

Birla Corporation | BUY

Weak realisation hits EBITDA; valuation attractive

Birla Corp's 1QFY26 consolidated EBITDA increased ~34% YoY/ declined 35% QoQ to INR 3.5bn, 16-17% below our and consensus estimates owing to lower-than-estimated realisation. Blended EBITDA/tn grew ~23% YoY/ declined 29% QoQ to INR 724 (JMFe: INR 860/tn). The management has reiterated its volume growth guidance of 6-7% in FY26 with increasing focus on improving value share. The company is targeting to increase its cement capacity by 30% to 27.6mt by FY29 (~8% CAGR), addressing investors' concerns on volume growth. Factoring in 1Q performance, we have cut our FY26-28 EBITDA estimates by ~3-4%; however, we increase our Sep'26E TP to INR 1,650/sh based on 9x Sep'27 EV/E post half-yearly roll-over. We maintain BUY given attractive valuation at ~8x FY27 EV/E and <USD 70/tn.

- **Result summary:** Birla Corp's consolidated EBITDA increased ~34% YoY/ declined 35% QoQ to INR 3.5bn, 16-17% below our and consensus estimates. Blended EBITDA/tn grew ~23% YoY/ declined 29% QoQ to INR 724 (JMFe: INR 860), while reported cement EBITDA/tn increased ~19% YoY/ declined ~30% QoQ to INR 715 (fall of INR 299/tn sequentially). Volume increased ~9% YoY/ declined 9% QoQ to 4.8mt, which is in line with our estimates. Reported cement realisation/tn grew 0.8% YoY/ sharply declined 4.8% QoQ to INR 4,858 (decline of INR 245/tn QoQ) post the significant surprise in 4QFY25 (cement realisation was +7% QoQ). Total cost/tn was flat YoY/ increased 1.3% QoQ to INR 4,400, in line with our estimates.
- **What we liked:** Better-than-industry volume growth.
- **What we did not like:** Lower-than-expected profitability.
- **Earnings Call KTAs:** 1) Pan-India cement demand grew 4-5% YoY in 1QFY26. The company maintained volume growth guidance of 6-7% in FY26. 2) Spot prices have been broadly flat as compared to average prices in 1QFY26. 3) Clinker production declined 17% YoY to 2.44mt in 1QFY26. 4) In 1QFY26, profitability of the cement division was impacted by extended maintenance shutdowns and lower clinker production/ third-party purchases of 0.1mt at a premium price. The company does not expect to purchase any further clinker in FY26. 5) Net debt increased INR 560mn QoQ to INR 23bn as of Jun'25. The company guided peak net debt at INR 30bn in FY26. 6) The company incurred capex of INR 1bn in 1QFY26, and targets capex spend of INR 10bn in FY26. 7) Jute business reported cash profit of INR 64mn in 1QFY26 vs. loss of INR 39mn in 1QFY25 driven by strong growth in both domestic and overseas in sales. 8) Blended cement mix increased 500bps YoY to 89% in 1Q owing to strong growth in West Bengal and Rajasthan where the company registered 37% and 15% growth, respectively. 9) Green power increased to ~27% in 1QFY26. Currently, WHRS capacity stands at 40MW; incremental 10MW is under planning. 10) Other highlights: Trade share-78%, lead distance-342 km, blended fuel cost-INR 1.46 Mcal, Incentives-INR 230mn in 1Q.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,650
Upside/(Downside)	22.1%
Previous Price Target	1,600
Change	3.1%

Key Data – BCORP IN

Current Market Price	INR1,352
Market cap (bn)	INR104.1/US\$1.2
Free Float	36%
Shares in issue (mn)	77.0
Diluted share (mn)	77.0
3-mon avg daily val (mn)	INR215.1/US\$2.5
52-week range	1,556/902
Sensex/Nifty	81,186/24,768
INR/US\$	87.6

Price Performance

%	1M	6M	12M
Absolute	0.7	15.8	-11.6
Relative*	3.8	10.5	-10.9

* To the BSE Sensex

Financial Summary

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	95,027	90,337	96,090	100,884	108,186
Sales Growth (%)	12.0	-4.9	6.4	5.0	7.2
EBITDA	14,376	12,172	14,131	16,258	18,503
EBITDA Margin (%)	14.9	13.2	14.4	15.8	16.8
Adjusted Net Profit	4,205	2,952	4,400	5,335	6,065
Diluted EPS (INR)	54.6	38.3	57.1	69.3	78.8
Diluted EPS Growth (%)	938.4	-29.8	49.0	21.3	13.7
ROIC (%)	6.8	5.9	6.9	7.8	7.9
ROE (%)	6.6	4.3	6.1	7.1	7.6
P/E (x)	24.8	35.3	23.7	19.5	17.2
P/B (x)	1.6	1.5	1.4	1.3	1.3
EV/EBITDA (x)	9.3	10.4	9.1	8.4	7.8
Dividend Yield (%)	0.2	0.7	1.0	1.2	1.3

Source: Company data, JM Financial. Note: Valuations as of 31/Jul/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Actual vs. estimates (1QFY26)

INR mn	Actual	Estimates		% variation		Comment
		JMF	Consensus	JMF	Consensus	
Net sales	24,542	25,022	24,818	(1.9)	(1.1)	Lower-than-estimated realisation led to EBITDA miss
EBITDA	3,467	4,104	4,169	(15.5)	(16.8)	
PAT	1,196	1,472	1,611	(18.7)	(25.8)	
Volumes (mt)	4.8	4.8		0.3		
Cement realisation (INR/tn)	5,124	5,241		(2.2)		
Blended EBITDA (INR/tn)	724	860		(15.8)		

Source: Company, JM Financial

Exhibit 2. Quarterly – Consolidated

INR mn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Revenue	21,904	19,526	22,567	28,149	24,542	12.0	(12.8)
Expenditure	19,321	17,754	20,087	22,811	21,075	9.1	(7.6)
Total RM	2,918	2,854	3,369	4,705	4,612	58.1	(2.0)
Power & Fuel	4,398	4,068	4,612	4,639	3,946	(10.3)	(14.9)
Freight	5,791	4,957	5,937	6,951	6,443	11.3	(7.3)
Staff cost	1,475	1,406	1,440	1,320	1,520	3.1	15.2
Other expenditure	4,740	4,469	4,731	5,196	4,553	(3.9)	(12.4)
EBITDA	2,583	1,772	2,479	5,338	3,467	34.3	(35.0)
Depreciation	1,455	1,450	1,391	1,422	1,306	(10.3)	(8.2)
EBIT	1,127	322	1,089	3,916	2,162	91.8	(44.8)
Other Income	170	172	154	482	319	87.4	(33.8)
Interest	858	851	830	733	707	(17.5)	(3.5)
PBT	440	(357)	413	3,666	1,774	303.1	(51.6)
Total Tax	114	(105)	102	716	578	408.0	(19.3)
Adjusted PAT	326	(252)	312	2,950	1,196	266.6	(59.5)
Extra ordinary items	-	-	-	(384)	-	NA	NA
Reported PAT	326	(252)	312	2,566	1,196	266.6	(53.4)
Adjusted EPS (INR)	4.2	(3.3)	4.1	38.3	15.5	266.6	(59.5)
Margins (%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (bps)	QoQ (bps)
EBIDTA	11.8	9.1	11.0	19.0	14.1	234	(484)
EBIT	5.1	1.6	4.8	13.9	8.8	366	(510)
EBT	2.0	(1.8)	1.8	13.0	7.2	522	(579)
PAT	1.5	(1.3)	1.4	10.5	4.9	338	(561)
Effective Tax rate	25.9	29.4	24.6	19.5	32.6		

Source: Company, JM Financial

Exhibit 3. Consolidated quarterly analysis on a per-tonne basis

INR/tn	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	YoY (%)	QoQ (%)
Volume (mt)	4.38	3.97	4.50	5.25	4.79	9.4	(8.8)
Cement realisation	4,843	4,722	4,790	5,127	4,889	0.9	(4.6)
Blended realisation	5,001	4,918	5,015	5,362	5,124	2.5	(4.4)
Raw material consumed	666	719	749	896	963	44.5	7.4
Power & fuel cost	1,004	1,025	1,025	884	824	(18.0)	(6.8)
Freight cost	1,322	1,249	1,319	1,324	1,345	1.7	1.6
Staff cost	337	354	320	251	317	(5.7)	26.2
Other expenditure	1,082	1,126	1,051	990	951	(12.1)	(3.9)
Operating cost	4,411	4,472	4,464	4,345	4,400	(0.3)	1.3
Blended EBITDA/tn	590	446	551	1,017	724	22.8	(28.8)

Source: Company, JM Financial

Exhibit 4. Annual analysis – Consolidated

Key Assumptions	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR	
										FY20-25	FY25-28E
Capacity (mt)	15.5	15.5	16.1	20.0	20.0	20.0	21.4	22.8	24.2	5.2	6.6
Volumes (mt)	13.8	13.5	14.2	15.7	17.6	18.1	19.0	19.7	20.9	5.5	4.9
Utilisation (%)	89	87	88	79	88	91	89	86	86		
Blended Realisation (INR/tn)	4,865	4,872	5,129	5,395	5,387	4,991	5,069	5,117	5,177	0.5	1.2
EBITDA/tn (INR/tn)	967	988	781	491	815	672	745	825	885	(7.0)	9.6
P&L (INR bn)											
Revenue	69	68	75	87	97	92	98	103	110	5.9	6.2
EBITDA	13	13	11	8	14	12	14	16	19	(1.8)	15.0
Adj. Net Profit	5	7	4	0	4	3	4	5	6	(8.0)	22.1
Balance Sheet (INR bn)											
Equity	48	55	60	60	67	70	74	78	82		
Net Debt	35	34	35	37	30	22	25	33	40		
Net Debt/EBITDA (x)	2.6	2.5	3.1	4.8	2.1	1.8	1.8	2.0	2.2		
Net Debt/Equity (x)	0.7	0.6	0.6	0.6	0.4	0.3	0.3	0.4	0.5		
Cash Flow (INR bn)											
OCF before NWC change	9	10	8	5	11	10	10	12	13		
Change in NWC	0	(0)	(0)	0	2	5	(1)	(1)	(1)		
Capex	(10)	(8)	(8)	(6)	(5)	(4)	(11)	(18)	(18)		
FCF	(0)	2	(1)	(2)	7	9	(2)	(8)	(7)		
Return ratios (%)											
RoE	10.9	13.4	7.5	0.6	6.5	4.9	6.1	7.1	7.6		
RoCE	7.7	8.7	5.3	2.9	5.5	4.8	5.3	5.9	6.3		
RoIC	9.5	11.1	6.8	2.7	6.1	5.2	6.4	7.5	7.5		
Valuations (x)											
PE							23.7	19.5	17.2		
EV/EBITDA							9.0	7.9	7.4		
EV/tn (USD)							69	66	66		

Source: Company, JM Financial

Exhibit 5. Annual analysis on a per tonne basis

INR/tn	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E	CAGR	
										FY20-25	FY25-28E
Blended realisation	4,865	4,872	5,129	5,395	5,387	4,991	5,069	5,117	5,177	0.5	1.2
% YoY	5.8	0.1	5.3	5.2	(0.1)	(7.4)	1.6	1.0	1.2		
Raw materials consumed	665	729	741	696	896	765	804	789	803		
Power & fuel cost	999	894	1,143	1,508	1,104	979	954	944	947		
Freight cost	1,176	1,151	1,231	1,339	1,293	1,306	1,311	1,302	1,291		
Staff cost	295	294	315	331	315	312	310	310	307		
Other expenses	902	954	1,038	1,154	1,055	1,057	1,045	1,048	1,044		
Total OpEx	4,037	4,022	4,470	5,029	4,663	4,418	4,424	4,393	4,391	1.8	(0.2)
% YoY	(0.2)	(0.4)	11.1	12.5	(7.3)	(5.2)	0.1	(0.7)	(0.0)		
Other operating income	139	138	122	125	91	100	100	100	100		
Blended EBITDA	967	988	781	491	815	672	745	825	885	(7.0)	9.6
% YoY	41.0	2.2	(20.9)	(37.2)	66.1	(17.5)	10.9	10.6	7.4		

Source: Company, JM Financial

Exhibit 6. We decrease our EBITDA estimates by ~3-4% for FY26E-28E

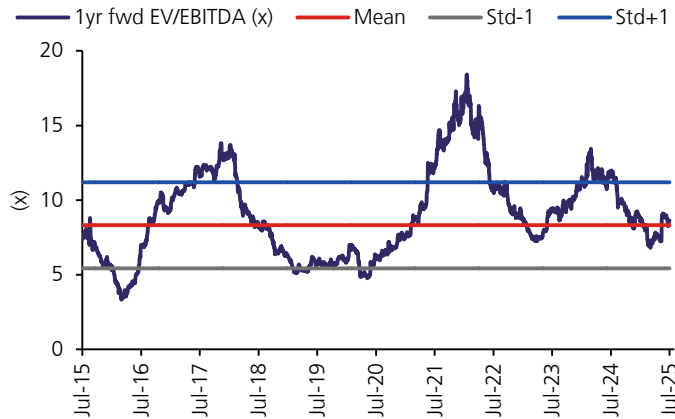
INR bn	FY26E			FY27E			FY28E		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	98	98	0.1	103	103	(0.4)	111	110	(0.7)
EBITDA	15	14	(3.1)	17	16	(3.0)	19	19	(4.3)
PAT	5	4	(4.7)	6	5	(4.0)	7	6	(7.2)

Source: JM Financial

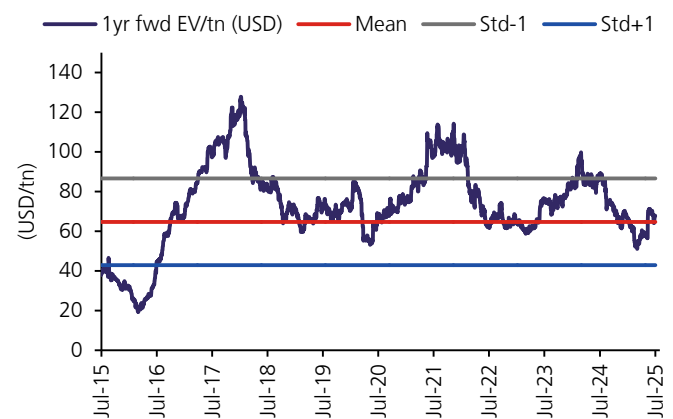
Exhibit 7. Maintain BUY with a revised TP of INR 1,650 based on 9x Sep'27E EV/E**EV/E method**

Sep'27E EBITDA (INR bn)	17
Implied EV/E multiple (x)	9
EV (INR bn)	156
Sep'26E Net debt (INR bn)	29
Equity value	127
No. of shares (mn)	77
Sep'26 Target Price (INR)	1,650

Source: JM Financial

Exhibit 8. One-year forward EV/EBITDA

Source: Bloomberg, JM Financial

Exhibit 9. One-year forward EV/tn

Source: Bloomberg, JM Financial

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	95,027	90,337	96,090	100,884	108,186
Sales Growth	12.0%	-4.9%	6.4%	5.0%	7.2%
Other Operating Income	1,600	1,808	1,898	1,974	2,083
Total Revenue	96,627	92,145	97,988	102,858	110,269
Cost of Goods Sold/Op. Exp	15,809	13,845	15,249	15,554	16,783
Personnel Cost	5,562	5,640	5,867	6,102	6,407
Other Expenses	60,881	60,487	62,740	64,944	68,576
EBITDA	14,376	12,172	14,131	16,258	18,503
EBITDA Margin	14.9%	13.2%	14.4%	15.8%	16.8%
EBITDA Growth	86.2%	-15.3%	16.1%	15.0%	13.8%
Depn. & Amort.	5,783	5,719	5,738	6,195	7,004
EBIT	8,593	6,454	8,393	10,063	11,499
Other Income	856	979	982	1,007	1,032
Finance Cost	3,717	3,271	3,312	3,928	4,412
PBT before Excep. & Forex	5,731	4,162	6,063	7,142	8,119
Excep. & Forex Inc./Loss(-)	0	0	0	0	0
PBT	5,731	4,162	6,063	7,142	8,119
Taxes	1,594	826	1,664	1,807	2,054
Extraordinary Inc./Loss(-)	68	-384	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	4,205	2,952	4,400	5,335	6,065
Adjusted Net Profit	4,205	2,952	4,400	5,335	6,065
Net Margin	4.4%	3.2%	4.5%	5.2%	5.5%
Diluted Share Cap. (mn)	77.0	77.0	77.0	77.0	77.0
Diluted EPS (INR)	54.6	38.3	57.1	69.3	78.8
Diluted EPS Growth	938.4%	-29.8%	49.0%	21.3%	13.7%
Total Dividend + Tax	193	770	1,016	1,232	1,400
Dividend Per Share (INR)	2.5	10.0	13.2	16.0	18.2

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	5,731	4,162	6,063	7,142	8,119
Depn. & Amort.	5,783	5,719	5,738	6,195	7,004
Net Interest Exp. / Inc. (-)	3,699	3,271	3,312	3,928	4,412
Inc (-) / Dec in WCap.	2,021	3,294	-526	-533	-507
Others	-291	-1,363	-982	-1,007	-1,032
Taxes Paid	-751	-826	-1,664	-1,807	-2,054
Operating Cash Flow	16,194	14,256	11,941	13,918	15,942
Capex	-5,255	-3,964	-11,000	-18,000	-18,000
Free Cash Flow	10,939	10,293	941	-4,082	-2,058
Inc (-) / Dec in Investments	-1,899	-4,398	0	0	0
Others	154	979	982	1,007	1,032
Investing Cash Flow	-7,001	-7,382	-10,018	-16,993	-16,968
Inc / Dec (-) in Capital	0	0	0	0	0
Dividend + Tax thereon	-193	-770	-1,016	-1,232	-1,400
Inc / Dec (-) in Loans	-5,809	-4,064	8,000	6,000	5,000
Others	-3,782	-2,367	-3,312	-3,928	-4,412
Financing Cash Flow	-9,784	-7,201	3,673	841	-812
Inc / Dec (-) in Cash	-591	-327	5,596	-2,234	-1,838
Opening Cash Balance	2,183	1,592	1,265	6,861	4,627
Closing Cash Balance	1,592	1,265	6,861	4,627	2,789

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	66,738	70,151	73,535	77,639	82,304
Share Capital	770	770	770	770	770
Reserves & Surplus	65,968	69,381	72,765	76,869	81,534
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	37,697	33,633	41,633	47,633	52,633
Def. Tax Liab. / Assets (-)	11,042	10,401	10,505	10,610	10,716
Total - Equity & Liab.	115,477	114,186	125,674	135,882	145,653
Net Fixed Assets	102,709	100,954	106,216	118,021	129,017
Gross Fixed Assets	130,610	133,773	142,773	155,773	181,773
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	32,704	38,422	44,160	50,355	57,359
Capital WIP	4,803	5,604	7,604	12,604	4,604
Investments	13,099	17,497	17,497	17,497	17,497
Current Assets	28,554	24,859	31,789	31,321	31,564
Inventories	9,646	9,670	10,470	11,554	12,688
Sundry Debtors	4,149	3,391	4,009	4,209	4,512
Cash & Bank Balances	1,592	1,265	6,861	4,627	2,789
Loans & Advances	2,559	3,297	3,090	3,264	3,463
Other Current Assets	10,608	7,236	7,359	7,668	8,112
Current Liab. & Prov.	28,884	29,124	29,827	30,957	32,424
Current Liabilities	8,680	8,724	9,254	9,714	10,414
Provisions & Others	20,204	20,400	20,574	21,243	22,011
Net Current Assets	-330	-4,265	1,961	365	-860
Total - Assets	115,477	114,186	125,674	135,882	145,653

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	4.4%	3.2%	4.5%	5.2%	5.5%
Asset Turnover (x)	0.8	0.8	0.8	0.8	0.8
Leverage Factor (x)	1.8	1.7	1.7	1.7	1.8
RoE	6.6%	4.3%	6.1%	7.1%	7.6%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	866.7	911.0	954.9	1,008.2	1,068.8
ROIC	6.8%	5.9%	6.9%	7.8%	7.9%
ROE	6.6%	4.3%	6.1%	7.1%	7.6%
Net Debt/Equity (x)	0.4	0.3	0.3	0.4	0.5
P/E (x)	24.8	35.3	23.7	19.5	17.2
P/B (x)	1.6	1.5	1.4	1.3	1.3
EV/EBITDA (x)	9.3	10.4	9.1	8.4	7.8
EV/Sales (x)	1.4	1.4	1.3	1.3	1.3
Debtor days	16	13	15	15	15
Inventory days	36	38	39	41	42
Creditor days	39	40	40	41	41

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
14-Jan-25	Buy	1,550	
5-Feb-25	Buy	1,460	-5.8
12-May-25	Buy	1,600	9.6

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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