Birla Corporation (BIRCOR)

CMP: ₹810 | Target ₹ 910 (+12%) | Target Period: 12 months | HOLD

November 4, 2026

Moderate volume growth over next 2 years...

About the stock: Birla Corp is engaged in Cement manufacturing business & also has presence in the jute business.

- Currently, cement capacity stands at 21.4 mtpa with 11 plants across MP, UP, Rajasthan, Maharashtra & West Bengal. Cement business contributes 95% to total revenue, while jute business contributes 5%

Q2FY27 performance: Revenue increased by 9.5% YoY (-8.7% QoQ) to Rs 2415.4 crores, led by 6.8% YoY (-10.1% QoQ) increase in sales volume and improvement in realisation by 2.5% YoY (+1.5% QoQ). Capacity utilization stood at 85% during the quarter. EBITDA/ton stood at Rs 502/ton which declined by 30.1% YoY (-26% QoQ). Absolute EBITDA was down by 25.3% YoY (-33.4% QoQ) to Rs 227.8 crores. PAT stood at Rs 37.5 crore (-58.6% YoY, -67.6% QoQ)

Investment Rationale:

- **Volume growth expected to be lower-than-industry over FY27-28E:** Company reported volume growth of 6.8% YoY in Q2FY27 (bit lower-than-industry estimated growth of 9-10% YoY), mainly due to lack of capacity additions in the recent past. Capacity utilisation levels stood at 85% (same level on YoY basis). Going ahead also, we estimate company's cement sales volume growth of ~4% CAGR over FY26-28E which is below the industry average of ~7-8%, as the new capacities (to be added during FY28-29E) would result in meaningful volume growth post FY29E only. On capacity expansion front, the next phase (Gaya–2.8 mtpa, Aligarh–2 mtpa and Prayagraj–1.4 mtpa) is expected to be commissioned during FY28E-29E, which will take the total capacity to 27.6 mtpa by FY29E (from 21.4 mtpa at present) which also gives long term volume growth visibility.
- **EBITDA per ton improvement supported by operational efficiencies:** Company's EBITDA/ton stood at Rs 502/ton (-30.1% YoY), mainly due to higher raw material cost, fuel cost and negative operating leverage on sequential basis. We believe that there might be near term pressure on margins due to rising fuel costs, but operational performance should improve gradually from Q4FY27. Management also expects further cost inflation of ~₹100/ton in Q3FY27 due elevated fuel cost. Going ahead, we expect company would witness moderation in its profitability over FY27E-28E, due to higher cost structure and limited operating leverage benefits (on muted volume growth). The company could benefit from several cost-efficiency initiatives, including increasing share of of green power, optimising fuel costs through ramp-up of Bikram coal mine and more favourable overall fuel mix, as well as improving freight cost efficiencies. We estimate blended EBITDA/ton of ₹ 771/ton by FY28E

Rating and Target Price:

- With muted volume growth and limited improvement in EBITDA/ton over FY26-28E, we expect revenue to grow ~7% CAGR over FY26-28E while EBITDA to grow at ~3% CAGR. We maintain our **HOLD** rating on Birla Corp with a revised TP of Rs 910 (based on 6.5x EV/EBITDA on FY28E basis)

MP BIRLA GROUP | BIRLA CORPORATION LIMITED

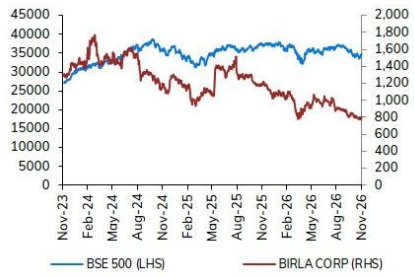
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	6,237
FY26 Gross Debt (₹ Crore)	3,275
FY26 Cash (₹ Crore)	1,195
EV (₹ Crore)	8,318
52 Week H/L (₹)	1246 / 756
Equity Capital	77.0
Face Value	10.0

Shareholding pattern

	Dec-25	Mar-26	Jun-26	Sept-26
Promoter	62.9	62.9	62.9	62.9
FII	6.5	6.3	6.1	6.0
DII	15.5	16.7	17.0	16.6
Others	15.1	14.1	14.0	14.6

Price Chart



Key risks

(i) Slowdown in Demand

(ii) Delays in capacity expansion

(iii) Increase in commodity prices

(iv) High competition

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Result Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	8,682	9,663	9,214	9,656	3.6%	10,638	11,011	6.8%
EBITDA	772	1,438	1,217	1,454	23.5%	1,415	1,553	3.3%
EBITDA Margins (%)	8.9	14.9	13.2	15.1		13.3	14.1	
Net Profit	41	421	295	558	139.7%	505	561	
EPS (Rs)	5.3	54.6	38.3	72.4		65.6	72.8	
PE (x)	154.0	14.8	19.2	11.1		12.4	11.1	
EV/EBITDA (x)	12.8	6.4	7.2	5.7		5.9	6.0	
EV/ton ($)	52	49	46	41		41	41	
RoCE (%)	3.6	9.0	7.2	9.8		8.7	8.8	
RoE (%)	0.7	6.3	4.6	7.6		6.5	6.9	

Source: Company, ICICI Direct Research

Q2FY27 – Result highlights

- Revenue increased by 9.5% YoY (-8.7% QoQ) to Rs 2415.4 crores, led by 6.8% YoY (-10.1% QoQ) increase in sales volume and improvement in realisation by 2.5% YoY (+1.5% QoQ). Capacity utilisation stood at 85% during the quarter.
- Total cost/ton increased by 7.7% YoY (+5.6% QoQ) mainly due to increase in raw material cost, fuel cost and negative operating leverage on sequential basis.
- EBITDA/ton stood at Rs 502/ton which declined by 30.1% YoY (-26% QoQ). Subsequently, absolute EBITDA was down by 25.3% YoY (-33.4% QoQ) to Rs 227.8 crores.
- PAT stood at Rs 37.5 crore (-58.6% YoY, -67.6% QoQ).
- For H1FY27, revenue increased by 8.6% YoY led by 6.1% volume growth and 2.4% improvement in realisation. EBITDA/ton stood at Rs 594/ton (vs Rs 721/ton in H1FY26)

Recent earnings call highlights

- Cement demand remained subdued in company's key Central India markets, with trade prices under pressure due to intense competition and market-share-focused strategies adopted by larger players in Q2FY27
- The company operated at ~85% capacity utilisation in Q2FY27. Management expects demand to improve in H2, although recovery will depend on pricing discipline and regional demand conditions
- Management expects Bihar demand to recover as flood-related disruptions recede, while Rajasthan and Gujarat are expected to remain stable. However, drought conditions in parts of Maharashtra and Rajasthan and the upcoming UP elections remain potential demand headwinds.
- Fuel cost/ton is expected to increase by ~₹100 sequentially in Q3FY27, with average fuel cost rising from ₹1.81/million kcal in Q2 to ₹2.00–2.05/million kcal in Q3.
- Management expects domestic coal prices to soften in Q4FY27 as power demand moderates and Coal India supplies improve. However, international petcoke prices are expected to remain elevated or may increase further.
- Management indicated that cement manufacturers are attempting to pass on higher costs through price hikes of ~₹5–10/bag. Birla Corp has seen October exit price increases of ~₹5–7/bag, although the full-quarter average improvement is expected to be lower.
- Captive coal is expected to meet ~15% of total fuel requirements in FY27 and is currently ~20–25% cheaper than market prices, providing a meaningful cost advantage.
- Production from the Bikram coal block is being ramped up. The company is working to extract higher-grade coal that can be used in kilns, thereby replacing higher-cost fuel.
- Renewable power contributed over 32% of total power consumption in Q2FY27. Management is targeting to increase this share to 45% over the next one year.
- Q2FY27 fuel mix comprised approximately 33% imported fuel, 50% purchased domestic coal, 13% captive coal and 4% AFR.
- Management maintained its timeline for the planned 6.2 mtpa capacity addition by FY29, with no delay indicated. Specific capex guidance for FY27–FY29 was not provided and will be shared closer to year-end.
- Mukutban recorded cement volumes of 0.65 mtpa in Q2FY27, with a lead distance of 411 km. Overall company lead distance stood at 336 km. Packaging cost declined to ~₹240/ton in Q2FY27 from ~₹269/ton in Q1FY27.

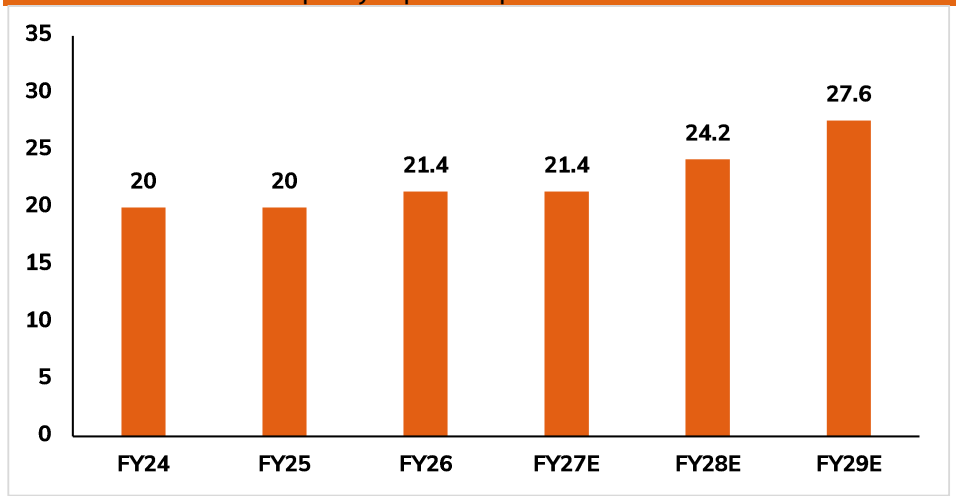
- Incentive accrual stood at ~₹30 crore in Q2FY27 and ~₹63 crore in H1FY27, with outstanding incentive receivables of ~₹545 crore. No incentive was received during Q2FY27.
- Net borrowings increased to ₹2,432 crore in September 2026 from ₹2,200 crore in June 2026, mainly due to higher working-capital requirements and increased inventory costs.
- The jute business remains profitable. The company is pursuing modernisation and value-added products, including geotextiles and fabrics, but management indicated that the transformation would take time and is unlikely to materially affect Birla Corporation's overall financial.

Exhibit 1: Q2FY27 consolidated result overview (₹ crore)

Particulars	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comments
Operating Income	2,415.4	2,206.5	9.5	2,646.5	-8.7	Revenue improved YoY due to increase in volume and improved realisation on YoY basis
Other income	25.8	26.9	-4.2	23.0	12.2	
Total Revenue	2,441.2	2,233.4	9.3	2,669.4	-8.5	
Raw materials costs	407.1	275.7	47.7	440.1	-7.5	
Employees Expenses	153.5	151.7	1.2	155.3	-1.1	
Other Expenses	526.1	475.4	10.7	551.1	-4.5	
Total Expenditure	2,187.6	1,901.7	15.0	2,304.2	-5.1	
EBITDA	227.8	304.9	-25.3	342.3	-33.4	Margins impacted due to higher costs
EBITDA margins (%)	9.4	13.8	-439 bps	12.9	-350 bps	
Interest	63.1	66.5		67.2		
Depreciation	138.5	134.3	3.1	142.3	-2.7	
Tax	14.5	40.5	-64.1	40.0	-63.7	
PAT	37.5	90.5	-58.6	115.7	-67.6	

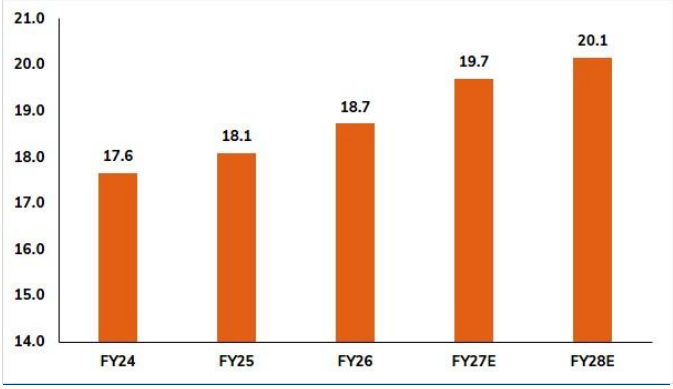
Source: Company, ICICI Direct Research

Exhibit 2: Consolidated Capacity expansion plan over FY24-FY29E



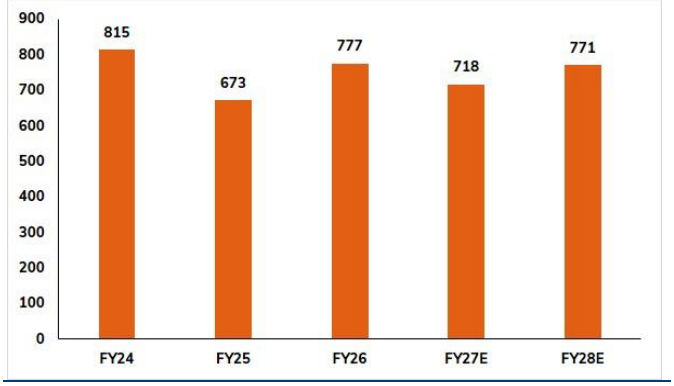
Source: Company, ICICI Direct Research

Exhibit 3: Volumes to grow at ~4% CAGR over FY26-28E



Source: Company, ICICI Direct Research

Exhibit 4: EBITDA/ton trend over FY27E-FY28E



Source: Company, ICICI Direct Research

Financial summary

Exhibit 5: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	9,214.5	9,655.6	10,638.0	11,010.9
% Growth	(4.6)	4.8	10.2	3.5
Other income	97.9	117.0	122.8	128.9
Total Revenue	9,214.5	9,655.6	10,638.0	11,010.9
% Growth	(4.6)	4.8	10.2	3.5
Total Raw Material Costs	1,384.5	1,483.3	1,723.8	1,742.8
Employee Expenses	564.0	584.5	642.9	694.3
other expenses	1,913.5	1,901.5	2,167.7	2,356.3
Total Operating Expenditure	7,997.3	8,201.2	9,223.0	9,457.7
Operating Profit (EBITDA)	1,217.2	1,454.4	1,415.0	1,553.2
% Growth	(15.3)	19.5	(2.7)	9.8
Interest	327.1	264.5	271.8	286.0
PBDT	988.1	1,306.9	1,266.0	1,396.1
Depreciation	571.9	531.8	574.5	627.6
PBT before Exceptional Items	416.2	775.1	691.5	768.5
Total Tax	82.6	211.0	186.7	207.5
PAT before MI	295.2	557.6	504.8	561.0
PAT	295.2	557.6	504.8	561.0
% Growth	(29.8)	88.9	(9.5)	11.1
EPS	38.3	72.4	65.6	72.8

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	295.2	557.6	504.8	561.0
Depreciation	571.9	531.8	574.5	627.6
Interest	327.1	264.5	271.8	286.0
Cash Flow before WC changes	1,194.1	1,353.9	1,351.1	1,474.6
Changes in inventory	(2.4)	(136.6)	(91.4)	(11.7)
Changes in debtors	75.8	22.5	(33.1)	(12.3)
Changes in loans & Advances	32.8	99.6	(46.6)	(17.7)
Changes in other current assets	22.8	(29.2)	(45.1)	(11.2)
Net Increase in Current Assets	129.1	(43.7)	(216.2)	(52.9)
Changes in creditors	4.4	25.6	92.9	49.8
Changes in provisions	(23.4)	3.1	6.7	1.5
Net Inc in Current Liabilities	53.1	(86.3)	202.9	55.8
Net CF from Operating activities	1,376.2	1,223.9	1,337.8	1,477.6
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(396.4)	(465.3)	(900.0)	(2,000.0)
Net CF from Investing activities	(721.6)	(654.9)	(764.1)	(1,616.8)
Dividend and Dividend Tax	(77.0)	(96.3)	(130.9)	(154.0)
Net CF from Financing Activities	(687.4)	(560.5)	(402.8)	160.0
Net Cash flow	(32.7)	8.5	171.0	20.8
Opening Cash/Cash Equivalent	159.2	126.4	134.9	305.9
Closing Cash/ Cash Equivalent	126.4	134.9	305.9	326.6

Source: Company, ICICI Direct Research

Exhibit 7: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	77.0	77.0	77.0	77.0
Reserve and Surplus	6,938.1	7,287.7	7,661.6	8,068.6
Total Shareholders funds	7,015.1	7,364.7	7,738.6	8,145.6
Total Debt	3,363.3	3,275.3	3,275.3	3,875.3
Total Liabilities	12,343.9	12,609.4	12,983.3	13,990.2
Gross Block	11,977.5	12,565.2	13,336.0	14,436.0
Acc: Depreciation	3,441.4	3,973.2	4,547.7	5,175.3
Net Block	8,536.1	8,592.0	8,788.4	9,260.7
Capital WIP	560.3	470.8	600.0	1,500.0
Total Fixed Assets	10,094.3	10,027.8	10,353.4	11,725.8
Non Current Assets	1,306.0	1,134.7	1,198.8	1,215.5
Inventory	967.0	1,103.5	1,195.0	1,206.7
Debtors	339.1	316.6	349.7	362.0
Other Current Assets	244.9	274.1	319.1	330.3
Cash	126.4	134.9	305.9	326.6
Total Current Assets	2,235.1	2,287.3	2,674.4	2,748.0
Current Liabilities	872.4	898.0	990.9	1,040.8
Provisions	90.0	90.0	91.0	91.0
Total Current Liabilities	1,987.0	1,900.7	2,103.6	2,159.4
Net Current Assets	248.1	386.6	570.8	588.7
Total Assets	12,343.9	12,609.4	12,983.3	13,990.2

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
EPS	38.3	72.4	65.6	72.8
Cash per Share	106.7	155.2	151.4	102.2
BV	911.0	956.4	1,004.9	1,057.8
EBITDA Margin	13.2	15.1	13.3	14.1
PAT Margin	3.2	5.8	4.7	5.1
RoE	4.6	7.6	6.5	6.9
RoCE	7.2	9.8	8.7	8.8
RoIC	6.3	8.8	7.8	7.9
EV / EBITDA	7.2	5.7	5.9	6.0
P/E	19.2	11.1	12.4	11.1
EV / Net Sales	1.0	0.9	0.8	0.8
Sales / Equity	1.3	1.3	1.4	1.4
Market Cap / Sales	0.7	0.6	0.6	0.6
Price to Book Value	0.9	0.8	0.8	0.8
Asset turnover	0.9	0.9	1.0	0.9
Debtors Turnover Ratio	24.4	29.4	31.9	30.9
Creditors Turnover Ratio	10.6	10.9	11.3	10.8
Debt / Equity	0.5	0.4	0.4	0.5
Current Ratio	1.3	1.3	1.4	1.4
Quick Ratio	0.7	0.6	0.7	0.7

Source: Company, ICICI Direct Research

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