

CMP: INR 1,194

Rating: Buy

Target: INR 1,613

Stock Info

BSE	500335
NSE	BIRLACORPN
Bloomberg	BCORP:IN
Sector	Cement
Face Value (INR)	10
Equity Capital (INR mn)	770
Mkt Cap (INR mn)	91,950
52w H/L (INR)	1,537 / 902
Avg Yearly Volume (in 000')	116

Shareholding Pattern %

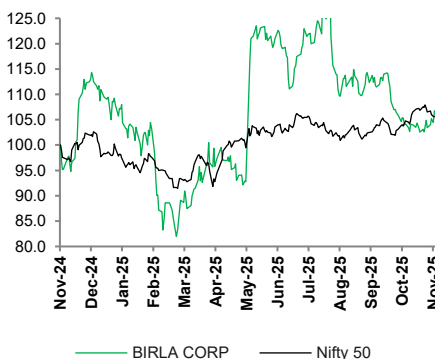
(As on September, 2024)

Promoters	62.9
DII	15.8
FII	6.7
Public & Others	14.6

Stock Performance (%) 1m 6m 12m

BIRLACORPN	-0.5%	-6.8%	3.4%
NIFTY	1.1%	2.6%	5.9%

BIRLACORPN vs Nifty



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Birla Corporation Ltd delivered a result above expectation in Q2FY26, driven by increase in the market share and premium product sales increase. Revenue reached INR 22,065 Mn, reflecting a 13% YoY growth but a 10.1% QoQ decline, beating estimates of INR 21,719 Mn, supported by a 3% YoY increase in realizations to INR 5,066/T (down 1.1% QoQ, inline with our expectations of INR 5,065/T). Sales volume stood at 4.3MnT, up 7.1% YoY but down 11.3% QoQ. Similar our expectations of 4.28 MnT, despite of excessive rainfall at the Company's footprint areas, subdued prices and market disruptions owing to GST changes in September 2025. EBITDA per ton recorded at INR 717/T, up 61% YoY but down 0.9% QoQ, above estimates of INR 708/T, EBITDA margins expanded to 13.8% (up 474 bps YoY, down 630 bps QoQ), Driven by higher sales and a higher contribution from premium and blended cement (89% of sales). The company reported a PAT of INR 905 Mn, up 458% YoY but down 24% QoQ, reflecting increased profitability in both cement and jute.

Robust Premiumization and Operational Resilience- Birla Corporation has increased its share of premium blended cement to 89% (from 82% in Q4 FY'25) and trade sales to 78% (from 72%), enabling it to maintain strong pricing even amid pressures in Central India. The premium share in its Mukutban plant rose from 40% to 50%, supported by high-capacity utilization that reflects solid brand strength and distribution. Starting Q2 FY26, the company expects to produce enough clinker internally, ending the need for costly clinker purchases from outside suppliers. This operational efficiency is expected to boost EBITDA margins, helping recover profits to levels seen in Q4 FY'25 (INR 1,017 per tn compared to INR 715 in Q1 FY26). Alongside these efforts, the company is optimizing costs through a growing green power mix, currently at 25% and targeting 36-37% within two years, making it well positioned to deliver stable returns in a competitive market.

Sustainable Capacity Expansion and Strong Financial Discipline - Birla Corp has clear for cement capacity growth to 27.6 Mn tn by FY29. Near-term growth drivers include Kundanganj Line 3 (1.4 Mn tn) commissioning in H1 FY'26 and ongoing backward integration through coal mines—Bikram mine set for Q3 FY'25 and another project for FY'28—aimed at improving energy security and cost profile. FY'26 CapEx guidance has been recalibrated to INR 8 bn from INR 10-11 bn, maintaining the company's debt-to-EBITDA well below 2, against a policy threshold of 3. The company's diversification strategy is supported by steady progress in its jute business, focused on value addition and export growth.

Outlook & Valuation: Birla Corporation Ltd's Q2 FY26 results reflect resilience amid clinker shortages and pricing pressure in Central India. The company maintains a cautiously optimistic outlook for FY26, targeting 4-5% volume growth. This growth is driven by Mukutban's volume recovery and demand in Western and Eastern markets. Moderate price hikes, clinker self-sufficiency from Q2 FY26, and a CapEx plan of INR 8,000 mn are expected to support profitability. Continued focus on premium cement and green energy positions Birla Corporation for sustainable expansion towards a 27.6 mn tn capacity by FY29. On the financial front, we expect its revenue/EBITDA to grow by 10.8%/10% CAGR over FY26E-28E and maintain our Buy rating with the target price of INR 1,613.

Key Financials					
Particulars (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net revenue	96,627	92,145	99,663	1,10,402	1,22,298
EBITDA	14,376	12,172	13,253	14,570	16,018
EBITDAM (%)	14.9	13.2	13.3	13.2	13.1
APAT	4,206	2,952	3,051	3,371	3,725
APATM (%)	4.4	3.2	3.1	3.1	3.0
EPS (Rs)	54.6	42.2	39.6	43.8	48.4
EV/EBITDA	10.1	10.8	10.5	9.7	9.0
RoE (%)	6.3	4.2	4.4	4.4	4.6

Q2FY26 Concall Highlights

Financial Performance

- Revenue for Q2FY26 came in at INR 22,065 Mn, growth of 13% YoY / decline of 10.1% QoQ, exceeding our expectation of INR 21,719 Mn.
- Sales Volume at 4.3 MnT, growth of 7.1% YoY / decline of 11.3% QoQ vs expectation of 4.28 MnT.
- Realisation stood at INR 5,066/T, up 3% YoY / down 1.1% QoQ as against the expectation of INR 5,065/T.
- Gross margin at 87.5%, improved 212 bps YoY / declined 630 bps QoQ.
- EBITDA margin at 13.8%, up 474 bps YoY / down 31 bps QoQ, in line with margin expectation of 14%.
- EBITDA/Ton at INR 717/T, growth of 60.8% YoY / decline of 0.9% QoQ.
- The company reported a profit on the bottom line with PAT at INR 905 Mn, up by 458% yoy and down by 24% QoQ, as against our expectation of INR 1,017 Mn.- Incentives in Q2 amounted to INR 800 million, cushioning profitability amid GST-driven pricing challenges.
- Capital expenditure guidance for FY26 was reduced to INR 8 billion from an earlier INR 10-11 billion, indicating a disciplined and cautious approach to investment
- Net debt stood around INR 24.5 billion, with management maintaining a conservative financial stance.
- GST rate adjustments disrupted the industrial (non-trade) segment, causing sharp price reductions, but the company's limited exposure (~15%) mitigated adverse impacts.
- Demand for Q3 is expected to grow by 4-5% YoY, fueled by government infrastructure spending.

Operational Highlights

- Capacity utilization is strong, with most plants operating at or above peak levels except Mukhudban, which is still ramping towards full capacity.
- The Kundanganj plant's third production line recently began operations, contributing 60,000 tonnes with 20% YoY volume growth.
- Captive coal mine projects are progressing well, with commercial production expected by the end of FY26, which will aid cost control.
- Renewable energy accounts for 32% of consumption in the second half, driven mainly by solar and hybrid sources, enhancing sustainability and reducing energy costs.
- The Ready-Mix Concrete (RMC) business is expanding cautiously, focusing on leveraging brand presence rather than aggressive volume growth.
- Operational efficiencies have improved in thermal and electrical consumption, supporting margin sustainability.

Other Highlights

- Birla Corp maintains a strong premium product focus, with around 60% of volumes in the premium blended cement segment, which supports superior realizations.
- The company's unique dual-segment presence—premium and value—acts as a competitive advantage, helping balance volume and margin risks.
- The company recovered market share in Rajasthan and sustained steady volumes in Maharashtra despite tough market conditions and GST-related disruptions.
- Seasonal heavy rains and clinker plant shutdowns impacted volumes in the quarter but are expected to normalize.
- Management remains cautious but optimistic about improving volumes and realizations in the second half.
- The company is increasing reliance on renewable energy sources, aligned with industry sustainability norms.
- The jute business remains a strategic legacy operation, with emphasis on improving efficiencies and profitability through value addition rather than volume growth.
- Long-term management commitment to the jute segment is steady, with incremental performance gains expected.

Q2FY26 - Quarterly Performance (Consolidated)

Particulars (INR Mn)	Q2FY26	Q2FY25	Y-o-Y	Q1FY26	Q-o-Q
Net Sales	22,065	19,525	13	24,542	(10)
Cost of Raw Materials	3,697	3,293	12	3,743	(1)
Purchase of Finished Goods	79	35	130	77	3
(Increase) / Decrease In Stocks	(1,020)	(474)	115	792	(229)
Total Raw material cost	2,757	2,854	(3)	4,612	(40)
Gross Profit	19,309	16,671	16	19,930	(3)
Gross Margins %	87.5	85.4	212.3	81.2	630.1
Employee Cost	1,517	1,406	8	1,520	(0)
Fuel Cost	4,471	4,068	10	3,946	13
Frieght & Forwarding	5,519	4,957	11	6,443	(14)
Other Expenses	4,754	4,469	6	4,553	4
Total Expenditure	19,017	17,754	7	21,075	(10)
EBITDA	3,049	1,771	72	3,467	(12)
<i>EBITDA Margins (%)</i>	<i>13.8</i>	<i>9.1</i>	<i>474.5</i>	<i>14.1</i>	<i>(31.1)</i>
Depreciation	1,343	1,450	(7)	1,306	3
EBIT	1,706	321	431	2,162	(21)
Other Income	269	172	56	319	(16)
Interest	665	851	(22)	707	(6)
PBT	1,310	(357)	(466)	1,774	(26)
Tax	405	(105)	(485)	578	(30)
Reported PAT	905	(252)	458	1,196	(24)
<i>PAT Margin (%)</i>	<i>4.1</i>	<i>(1.3)</i>	<i>539.4</i>	<i>4.9</i>	<i>(77.1)</i>
EPS	11.7	(3.3)	458.3	15.5	(24.3)

Particulars	Q2FY26	Q2FY25	Y-o-Y	Q1FY26	Q-o-Q
Sales Volume (MT)	4.3	4.0	7.1	4.8	-11.3
Realization/Ton (Rs)	5,066	4,918	3.0	5,124	(1.1)
EBITDA/Ton (Rs)	717	446	60.8	724	(0.9)
Total Cost/Ton (Rs)	4,474	4,472	0.1	4,400	1.7
Fuel Cost/Ton (Rs)	1,052	1,025	2.7	824	27.7
Frieght & Forwarding/Ton (Rs)	1,299	1,249	4.0	1,345	(3.5)

Source: Arihant Research, Company Filings

Profit & Loss Statement (Consolidated)

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Net sales	96,627	92,145	99,663	1,10,402	1,22,298
Expenditure					
Cost of materials	14,818	14,437	15,747	17,444	19,323
Purchase of stock in trade	238	187	202	224	248
(Inc)/Dec In Stocks	753	(778)	498	552	611
Total raw materials	15,809	13,845	16,447	18,219	20,182
Gross Profit	80,818	78,300	83,216	92,183	1,02,115
Gross Profit M (%)	83.6	85.0	83.5	83.5	83.5
Employee cost	5,562	5,640	6,179	6,955	7,827
Fuel cost	19,474	17,717	18,936	20,976	23,237
Freight & Forwarding	20,089	23,636	24,916	27,600	30,574
Other expenses	21,317	19,135	19,933	22,080	24,460
Total expenditure	82,251	79,973	86,411	95,832	1,06,280
EBITDA	14,376	12,172	13,253	14,570	16,018
EBITDAM (%)	14.9	13.2	13.3	13.2	13.1
Depreciation	5,783	5,719	7,275	8,059	8,928
PBIT	8,593	6,454	5,977	6,511	7,090
Other income	856	979	1,059	1,173	1,299
Interest expenses	3,717	3,271	3,229	3,478	3,742
PBT	5,732	4,162	3,807	4,206	4,647
Tax	1,594	826	756	835	923
Reported PAT	4,138	3,336	3,051	3,371	3,725
Except. Inc/Exp	68	384	-	-	-
PAT (after Exceptional)	4,206	2,952	3,051	3,371	3,725
PAT Margin %	4.4	3.2	3.1	3.1	3.0
EPS	54.6	42.2	39.6	43.8	48.4

Balance Sheet (Consolidated)

Source: Arianth Research, Company Filings

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	770	770	770	770	770
Reserves & Surplus	65,968	69,381	72,432	75,803	79,528
Net worth	66,738	70,151	73,202	76,574	80,298
Minority Interest	-	-	-	-	-
Long term borrowings	33,103	27,812	27,906	29,809	31,797
Short term borrowing	5,932	7,074	7,973	8,832	9,784
Total Debt	39,035	34,886	35,879	38,641	41,581
Deferred tax liabilities	11,042	10,430	12,956	14,352	15,899
Loans & advances	-	-	-	-	-
Long term provision	527	563	609	675	748
Other long term liabilities	7,768	7,532	8,147	9,025	9,997
Total	19,337	18,525	21,713	24,052	26,644
Current Liabilities					
Trade payables	8,680	8,724	8,738	9,679	10,722
Short term provisions	433	199	215	239	264
Other current liabilities	10,139	10,824	11,461	12,696	14,064
Total	19,252	19,747	20,414	22,614	25,051
Total liabilities	1,44,361	1,43,309	1,51,208	1,61,880	1,73,574
Application of Funds					
Net Block	97,895	95,340	1,01,139	1,06,446	1,13,058
Current work in process	4,813	5,614	5,614	5,614	5,614
Goodwill	-	-	-	-	-
Non current investment	7,024	7,568	7,973	8,832	9,784
Tax assets	1,083	1,005	1,087	1,204	1,334
Long term loans and adv.	6	1,004	1,086	1,203	1,333
Other non-current assets	3,724	3,471	3,987	4,416	4,892
Total	1,14,546	1,14,003	1,20,887	1,27,716	1,36,015
Current Assets					
Current investments	5,847	6,955	7,522	8,333	9,231
Inventories	9,646	9,670	9,011	9,982	11,057
Trade receivables	4,149	3,391	3,550	3,932	4,356
Cash balance	1,592	1,265	3,243	4,168	4,331
Bank balance	-	-	-	-	-
Short term loans and adv.	12	18	19	21	24
Other current assets	8,570	8,008	6,976	7,728	8,561
Total	29,816	29,306	30,322	34,164	37,559
Total assets	1,44,361	1,43,309	1,51,208	1,61,880	1,73,574

Source: Arianth Research, Company Filings

Cash Flow Statement (consolidated)

Cash Flow					
Particulars (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Profit after Tax	4,206	2,952	3,051	3,371	3,725
Add: Depreciation	5,783	5,719	7,275	8,059	8,928
Add: Interest cost	3,717	3,271	3,229	3,478	3,742
Less: Other Income	(856)	(979)	(1,059)	(1,173)	(1,299)
Operating profit before WC changes	12,850	10,962	12,497	13,735	15,095
Changes in working capital	3,940	2,555	5,609	2,326	2,577
Cash from Operations	16,790	13,517	18,106	16,062	17,672
Cash flow from investing	(10,230)	(4,306)	(13,586)	(14,409)	(16,695)
Cash flow from Financing	(7,150)	(9,538)	(2,541)	(727)	(815)
Net cash Inflow/Outflow	(590)	(327)	1,978	925	163
Opening cash	2,182	1,592	1,265	3,243	4,168
Closing cash	1,592	1,265	3,243	4,168	4,331

Ratio Analysis

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Per share Data					
EPS (Rs)	54.6	42.2	39.6	43.8	48.4
Book value per share (Rs)	866.6	1002.0	950.6	994.3	1042.7
Profitability Ratios					
EBITDAM(%)	14.9	13.2	13.3	13.2	13.1
PBTM (%)	5.9	4.5	3.8	3.8	3.8
NPM (%)	4.4	3.2	3.1	3.1	3.0
RoE (%)	6.3	4.2	4.2	4.4	4.6
RoCE (%)	8.1	6.1	5.5	5.7	5.8
Efficiency Data					
Debt-Equity (x)	0.6	0.5	0.5	0.5	0.5
Debt/EBITDA (x)	2.7	2.9	2.7	2.7	2.6
Interest Cover (x)	2.3	2.0	1.9	1.9	1.9
Fixed Asset (x)	1.0	1.0	1.0	1.0	0.9
Debtors (Days)	15.7	13.4	13.0	13.0	13.0
Inventory (Days)	36.4	38.3	33.0	33.0	33.0
Payable (Days)	32.8	34.6	32.0	32.0	32.0
WC (Days)	19.3	17.2	14.0	14.0	14.0
Valuation					
P/E (x)	25.5	33.0	35.1	31.8	28.7
P/BV	1.6	1.4	1.5	1.4	1.3
EV/EBITDA	10.1	10.8	10.5	9.7	9.0
EV/Sales	1.5	1.4	1.4	1.3	1.2

Source: Aриhant Research, Company Filings

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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return

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