

November 11, 2025

## Moderate growth expected over medium-term...

**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

**Q2FY26 performance:** Revenue increased by 13% YoY (-10.1 QoQ) to Rs 2206.5 crores led by 7.1% YoY (-11.3% QoQ) increase in sales volume and 5.6% YoY (+1.3% QoQ) improvement in realisation. EBITDA/ton stood at Rs 717/ton which increased by 60.7% YoY (-0.9% QoQ). Subsequently, absolute EBITDA was up 72.1% YoY (-12.1% QoQ) to Rs 304.9 crores. PAT stood at Rs 90.5 crore against loss of Rs 25 crores in Q2FY25

### Investment Rationale

- Volume growth expected to remain subdued over FY26E-28E:** Company's volumes improved in Q2FY26 by 7% YoY, mainly led by better demand YoY (on a lower base). However, going ahead, we expect company's sales volume to remain subdued over the next 2-3 years as only 1.4 mtpa expansion is in process (expected in Q4FY26E) and existing capacities are already running at high utilization of 85%-90%. We estimate sales volume growth of 2.5% CAGR over FY25-28E (lower-than-industry average of 7-8%). In the longer-term, volume growth is likely to pick-up (only after FY28E) as 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. Total cement capacity is expected to reach 27.6 mtpa by FY29E (from 20 mtpa at present)
- EBITDA/ton expected to improve over FY27E-28E:** EBITDA/ton improved considerably in H1FY26 on YoY basis to Rs 717/ton in Q2FY26 (vs Rs 446/ton in Q2FY25), primarily led by better realisation and flattish cost structure. Going forward, we believe that overall cost structure will continue to remain flattish as the benefits of various cost efficiency measures is likely to be negated by negative operating leverage. Cost efficiency measures include increase in share of green power to 36-37%, fuel cost optimisation (led by ramp-up of Bikarm coal mine which is expected to start by FY26-end) & freight cost optimisation. However, we estimate EBITDA/ton to improve to ₹ 956/ton by FY28E (from Rs 672/ton in FY25), mainly led by modest improvement in realisations (driven by focus on increasing share of premium products)

### Rating and Target Price

- We have revised downwards our EBITDA estimates for FY26E/FY27E by 17%/7%, to factor-in delays in commissioning of new capacities along with captive coal blocks. Over FY25-28E, we estimate revenue & EBITDA CAGR at ~5% & ~15% respectively, which is noticeably lower growth expectations (as compared to other peers)
- We change our rating to **HOLD** (earlier BUY) with a revised target price of ₹1270 (based on 7x EV/EBITDA on FY27E & FY28E average)

### Key Financial Summary

Rs crore	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Revenues	8,682	9,663	9,214	7.3%	9,359	10,206	10,536	4.6%
EBITDA	772	1,438	1,217	3.1%	1,223	1,657	1,867	15.3%
EBITDA margin (%)	8.9	14.9	13.2		13.1	16.2	17.7	
Net Profit	41	421	295	-9.5%	371	695	810	40.0%
EPS (Rs)	5.3	54.6	38.3		48.1	90.2	105.2	
P/E (x)	225.7	21.7	28.1		24.7	13.2	11.3	
EV/EBITDA (x)	16.6	8.5	9.6		9.5	6.8	6.5	
EV/ton (\$)	75	72	69		64	62	62	
RoCE (%)	3.6	9.0	7.2		7.4	11.1	11.4	
RoE (%)	0.7	6.3	4.6		5.1	8.9	9.6	

Source: Company, ICICI Direct Research


**BIRLA  
CORPORATION  
LIMITED**

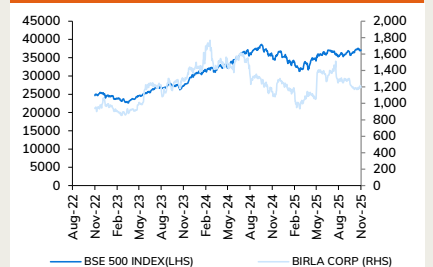
### Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	9,064
FY25 Gross Debt (Rs Crore)	3,363
FY25 Cash (Rs Crore)	822
EV (Rs Crore)	11,605
52 Week H/L (Rs)	1537 / 902
Equity Capital	77.0
Face Value	10.0

### Shareholding pattern

	Dec-24	Mar-25	Jun-25	Sep-25
Promoter	62.9	62.9	62.9	62.9
FII	5.6	6.3	7.1	6.7
DII	16.2	15.6	15.6	15.8
Others	15.2	15.2	14.5	14.6

### Price Chart



### Recent Event & Key risks

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

### Research Analyst

Vijay Goel  
vijay.goel@icicisecurities.com

Deep Lapsia  
deep.lapsia@icicisecurities.com

## Q2FY26 Result Highlights:

- Revenue increased by 13% YoY to Rs 2206.5 crores led by 7.1% YoY increase in sales volume and 5.6% YoY improvement in realisation
- Sequentially, revenue declined by 10.1% QoQ, primarily driven by 11.3% QoQ drop in volumes and marginal improvement of 1.3% QoQ in realisations
- EBITDA/ton stood at Rs 717/ton which increased by 60.7% YoY (-0.9% QoQ) led by improvement in realisation and flattish cost structure. Subsequently, absolute EBITDA was up 72.1% YoY (-12.1% QoQ) to Rs 304.9 crores
- PAT stood at Rs 90.5 crore against loss of Rs 25 crores in Q2FY25
- For H1FY26, revenue was up by 12.5% YoY led by volume growth of 8.3% YoY and improvement in realisation by 3.9% YoY. EBITDA/ton stood at Rs 721/ton for H1FY26 vs Rs 521/ton in H1FY25

## Recent earnings call highlights:

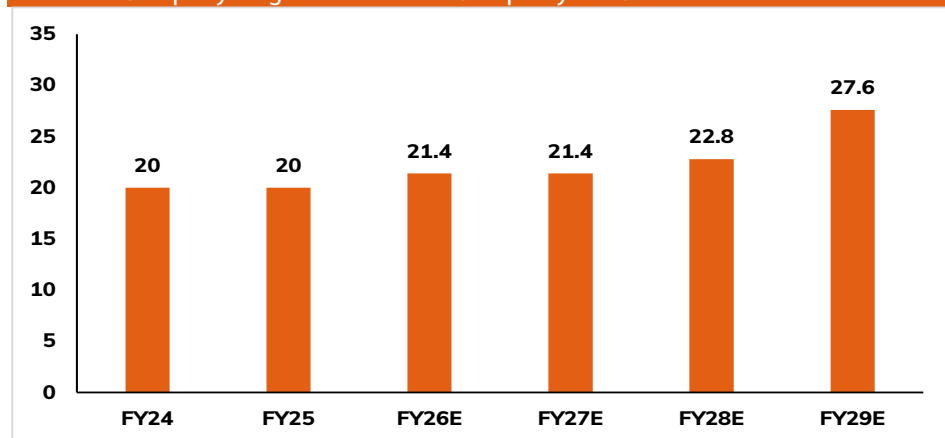
- Management expects cement demand to revive in Q3FY26E, led by government capex and housing demand recovery, translating into 4–5% YoY growth. The company maintained its full-year growth outlook and expects H2FY26 to be stronger than H1, consistent with seasonal trends
- Price improvement is anticipated in Q4FY26E, once non-trade and industrial demand normalizes post-GST transition
- The GST rate cut from 28% to 18% triggered sharp price declines in the non-trade segment, led by pre-GST dispatch acceleration by competitors availing incentives.
- Management noted that non-trade and OPC (non-blended) cement prices saw the largest fall due to incentive-linked dispatches and inventory buildup. Company remained largely insulated from this impact, given its minimal non-trade exposure (~15%) and focus on blended and premium trade sales.
- Central India, the company's key market, saw the most subdued pricing environment across India during Q2FY26, which continued into early Q3FY26. Rajasthan and Maharashtra markets showed positive signs, with the company recovering lost market share in trade sales during Q2FY26.
- Operations were affected by heavy monsoon rains in core markets and a clinker unit breakdown at Maihar, which forced the company to purchase clinker externally, impacting profitability for the quarter
- In Q2FY26, lead distance stood at 350 km, power and fuel cost was reported at ₹1.48/kcal, among the lowest in its peer set, company accrued ₹18 crore in incentives. The company expects further reduction in energy cost from H2FY26 as internal clinker usage resumes post-maintenance
- Bikram coal mine expected to start by FY26-end and meaningful production from FY27E
- Long-term cost efficiency to be supported by renewable power expansion, with green energy share projected to increase to 32% in H2FY26 through solar and hybrid sources
- Company plants, except Maihar, operated at > 90% utilization, with Maihar ramping up post-maintenance
- Kundanganj expansion is on schedule and expected to commence by Q3/Q4FY26E adding incremental capacity in key Northern markets. Management confirmed that all expansion projects are on track, with no cost overruns, and sustainable capex levels are being maintained
- FY26E capex guidance revised down to ₹800 crore (from ₹1,000 crore earlier), reflecting controlled spending and project phasing. Future annual capex details will be shared once the project pipeline progresses to the next execution stage

- The jute business has been fully integrated into the main company, reflecting the group's commitment to its legacy business. Focus is now on R&D, technical upgradation, and value addition instead of merely increasing loom count or capacity. The company aims to improve margins and profitability through modernization
- The company maintains a balanced mix of premium and value brands (~60:40), positioning itself uniquely between high-end peers and mass-market players

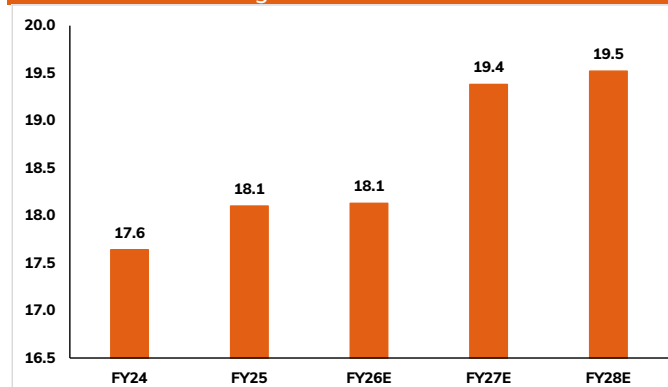
**Exhibit 1: Quarterly Analysis**

	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	Comments
Operating Income	2,206.5	1,952.6	13.0	2,454.2	-10.1	Revenue improved YoY due to increase in volume and improved realisation on YoY basis
Other income	26.9	17.2	56.3	31.9	-15.7	
Total Revenue	2,233.4	1,969.8	13.4	2,486.2	-10.2	
Raw materials costs	275.7	285.4	-3.4	461.2	-40.2	
Employees Expenses	151.7	140.6	7.9	152.0	-0.2	
Other Expenses	475.4	446.9	6.4	455.3	4.4	
Total Expenditure	1,901.7	1,775.4	7.1	2,107.5	-9.8	
EBITDA	304.9	177.2	72.1	346.7	-12.1	Margins improved due to improvement in sales realisation on YoY basis
EBITDA margins (%)	13.8	9.1	474 bps	14.1	-31 bps	
Interest	66.5	85.1		70.7		
Depreciation	134.3	145.0	-7.4	130.6	2.9	
Tax	40.5	-10.5	-485.4	57.8	-30.0	
PAT	90.5	-25.2	-459.2	119.6	-24.3	

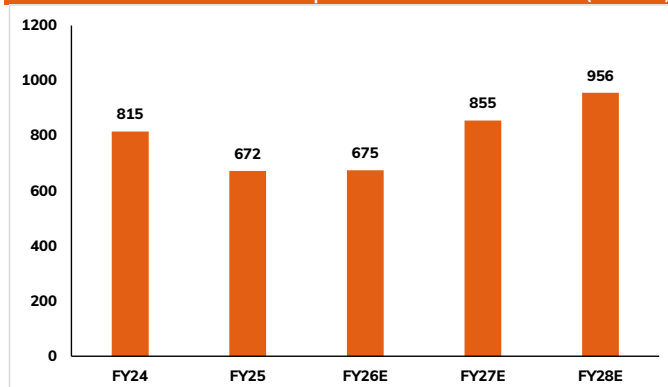
Source: Company, ICICI Direct Research

**Exhibit 2: Company targets to reach 27.6 mtpa by FY29E**


Source: Company, ICICI Direct Research

**Exhibit 3: Volumes to grow at ~2.5% CAGR over FY25-28E**


Source: Company, ICICI Direct Research

**Exhibit 4: EBITDA/ton to improve over FY25-FY28E (Rs/ton)**


Source: Company, ICICI Direct Research

## Financial summary

**Exhibit 5: Profit and loss statement**

₹ crore

Year-End March	FY25	FY26E	FY27E	FY28E
Revenue	9,214.5	9,359.0	10,205.7	10,536.5
% Growth	(4.6)	1.6	9.0	3.2
Other income	97.9	112.6	121.6	125.3
Total Revenue	9,214.5	9,359.0	10,205.7	10,536.5
% Growth	(4.6)	1.6	9.0	3.2
Total Raw Material Costs	1,384.5	1,418.4	1,521.3	1,532.3
Employee Expenses	564.0	613.7	668.9	729.1
other expenses	1,913.5	6,104.2	6,358.5	6,408.5
Total Operating Expenditure	7,997.3	8,136.3	8,548.7	8,669.9
Operating Profit (EBITDA)	1,217.2	1,222.7	1,657.0	1,866.6
% Growth	(15.3)	0.5	35.5	12.6
Interest	327.1	279.5	260.4	268.9
PBDT	988.1	1,055.8	1,518.2	1,723.0
Depreciation	571.9	561.5	591.9	642.7
PBT before Exceptional Items	416.2	494.3	926.3	1,080.2
Total Tax	82.6	123.6	231.6	270.1
PAT before MI	295.2	370.7	694.7	810.2
PAT	295.2	370.7	694.7	810.2
% Growth	(29.8)	25.6	87.4	16.6
EPS	38.3	48.1	90.2	105.2

Source: Company, ICICI Direct Research

**Exhibit 6: Cash flow statement**

₹ crore

Year-End March	FY25	FY26E	FY27E	FY28E
Profit after Tax	295.2	370.7	694.7	810.2
Depreciation	571.9	561.5	591.9	642.7
Interest	327.1	279.5	260.4	268.9
Cash Flow before WC changes	1,194.1	1,211.8	1,547.1	1,721.8
Changes in inventory	(2.4)	(20.2)	(89.3)	(20.4)
Changes in debtors	75.8	(122.4)	(13.8)	(1.0)
Changes in loans & Advances	32.8	258.2	(27.1)	(10.6)
Changes in other current assets	22.8	(82.7)	21.4	(9.9)
Net Increase in Current Assets	129.1	32.9	(108.8)	(41.9)
Changes in creditors	4.4	(64.7)	73.1	43.0
Changes in provisions	(23.4)	(3.8)	1.5	0.9
Net Inc in Current Liabilities	53.1	(40.1)	94.9	63.5
Net CF from Operating activities	1,376.2	1,204.6	1,533.2	1,743.4
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(396.4)	(800.0)	(700.0)	(2,000.0)
Net CF from Investing activities	(721.6)	(664.6)	(742.3)	(1,766.5)
Dividend and Dividend Tax	(77.0)	(96.3)	(181.0)	(211.8)
Net CF from Financing Activities	(687.4)	(525.8)	(741.3)	19.4
Net Cash flow	(32.7)	14.2	49.5	(3.8)
Opening Cash/Cash Equivalent	159.2	126.4	140.6	190.1
Closing Cash/ Cash Equivalent	126.4	140.6	190.1	186.3

Source: Company, ICICI Direct Research

**Exhibit 7: Balance sheet**

₹ crore

Year-End March	FY25	FY26E	FY27E	FY28E
Equity Capital	77.0	77.0	77.0	77.0
Reserve and Surplus	6,938.1	7,212.6	7,726.3	8,324.7
Total Shareholders funds	7,015.1	7,289.6	7,803.3	8,401.8
Total Debt	3,363.3	3,213.3	2,913.3	3,413.3
Total Liabilities	12,343.9	12,508.2	12,722.0	13,820.4
Gross Block	11,977.5	12,695.9	13,437.9	14,537.9
Acc: Depreciation	3,441.4	4,002.9	4,594.9	5,237.6
Net Block	8,536.1	8,692.9	8,843.0	9,300.3
Capital WIP	560.3	642.0	600.0	1,500.0
Total Fixed Assets	10,094.3	10,332.8	10,440.9	11,798.1
Non Current Assets	1,306.0	1,345.5	1,387.8	1,404.4
Inventory	967.0	987.2	1,076.5	1,096.9
Debtors	339.1	461.5	475.3	476.3
Other Current Assets	244.9	327.6	306.2	316.1
Cash	126.4	140.6	190.1	186.3
Total Current Assets	2,235.1	2,216.4	2,374.7	2,412.8
Current Liabilities	872.4	807.7	880.8	923.7
Provisions	90.0	90.0	91.0	91.0
Total Current Liabilities	1,987.0	1,946.9	2,041.9	2,105.4
Net Current Assets	248.1	269.5	332.8	307.4
Total Assets	12,343.9	12,508.2	12,722.0	13,820.4

Source: Company, ICICI Direct Research

**Exhibit 8: Key ratios**

Year-End March	FY25	FY26E	FY27E	FY28E
EPS	38.3	48.1	90.2	105.2
Cash per Share	106.7	91.0	97.5	64.5
BV	911.0	946.6	1,013.4	1,091.1
EBITDA Margin	13.2	13.1	16.2	17.7
PAT Margin	3.2	4.0	6.8	7.7
RoE	4.6	5.1	8.9	9.6
RoCE	7.2	7.4	11.1	11.4
RoIC	6.3	6.4	10.1	10.5
EV / EBITDA	9.6	9.5	6.8	6.5
P/E	28.1	24.7	13.2	11.3
EV / Net Sales	1.3	1.2	1.1	1.1
Sales / Equity	1.3	1.3	1.3	1.3
Market Cap / Sales	1.0	1.0	0.9	0.9
Price to Book Value	1.3	1.3	1.2	1.1
Asset turnover	0.9	0.9	1.0	0.9
Debtors Turnover Ratio	24.4	23.4	21.8	22.1
Creditors Turnover Ratio	10.6	11.1	12.1	11.7
Debt / Equity	0.5	0.4	0.4	0.4
Current Ratio	1.3	1.3	1.3	1.3
Quick Ratio	0.7	0.7	0.7	0.7

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agarwal  
Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Jeetu Jawrani Email address: [headsservicequality@icicidirect.com](mailto:headsservicequality@icicidirect.com) Contact Number: 18601231122

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