

August 28, 2025

## BirlaNu Limited: Ratings reaffirmed; outlook revised to Negative from Stable; rated amount enhanced

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term/Short term – Fund and non-fund based limits	340.00	365.00	[ICRA]AA- (Negative)/[ICRA]A1+; reaffirmed and assigned for enhanced amount; Outlook revised to Negative from Stable
Short term – Non-Fund based limits	0.00	108.00	[ICRA]A1+; assigned
Long term/Short-term – Unallocated limits	10.00	37.00	[ICRA]AA- (Negative)/[ICRA]A1+; reaffirmed and assigned for enhanced amount; Outlook revised to Negative from Stable
Long term – Fund based – Term loan	90.00	90.00	[ICRA]AA- (Negative); reaffirmed and outlook revised to Negative from Stable
<b>Total</b>	<b>440.00</b>	<b>600.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The revision in the outlook of the long-term rating to Negative reflects ICRA's expectation that the credit profile of BirlaNu Limited (Birlanu) will remain under pressure in the near term, in the backdrop of the sustained pressure on operating margins due to increase in raw material costs for pipes and walls segment, slower recovery in flooring solutions owing to global headwinds and muted demand in the roofing segment. Consequently, the debt protection metrics are expected to remain moderate in FY2026, largely similar to FY2025. While its revenues witnessed 7% YoY growth to Rs. 3,615 crore in FY2025, the operating margins declined by 220 bps to 1.9% in FY2025. The profitability remained modest in Q1 FY2026, with OPBITDA margin of 4.7% (PY: 6.3%). Although the revenues are expected to rise by 5-10% YoY in FY2026 and FY2027, the recovery in Birlanu's operating margins across all the segments and the consequent improvement in debt protection metrics will remain the key monitorable.

The ratings consider Birlanu's strong operational risk profile, underpinned by diversified revenue streams with presence in four major segments – roofs, walls, pipes and construction chemicals and floors. The acquisitions of Parador Holdings GmbH (floors segment in September 2018), Fastbuild Blocks Private Limited (July 2022) and Crestia Polytech Private Limited (April 2024) have enhanced Birlanu's geographical and segmental diversification, helping to mitigate the top line volatility from downturns in geographies and individual segments. Birlanu maintains a leading market position in the domestic fibre cement (FC) sheet (roofing) industry, holding ~25% market share as on March 31, 2025, supported by a large distribution network throughout India. The company benefits from strong brand recognition for its Charminar product and enjoys premium pricing over competitors. Additionally, Birlanu benefits from the extensive experience and strong financial flexibility derived from being a part of the reputable and diversified C.K. Birla Group, underscoring its strategic importance within the Group. The presence of the senior members of the Group, with Mr. C K Birla as the Chairman of Birlanu and Ms. Amita Birla as the Co-Chairman of the board underscores its strategic importance to the Group.

These strengths are partially offset by the volatility in input costs during the last two to three years, along with the vulnerability of demand to cyclical in end-user industries, susceptibility of margins to intense competition across the segments. In addition, its revenues and margins remain vulnerable to regulatory risks, especially those related to bans on asbestos products and restrictions on asbestos mining in producing countries. While its market position remains strong, the financial metrics remains relatively weaker than its peers at similar rating levels. Going forward, the company's ability to materially improve its operating profitability and debt coverage metrics remains crucial from the credit perspective. The management has proactively sought to de-risk operations, as evidenced by the reduction in asbestos revenue contribution to 31% in FY2025 from 65% in FY2018. Nonetheless, the OPBITDA share from asbestos-linked business remained significant in FY2025. With increased revenues and profitability from other segments, the OPBITDA share from asbestos-related activities will likely reduce over the medium term. Birlanu is exposed to execution risk and ramp-up risk post completion associated with the planned capex of greenfield capacity of ~72,000 MTPA for a FC board plant in Andhra Pradesh and OPVC pipe manufacturing, with a Phase 1 capacity of ~5,000 MTPA at Patna.

## Key rating drivers and their description

### Credit strengths

**Diversified business and geographical portfolio** – Birlanu has diversified revenue streams with presence in four major segments – roofs, walls, pipes and construction chemicals and floors. The acquisitions of Parador Holdings GmbH (floors segment in September 2018), Fastbuild Blocks Private Limited (July 2022) and Crestia Polytech Private Limited (April 2024) have enhanced Birlanu's geographical and segmental diversification, helping to mitigate the top line volatility from downturns in geographies and individual segments.

**Leading market position in FC roofing segment** – Birlanu maintains a leading market position in the domestic FC sheet (roofs) industry, holding ~25% market share as on March 31, 2025. It has pan-India manufacturing presence, wide distribution and dealership network and strong brand recall for Charminar. Backed by focused branding efforts and strong distribution network, the company's products enjoy premium pricing over the competing products.

**Strong financial flexibility by being part of C.K Birla Group** – Birlanu is a part of CK Birla Group and benefits from the extensive experience and strong financial flexibility derived from being a part of the reputable and diversified C.K. Birla Group, underscoring its strategic importance within the Group. The presence of senior members of the Group, with Mr. C K Birla as the Chairman of Birlanu and Ms. Amita Birla as the Co-Chairman of the board underscores its strategic importance to the Group.

### Credit challenges

**Continuous moderation in debt protection metrics** – Birlanu's credit profile will remain under pressure in the near term on the backdrop of sustained pressure on operating margins due to increase in raw material costs for pipes and walls segment, slower recovery in flooring solutions due to global headwinds and muted demand in the roofing segment. Consequently, the debt protection metrics are expected to remain at moderate level in FY2026, largely similar to FY2025. While revenues witnessed 7% YoY growth to Rs. 3615 crore in FY2025, the company's operating margins declined by 220 bps to 1.9% in FY2025. The profitability remained modest in Q1 FY2026, with OPBITDA margin of 4.7% (PY: 6.3%). Although revenues are expected to rise by 5-10% YoY in FY2026 and FY2027, the recovery in Birlanu's operating margins across all the segments and the consequent improvement in debt protection metrics will remain the key monitorable. Birlanu is exposed to execution risk and ramp-up risk post completion associated with planned capex of a greenfield capacity of ~72,000 MTPA for FC board plant in Andhra Pradesh and OPVC pipe manufacturing, with a Phase 1 capacity of ~5,000 MTPA at Patna.

**Vulnerability of earnings to fluctuations in raw material prices; exposure to regulatory risks on asbestos-related products with cyclical in end-user industries** – Birlanu's earnings experienced volatility in input costs over the last two to three years. Moreover, its demand is vulnerable to cyclical in end-user industries, while margins are susceptible to the intense competition across the segments. In addition, revenues and margins remain exposed to regulatory risks, especially those related to bans on asbestos products and restrictions on asbestos mining in producing countries. The management has proactively sought to de-risk operations, as evidenced by the reduction in asbestos revenue contribution to 31% in FY2025

from 65% in FY2018. Nonetheless, the OPBITDA share from asbestos-linked business remained significant in FY2025. With increased revenues and profitability from other segments, the OPBITDA share from asbestos-related activities will likely reduce over the medium term.

### Environmental and social risks

While some forms of asbestos fibre pose health risks to individuals who are exposed, asbestos cement manufactured using white chrysotile asbestos is of relatively low risk. All manufacturers are required to follow strict environmental norms to operate. Given the safety and environmental health-related concerns associated with asbestos, the industry may be vulnerable to the risk of tightening regulatory norms. Any ban on the mining of asbestos across countries may expose the company to risk of non-availability of raw material. Any ban on the usage of asbestos in Birlanu’s core operating region (like India) due to environmental or health concerns could have a significant impact on the operation of FC segment, which is one of the major contributors to Birlanu’s operating profits.

### Liquidity position: Adequate

Birlanu’s liquidity position is adequate with free cash balance of Rs. 33 crore as on June 30, 2025, with buffer in working capital limits of around Rs. 154 crore as of June 2025. The company plans to monetise non-core assets in FY2026 and FY2027 similar to FY2025 to support liquidity position, debt repayment obligations and fund capex requirements. The company is planning to add greenfield capacity of ~72,000 MTPA fibre cement board plant in Andhra Pradesh and OPVC pipe manufacturing, with a Phase 1 capacity of ~5,000 MTPA at Patna at a total cost of Rs. 160 – 170 crore over next 12-18 months, which will be funded by a mix of debt and internal accruals.

### Rating sensitivities

**Positive factors** – The outlook can be revised to Stable if there is material improvement in profitability across segments resulting in improvement in debt protection metrics on a sustained basis.

**Negative factors** – Negative pressure on Birlanu’s ratings may arise if the company is not able to improve its profitability or material decline in revenues or significant debt funded capex/acquisition or stretch in working capital cycle resulting in weakening of debt protection metrics or liquidity position on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of BirlaNu. Please refer to Annexure II for the list of entities considered for consolidation.

### About the company

BirlaNu Limited (Birlanu) is a part of the C.K. Birla Group. The Group operates across three industry clusters, namely, home and building products, automotive and technology, healthcare and education, with presence in five continents. Birlanu is part of the home and building products cluster. The promoter along with its group companies held around 40.57% of the stake in the company as on June 30, 2025. Birlanu operates in four segments – roofs, walls, pipes and construction chemicals and floors, and putty. In September 2018, it completed the acquisition of a Germany-based flooring company Parador, which is into flooring solutions. In July 2022, the company has acquired Fastbuild Blocks Pvt Ltd, which is into blocks to aid its presence in

eastern India. In April 2024, it completed acquisition of Crestia Polytech Private Limited, along with its four wholly-owned subsidiaries to expand its polymer business in East India. At present, Birlanu has 32 manufacturing facilities across India including manufacturing sites overseas (Austria and Germany). It has a wide network of more than 30,000 retail touch points worldwide and network of more than 21,0000 channel partners worldwide. Apart from these, the company has four wind power units aggregating to a capacity of 9.35 MW in Gujarat, Rajasthan and Tamil Nadu.

### Key financial indicators

BirlaNu Limited (Consolidated)	FY2024	FY2025	Q1 FY2026*
	Audited	Audited	Unaudited
<b>Operating income</b>	3,375	3,615	1,052
<b>PAT</b>	35	-33	-1
<b>OPBDIT/OI</b>	4.1%	1.9%	4.7%
<b>PAT/OI</b>	1.0%	-0.9%	-0.1%
<b>Total outside liabilities/Tangible net worth (times)</b>	1.2	1.4	1.4
<b>Total debt/OPBDIT (times)</b>	5.6	13.6	4.8
<b>Interest coverage (times)</b>	3.9	1.0	2.9

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Current (FY2026)					Chronology of rating history for the past 3 years					
FY2026					FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>Fund-based and non-fund based Limits</b>	Long term / Short term	365.00	Aug 28, 2025	[ICRA]AA-(Negative)/[ICRA]A1+	Nov 08, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	Oct 25, 2023	[ICRA]AA (Stable)/[ICRA]A1+	Aug 18, 2022	[ICRA]AA (Stable)/[ICRA]A1+
							Feb 13, 2024	[ICRA]AA (Negative)/[ICRA]A1+	Dec 07, 2022	[ICRA]AA (Stable)/[ICRA]A1+
<b>Non-fund based limits</b>	Short term	108.00	Aug 28 2025	[ICRA]A1+	-	-	-	-	-	-
<b>Unallocated limits</b>	Long term / Short term	37.00	Aug 28, 2025	[ICRA]AA-(Negative)/[ICRA]A1+	Nov 08, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	Oct 25, 2023	[ICRA]AA (Stable)/[ICRA]A1+	Aug 18, 2022	[ICRA]AA (Stable)/[ICRA]A1+
							Feb 13, 2024	[ICRA]AA (Negative)/[ICRA]A1+	Dec 07, 2022	-
<b>Term loan</b>	Long term	90.00	Aug 28, 2025	[ICRA]AA-(Negative)	Nov 08, 2024	[ICRA]AA-(Stable)	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term/Short term – Fund and non-fund based limits	Simple
Short term – Non-fund based limits	Very Simple
Long term/Short-term – Unallocated limits	Not Applicable
Long term – Fund based – Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term/Short term – Fund and non-fund based limits	NA	NA	NA	365.00	[ICRA]AA- (Negative)/ [ICRA]A1+
NA	Short term – Non-Fund based limits	NA	NA	NA	108.00	[ICRA]A1+
NA	Long term/Short-term – Unallocated limits	NA	NA	NA	37.00	[ICRA]AA- (Negative)/ [ICRA]A1+
NA	Long term – Fund based – Term loan	FY2024	NA	FY2029	90.00	[ICRA]AA- (Negative)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company name	BIRLANU ownership	Consolidation approach
Birlanu Limited	100.00% (Rated entity)	Full Consolidation
Birlanu International GmbH	100.00%	Full Consolidation
Parador Holdings GmbH	100.00%	Full Consolidation
Parador GmbH	100.00%	Full Consolidation
Parador Parkettwerke GmbH	100.00%	Full Consolidation
Parador UK Limited	100.00%	Full Consolidation
Parador INC	100.0%	Full Consolidation
Parador (Shanghai) Trading Co Ltd	50.00%	Equity Method
Crestia Polytech Private Limited	100.00%	Full Consolidation
Topline Industries Private Limited	100.00%	Full Consolidation
Aditya Polytechnic Private Limited	100.00%	Full Consolidation
Prabhu Sainath Polymers Private Limited	100.00%	Full Consolidation
Aditya Poly Industries Private Limited	100.00%	Full Consolidation

Source: BirlaNu Limited; ICRA Research

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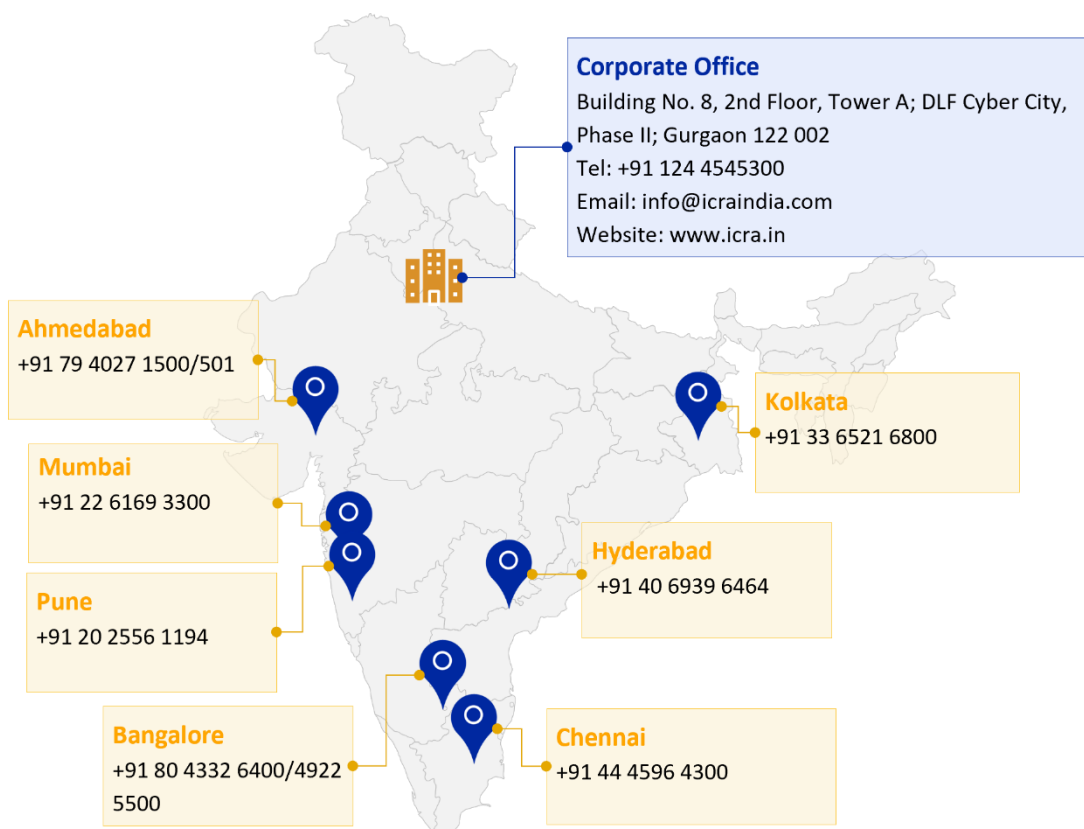
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