

August 1, 2025

Improving clinker utilisation to support growth...

About the stock: Birla Corporation, a MP Birla group company, is engaged in the business of manufacturing of cement & also has presence in the jute business. Currently, cement capacity stands at 20 mtpa with 11 plants across Madhya Pradesh, Uttar Pradesh, Rajasthan, Maharashtra & West Bengal. Cement business contributes 95% to total revenue, while jute business contributes 5%

- Birla Corp's revenue has grown by 7.29% CAGR over FY22-25, while EBITDA has grown by 3.1% over the same period

Q1FY26 performance: Revenue was up 12% YoY (-12.8% QoQ) to Rs 2454.2 crore, led by 9.4% YoY growth in sales volume (4.79 mtpa, -8.8% QoQ). Blended realisation improved 2.5% YoY (-4.4% QoQ). EBITDA/ton stood at Rs 724/ton (+22.8% YoY, -28.8% QoQ). Subsequently, EBITDA was up 34.3% YoY (-35% QoQ) to Rs 346.7 crores. PAT increased by 266.6% YoY to Rs 119.6 crore

Investment Rationale

- Volume growth to recover going forward:** Company's volumes improved in Q1FY26 by 9.4% YoY led by improvement in demand and capacity utilisation (96% in Q1FY26 vs 88% in Q1FY25). Though clinker capacity utilisation was lower at 75% during the quarter and purchased clinker from outside (due to shutdown Maihar & Mukutban plants), management guides normal operations in the coming quarters. With ramp-up of Mukutban facility (utilisation at ~67% in Q1FY26) and 1.4 mtpa expansion at Kundanganj (scheduled to be commissioned in Q2FY26E), we believe that company's sales volume to improve over FY26E-27E. We estimate sales volume growth of 6.3% CAGR over FY25-27E (vs ~3% in FY25). By FY29E, company plans to increase its total capacity to 27.6 mtpa (Gaya-2.8 mtpa, Aligrah-2 mtpa and Prayagraj-1.4 mtpa totalling to 7.6 mtpa new capacity addition) from 20 mtpa at present.
- EBITDA/ton to improve led by favourable product mix & operational efficiencies:** With marginal improvement in total cost/ton (-0.3% YoY) and 2.5% YoY improvement in realisation in Q1FY26, EBITDA/ton improved considerably on YoY basis to Rs 724/ton in Q1FY26 (vs Rs 590/ton in Q1FY25). We believe that overall cost structure will continue to remain favourable (excluding one-offs expenses in this quarter), led by various cost efficiency measures including increase in share of green power to 36-37% (from 27% at present), fuel cost & freight cost optimisation. Moreover, continuous focus on increasing share of premium products & positive operating leverage to help margin recovery over FY26E-27E. We estimate EBITDA/ton to improve to ₹ 869/ton by FY27E (from Rs 672/ton in FY25)

Rating and Target Price

- With recovery in volume growth & improvement in EBITDA/ton over FY25-27E, we expect revenue to grow ~9% CAGR over FY25-27E while EBITDA & PAT are expected to grow at ~21% & ~55% CAGR respectively
- Valuations at 7.3x EV/EBITDA & USD 71/ton on FY27E basis looks attractive considering the strong recovery in profitability going ahead. We maintain **BUY** with a revised target price of ₹1600 (based on 8.5x EV/EBITDA on FY27E)

Key Financial Summary

Rs crore	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	2 Year CAGR (FY25-27E)
Revenues	8,682	9,663	9,214	7.3%	10,194	10,930	8.9%
EBITDA	772	1,438	1,217	3.1%	1,482	1,776	20.8%
EBITDA margin (%)	8.9	14.9	13.2		14.5	16.2	
Net Profit	41	421	295	-9.5%	515	705	54.5%
EPS (Rs)	5.3	54.6	38.3		66.8	91.5	
P/E (x)	251.0	24.2	31.3		19.7	14.4	
EV/EBITDA (x)	17.9	9.2	10.4		8.8	7.3	
EV/ton (\$)	81	78	75		72	71	
RoCE (%)	3.6	9.0	7.2		9.0	10.8	
RoE (%)	0.7	6.3	4.6		6.9	8.9	

Source: Company, ICICI Direct Research


BIRLA CORPORATION LIMITED

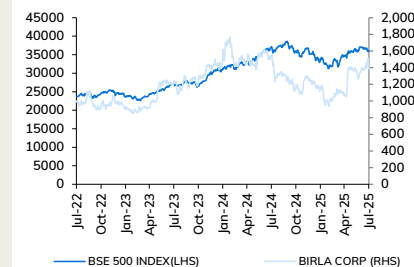
Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	10,142
FY25 Gross Debt (Rs Crore)	3,363
FY25 Cash (Rs Crore)	822
EV (Rs Crore)	12,683
52 Week H/L (Rs)	1545 / 902
Equity Capital	77.0
Face Value	10.0

Shareholding pattern

	Sep-24	Dec-24	Mar-25	Jun-25
Promoter	62.9	62.9	62.9	62.9
FII	5.5	5.6	6.3	7.1
DII	16.2	16.2	15.6	15.6
Others	15.4	15.2	15.2	14.5

Price Chart



Recent Event & Key risks

(1) Slowdown in demand (2) Delays in capacity expansion (3) Increase in commodity prices (4) High competition

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Q1FY26 Result Highlights:

- Revenue increased by 12% YoY to Rs 2454.2 crores led by 9.4% YoY increase in sales volume and 2.5% YoY improvement in realisation
- Sequentially, revenue declined by 12.8% QoQ, primarily driven by an 8.8% drop in volumes and a 4.4% decline in realisations, as prices came under pressure in the central region during the latter half of the quarter
- EBITDA/ton stood at Rs 724/ton which increased by 22.8% YoY (-28.8% QoQ) led by improvement in realisation, positive operating leverage and reduction in power and fuel costs
- Subsequently, absolute EBITDA was up 34.3% YoY (-35% QoQ) to Rs 346.7 crores
- PAT increased by 266.6% YoY (-53.4% QoQ) to Rs 119.6 crore

Recent earnings call highlights:

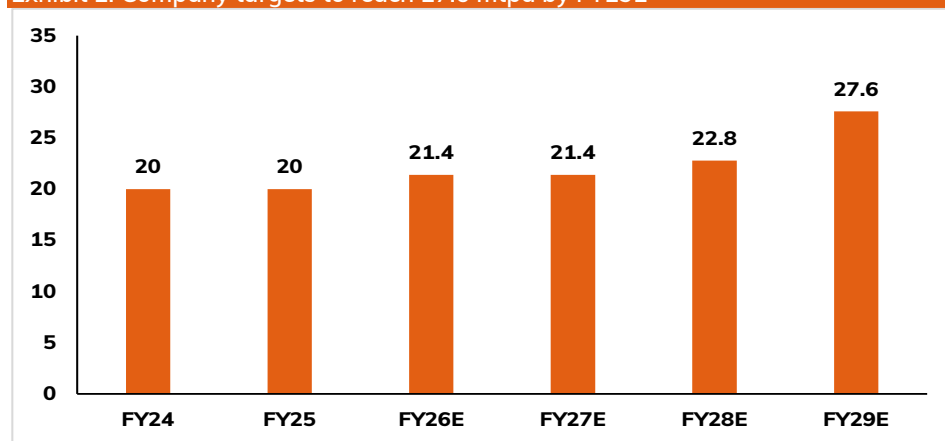
- Company maintains full year guidance of 6-7% volume growth. For Q1FY26, company achieved 4.79 mtpa of volume of which ~0.66 mtpa was delivered from Mukutban plant despite operational hurdles. Company also maintained high utilization levels of 96% in Q1FY26 vs 88% in Q1FY25
- Going forward, strategy of the company is to prioritize value share over volume share as the company has limitations in clinker capacity with no immediate expansions planned, only some debottlenecking efforts
- Total capacity expected to reach 27.6 mtpa by FY29E. Key upcoming expansions: Kundanganj Line 3 with 1.4 mtpa to be commissioned in Q2FY26E. Additionally, new grinding units are planned at Gaya with a capacity of 2.8 mtpa, Aligrah with 2 mtpa, and Prayagraj with 1.4 mtpa totalling to 7.6 mtpa. Management is expected to provide an update on the status of several expansion projects in next earnings call
- Current Sales Mix for the company is as follows: Central India – 50%, East region - 21%, North region - 16% and West region - 13%
- Price Trends - Central region saw ~2% decline in prices QoQ but were relatively stable YoY. East region benefited from price hikes, but contribution to Birla Corp's mix is small, limiting overall impact. Company focused on improving blended cement mix and reducing OPC share and also pushed premium products to sustain realizations
- Premium Segment Growth - Mukutban region premium share improved from ~40% to 50% in Q1FY26. Premium brands such as Perfect Plus and Samrat Advanced positioned strongly in UP and MP
- Company's performance was impacted in this quarter due to heavy central contribution where pricing was subdued. Also, Mukutban and Maihar plants faced extended downtime due to heavy rains and unforeseen issues which created clinker shortage, forcing the company to purchase ~1 lakh tons from the market at significantly higher cost. Hence, this led to higher variable cost and EBITDA per ton decline. Clinker capacity utilization stood at 75% in Q1FY26 vs. 91% in 1QFY25
- Company also clarified that clinker shortage issue stands resolved and no further clinker purchase is expected. Expect margin recovery in Q2FY26E onwards as volumes normalize and cost pressure eases
- Company increased blended cement share to 89% in Q1FY26 (from 82% in Q4FY25). Also, reduced non-trade sales and OPC proportion, focusing on retail and premium categories which enhances profitability and reduces volatility from non-trade/low-margin business
- Capex guidance for FY26 is ₹1,000 crore (includes modernization, WHRS expansion, and sustainability projects) of which ₹100 crore was spend in Q1FY26

- Renewable power share stood at 27% in Q1FY26 vs. 25% in 4QFY25. Existing WHRS capacity is 40 MW and management plans to add ~10 MW which will help in reduction of power costs and improve energy efficiency, leading to cost savings over the medium term
- Accrued incentives in Q1FY26 stood at ₹23 crore vs ₹41 crore in Q4FY25
- For Q1FY26: Lead Distance was 342 km. Fuel Cost was ~₹100/unit. Kiln Cost was ₹146/unit. Net Debt was ₹2,300 crore (expected to remain under ₹3,000 crore by FY26-end)

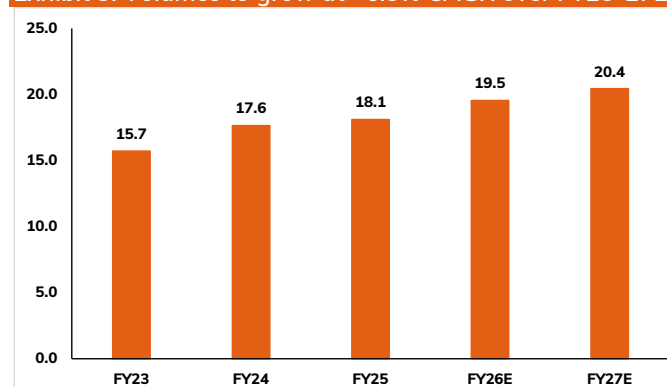
Exhibit 1: Quarterly Analysis

	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Comments
Operating Income	2,454.2	2,190.4	12.0	2,814.9	-12.8	Revenue improved YoY due to increase in volume and improved realisation on YoY basis
Other income	31.9	17.0	87.4	48.2	-33.8	
Total Revenue	2,486.2	2,207.4	12.6	2,863.1	-13.2	
Raw materials costs	461.2	291.8	58.1	470.5	-2.0	
Employees Expenses	152.0	147.5	3.1	132.0	15.2	
Other Expenses	455.3	474.0	-3.9	519.6	-12.4	
Total Expenditure	2,107.5	1,932.1	9.1	2,281.1	-7.6	
EBITDA	346.7	258.3	34.3	533.8	-35.0	Margins improved due to improvement in sales realisation on YoY basis
EBITDA margins (%)	14.1	11.8	234 bps	19.0	-484 bps	
Interest	70.7	85.8		73.3		
Depreciation	130.6	145.5	-10.3	142.2	-8.2	
Tax	57.8	11.4	408.0	71.6	-19.3	
PAT	119.6	32.6	266.6	256.6	-53.4	

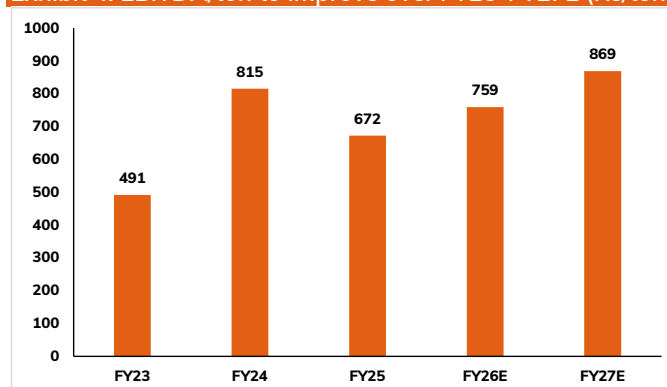
Source: Company, ICICI Direct Research

Exhibit 2: Company targets to reach 27.6 mtpa by FY29E


Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~6.3% CAGR over FY25-27E


Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton to improve over FY25-FY27E (Rs/ton)


Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

Year-End March	FY24	FY25	FY26E	FY27E
Revenue	9,662.7	9,214.5	10,194.2	10,929.9
% Growth	11.3	(4.6)	10.6	7.2
Other income	85.6	97.9	105.7	114.2
Total Revenue	9,662.7	9,214.5	10,194.2	10,929.9
% Growth	11.3	(4.6)	10.6	7.2
Total Raw Material Costs	1,580.9	1,384.5	1,777.8	1,859.6
Employee Expenses	556.2	564.0	609.1	659.1
other expenses	1,860.3	1,913.5	6,325.0	6,635.7
Total Operating Expenditure	8,225.1	7,997.3	8,711.9	9,154.3
Operating Profit (EBITDA)	1,437.6	1,217.2	1,482.3	1,775.6
% Growth	86.2	(15.3)	21.8	19.8
Interest	371.7	327.1	290.1	294.4
PBDT	1,151.5	988.1	1,297.9	1,595.4
Depreciation	578.3	571.9	611.7	655.8
PBT before Exceptional Items	573.2	416.2	686.2	939.6
Total Tax	159.4	82.6	171.6	234.9
PAT before MI	413.8	295.2	514.7	704.7
PAT	420.6	295.2	514.7	704.7
% Growth	938.4	(29.8)	74.3	36.9
EPS	54.6	38.3	66.8	91.5

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

Year-End March	FY24	FY25	FY26E	FY27E
Profit after Tax	420.6	295.2	514.7	704.7
Depreciation	578.3	571.9	611.7	655.8
Interest	371.7	327.1	290.1	294.4
Cash Flow before WC changes	1,370.6	1,194.1	1,416.5	1,654.9
Changes in inventory	97.1	(2.4)	(122.3)	(78.6)
Changes in debtors	(91.6)	75.8	(37.9)	(27.2)
Changes in loans & Advances	(36.7)	32.8	(72.4)	(38.3)
Changes in other current assets	138.5	22.8	(60.9)	(22.1)
Net Increase in Current Assets	107.2	129.1	(293.5)	(166.2)
Changes in creditors	(51.7)	4.4	105.1	70.6
Changes in provisions	30.4	(23.4)	(0.4)	1.4
Net Inc in Current Liabilities	111.3	53.1	125.1	107.0
Net CF from Operating activities	1,589.1	1,376.2	1,248.1	1,595.7
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(648.7)	(396.4)	(1,100.0)	(1,000.0)
Net CF from Investing activities	(968.9)	(721.6)	(981.3)	(1,036.8)
Dividend and Dividend Tax	(77.0)	(77.0)	(115.5)	(161.7)
Net CF from Financing Activities	(679.2)	(687.4)	(305.6)	(456.1)
Net Cash flow	(59.1)	(32.7)	(38.9)	102.8
Opening Cash/Cash Equivalent	218.3	159.2	126.4	87.6
Closing Cash/ Cash Equivalent	159.2	126.4	87.6	190.4

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

Year-End March	FY24	FY25	FY26E	FY27E
Equity Capital	77.0	77.0	77.0	77.0
Reserve and Surplus	6,596.8	6,938.1	7,337.3	7,880.3
Total Shareholders funds	6,673.8	7,015.1	7,414.3	7,957.3
Total Debt	3,769.7	3,363.3	3,463.3	3,463.3
Total Liabilities	12,502.3	12,343.9	12,843.1	13,386.1
Gross Block	11,770.6	12,130.7	13,191.0	14,191.0
Acc: Depreciation	3,022.7	3,594.5	4,206.2	4,862.0
Net Block	8,747.9	8,536.1	8,984.8	9,329.0
Capital WIP	480.2	560.3	600.0	600.0
Total Fixed Assets	10,269.8	10,094.3	10,582.7	10,926.9
Non Current Assets	1,184.8	1,306.0	1,387.2	1,424.0
Inventory	964.6	967.0	1,089.2	1,167.9
Debtors	414.9	339.1	377.0	404.3
Other Current Assets	267.7	244.9	305.8	327.9
Cash	159.2	126.4	87.6	190.4
Total Current Assets	2,396.9	2,235.1	2,489.8	2,758.7
Current Liabilities	868.0	872.4	977.5	1,048.1
Provisions	52.7	90.0	90.0	91.0
Total Current Liabilities	1,933.9	1,987.0	2,112.1	2,219.1
Net Current Assets	463.0	248.1	377.7	539.7
Total Assets	12,502.3	12,343.9	12,843.1	13,386.1

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

Year-End March	FY24	FY25	FY26E	FY27E
EPS	54.6	38.3	66.8	91.5
Cash per Share	96.6	106.7	75.7	89.1
BV	866.7	911.0	962.8	1,033.3
EBITDA Margin	14.9	13.2	14.5	16.2
PAT Margin	4.4	3.2	5.0	6.4
RoE	6.3	4.6	6.9	8.9
RoCE	9.0	7.2	9.0	10.8
RoC	8.4	6.3	8.1	10.0
EV / EBITDA	9.2	10.4	8.8	7.3
P/E	24.1	31.2	19.7	14.4
EV / Net Sales	1.4	1.4	1.3	1.2
Sales / Equity	1.4	1.3	1.4	1.4
Market Cap / Sales	1.0	1.1	1.0	0.9
Price to Book Value	1.5	1.4	1.4	1.3
Asset turnover	0.9	0.9	0.9	1.0
Debtors Turnover Ratio	26.2	24.4	28.5	28.0
Creditors Turnover Ratio	10.8	10.6	11.0	10.8
Debt / Equity	0.6	0.5	0.5	0.4
Current Ratio	1.4	1.3	1.4	1.4
Quick Ratio	0.8	0.7	0.8	0.8

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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