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Generating Wealth

Q1FY27 Result Update
25th July, 2026

Birla Corporation Ltd

CMP: INR 956

Rating: Buy

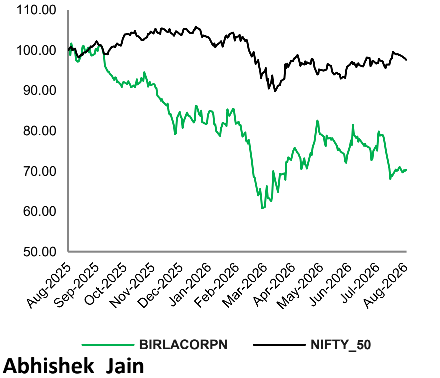
Target: INR 1,428

Stock Info	
BSE	500335
NSE	BIRLACORPN
Bloomberg	BCORP:IN
Sector	Cement
Face Value (INR)	10
Equity Capital (INR mn)	770
Mkt Cap (INR Bn)	81
52w H/L (INR)	1,346/ 770
Avg Yearly Volume (in 000')	93

Shareholding Pattern % *(As on March, 2026)*	
Promoters	62.9
DII	17
FII	6.1
Public & Others	14

Stock Performance (%)	1m	6m	12m
BIRLACORPN	-11.4%	-14.2%	-30.2%
NIFTY	-0.1%	-7.3%	-4.5%

BIRLACORPN vs Nifty



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Birla Corp reported a weak Q1 FY27, with the miss concentrated in margins rather than growth. Net Sales rose 8% YoY to INR 26,465 Mn (-7% QoQ) on volumes of 5.1 MnT (+5.4% YoY), and realization improved to INR 5,240/T (+2% YoY, +INR 36/T QoQ). The problem was cost: total cost/tonne rose to INR 4,563 (+4% YoY, +INR 295/T QoQ), with fuel cost/tonne at INR 950 (+15% YoY) and other expenses up 8% QoQ on packaging and higher own limestone mining. EBITDA fell to INR 3,423 Mn (-1% YoY, -33% QoQ), margins compressed to 12.9% (18.0% in Q4 FY26), and EBITDA/tonne dropped to INR 678 from INR 936/T. PAT was INR 1,157 Mn (+3% YoY, -61% QoQ); EPS INR 15.0. Mukutban contributed 7.5 lakh tonnes; kcal cost INR 1.64. Management flagged that a lower incentive booking (INR 33 cr vs INR 60 cr in Q4) cost ~INR 50/T sequentially, and that ex-incentives and discount adjustments, underlying realization was up INR 80/T QoQ.

Mix concentration is now a two-way exposure- At ~85% blended and >80% trade, Birla captured none of the price recovery that ran through non-trade, OPC and industrial, where peers converted a INR 10–20/bag gain straight into topline; trade prices instead saw a rollback late in the quarter. Central India its largest market, further concentrated post Kundanganj Line 3 has been soft for a year, and negligible eastern presence meant no participation in the east upcycle. Management ruled out any shift to non-trade, saying margin defence would come via undisclosed "other measures." Defensible, but it leaves FY27 realization hostage to peer pricing behaviour.

Costs worsen before they improve- Q1 bag-and-fuel impact was INR 150/T (packaging INR 269/T vs INR 191/T YoY), with a further INR 70–80/T sequential increase guided for Q2. Limited domestic coal substitution and diesel-linked mechanical mining in Rajasthan leave Birla worse placed than peers. Offsets Vikram coal scaling 1.2 to 3.5 lakh tonnes by FY28 (~⅓ of CPP requirement) and WHRS from 43–44 MW toward 50 MW, plus 17–18 MW at Maihar Line 2 are real but back-ended to FY28.

Expansion intact, FY28 capex step-up ahead- All guidance reaffirmed: FY27 capex INR 900 cr (INR 120 cr spent), FY27 exit net debt INR 20,000 Mn vs INR 23,000 Mn now, peak net debt INR 40,000 Mn, net debt/EBITDA ceiling unchanged. The 6.2 MnT / INR 48,000 Mn programme to FY29 has seen effectively nil spend with orders yet to be placed; management conceded a "significant increase" in FY28 capex. Utilization above 90% rules out deferral. FY27 incentives guided at INR 1,300 –1,350 Mn.

Outlook & Valuation: The key disclosure was a withheld one management reaffirmed volume, capex and leverage guidance but twice refused to stand behind an FY27 EBITDA/tonne number, calling it "too premature." Against the prior INR 800/T target, the arithmetic is demanding: from INR 678/T in Q1 with another INR 70–80/T of cost in Q2 and no trade price movement through end-July, H2 must average well above INR 900/T possible only on a genuine Central India recovery. We cut FY27E EBITDA/tonne to ~INR 730–750 and trim FY26–28E revenue/EBITDA CAGR to 9%/8%. Management's expectation that entrants compete on brand rather than price is plausible but unproven. We retain Buy on an intact FY28–29 story 21.5 to 27.5 MnT volume runway, captive coal, WHRS but revise the target price to INR 1,428.

Key Financials					
Particulars (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Net revenue	92,145	96,556	1,02,427	1,08,122	1,15,798
EBITDA	12,172	14,544	13,137	14,813	15,401
EBITDAM (%)	13.2	15.1	12.8	13.7	13.3
APAT	2,952	5,576	4,626	5,686	5,877
APATM (%)	3.2	5.8	4.5	5.3	5.1
EPS (Rs)	42.2	72.4	60.1	73.8	76.3
EV/EBITDA	8.3	7.3	7.9	7.0	6.6
RoE (%)	4.2	7.6	5.8	6.8	6.6

Source: Arihant Research, Company Filings

Q1FY27 Concall Highlights

Outlook

Birla Corporation adopted a guarded, wait-and-watch stance for the remainder of FY'27, citing geopolitical uncertainty, fuel cost inflation and monsoon-related demand risk. Management explicitly declined to guide on full-year EBITDA, calling it premature, while reaffirming volume growth, CapEx and capacity guidance. The quarter was framed as being a "victim of our own success" — already maxed out on trade and blended cement, the company missed the price recovery that came through in non-trade and OPC. There is no intent to shift mix toward non-trade; instead, if larger players continue to hold trade prices down, margin protection will come through undisclosed non-price measures. With utilisation above 90%, no deferral of the expansion programme is under consideration.

Financial Highlights

- Reported realization declined ~INR 40/T QoQ; adjusted for lower incentives and rear-end discounts, management claims realization rose INR 80/T QoQ.
- Incentives booked at INR 330 Mn vs INR 600 Mn in Q4FY26, a ~INR 50/T sequential drag on realization.
- Combined bag and fuel cost impact of INR 150/T in Q1, attributed to geopolitical factors.
- Further cost increase of INR 70–80/T guided for Q2FY27; full fuel impact to be felt in Q2. Packaging cost at INR 269/T vs INR 191/T in Q1FY26.
- Other expenses up from INR 5,110 Mn to INR 5,510 Mn QoQ on a consol basis (standalone INR 2,640 Mn to INR 2,810 Mn), driven by packaging, annual escalations and higher own limestone mining on higher clinker production.
- Q1 CapEx at INR 1,200 Mn; FY'27 CapEx guidance maintained at INR 9,000 Mn. Net debt at INR 23,000 Mn; FY'27 exit guidance maintained at ~INR 20,000 Mn.
- Peak net debt of INR 40,000 Mn and Debt-to-EBITDA ceiling of 2.5x through the cycle reaffirmed.
- FY'27 incentive expectation revised up to INR 1,300–1,350 Mn, including Mukutban and Kundanganj.
- Mukutban volume at 7.5 lakh tonnes; total lead distance 335 km, Mukutban lead ~400 km; kcal cost at INR 1.64.
- Volume growth guidance maintained; FY'27 EBITDA/tonne guidance withheld.

Other Highlights

- Mix at ~85% blended cement and over 80% trade the segment that saw no price increase and a small rollback in the final month of the quarter.
- Peers with larger non-trade books prioritised correcting non-trade and OPC prices where realizations were unremunerative; being underweight there, Birla Corp saw only marginal benefit on overall realization.
- Central India, the largest exposure and now increased further post Kundanganj Line 3, has seen soft prices for ~12 months on competitive dynamics; no benefit captured from the price and profitability recovery in north and east given minimal eastern presence.
- Mukutban product mix shifted toward proximate markets, ex-Bombay barring high-value OPC-53; sporadic diesel and truck availability disruptions cost some volumes, with headroom remaining for further ramp-up.
- Management sees no price war from JP Associates assets ramping under Dalmia — experienced operators unlikely to buy volume on price; current market behaviour read as reluctance to move first rather than aggression.
- Capacity expansion to 27.6 MT by FY'29 on track; 6.2 MT addition at INR 48,000 Mn CapEx, of which spend to date is almost nil as order placement is the next phase. FY'28 CapEx to see a significant increase over FY'27's - INR 9,000 Mn; an analyst estimate of ~INR 25,000 Mn was not contested.
- Maihar clinker unit EC and pre-project activities progressing per plan; Kundanganj Line 3 to contribute full-year benefit in FY'27.
- WHRS at 43–44 MW with pipeline projects taking it to ~50 MW; Maihar Line 2 to add a further 17–18 MW.
- Bikram/Vikram coal at 1.2 lakh tonnes this year, scaling to 3.5 lakh tonnes in FY'28, largely feeding CPP (roughly one-third of CPP coal requirement), with partial kiln use next year; savings a function of market price.
- Cost management constrained relative to peers limited scope to substitute domestic coal given a lower petcoke base, plus diesel-driven pressure on mechanical mining in Rajasthan.
- Accounting note: costs booked under natural heads rather than consolidated into raw material, which makes reported other expenses structurally higher versus some peers.

Q1FY26 - Quarterly Performance (Consolidated)

Particulars (INR Mn)	Q1FY27	Q1FY26	Y-o-Y	Q4FY26
Net Sales	**26,465**	**24,542**	**8**	**28,361**
Cost of Raw Materials	4,487	3,743	20	3,963
Purchase of Finished Goods	140	77	83	112
(Increase) / Decrease In Stocks	(227)	792	(129)	890
Total Raw material cost	**4,401**	**4,612**	**(5)**	**4,965**
Gross Profit	**22,064**	**19,930**	**11**	**23,396**
Gross Margins %	*83.4*	*81.2*	*216.5*	*82.5*
Employee Cost	1,553	1,520	2	1,326
Fuel Cost	4,797	3,946	22	4,693
Frieght & Forwarding	6,781	6,443	5	7,159
Other Expenses	5,511	4,553	21	5,116
Total Expenditure	**23,042**	**21,075**	**9**	**23,259**
EBITDA	**3,423**	**3,467**	**(1)**	**5,103**
EBITDA Margins (%)	*12.9*	*14.1*	*(119.5)*	*18.0*
Depreciation	1,423	1,306	9	1,344
EBIT	2,000	2,162	(7)	3,759
Other Income	230	319	(28)	390
Interest	672	707	(5)	619
PBT	1,557	1,774	(12)	3,805
Tax	400	578	(31)	857
Reported PAT	**1,157**	**1,196**	**3**	**2,948**
PAT Margin (%)	*4.4*	*4.9*	*(49.9)*	*10.4*
EPS	*15.0*	*15.5*	*3.2*	*38.3*

Particulars	Q1FY27	Q1FY26	Y-o-Y	Q4FY26
Sales Volume (MT)	5.1	4.8	5.4	5.5
Realization/Ton (Rs)	5,240	5,124	2	5,204
EBITDA/Ton (Rs)	678	724	(6)	936
Total Cost/Ton (Rs)	4,563	4,400	4	4,268
Fuel Cost/Ton (Rs)	950	824	15	861
Frieght & Forwarding/Ton (Rs)	1,343	1,345	(0)	1,314

Source: Arihant Research, Company Filings

Profit & Loss Statement (Consolidated)

Particulars (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Net sales	**92,145**	**96,556**	**1,02,427**	**1,08,122**	**1,15,798**
Expenditure					
Cost of materials	14,437	14,847	15,876	16,218	17,370
Purchase of stock in trade	187	362	383	324	347
(Inc)/Dec In Stocks	(778)	(376)	(102)	(108)	(116)
Total raw materials	**13,845**	**14,833**	**16,157**	**16,434**	**17,601**
Gross Profit	**78,300**	**81,723**	**86,270**	**91,687**	**98,197**
Gross Profit M (%)	85.0	84.6	84.2	84.8	84.8
Employee cost	5,640	5,845	6,350	6,812	7,527
Fuel cost	17,717	17,547	19,461	20,543	22,002
Frieght & Forwarding	23,636	24,772	26,631	27,571	29,529
Other expenses	19,135	19,015	20,690	21,949	23,739
Total expenditure	**79,973**	**82,012**	**89,290**	**93,309**	**1,00,397**
EBITDA	**12,172**	**14,544**	**13,137**	**14,813**	**15,401**
EBITDAM (%)	13.2	15.1	12.8	13.7	13.3
Depreciation	5,719	5,318	5,633	5,947	6,369
PBIT	6,454	9,226	7,503	8,866	9,032
Other income	979	1,170	1,241	1,310	1,403
Interest expenses	3,271	2,645	2,663	2,681	2,687
PBT	**4,162**	**7,751**	**6,081**	**7,494**	**7,748**
Tax	826	2,110	1,520	1,874	1,937
Reported PAT	3,336	5,641	4,561	5,621	5,811
Except. Inc/Exp	384	66	66	66	66
PAT (after Exceptional)	**2,952**	**5,576**	**4,626**	**5,686**	**5,877**
PAT Margin %	3.2	5.8	4.5	5.3	5.1
EPS	42.2	72.4	60.1	73.8	76.3

Source: Arihant Research, Company Filings

Balance sheet

Particulars (INR Mn)	FY25	FY26	FY27E	FY28E	FY29E
Share Capital	770	770	770	770	770
Reserves & Surplus	69,381	72,877	78,453	83,079	88,765
Net worth	**70,151**	**73,647**	**79,223**	**83,849**	**89,535**
Minority Interest	-	-	-	-	-
Long term borrowings	27,812	26,232	25,607	25,949	26,055
Short term borrowing	7,074	7,676	7,682	7,569	7,527
Total Debt	**34,886**	**33,907**	**33,289**	**33,518**	**33,581**
Deferred tax liabilities	10,430	10,293	9,731	9,407	9,264
Loans & advances	-	-	-	-	-
Long term provision	563	715	717	757	811
Other long term liabilities	7,532	7,642	7,682	7,569	7,527
Total	**18,525**	**18,650**	**18,130**	**17,732**	**17,601**
Current Liabilities					
Trade payables	8,724	8,980	9,036	9,183	9,676
Short term provisions	199	231	245	216	232
Other current liabilities	10,824	9,685	9,731	8,866	9,843
Total	19,747	18,896	19,011	18,265	19,751
Total liabilities	**1,43,309**	**1,45,100**	**1,49,652**	**1,53,364**	**1,60,469**
Application of Funds					
Net Block	95,382	95,570	96,054	97,507	99,094
Current work in process	5,614	4,719	4,813	5,006	5,206
Goodwill	-	0	-	-	-
Non current investment	7,568	5,861	6,043	6,271	6,716
Tax assets	1,005	880	922	1,081	1,158
Long term loans and adv.	1,004	1,254	1,536	1,622	1,158
Other non-current assets	3,471	3,341	4,097	3,784	4,053
Total	**1,14,045**	**1,11,625**	**1,13,465**	**1,15,271**	**1,17,385**
Current Assets					
Current investments	6,955	10,603	11,247	12,110	12,969
Inventories	9,670	11,035	11,169	11,256	11,738
Trade receivables	3,391	3,166	3,367	3,851	4,124
Cash balance	1,222	1,349	2,601	2,748	5,546
Bank balance	-	-	-	-	-
Short term loans and adv.	18	17	18	19	20
Other current assets	8,008	7,305	7,784	8,109	8,685
Total	**29,264**	**33,475**	**36,187**	**38,093**	**43,084**
Total assets	**1,43,309**	**1,45,100**	**1,49,652**	**1,53,364**	**1,60,469**

Source: Arihant Research, Company Filings

Cash Flow					
Particulars (INR Mn)	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Profit after Tax	**2,952**	**5,576**	**4,626**	**5,686**	**5,877**
Add: Depreciation	5,719	5,318	5,633	5,947	6,369
Add: Interest cost	3,271	2,645	2,663	2,681	2,687
Less: Other Income	(979)	(1,170)	(1,241)	(1,310)	(1,403)
Operating profit before WC changes	**10,962**	**12,369**	**11,682**	**13,005**	**13,530**
Changes in working capital	2,555	(855)	(1,269)	(2,051)	(45)
Cash from Operations	**13,517**	**11,514**	**10,413**	**10,954**	**13,484**
Cash flow from investing	**(4,349)**	**(5,127)**	**(6,595)**	**(7,219)**	**(8,404)**
Cash flow from Financing	**(9,538)**	**(6,260)**	**(2,567)**	**(3,587)**	**(2,282)**
Net cash Inflow/Outflow	(369)	127	1,251	147	2,799
Opening cash	1,592	1,222	1,349	2,601	2,748
Closing cash	**1,222**	**1,349**	**2,600**	**2,748**	**5,546**

Source: Arihant Research, Company Filings

Key Financial ratios					
Particulars	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY28E**
Per share Data					
EPS (Rs)	42.2	72.4	60.1	73.8	76.3
Book value per share (Rs)	1002.0	956.3	1028.7	1088.8	1162.7
Profitability Ratios					
EBITDAM(%)	13.2	15.1	12.8	13.7	13.3
PBTM (%)	4.5	8.0	5.9	6.9	6.7
NPM (%)	3.2	5.8	4.5	5.3	5.1
RoE (%)	4.2	7.6	5.8	6.8	6.6
RoCE (%)	6.1	8.6	6.7	7.6	7.3
Efficiency Data					
Debt-Equity (x)	0.5	0.5	0.4	0.4	0.4
Debt/EBITDA (x)	2.9	2.3	2.5	2.3	2.2
Interest Cover (x)	2.0	3.5	2.8	3.3	3.4
Fixed Asset (x)	1.0	1.0	0.9	0.9	0.9
Debtors (Days)	13.4	12.0	12.0	13.0	13.0
Inventory (Days)	38.3	41.7	39.8	38.0	37.0
Payable (Days)	34.6	33.9	32.2	31.0	30.5
WC (Days)	17.2	19.7	19.6	20.0	19.5
Valuation					
P/E (x)	22.7	13.2	15.9	12.9	12.5
P/BV	1.0	1.0	0.9	0.9	0.8
EV/EBITDA	8.3	7.3	7.9	7.0	6.6
EV/Sales	1.1	1.1	1.0	1.0	0.9

Source: Arihant Research, Company Filings

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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