Birla Corporation (BIRCOR)

ICICI Direct

CMP: ₹930 | Target ₹ 1040 (+12%) | Target Period: 12 months | **HOLD**

July 27, 2026

Volume growth to remain subdued over the next 2 years...

About the stock: Birla Corp is engaged in Cement manufacturing business & also has presence in the jute business.

- Currently, cement capacity stands at 21.4 mtpa with 11 plants across MP, UP, Rajasthan, Maharashtra & West Bengal. Cement business contributes 95% to total revenue, while jute business contributes 5%

Q1FY27 performance: Revenue increased by 7.8% YoY (-6.7% QoQ) to Rs 2646.5 crores, led by 5.4% YoY (-7.3% QoQ) increase in sales volume and improvement in realisation by 2.3% YoY (+0.7% QoQ). EBITDA/ton stood at Rs 678/ton which declined by 6.4% YoY (-27.6% QoQ). Subsequently, absolute EBITDA was down by 1.3% YoY (-32.9% QoQ) to Rs 342.3 crores. PAT stood at Rs 115.7 crore (-3.2% YoY, -60.7% QoQ)

Investment Rationale:

- **Lower-than-industry volume growth expectations over FY27-28E**: Company's volume growth stood at 5.4% YoY in Q1FY27 (bit lower-than-industry growth), mainly due to lack of capacity additions in the recent past. Capacity utilisation levels stood at 98% (vs 99% in Q1FY26). Going ahead also, we expect company's sales volume growth over FY27E-28E to stay below the industry average of 7-8%, as the new capacities (to be added during FY28-29E) would result in meaningful volume growth post FY29E only. The next phase of expansion (Gaya–2.8 mtpa, Aligarh–2 mtpa and Prayagraj–1.4 mtpa) is expected to be commissioned during FY28E-29E, which will take the total capacity to 27.6 mtpa by FY29E (from 21.4 mtpa at present). Management has also reiterated on its guidance of mid-single digit volume growth in FY27E (~20 mtpa). We estimate company's cement sales volume growth of 3.7% CAGR over FY26-28E
- **Operational efficiencies to support EBITDA per ton improvement**: Company's EBITDA/ton stood at Rs 678/ton (-6.4% YoY), primarily due to higher costs mainly power and fuel and other costs which include packaging costs. Management expects further total cost inflation of ~₹70-80/ton in Q2FY27 (due to increase in fuel costs amid West Asia crisis). Going ahead, we expect company would witness moderation in its profitability over FY27E-28E, due to higher cost structure and limited operating leverage benefits (on muted volume growth). Though the company would benefit from various cost efficiency measures like increasing share of green power, fuel cost optimisation (led by ramp-up of Bikram coal mine and change in overall fuel mix and freight cost optimisation. We estimate blended EBITDA/ton of ₹ 782/ton by FY28E (vs ₹ 777/ton in FY26)

Rating and Target Price:

- With muted volume growth and limited improvement in EBITDA/ton over FY26-28E, we expect revenue to grow ~5% CAGR over FY26-28E while EBITDA & PAT are expected to grow at ~4% & ~3% CAGR respectively
- We maintain our **HOLD** rating on Birla Corp with a revised target price of Rs 1040 (based on 7x EV/EBITDA on FY28E basis)

BIRLA CORPORATION LIMITED
MP BIRLA GROUP

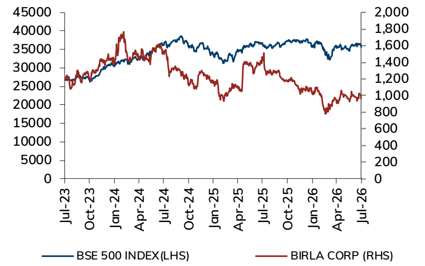
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	7,161
FY26 Gross Debt (₹ Crore)	3,275
FY26 Cash (₹ Crore)	1,195
EV (₹ Crore)	9,242
52 Week H/L (₹)	1537 / 770
Equity Capital	77.0
Face Value	10.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	62.9	62.9	62.9	62.9
FII	6.7	6.5	6.3	6.1
DII	15.8	15.5	16.7	17.0
Others	14.6	15.1	14.1	14.0

Price Chart



Key risks

(i) Slowdown in Demand

(ii) Delays in capacity expansion

(iii) Increase in commodity prices

(iv) High competition

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	8,682	9,663	9,214	9,656	3.6%	10,299	10,664	5.1%
EBITDA	772	1,438	1,217	1,454	23.5%	1,447	1,576	4.1%
EBITDA Margins (%)	8.9	14.9	13.2	15.1		14.0	14.8	
Net Profit	41	421	295	558	139.7%	541	592	3.0%
EPS (Rs)	5.3	54.6	38.3	72.4		70.3	76.9	
PE (x)	176.8	17.0	22.0	12.7		13.2	12.1	
EV/EBITDA (x)	14.0	7.1	8.0	6.4		6.4	6.5	
EV/ton ($)	57	54	51	45		45	44	
RoCE (%)	3.6	9.0	7.2	9.8		9.2	9.1	
RoE (%)	0.7	6.3	4.6	7.6		7.0	7.2	

Source: Company, ICICI Direct Research

Q1FY27 – Result highlights

- Revenue increased by 7.8% YoY (-6.7% QoQ) to Rs 2646.5 crores, led by 5.4% YoY (-7.3% QoQ) increase in sales volume and improvement in realisation by 2.3% YoY (+0.7% QoQ).
- Capacity utilisation stood at 98% during the quarter (vs 96% in Q1FY26).
- Total cost/ton increased by 3.7% YoY (+6.9% QoQ) mainly due to increase in power & fuel cost and packaging cost.
- EBITDA/ton stood at Rs 678/ton which declined by 6.4% YoY (-27.6% QoQ). Subsequently, absolute EBITDA was down by 1.3% YoY (-32.9% QoQ) to Rs 342.3 crores.
- PAT stood at Rs 115.7 crore (-3.2% YoY, -60.7% QoQ)

Recent earnings call highlights

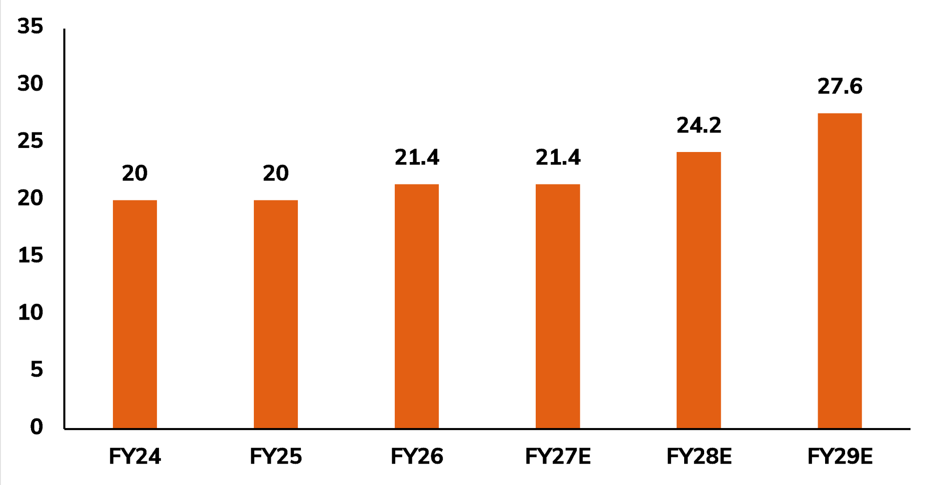
- Management indicated that the company gained market share in Central India, while maintaining its market share across the North and South regions. It added that capacity constraints in the North and South regions limited further volume growth despite healthy demand
- Management has maintained the volume growth guidance given in earlier call of Q4FY26 (single-digit volume growth in FY27E, with volumes expected ~20 mtpa)
- The company continues to focus on the trade segment (over 80% of sales) and blended cement (~85% of sales), reiterating that it has no plans to shift towards the non-trade market despite better pricing in that segment.
- Management believes pricing should remain stable in H2 as healthy demand reduces the need for aggressive price cuts. It expects competition in Central India to remain rational despite capacity additions by peers
- The company highlighted that players with a higher non-trade mix benefited more from recent price hikes, while Birla's higher trade exposure limited realization gains despite maintaining pricing discipline
- Geopolitical disruptions increased operating costs by around ₹150/ton in Q1 FY27, mainly due to higher fuel and packaging costs. Management expects a further ₹70-80/ton sequential increase in Q2FY27
- Packaging cost was the single largest contributor to the increase in other expenses, rising to ₹269/ton in Q1 from ₹191/ton in the corresponding period last year
- The Bikram coal block is expected to produce around 0.12 mtpa in FY27, increasing to 0.35 mtpa in FY28. Initially, the coal will primarily be used for captive power generation, with kiln consumption expected to begin next year
- Management indicated that around one-third of the CPP coal requirement can eventually be met through the Bikram coal block, with cost savings depending on prevailing market coal prices
- The company currently has 43-44 MW of WHRS capacity, which is expected to increase to around 50 MW through ongoing projects. The proposed Maihar Line-II will further add 17-18 MW of WHRS capacity
- The company reiterated its plan to reach 25 MTPA cement capacity. The ongoing 6.2 mtpa expansion, targeted for commissioning by FY29E, is in its initial stage with negligible spending so far. Capex is expected to accelerate as equipment orders are placed
- Management maintained FY27 capex guidance of around ₹900 crore, while indicating that capex is expected to increase significantly in FY28E as project execution progresses
- The company expects incentives of around ₹130-135 crore from the Mukutban and Kundangan plants during FY27
- Management reiterated that Net Debt/EBITDA will remain below 2x despite the ongoing expansion programme and maintained its earlier balance sheet guidance

Exhibit 1: Q1FY26 consolidated result overview (₹ crore)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Operating Income	2,646.5	2,454.2	7.8	2,836.1	-6.7	Revenue improved YoY due to increase in volume and improved realisation
Other income	23.0	31.9	-28.1	39.0	-41.1	
Total Revenue	2,669.4	2,486.2	7.4	2,875.1	-7.2	
Raw materials costs	440.1	461.2	-4.6	496.5	-11.4	
Employees Expenses	155.3	152.0	2.2	132.6	17.1	
Other Expenses	551.1	455.3	21.0	511.6	7.7	
Total Expenditure	2,304.2	2,107.5	9.3	2,325.9	-0.9	
EBITDA	342.3	346.7	-1.3	510.3	-32.9	Margins impacted due to higher costs
EBITDA margins (%)	12.9	14.1	-120 bps	18.0	-506 bps	
Interest	67.2	70.7		61.9		
Depreciation	142.3	130.6	9.0	134.4	5.9	
Tax	40.0	57.8	-30.9	85.7	-53.4	
PAT	115.7	119.6	-3.2	294.8	-60.7	

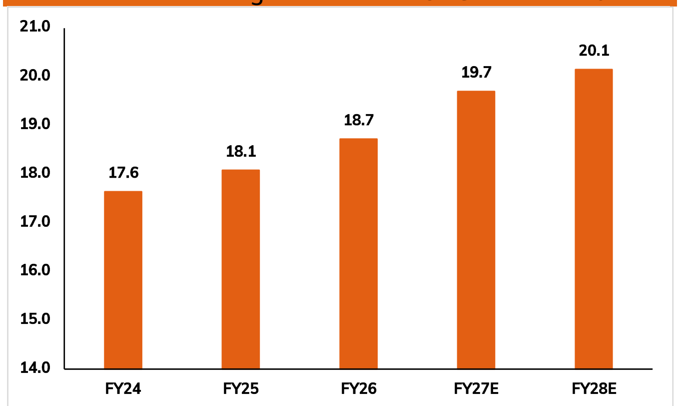
Source: Company, ICICI Direct Research

Exhibit 2: Consolidated Capacity expansion plan over FY24-FY29E



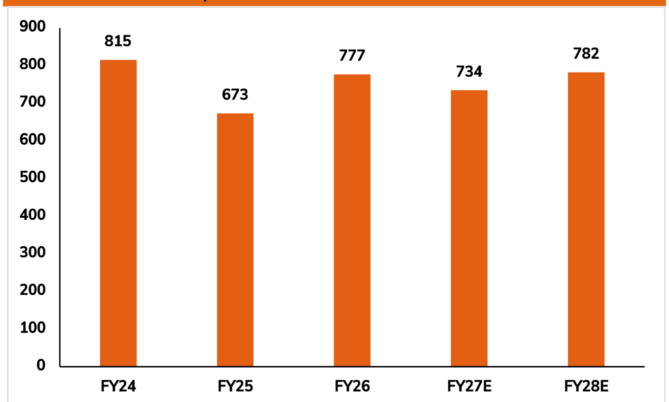
Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~3.7% CAGR over FY26-28E



Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton trend over FY27E-FY28E



Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	9,214.5	9,655.6	10,299.0	10,664.2
% Growth	(4.6)	4.8	6.7	3.5
Other income	97.9	117.0	122.8	128.9
Total Revenue	9,214.5	9,655.6	10,299.0	10,664.2
% Growth	(4.6)	4.8	6.7	3.5
Total Raw Material Costs	1,384.5	1,483.3	1,654.8	1,652.1
Employee Expenses	564.0	584.5	642.9	694.3
other expenses	1,913.5	1,901.5	2,072.7	2,248.8
Total Operating Expenditure	7,997.3	8,201.2	8,852.1	9,088.3
Operating Profit (EBITDA)	1,217.2	1,454.4	1,446.9	1,575.9
% Growth	(15.3)	19.5	(0.5)	8.9
Interest	327.1	264.5	271.8	286.0
PBDT	988.1	1,306.9	1,297.8	1,418.8
Depreciation	571.9	531.8	556.1	607.9
PBT before Exceptional Items	416.2	775.1	741.7	810.9
Total Tax	82.6	211.0	200.3	218.9
PAT before MI	295.2	557.6	541.4	592.0
PAT	295.2	557.6	541.4	592.0
% Growth	(29.8)	88.9	(2.9)	9.3
EPS	38.3	72.4	70.3	76.9

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	295.2	557.6	541.4	592.0
Depreciation	571.9	531.8	556.1	607.9
Interest	327.1	264.5	271.8	286.0
Cash Flow before WC changes	1,194.1	1,353.9	1,369.4	1,485.8
Changes in inventory	(2.4)	(136.6)	(53.4)	(11.8)
Changes in debtors	75.8	22.5	(22.0)	(12.0)
Changes in loans & Advances	32.8	99.6	(30.5)	(17.3)
Changes in other current assets	22.8	(29.2)	(34.9)	(11.0)
Net Increase in Current Assets	129.1	(43.7)	(140.7)	(52.1)
Changes in creditors	4.4	25.6	61.3	48.6
Changes in provisions	(23.4)	3.1	5.7	1.5
Net Inc in Current Liabilities	53.1	(86.3)	158.1	54.6
Net CF from Operating activities	1,376.2	1,223.9	1,386.8	1,488.4
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(396.4)	(465.3)	(900.0)	(2,000.0)
Net CF from Investing activities	(721.6)	(654.9)	(948.8)	(1,666.4)
Dividend and Dividend Tax	(77.0)	(96.3)	(130.9)	(154.0)
Net CF from Financing Activities	(687.4)	(560.5)	(402.8)	160.0
Net Cash flow	(32.7)	8.5	35.2	(18.1)
Opening Cash/Cash Equivalent	159.2	126.4	134.9	170.1
Closing Cash/ Cash Equivalent	126.4	134.9	170.1	152.0

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	77.0	77.0	77.0	77.0
Reserve and Surplus	6,938.1	7,287.7	7,698.2	8,136.2
Total Shareholders funds	7,015.1	7,364.7	7,775.2	8,213.2
Total Debt	3,363.3	3,275.3	3,275.3	3,875.3
Total Liabilities	12,343.9	12,609.4	13,019.9	14,057.9
Gross Block	11,977.5	12,565.2	13,336.0	14,436.0
Acc: Depreciation	3,441.4	3,973.2	4,529.4	5,137.2
Net Block	8,536.1	8,592.0	8,806.7	9,298.8
Capital WIP	560.3	470.8	600.0	1,500.0
Total Fixed Assets	10,094.3	10,027.8	10,371.7	11,763.8
Non Current Assets	1,306.0	1,134.7	1,183.5	1,199.9
Inventory	967.0	1,103.5	1,156.9	1,168.7
Debtors	339.1	316.6	338.6	350.6
Other Current Assets	244.9	274.1	309.0	319.9
Cash	126.4	134.9	170.1	152.0
Total Current Assets	2,235.1	2,287.3	2,463.2	2,497.1
Current Liabilities	872.4	898.0	959.4	1,008.0
Provisions	90.0	90.0	91.0	91.0
Total Current Liabilities	1,987.0	1,900.7	2,058.7	2,113.3
Net Current Assets	248.1	386.6	404.4	383.8
Total Assets	12,343.9	12,609.4	13,019.9	14,057.9

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
EPS	38.3	72.4	70.3	76.9
Cash per Share	106.7	155.2	159.8	112.0
BV	911.0	956.4	1,009.7	1,066.6
EBITDA Margin	13.2	15.1	14.0	14.8
PAT Margin	3.2	5.8	5.3	5.6
RoE	4.6	7.6	7.0	7.2
RoCE	7.2	9.8	9.2	9.1
RoIC	6.3	8.8	8.2	8.1
EV / EBITDA	8.8	7.1	6.4	6.5
P/E	25.1	14.5	13.2	12.1
EV / Net Sales	1.2	1.1	0.9	1.0
Sales / Equity	1.3	1.3	1.3	1.3
Market Cap / Sales	0.9	0.8	0.7	0.7
Price to Book Value	1.2	1.1	0.9	0.9
Asset turnover	0.9	0.9	0.9	0.9
Debtors Turnover Ratio	24.4	29.4	31.4	30.9
Creditors Turnover Ratio	10.6	10.9	11.1	10.8
Debt / Equity	0.5	0.4	0.4	0.5
Current Ratio	1.3	1.3	1.4	1.4
Quick Ratio	0.7	0.6	0.7	0.7

Source: Company, ICICI Direct Research

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Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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