

August 01, 2025

RESULT REPORT Q1 FY26 | Sector: Cement

Birla Corporation Ltd

EBITDA/tn Slips Amid Cost Pressures, but Long-Term Story Intact; Maintain BUY

Weak Performance Due to Lower Volumes, Decline in Realizations, and Lack of Cost Benefits During the Quarter

Revenue – 8% below our estimates: The YoY growth in revenue is driven by higher dispatches (+9.6% YoY), supported by better demand in core markets. However, the sequential decline of 13% is attributable to lower volumes (-9% QoQ) and weaker realisations (-5% QoQ) due to seasonality, early monsoons, and muted pricing power in a few regions. The miss versus estimates stems from lower-than-expected volumes and realisations.

EBITDA & EBITDA/tn – 41% below our estimate of Rs5.90 bn: The YoY improvement in EBITDA/tn was driven by operating leverage on higher volumes and meaningful cost savings in P&F cost/tn (-18% YoY), other expenses and employee costs. However, the sharp QoQ drop was due to a combination of lower realisations and adverse operating leverage from reduced CUR. The 37% miss vs. estimate stems from pricing pressure and a steeper-than-expected rise in RM and employee cost/tn.

APAT – Adj. PAT stood at Rs1.20 bn (+267% YoY, -58% QoQ), 59% below our estimate of Rs2.92 bn.

Profitability Impacted – By Extended Plant Shutdown and Costly Clinker Purchase: Heavy rains extended the planned shutdown at Mukutban and Maihar, leading to a clinker shortage. This forced the company to buy ~0.1 MT of clinker from competitors at higher costs, significantly impacting profitability.

Realization – Declined Despite Price Hikes Due to Weak Core Market and Cost: Even after taking price hikes in Q1FY26, realizations fell ~5% QoQ, mainly due to weak pricing in the core Central region and expensive clinker purchases, offsetting any benefit from higher prices.

Valuation and View – The company has a significant presence in the central region, where cement prices increased by only 1% during the quarter. Additionally, high-cost clinker purchases and extended plant shutdowns at Mukutban and Maihar remain key concerns. However, these are not expected to be ongoing issues. We believe that higher premiumization, improved cost efficiency, particularly through increased usage of captive coal mining, performance-linked incentives at select plants, and improved CUR at the Mukutban plant are likely to support margin expansion in the near term. At present, the stock is trading at USD 74 EV/tn, which is 9% below its five-year average EV/tn of USD 82, and appears attractive. The stock has already corrected ~15% post the recent quarterly results. We remain positive on the stock and have made no changes to our estimates. We continue to value the stock at 9x FY27E EV/EBITDA, maintaining our target price of Rs1,681 and our BUY rating. Key downside risks to our estimates include sluggish demand in its key markets, higher-than-expected costs, and weaker pricing.

Snapshot Overview

Parameter	Q1 FY26	QoQ (%)	YoY (%)	vs Est	vs Bloom
Revenue	24,542	(12.8)	12.0	Miss	In-line
EBITDA	3,468	(35.0)	34.3	Miss	Miss
EBITDA Margin (%)	14.1	(483) bps	234 bps	Miss	Miss
Adj PAT	1,196	(58.1)	266.7	Miss	Miss

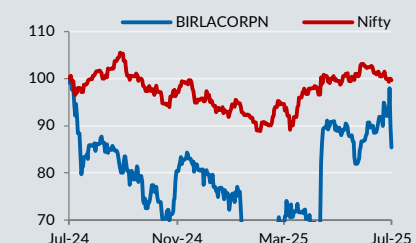
Source: Company, YES Sec

Reco	: BUY
CMP	: Rs 1,319
Target Price	: Rs 1,681
Potential Return	: +27%

Stock data (as on Aug 01, 2025)

Nifty	24,565
52 Week h/l (Rs)	1579 / 910
Market cap (Rs/USD mn)	104073 / 1193
Outstanding Shares (mn)	77
6m Avg t/o (Rs mn):	176
Div yield (%):	0.7
Bloomberg code:	BCORP IN
NSE code:	BIRLACORPN

Stock performance



	1M	3M	1Y
Absolute return	-1.9%	24.4%	-15.0%

Shareholding pattern (As of Mar'25 end)

Promoter	62.9%
FII+DII	21.9%
Others	15.2%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	1,681	1,681

Δ in earnings estimates

	FY26E	FY27E
EPS (New)	59.5	78.5
EPS (Old)	59.5	78.5
% Change	NA	NA

Financial Summary

(Rs mn)	FY25	FY26E	FY27E
Revenue	92,145	97,456	103,274
Growth	-5%	6%	6%
EBITDA	12,172	14,163	16,803
Margin	13%	15%	16%
Adj PAT	3,240	4,584	6,046
Growth	-22%	41%	32%
EPS	42.1	59.5	78.5
ND/EBITDA	2.1	1.8	1.9
ROE	4%	6%	8%
ROCE	7%	8%	9%
EV/EBITDA	10.3	9.0	7.9

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ANALYST VIEW & INVESTMENT THESIS

1-Year View

During the quarter, despite facing temporary challenges such as plant maintenance shutdowns, high-cost clinker purchases, and limited realization benefits in its key market, the company managed to maintain an EBITDA margin of 14% (~234 bps YoY). These are one-time issues and are not expected to persist in the coming quarters.

The company is operating at peak CUR in the central region, and the commissioning of the 1.4 MTPA expansion at Kundanganj during FY26 is likely to drive volume growth. Over the years, CUR at the Mukutban plant has improved and is expected to strengthen further. Additionally, higher incentives and an increasing share of premium segment sales are likely to support margin expansion in the near term.

3-Year View

The company is adding 7.6 MTPA of grinding capacity, including 1.4 MTPA at Kundanganj, expected to be commissioned by FY26, and 1.4 MTPA / 2.8 MTPA / 2 MTPA expected by FY28-29E. Additionally, it is adding 3.7 MTPA of clinker capacity at Maihar by FY28-29E. The Mahiar Clinker Line II, and Phase I of Prayagraj and Gaya plants, are expected to be commissioned by 3Q FY28. This planned expansion is likely to provide further headroom for volume growth in the long run.

Higher usage of captive coal mining, increased focus on the trade segment where realizations are stronger, and premiumization are expected to drive margin expansion over the long term.

Exhibit 1: Key monitorable

What to Watch	Why it Matters	Timeline
CUR at Key Market	Higher the capacity utilization better top-line growth	1.5-2 years
Realization sustainability	Price discipline helps margin	Immediate
Cost Improvement	Key aspect to result in strong EBITDA/tn	Immediate

Source: Company, YES Sec

Exhibit 2: Valuation and key ratios

Valuation (x)	FY25	FY26E	FY27E	Average (10y LPA)
P/E	33.8	22.2	16.8	41.7
P/BV	1.4	1.4	1.2	1.4
EV/EBITDA	10.3	9.0	7.9	9.8
ROCE (%)	6.6	7.6	8.6	6.9

Source: Company, YES Sec

KEY CON-CALL HIGHLIGHTS & ANALYSIS

- **Extended Plant Shutdown (Mukutban & Maihar) Impacted Profitability:** During the quarter, although the plant shutdown was planned, heavy rains led to an extension of the shutdown period. This resulted in a clinker supply issue, forcing the company to procure ~0.1 MT of clinker from competitors at a higher cost (compared to surplus clinker availability in Q4). Management does not anticipate any clinker shortages going forward in Q2/Q3/Q4.
- **Pressure from Regional Players:** Of the total volumes, the company sold 50% in its core market (i.e., the Central region), followed by 21% in the East, 16% in the North, and 13% in the Western region. Despite competitive pressure from regional players, the company's CUR stood at 96% in Q1FY26. Volumes could have been higher if not for the plant shutdown and clinker scarcity during the quarter. However, the company has maintained its volume growth guidance of 6-7% YoY.
- **No Major Realization Benefits from Recent Price Hikes:** Despite price hikes in Q1FY26, BCORP's realizations were down ~5% QoQ, primarily due to lower realizations in its core markets (excluding the Eastern region, where it sold negligible volumes of ~1MT). Additionally, the high-cost clinker purchases offset cement revenue. Realizations and sales volume from Mukutban (0.66MT at CUR 68%) were relatively low compared to other regions where the company operates.
- **Near-Term Focus on Reducing Non-Trade Cement Volume:** There is intense competition from OPC- and non-trade-focused peers in the core market. In the near term, the company is focused on reducing non-trade sales and increasing blended cement volumes. However, it may continue non-trade sales where necessary, especially to maintain operations at Jaypee assets in the Central region, which pose a competitive threat. Blended cement/trade cement sales stood at 89%/78% in Q1FY26, an improvement from Q4FY25.
- **Minimal Cost Benefits in Q1 FY26 Due to Clinker Purchases and Rising Petcoke Prices:** Lead distance declined to 342 km from 350 km in Q4FY25; however, freight costs increased due to off-market sales. Energy costs declined by 7% QoQ, driven by increased use of captive coal and green energy, despite higher average fuel costs, Rs 1.46/kcal in Q1FY26 vs. Rs 1.39/kcal in Q4FY25, due to a rise in petcoke prices. The company currently operates 40MW of WHRS and plans to add 10MW under its ongoing expansion.
- **Capex/Debt Guidance and Incentive Information:** The full-year capex guidance stands at Rs10-11 bn (Rs1 bn spent in Q1FY26). Net debt stood at Rs23 bn and is expected to remain within Rs30 bn for the full year. Incentive income accrued was Rs230 mn in Q1FY26 vs. Rs410 mn in Q4FY25.

QUARTERLY RESULT ANALYSIS

Exhibit 3: Quarterly snapshot (Consolidated)

Y/E Mar (Rs mn)	Q1FY26	Q1FY25	YoY %	Q4FY25	QoQ%	Our Est.	Var. (%)	FY25	FY24	YoY%
Net Revenue	24,542	21,904	12.0	28,149	(12.8)	26,705	(8.1)	92,145	96,627	(4.6)
Total Expenses	21,075	19,321	9.1	22,811	(7.6)			79,973	82,251	(2.8)
COGS	4,612	2,918	58.1	4,705	(2.0)			13,845	15,809	(12.4)
Employee Expenses	1,520	1,475	3.1	1,320	15.2			5,640	5,562	1.4
Power & fuel	3,946	4,398	(10.3)	4,639	(14.9)			17,717	19,474	(9.0)
Freight Exp	6,443	5,791	11.3	6,951	(7.3)			23,636	20,089	17.7
Other Expenses	4,553	4,740	(3.9)	5,196	(12.4)			19,135	21,317	(10.2)
EBITDA	3,468	2,583	34.3	5,338	(35.0)	5,900	(41.2)	12,172	14,376	(15.3)
EBITDA (%)	14.1	11.8	234 bps	19.0	-483 bps	22.1	-797 bps	13.2	14.9	-167 bps
D&A	1,306	1,455	(10.3)	1,422	(8.2)			5,719	5,783	(1.1)
Other income	319	170	87.4	482	(33.8)			979	856	14.4
Interest Expense	707	858	(17.5)	733	(3.5)			3,271	3,717	(12.0)
Exceptional/EO items	-	-	#DIV/0!	(384)	(100.0)			(384)	68	(665.9)
Share JV/Associates			#DIV/0!		#DIV/0!					
EBT	1,774	440	303.2	3,282	(45.9)			3,778	5,799	(34.8)
Tax	578	114	408.0	716	(19.3)			826	1,594	(48.2)
Minority Interest			#DIV/0!		#DIV/0!					
Reported PAT	1,196	326	266.7	2,566	(53.4)			2,952	4,206	(29.8)
Adjusted PAT	1,196	326	266.7	2,854	(58.1)	2,923	(59.1)	3,336	4,138	(19.4)
Adjusted PAT (%)	4.9	1.5	338 bps	10.1	-526 bps			3.6	4.3	-66 bps
Adj. EPS	15.5	4.2	266.7	37.1	(58.1)			43.3	53.7	(19.4)

Source: Company, YES Sec

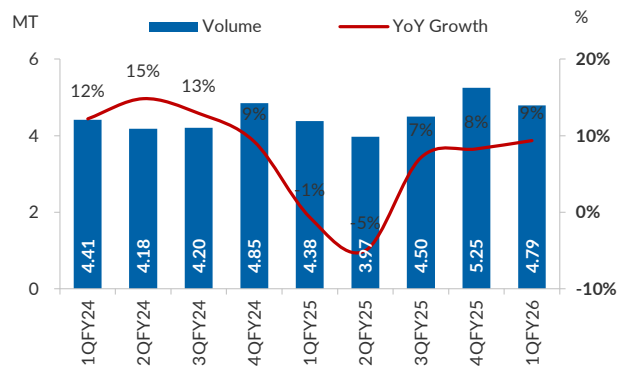
Exhibit 4: Quarterly Operational Performance Analysis (Consolidated)

Particulars (Rs m)	Q1FY26	Q1FY25	YoY %	Q4FY25	QoQ%	Our Est.	Var. (%)	FY25	FY24	YoY%
Total Volumes (MMT)	4.79	4.38	9.4	5.25	(8.8)	5.14	(6.7)	18.08	17.64	2.5
NSR/te (Blended)	5,124	5,001	2.5	5,362	(4.4)	5,200	(1.5)	5,097	5,478	(7.0)
RM/te	963	666	44.5	896	7.4			766	896	(14.6)
Employees/te	317	337	(5.7)	251	26.2			312	315	(1.1)
Power/te	824	1,004	(18.0)	884	(6.8)			980	1,104	(11.2)
Freight/te	1,345	1,322	1.7	1,324	1.6			1,307	1,139	14.8
Others/te	951	1,082	(12.1)	990	(3.9)			1,058	1,208	(12.4)
Opex/te (Blended)	4,400	4,411	(0.3)	4,345	1.3	4,051	8.6	4,423	4,663	(5.1)
EBITDA/te (Blended)	724	590	22.8	1,017	(28.8)	1,149	(37.0)	673	815	(17.4)

Source: Company, YES Sec

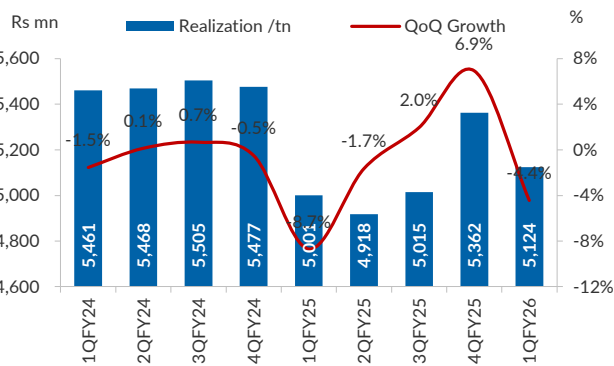
QUATERLY CHARTS & ANALYSIS

Exhibit 5: Volume up by 9% YoY (-8% QoQ)



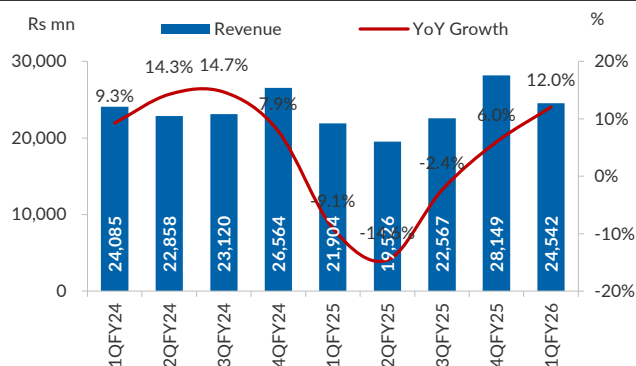
Source: Company, YES Sec

Exhibit 6: Realization up by 3% YoY (-4% QoQ)



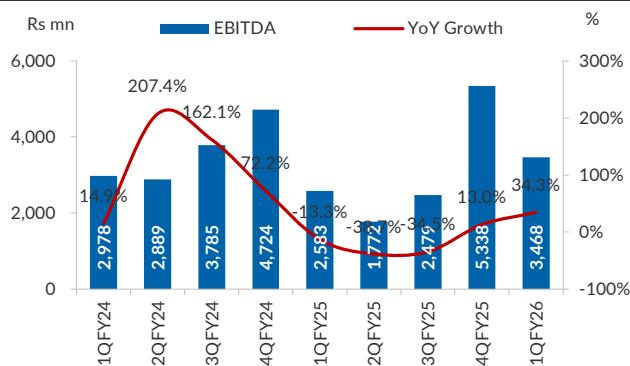
Source: Company, YES Sec

Exhibit 7: Revenue up by 12% YoY (-13% QoQ)



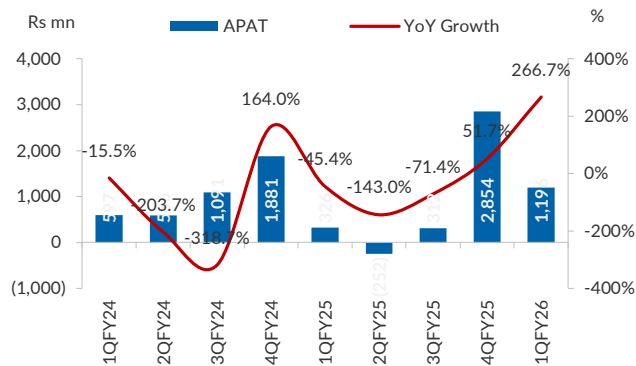
Source: Company, YES Sec

Exhibit 8: EBITDA up by 34% YoY (-35% QoQ)



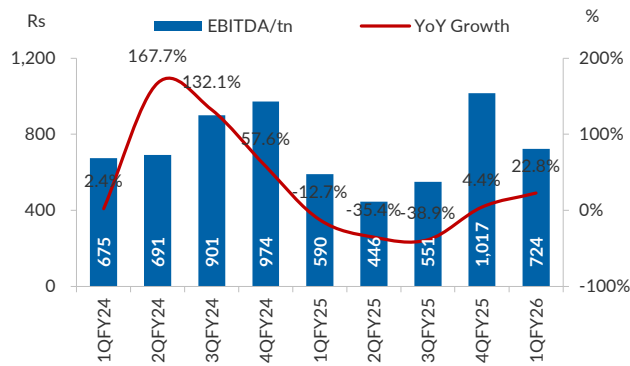
Source: Company, YES Sec

Exhibit 9: APAT up by 267% YoY (-58% QoQ)



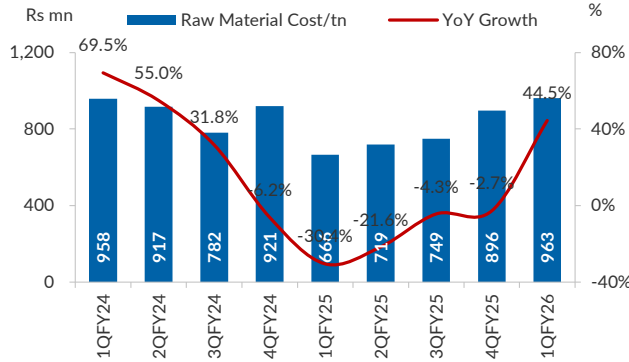
Source: Company, YES Sec

Exhibit 10: EBITDA/tn up by 23% YoY (-29% QoQ)



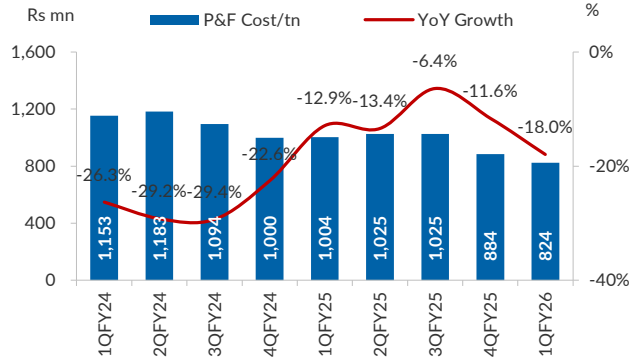
Source: Company, YES Sec

Exhibit 11: RM cost/tn up by 45% YoY (+7% QoQ)



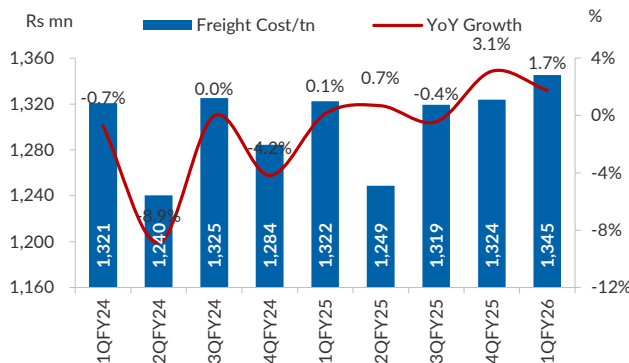
Source: Company, YES Sec

Exhibit 12: P&F cost/tn down by 18% YoY (-7% QoQ)



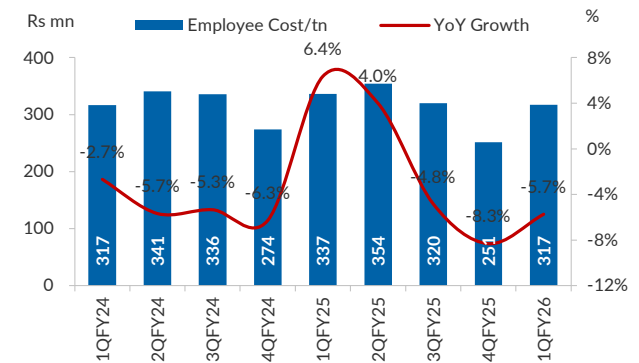
Source: Company, YES Sec

Exhibit 13: Logistic cost up by 2% YoY (+2% QoQ)



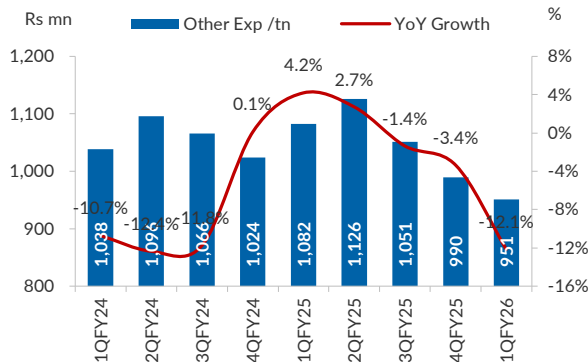
Source: Company, YES Sec

Exhibit 14: Employee cost/tn down by 6% YoY (+26% QoQ)



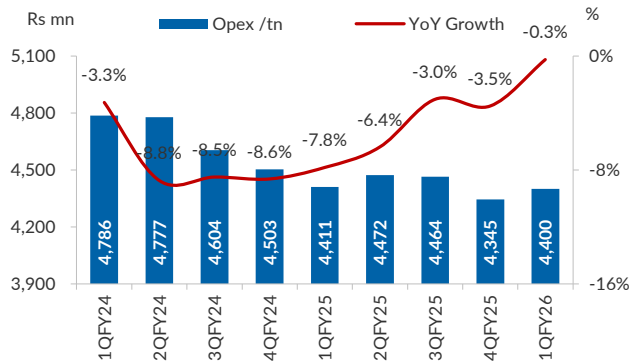
Source: Company, YES Sec

Exhibit 15: Other exp/tn down 12% YoY (-4% QoQ)



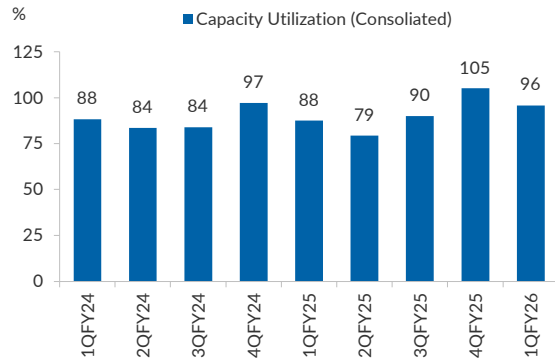
Source: Company, YES Sec

Exhibit 16: Opex/tn remained flat YoY (+1% QoQ)



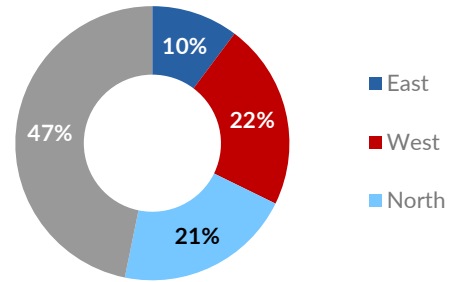
Source: Company, YES Sec

Exhibit 17: Capacity utilization stood at 96%



Source: Company, YES Sec

Exhibit 18: Regional Mix as on date and further adding 1.4mtpa at Kundanganj



Source: Company, YES Sec

Exhibit 19: Change in estimates

Rs mn	New Estimates		Old Estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	97,456	103,274	97,456	103,274	NA	NA
EBITDA	14,163	16,803	14,163	16,803	NA	NA
EBITDA Margin (%)	14.5	16.3	14.5	16.3	NA	NA
APAT	4,584	6,046	4,584	6,046	NA	NA
EPS (Rs)	59.5	78.5	59.5	78.5	NA	NA

Source: Company, YES Sec

Exhibit 20: Annual Operational Performance Estimates (Consolidated)

Operating Details	FY23	FY24	FY25	FY26E	FY27E
Volume (mt)	15.8	17.6	18.1	19.0	20.0
YoY (%)	10.7	11.4	2.6	5.1	5.2
Utilization (%)	79	88	91	89	93
Realization (Rs)	5,635	5,601	5,437	5,479	5,163
YoY (%)	6.2	(0.6)	(2.9)	0.8	(5.8)
Cost per tonne (Rs)					
Raw Material Cost (Rs/mt)	679	896	765	801	840
Employee Cost/tn (Rs)	329	315	312	314	315
Power & Fuel Cost (Rs/mt)	1,498	1,104	979	889	779
Freight Cost/tn (Rs)	1,122	1,308	1,306	1,308	1,310
Other Expenses (Rs/mt)	1,366	1,036	1,057	1,069	1,079
Blended EBITDA(Rs/tn)	487	815	672	745	840

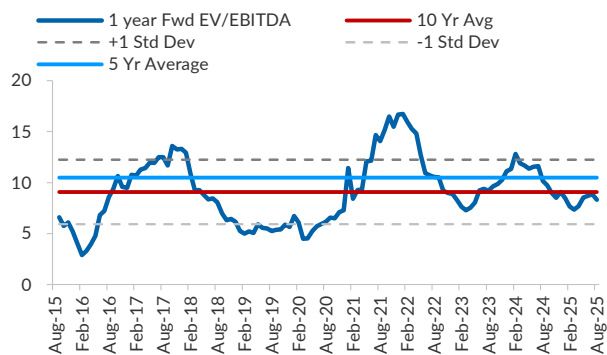
Source: Company, YES Sec

Exhibit 21: Valuation Summary

Valuation	Rs mn
Mar'27e EBITDA (Rs mn)	16,803
Target Multiple (x)	9
EV (Rs mn)	151,229
Less: Net Debt (Rs mn)	21,801
Equity Value (Rs mn)	129,428
No of Shares (in mn)	77
Value of shares (Rs)	1,681
CMP (Rs)	1,319
Upside / (downside)	27%

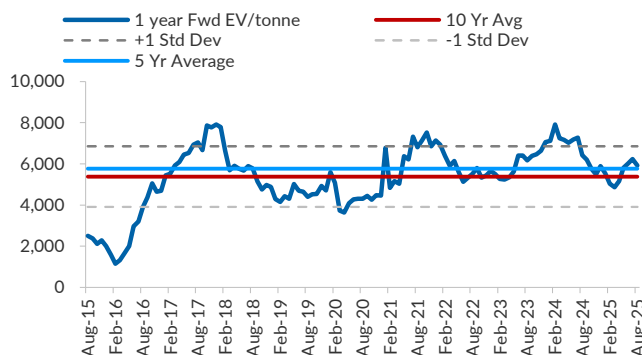
Source: Company, YES Sec

Exhibit 22: 1-yr forward EV/EBITDA band



Source: Company, YES Sec

Exhibit 23: 1-yr forward EV/te (\$) band



Source: Company, YES Sec

FINANCIALS

Exhibit 24: Balance Sheet (Consolidated)

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
<i>Sources of funds</i>					
Eq. Share Capital	770	770	770	770	770
Reserves & Surplus	59,038	65,968	69,381	74,427	80,934
Shareholders' Funds	59,808	66,738	70,152	75,197	81,704
Total Loan Funds	43,497	37,697	33,633	34,633	38,333
Other liabilities	19,189	20,587	19,655	20,907	21,178
Total Liabilities	140,720	144,362	143,309	151,714	163,032
<i>Application of funds</i>					
Net Block	98,410	97,887	95,334	98,257	109,354
Capital WIP	3,584	4,811	5,610	7,706	9,960
Investments	8,683	12,881	14,534	15,034	14,034
Other non-current assets	4,411	4,813	5,480	6,263	6,441
Inventories	10,616	9,646	9,670	10,146	9,879
Trade Receivables	3,233	4,149	3,391	4,272	4,244
Cash & Bank Balances	2,183	1,592	1,265	1,547	124
Other current Assets	9,600	8,582	8,026	8,489	8,995
Total Current Assets	25,632	23,969	22,352	24,454	23,242
Trade Payables	9,197	8,680	8,724	8,811	9,337
Other Current Liabilities	9,029	10,659	11,146	12,165	12,480
Total Current Liabilities	18,226	19,339	19,870	20,977	21,817
Net Current Assets	2,292	(1,215)	(4,498)	(4,502)	(8,754)
Total Assets	140,720	144,362	143,309	151,714	163,032

Source: Company, YES Sec

Exhibit 25: Income statement (Consolidated)

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Net Sales	86,823	96,562	92,145	97,456	103,274
Expenses:					
Raw Materials	10,751	15,809	13,845	15,230	16,801
Employee Cost	5,213	5,562	5,640	5,963	6,303
P&F Cost	23,726	19,474	17,717	16,901	15,579
Freight cost	17,770	23,068	23,636	24,869	26,201
Other Expenses	21,642	18,274	19,135	20,330	21,587
EBITDA	7,720	14,376	12,172	14,163	16,803
Depreciation & Amortization	5,099	5,783	5,719	5,980	6,556
EBIT	2,621	8,593	6,454	8,183	10,247
Other Income	1,131	856	979	1,036	1,097
Finance cost	3,387	3,717	3,271	3,106	3,283
Exceptional items	67	68	(384)	-	-
PBT	431	5,799	3,778	6,112	8,061
Tax Expenses	26	1,594	826	1,528	2,015
Share in Profit / (Loss) of Asso and JV					
Minority Interest	-	-	(0)	-	-
RPAT	405	4,206	2,952	4,584	6,046
APAT	355	4,155	3,240	4,584	6,046

Source: Company, YES Sec

Exhibit 26: Cash Flow (Consolidated)

YE March (Rs mn)	FY23	FY24	FY25	FY26E	FY27E
Operating profit before WC changes	8,917	15,300	12,768	15,199	17,901
Net chg in working capital	(1,131)	2,185	1,821	(713)	629
Income tax Paid	(26)	(1,594)	(826)	(1,528)	(2,015)
CFO	7,760	15,891	13,762	12,957	16,514
Adj. CFO	4,373	12,173	10,492	9,851	13,231
Capital expenditure	(5,818)	(6,487)	(3,964)	(11,000)	(19,908)
Other Investments	1,502	(4,601)	(2,320)	(1,283)	822
CFI	(4,316)	(11,087)	(6,284)	(12,283)	(19,086)
Adj FCF	(1,444)	5,687	6,528	(1,149)	(6,677)
Change in Equity	-	-	-	-	-
Debt (Incl. Interest)	(1,556)	(8,118)	(8,267)	(854)	687
Dividend	(770)	(193)	(770)	(770)	(770)
Others	(315)	2,917	1,231	1,231	1,231
CFF	(2,641)	(5,394)	(7,806)	(393)	1,149
Net chg in cash	803	(591)	(327)	282	(1,423)
Opening Cash & Eq	1,380	2,183	1,592	1,265	1,547
Closing Cash & Eq	2,183	1,592	1,265	1,547	124

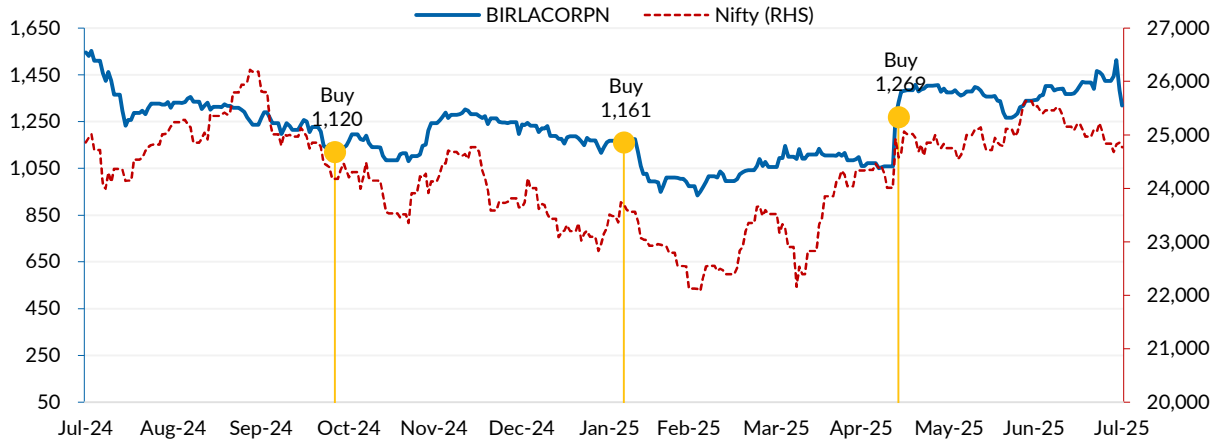
Source: Company, YES Sec

Exhibit 27: Ratio Analysis (Consolidated)

YE March	FY23	FY24	FY25	FY26E	FY27E
Growth Ratio (%)					
Revenue	16.4	11.2	(4.6)	5.8	6.0
EBITDA	(30.5)	86.2	(15.3)	16.4	18.6
Adjusted PAT	(89.8)	938.4	(29.8)	55.3	31.9
Margin Ratios (%)					
Gross Profit	87.6	83.9	85.2	84.6	84.1
EBITDA	8.9	14.9	13.2	14.5	16.3
EBIT	3.0	8.9	7.0	8.4	9.9
Core PBT	(2.2)	4.2	2.4	4.1	5.7
Adjusted PAT	0.4	4.3	3.5	4.7	5.9
Return Ratios (%)					
ROE	0.7	6.6	4.3	6.3	7.7
ROCE	4.4	7.1	6.6	7.6	8.6
Turnover Ratios (days)					
Gross Block Turnover (x)	0.8	0.8	0.7	0.7	0.7
Adj OCF/Adj PAT (%)	1,231	293	324	215	219
Inventory	9	10	10	10	35
Debtors	37	36	38	36	37
Creditors	35	34	34	33	32
Cash conversion cycle	11	11	13	13	40
Solvency Ratio (x)					
Debt-equity	0.7	0.6	0.5	0.5	0.5
Net debt-equity	0.6	0.5	0.4	0.3	0.4
Gross Debt/EBITDA	5.6	2.6	2.8	2.4	2.3
Current Ratio	1.1	1.0	0.8	0.8	0.7
Interest coverage ratio	2.3	3.9	3.7	4.6	5.1
Dividend					
DPS	2.5	10.0	10.0	10.0	10.0
Dividend Yield (%)	0.2	0.8	0.8	0.8	0.8
Dividend Payout (%)	54.2	18.5	23.8	16.8	12.7
Per share Ratios (Rs)					
Basic EPS (reported)	5.3	54.6	38.3	59.5	78.5
Adjusted EPS	4.6	54.0	42.1	59.5	78.5
CEPS	71.5	129.7	112.6	137.2	163.6
BVPS	777	867	911	976	1,061
Valuation (x)*					
Adj P/E	212.9	23.4	33.8	22.2	16.8
P/BV	1.4	1.5	1.4	1.4	1.2
EV/EBITDA	15.9	8.9	10.3	9.0	7.9
EV/Sales	1.4	1.3	1.4	1.3	1.3
Adj Mcap / Core PBT	(39.7)	20.9	38.2	21.0	14.9
Adj Mcap / Adj OCF	17.2	6.9	8.0	8.6	6.6

Source: Company, YES Sec

Recommendation Tracker



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