

Birla Corporation

Estimate change



TP change



Rating change



Bloomberg	BCORP IN
Equity Shares (m)	77
M.Cap.(INRb)/(USDb)	104.1 / 1.2
52-Week Range (INR)	1556 / 902
1, 6, 12 Rel. Per (%)	4/10/-11
12M Avg Val (INR M)	163

Financial Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	100.7	108.9	117.5
EBITDA	15.4	17.5	19.8
Adj. PAT	5.7	6.6	7.6
EBITDA Margin (%)	15.3	16.1	16.9
Adj. EPS (INR)	73.5	85.5	99.2
EPS Gr. (%)	74.1	16.2	16.1
BV/Sh. (INR)	974	1,050	1,139

Ratios

Net D:E	0.4	0.5	0.4
RoE (%)	7.8	8.4	9.1
RoCE (%)	6.6	6.7	7.2
Payout (%)	14	12	10

Valuations

P/E (x)	18.4	15.8	13.6
P/BV (x)	1.4	1.3	1.2
EV/EBITDA(x)	7.6	6.3	5.6
EV/ton (USD)	64	61	53
Div. Yield (%)	0.7	0.7	0.7

Shareholding Pattern (%)

As of	Jun-25	Mar-25	Jun-24
Promoter	62.9	62.9	62.9
DII	15.6	15.6	16.3
FII	7.1	6.3	6.0
Others	14.5	15.2	14.9

FII includes depository receipts

CMP: INR1,352

TP: INR1,700 (+26%)

Buy

Weak profitability; but long-term outlook intact

Strategic focus on value share improvement and expansion plans

- Birla Corporation (BCORP)'s 1QFY26 EBITDA increased ~34% YoY to INR3.5b (~8% miss due to lower-than-estimated realization). EBITDA/t was up ~23% YoY to INR725 (est. INR838), and OPM surged 2.3pp YoY to ~14% (est. ~16%). PAT rose 3.7x YoY to INR1.2b (~11% below estimate due to higher ETR).
 - Management highlighted that profitability was adversely impacted by the extended shutdown at the Maihar and Mukutban plants, forcing BCORP to make clinker purchases from the market. This resulted in increased costs and a lower margin. Another factor was subdued pricing in the central region (a core market; BCORP sold ~50% of its volumes in this market). It is focusing on improving value share through premiumization and stronger brand positioning rather than chasing volume share. It is also focusing on its next phase of growth plan (both brownfield and greenfield expansions), targeting stronger performance going forward.
 - We cut our EBITDA estimate by ~5% for FY26 while maintaining it for FY27. We also introduce our FY28 estimates with this note. The stock trades inexpensively at 8x/6x FY26E/FY27E EV/EBITDA and USD64/USD61 EV/t. We value the stock at 8x Jun'27E EV/EBITDA to arrive at our TP of INR1,700.
- Reiterate BUY.**

Volume up 9% YoY (6% beat); cement realization/t up 1% YoY (5% miss)

- Consol. revenue/EBITDA/Adj. PAT stood at INR24.5b/INR3.5b/INR1.2b (up 12%/34%/3.7x YoY and +1%/-8%/-11% vs. our estimates) in 1QFY26. Sales volumes increased 9% YoY to 4.8mt (+6% vs. our estimate). Cement realization inched up 1% YoY (down 5% QoQ) at INR4,899 (-5% vs. estimate).
- Opex/t remained flat YoY (-3% below our estimates). Variable/freight cost per ton increased ~7%/2% YoY, while employee cost/other expenses per ton declined ~6%/12% YoY. OPM expanded 2.3pp YoY to ~14%, and EBITDA/t increased ~23% YoY to INR725.
- Depreciation/interest costs declined 10%/18% YoY, whereas 'Other income' increased ~87% YoY. ETR stood at 32.6% vs. 25.9% in 1QFY25.

Highlights from the management commentary

- The temporary clinker shortfall will be resolved when the Maihar and Mukutban plants are back to normal operations. Further, debottlenecking initiatives and capacity optimization are likely to add incremental volumes.
- Fuel consumption costs were INR1.46/kcal vs. INR1.39/Kcal in 4QFY2. The green power share was ~27% vs. ~25% in 4QFY25. It is doing some modernization works to increase the total WHRS capacity by 10MW.
- Capex of INR1.0b was incurred in 1QFY26, and capex is pegged at INR9.0-10.0b in the remaining 9MFY26 (guidance maintained).

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Valuation and view

- BCORP's 1QFY26 operating performance was below our estimates due to lower-than-estimated realization. The subdued realization growth was due to weak pricing in the company's core market (Central India). We estimate a moderate volume growth of ~6% YoY in FY26, focusing on increasing premium cement share to support realization improvement (estimated ~3% growth YoY). Progress on the company's capacity expansion plans needs to be closely monitored.
- We estimate BCORP's revenue/EBITDA/PAT CAGR of ~8%/18%/33% over FY25-28. Estimate EBITDA/t at INR803/INR853/INR903 in FY26/FY27/FY28 vs. INR672 in FY25 (five-year average INR820). BCORP trades inexpensively at 8x/6x FY26E/FY27E EV/EBITDA and EV/t of USD60/USD57. We value the stock at 8x Jun'27E EV/EBITDA to arrive at our TP of INR1,700. **Reiterate BUY.**

Consolidated performance

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Cement Sales (MT)	4.4	4.0	4.5	5.2	4.8	4.2	4.8	5.5	18.1	19.2	4.5	6
YoY Change (%)	(0.7)	(5.0)	7.1	7.2	9.1	5.0	6.0	5.1	2.5	6.0	3.3	
Cement Realization	4,843	4,722	4,790	5,177	4,899	4,949	5,049	5,210	4,886	5,036	5,147	(5)
YoY Change (%)	(7.4)	(9.4)	(9.9)	(0.8)	1.2	4.8	5.4	0.6	(6.7)	3.1	6.3	
QoQ Change (%)	(7.2)	(2.5)	1.4	8.1	(5.4)	1.0	2.0	3.2			(0.6)	
Net Sales	21.9	19.5	22.6	28.1	24.5	21.7	25.0	29.5	92.1	100.7	24.3	1
YoY Change (%)	(9.1)	(14.6)	(2.4)	6.0	12.0	11.1	10.7	4.8	(4.6)	9.3	10.9	
Total Expenditure	19.3	17.8	20.1	22.8	21.1	19.0	21.3	23.9	80.0	85.3	20.5	3
EBITDA	2.6	1.8	2.5	5.3	3.5	2.7	3.7	5.6	12.2	15.4	3.8	(8)
Margin (%)	11.8	9.1	11.0	19.0	14.1	12.3	14.7	19.0	13.2	15.3	15.6	(147)
YoY Change (%)	-13.3	-38.7	-34.5	13.0	34.3	50.3	48.6	4.9	-15.3	26.6	-50.9	(9)
Depreciation	1.5	1.5	1.4	1.4	1.3	1.4	1.5	1.5	5.7	5.7	1.4	(4)
Interest	0.9	0.9	0.8	0.7	0.7	0.7	0.8	0.8	3.3	3.0	0.7	45
Other Income	0.2	0.2	0.2	0.5	0.3	0.2	0.3	0.3	1.0	1.1	0.2	(4)
Profit before Tax	0.4	-0.4	0.4	3.7	1.8	0.8	1.7	3.6	4.2	7.8	1.8	
EO (Income)/Expense	-	-	-	0.4	-	-	-	-	0.4	-	-	(4)
Profit before Tax after EO	0.4	-0.4	0.4	3.3	1.8	0.8	1.7	3.6	3.8	7.8	1.8	
Tax	0.1	-0.1	0.1	0.7	0.6	0.2	0.4	0.9	0.8	2.1	0.5	
Rate (%)	25.9	29.4	24.6	21.8	32.6	26.0	26.0	26.0	21.9	27.5	27.5	(11)
Reported PAT	0.3	-0.3	0.3	2.6	1.2	0.6	1.3	2.6	3.0	5.7	1.3	(11)
Adj. PAT	0.3	-0.3	0.3	2.9	1.2	0.6	1.3	2.6	3.3	5.7	1.3	1
Margin (%)	1.5	-1.3	1.4	10.2	4.9	2.7	5.0	8.9	3.5	5.6	5.5	
YoY Change (%)	(45.4)	NM	(71.4)	52.2	266.6	NM	302.1	(8.2)	(21.8)	74.1	309.9	

Per tonne analysis (INR)

Blended Realization	5,001	4,918	5,015	5,413	5,134	5,203	5,239	5,393	5,091	5,249	5,371	(4)
YoY Change (%)	(8.4)	(10.1)	(8.9)	(1.2)	2.7	5.8	4.5	(0.4)	(7.0)	3.1	7.4	
Raw Material	666	719	749	905	965	815	765	740	765	818	895	8
Staff Cost	337	354	320	254	318	350	314	264	312	309	334	(5)
Power and Fuel	1,004	1,025	1,025	892	825	950	990	1,022	979	949	950	(13)
Transport and Forwarding	1,322	1,249	1,319	1,337	1,348	1,320	1,330	1,339	1,306	1,335	1,315	3
Other Exp.	1,082	1,126	1,051	999	953	1,129	1,067	1,004	1,065	1,034	1,040	(8)
Total Expenditure	4,411	4,472	4,464	4,387	4,409	4,564	4,466	4,370	4,426	4,446	4,534	(3)
EBITDA	590	446	551	1,027	725	639	772	1,024	672	803	838	(13)

Source: Company, MOFSL Estimates



Highlights from the management commentary

Demand and pricing

- The company witnessed mixed regional trends, with strong demand and pricing in the western and eastern markets, while the central and northern regions remained subdued. The company's geo-mix was – central ~50%, East ~21%, North ~16% and West ~13%.
- The company has some constraints in terms of clinker capacity as there are no clinker capacity additions immediately, and only some debottlenecking work is planned to increase clinker capacity in the near term. Hence, it is focusing on improving value share rather than on increasing volume share.
- It estimates pan-India cement demand growth at ~4-5% YoY in 1QFY26. The company has consolidated its market share in all its key markets. The company witnessed higher volume growth of ~15-18% YoY in the east and west regions, while in its core markets, central and north, volume grew ~7-8%.
- Cement prices across regions (except the south) hold well in 2QFY26 (so far) vs. 1QFY26.

Operational performance

- Profitability was partly impacted by the extended maintenance shutdown at its Mukutban and Maihar plants. Both plants are highly efficient and have the cheapest clinker production costs. These extended shutdowns led to clinker purchases from third parties at higher costs (clinker production declined ~17% YoY to 2.44mt; clinker capacity utilization stood at ~75% vs. ~91% in 1QFY25).
- It believes there will be no need to purchase clinker in the remaining 9MFY26. It is evaluating some debottlenecking opportunities at existing plants to increase clinker capacity in the near term. Further, corrective measures have been taken at Mukutban and Maihar plants for future needs.
- The company's capacity utilization stood at ~96% in 1QFY26 vs. ~90%/105% in 1QFY25/4QFY25. The company's core strategy remains intact for optimum capacity utilization.
- Blended cement sales stood at ~89% vs. ~84%/82% of total volumes in 1QFY25/4QFY25. Trade share stood at ~78% of total volumes in vs. ~72%/~73% in 1QFY25/4QFY25. Premium products contributed ~58% of trade volumes vs. ~59% in 1QFY25/4QFY25 (each). The volume of its flagship brand, Perfect Plus, increased ~19% YoY in 1QFY26, led by healthy sales in Rajasthan, Madhya Pradesh, Uttar Pradesh, Maharashtra, and West Bengal. The volume of Unique Plus, another premium brand, grew ~37% YoY in 1QFY26, albeit on a lower base.
- The share of renewable power stood at ~27% vs. ~25% in 4QFY25. The current WHRS capacity stood at ~40MW. It is planning some modification works to increase WHRS generation to ~50MW. The company continues to work on optimizing its energy mix, power sourced from green energy (solar hybrid and Waste Heat Recovery Systems), and increasing green power. Fuel consumption costs stood at INR1.46/Kcal vs. INR1.39/Kcal in 4QFY25.
- Accrued incentives stood at INR230m for 1QFY25 vs. INR410m in 4QFY25.

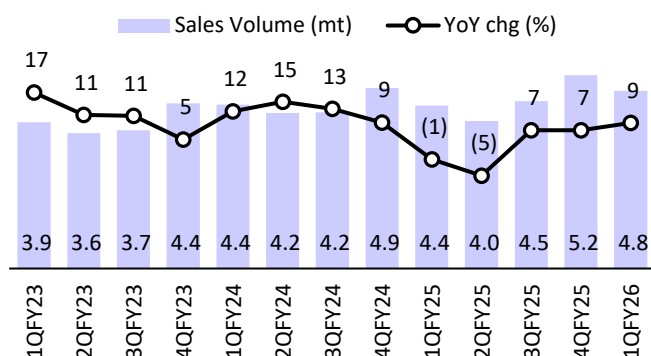
Capacity expansion and net debt

- Capex of INR1.0b was incurred in 1QFY26, and capex is pegged at INR9.0-10.0b in the remaining 9MFY26 (maintain the guidance).

- The company is expanding grinding capacity to 27.6mtpa by FY28-29 from 20.0mtpa currently. Key projects include 1) 1.4mtpa brownfield GU at Kundanganj, Uttar Pradesh; 2) 3.7mtpa brownfield clinker capacity at Maihar, Madhya Pradesh, and three greenfield grinding units with a combined capacity of 6.2mtpa in central India (3.4mtpa) and Bihar (2.8mtpa). Management is likely to give the status of various expansion projects in the next earnings call.
- Net debt stood at INR23.0b as of Jun'25 vs. INR22.4b as of Mar'25. It expects net debt to remain under INR30.0b by FY26-end.

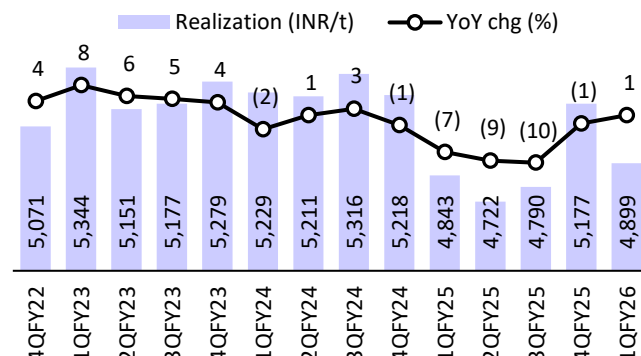
Story in charts

Exhibit 1: Sales volume increased ~9% YoY



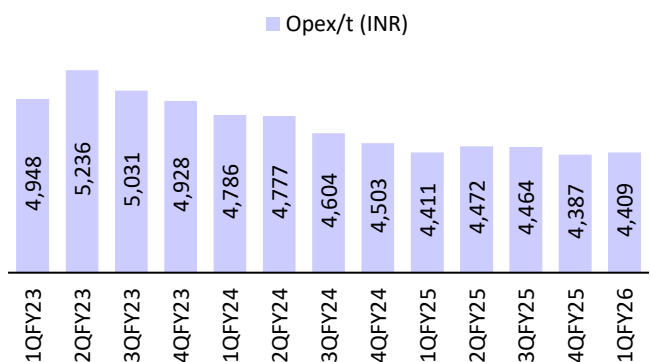
Source: Company, MOFSL

Exhibit 2: Cement realization up ~1% YoY



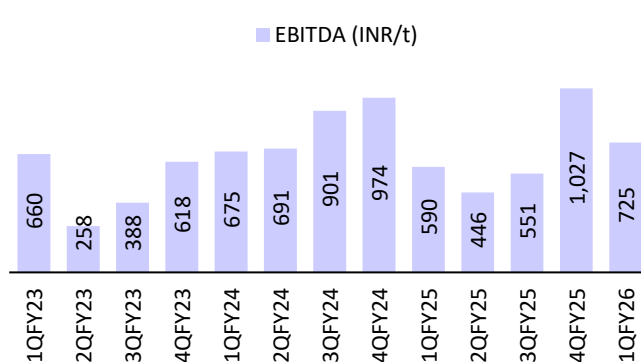
Source: Company, MOFSL

Exhibit 3: Opex/t remained flat YoY (up ~1% QoQ)



Source: Company, MOFSL

Exhibit 4: EBITDA/t increased 23% YoY (declined 29% QoQ)



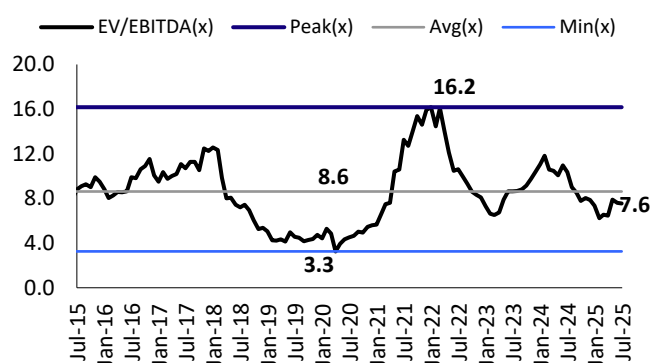
Source: Company, MOFSL

Exhibit 5: Key performance indicators – per ton analysis

INR/t	1QFY26	1QFY25	YoY (%)	4QFY25	QoQ (%)
Blended Realization	5,134	5,001	3	5,413	(5)
RM Costs	965	666	45	905	7
Employee Expenses	318	337	(6)	254	25
Power and Fuel	825	1,004	(18)	892	(7)
Freight and Handling Outward	1,348	1,322	2	1,337	1
Other Expenses	953	1,082	(12)	999	(5)
Total Expenses	4,409	4,411	(0)	4,387	1
EBITDA	725	590	23	1,027	(29)

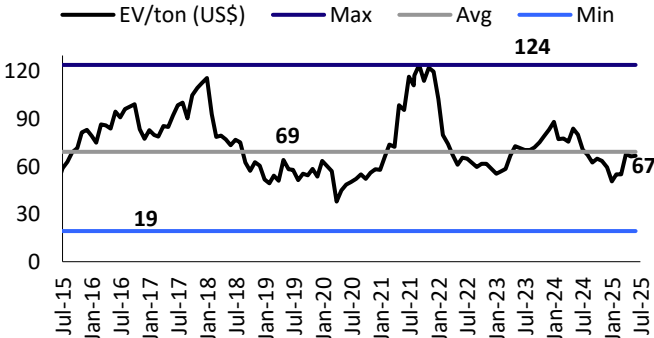
Source: Company, MOFSL

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	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	67,855	74,612	86,823	96,627	92,145	1,00,706	1,08,915	1,17,547
Change (%)	-1.9	10.0	16.4	11.3	-4.6	9.3	8.2	7.9
Total Expenditure	54,163	63,512	79,103	82,251	79,973	85,293	91,395	97,716
EBITDA	13,691	11,100	7,720	14,376	12,172	15,413	17,520	19,831
Margin (%)	20.2	14.9	8.9	14.9	13.2	15.3	16.1	16.9
Depreciation	3,708	3,969	5,099	5,783	5,719	5,707	6,172	6,638
EBIT	9,984	7,131	2,621	8,593	6,454	9,705	11,349	13,193
Int. and Finance Charges	2,963	2,427	3,387	3,717	3,271	2,951	3,118	3,554
Other Income - Rec.	673	988	1,131	856	979	1,055	843	895
PBT after EO	8,375	5,421	431	5,799	3,779	7,810	9,074	10,534
Change (%)	22.9	-35.3	-92.0	1,245.2	-34.8	106.7	16.2	16.1
Tax	2,074	1,435	26	1,594	826	2,146	2,494	2,895
Tax Rate (%)	24.8	26.5	6.1	27.5	21.9	27.5	27.5	27.5
Reported PAT	6,301	3,986	405	4,206	2,952	5,663	6,581	7,639
Extra-Ordinary Expenses	-681	271	-67	-68	384	0	0	0
PAT Adjusted for EO Items	5,460	4,200	361	4,158	3,252	5,663	6,581	7,639
Change (%)	8.1	-23.1	-91.4	1,052.2	-21.8	74.1	16.2	16.1
Margin (%)	8.0	5.6	0.4	4.3	3.5	5.6	6.0	6.5

Balance Sheet

	(INR m)							
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	770	770	770	770	770	770	770	770
Reserves	54,090	59,718	59,038	65,968	69,381	74,274	80,085	86,954
Net Worth	54,860	60,488	59,808	66,738	70,151	75,045	80,855	87,724
Loans	40,464	42,080	43,497	37,697	33,633	38,633	47,633	47,633
Deferred Liabilities	8,668	9,722	9,712	11,042	10,401	10,401	10,401	10,401
Capital Employed	1,03,992	1,12,291	1,13,017	1,15,477	1,14,185	1,24,079	1,38,889	1,45,759
Gross Block	91,087	97,586	1,25,338	1,30,596	1,33,760	1,42,865	1,48,365	1,60,365
Less: Accum. Deprn.	17,852	21,821	26,920	32,703	38,422	44,129	50,301	56,938
Net Fixed Assets	73,235	75,765	98,418	97,893	95,338	98,736	98,064	1,03,426
Capital WIP	21,048	25,511	3,576	4,805	5,605	10,000	25,000	25,000
Investments	7,526	10,093	8,683	12,881	14,534	14,534	14,534	14,534
Curr. Assets	27,147	27,147	30,042	28,783	27,832	31,791	34,736	38,833
Inventory	8,101	8,200	10,616	9,646	9,670	10,568	11,981	12,930
Account Receivables	2,795	3,028	3,233	4,149	3,391	4,028	4,357	4,702
Cash and Bank Balance	1,773	1,380	2,183	1,592	1,265	1,721	1,111	1,887
Others	14,479	14,539	14,010	13,396	13,506	15,474	17,288	19,313
Curr. Liability and Prov.	24,964	26,225	27,703	28,884	29,124	30,982	33,445	36,034
Account Payables	24,230	25,453	26,797	27,924	28,361	30,212	32,675	35,264
Provisions	734	772	906	960	763	770	770	770
Net Current Assets	2,184	922	2,340	-102	-1,292	809	1,291	2,798
Appl. of Funds	1,03,992	1,12,291	1,13,017	1,15,477	1,14,185	1,24,079	1,38,889	1,45,759

Source: Company, MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)								
EPS	70.9	54.5	4.7	54.0	42.2	73.5	85.5	99.2
Cash EPS	119.0	106.1	70.9	129.1	116.5	147.7	165.6	185.4
BV/Share	712.4	785.5	776.6	866.6	910.9	974.5	1,049.9	1,139.1
DPS	10.0	10.0	2.5	10.0	10.0	10.0	10.0	10.0
Payout (%)	12.2	19.3	47.5	18.3	26.1	13.6	11.7	10.1
Valuation (x)								
P/E	19.1	24.8	288.9	25.1	32.1	18.4	15.8	13.6
Cash P/E	11.4	12.8	19.1	10.5	11.6	9.2	8.2	7.3
P/BV	1.9	1.7	1.7	1.6	1.5	1.4	1.3	1.2
EV/Sales	1.7	1.5	1.5	1.3	1.3	1.2	1.0	0.9
EV/EBITDA	8.4	9.9	17.3	8.5	9.6	7.6	6.3	5.6
EV/t - Cap (USD)	87	79	78	72	68	64	61	53
Dividend Yield (%)	0.7	0.7	0.2	0.7	0.7	0.7	0.7	0.7
Return Ratios (%)								
RoE	10.6	7.3	0.6	6.6	4.8	7.8	8.4	9.1
RoCE	7.9	5.5	3.1	6.0	5.1	6.6	6.7	7.2
RoIC	10.3	7.0	2.8	6.4	5.3	7.4	8.4	9.4
Working Capital Ratios								
Inventory (Days)	44	40	45	36	38	38	40	40
Debtor (Days)	15	15	14	16	13	15	15	15
Working Capital Turnover (Days)	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8
Leverage Ratio								
Current ratio	1.1	1.0	1.1	1.0	1.0	1.0	1.0	1.1
Debt/Equity (x)	0.7	0.7	0.7	0.6	0.5	0.5	0.6	0.5

Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
(INR m)								
OP/(Loss) before Tax	7,126	5,378	431	5,799	3,779	7,810	9,074	10,534
Depreciation	3,708	3,969	5,099	5,783	5,719	5,707	6,172	6,638
Interest and Finance Charges	2,963	2,427	3,387	3,717	3,271	2,951	3,118	3,554
Direct Taxes Paid	-843	-610	-508	-751	-723	-2,146	-2,494	-2,895
(Inc.)/Dec. in WC	-201	-2	280	2,021	4,740	-1,645	-1,092	-730
CF from Operations	12,752	11,162	8,689	16,570	16,784	12,677	14,778	17,101
Others	532	-770	-634	-376	-90	0	0	0
CF from Operating incl. EO	13,284	10,392	8,055	16,195	16,695	12,677	14,778	17,101
(Inc.)/Dec. in FA	-8,028	-7,762	-6,263	-5,255	-4,436	-13,500	-20,500	-12,000
Free Cash Flow	5,256	2,629	1,791	10,939	12,259	-823	-5,722	5,101
(Pur.)/Sale of Investments	2,438	-1,269	1,595	-1,053	-861	0	0	0
Others	-1,699	950	601	-786	-3,498	0	0	0
CF from Investments	-7,289	-8,082	-4,068	-7,094	-8,795	-13,500	-20,500	-12,000
Issue of Shares	0	0	0	0	0	0	0	0
Inc./(Dec.) in Debt	-2,252	1,246	980	-5,998	-4,303	5,000	9,000	0
Interest Paid	-3,493	-3,179	-3,393	-3,501	-3,154	-2,951	-3,118	-3,554
Dividend Paid	-1,036	-770	-770	-193	-770	-770	-770	-770
Others	0	0	0	0	0	0	0	0
CF from Fin. Activity	-6,781	-2,703	-3,183	-9,691	-8,227	1,279	5,112	-4,324
Inc./Dec. in Cash	-786	-393	803	-591	-327	456	-610	776
Opening Balance	2,559	1,772	1,380	2,183	1,592	1,265	1,721	1,111
Closing Balance	1,772	1,380	2,183	1,592	1,265	1,721	1,111	1,887

Source: Company, MOFSL estimates

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NOTES

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