fly ash absorption, limestone costs and plant overheads.

Key Financial Highlights:

Particulars (Rs. Cr)	FY21	FY22	FY23	H1 FY24	FY24 (E)	FY25 (E)
Sales Volume (MT)	13.39	14.22	15.73	8.59	18.09	19.90
Revenues from Operations	6,785.45	7,461.22	8,682.27	4,694.29	9,941.20	11,134.14
RM Cost	887.11	1,048.37	1,197.06	728.65	1,594.57	1,614.45
% to Sales	13.1%	14.1%	13.8%	15.5%	16.0%	14.5%
Purchase of Stk in Trade	24.61	25.97	18.96	10.35	19.88	22.27
% to Sales	0.4%	0.3%	0.2%	0.2%	0.2%	0.2%
Change in Inventories	75.44	-20.82	-121.95	66.79	-	-
% to Sales	1.1%	-0.3%	-1.4%	1.4%	0.0%	0.0%
Employee Expenses	397.77	448.08	521.31	282.00	591.50	645.78
% to Sales	5.9%	6.0%	6.0%	6.0%	6.0%	5.8%
Power & Fuel	1,211.56	1,624.61	2,372.62	1,002.95	2,147.30	2,460.65
% to Sales	17.9%	21.8%	27.3%	21.4%	21.6%	22.1%
Freight & Forwarding Exp	1,559.16	1,749.57	2,106.55	1,100.89	2,286.48	2,577.55
% to Sales	23.0%	23.4%	24.3%	23.5%	23.0%	23.2%
Other Expenses	1,292.23	1,475.43	1,815.71	915.97	1,938.53	2,082.08
% to Sales	19.0%	19.8%	20.9%	19.5%	19.5%	18.7%
Ebitda	1,337.57	1,110.01	772.01	586.69	1,362.94	1,731.36
Ebitda Margins	19.7%	14.9%	8.9%	12.5%	13.7%	15.6%



Ebitda/Tonne	1,012.00	755.00	478.00	673.00	753.44	870.10
Depreciation	370.76	396.94	509.88	283.79	565.00	612.38
Other Income	99.91	98.78	113.05	43.57	90.00	100.00
Finance Cost	296.28	242.66	338.72	192.82	385.64	350.00
Exceptional Gain (Loss)	-57.85	-31.44	6.65	-0.25	-	-
PBT	712.59	537.75	43.11	153.40	502.30	868.98
Tax Expenses	82.45	139.16	2.61	35.32	126.43	218.72
Tax Rate	11.6%	25.9%	6.1%	23.0%	25.2%	25.2%
PAT	630.14	398.59	40.50	118.08	375.87	650.26
- Owners	630.14	398.59	40.50	118.08	375.87	650.26
- Non-Controlling Interest	-	-	-	-		
EPS - Diluted	81.83	51.76	5.26	15.33	48.81	84.45
Operating Cash Flow	1,328	1,039	805	676	1,295	1,679
Networth	5,486	6,049	5,981	6,288	6,357	7,007
Gross Debt	4,046	4,208	4,350	3,992	3,992	3,992
Source: Company						

- Sales volume grew at a CAGR of 8.4% between FY21 – FY23 to touch 15.73 MT in FY23. However, operating revenues grew at a CAGR of 13.1% during FY21 – FY23 on the back of increase in Realization/Tonne which has increased from Rs. 4,829 in FY21 to Rs. 5,216 in FY23.
- However, Ebitda/Tonne slipped from Rs. 1,012 in FY21 to Rs. 478 in FY23 due to sharp surge in Power & Fuel Cost on the back of increase in both Pet Coke and Coal prices and also due to lower utilization of newly commissioned Mukutban plant.
- Despite cost related challenges, Company has been able to generate healthy operating cash flow. It generated operating cash flow of Rs. 1,328.43 cr in FY21, Rs. 1,039.15 cr in FY22 and Rs. 805.46 cr in FY23.
- Healthy operating cash flow generation should help the company in repaying debt while also channelizing it to fund its capex plans as well.



- Management has indicated its plans to increase the Company's cement capacity to **25 MTPA** by FY26 end through greenfield, brownfield and de-bottlenecking projects. Additionally, Company further intends to increase its cement capacity to about **30 MTPA** by FY30.

Conclusion:

- Investments can be made in Birla Corporation Ltd considering the steady growth opportunity in cement demand in the country over the next few years on the back of housing demand and government's push for infrastructure development, entry into new markets of South M.P., Gujarat and Telangana through its Mukutban plant, expectation of better operating performance on the back of cost optimization steps undertaken, its ability to consistently generate healthy operating cash flows, ability to mitigate fuel price fluctuations on the back of bagging mining rights of 3 additional coal blocks and attractive valuation with Company being available at EV/Tonne of about US\$ 90 which is cheaper than the similar sized Company like Ramco Cements Ltd (~22 MTPA) which is available at EV/Tonne of about US\$ 160.

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