

May 08, 2026

## Birla Corporation Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)^	Rating action
Long-term – Non-convertible debenture	140.00	80.00	[ICRA]AA (Stable); Reaffirmed
Long-term – Non-convertible debenture	35.00	20.00	[ICRA]AA (Stable); Reaffirmed
<b>Total</b>	<b>175.00</b>	<b>100.00</b>	

\*Instrument details are provided in Annexure II; ^No partial withdrawal and rated amount is reduced to outstanding amount due to scheduled repayments

### Rationale

The rating reaffirmation for Birla Corporation Limited (BCL) factors in its established market position in the central region, with around 10% share of installed capacity in central region as of January 2026. The rating notes the company's healthy capacity utilisation (88% in 9M FY2026) and strong liquidity position. BCL's operations are geographically diversified across the central, western, northern and eastern regions, with an aggregate installed capacity of 21.4 million MTPA as of March 2026, which insulates the performance from any region-specific downturn. Moreover, it is expected to derive operational synergies from the vertically-integrated operations, supported by a clinkerisation capacity of 13 MTPA, captive limestone and coal mines, and power generation capacity of approximately 204 MW through a combination of captive power plants, waste heat recovery systems (WHRS) and solar power facilities as on December 31, 2025.

Backed by higher realisations and a stable cost structure, the company's OPBDITA/MT improved to Rs. 712 in 9M FY2026 from Rs. 673 in FY2025. However, in view of the anticipated increase in input costs, especially petcoke, coal and diesel prices, due to elevated crude oil prices amid the ongoing conflict in West Asia, the OPBDITA/MT is expected to moderate marginally in FY2027, as per ICRA's estimates. Nevertheless, the envisaged healthy growth in volumes is likely to support operating profits in FY2027. The volatility in input prices arising from geopolitical developments and the consequent impact on the company's profitability is a key rating monitorable.

BCL has sizeable capex plans of around Rs. 2,500-3,000 crore over the next two fiscals, largely towards capacity expansion, coal block development, debottlenecking and sustenance capex, with a portion of the funding expected to be debt financed. Consequently, the company's leverage, as measured by Net debt<sup>1</sup>/OPBDITA, is projected to remain moderate at 2.0-2.2 times (TD/OPBDITA at 2.6-2.8 times) over the medium term. Further, sizeable debt repayments of Rs. 658.0 crore in FY2027 are projected to result in moderate coverage metrics, with DSCR estimated at 1.2-1.4 times. However, ICRA derives comfort from BCL's strong liquidity position, supported by a sizeable liquid investment portfolio and significant undrawn working capital facilities. The credit profile remains vulnerable to the cyclical nature of the cement industry and susceptibility of operating profits to fluctuations in input prices.

The Stable outlook on the rating reflects ICRA's opinion that the company will maintain its healthy operational performance and strong liquidity position, while improving its debt protection metrics.

<sup>1</sup> Net debt = Total gross debt – Unencumbered cash and cash equivalents

## Key rating drivers and their description

### Credit strengths

**Geographically diversified capacities and established position in central market** – BCL's operations are geographically diversified across the central, western, northern and eastern regions, with an aggregate installed capacity of 21.4 million MTPA as of March 2026, which insulates the performance from any region-specific downturn. The company has a strong market presence in the central region, where it accounts for about 10% of the installed capacity market share as of January 2026.

**Healthy utilisation levels and efficient operating parameters aided by synergies across units** – The company's overall capacity utilisation remains healthy at 88% in 9M FY2026 (FY2025: 91%). Moreover, it is expected to derive operational synergies from its vertically-integrated operations, supported by a clinkerisation capacity of 13 MTPA, captive limestone and coal mines, and power generation capacity of approximately 204 MW through a combination of captive power plants, WHRS and solar power facilities as on December 31, 2025.

**Favourable long-term growth prospects** – BCL reported a 3% YoY increase in volumes to 13.3 MMTA in 9M FY2026. ICRA estimates further volume growth of 5-6% in FY2027, driven by sustained demand from the housing and infrastructure sectors and the expected ramp-up of volumes from the recently commissioned 1.4-MT grinding unit in March 2026. Backed by higher realisations and a stable cost structure, the company's OPBDITA/MT improved to Rs. 712 in 9M FY2026 from Rs. 673 in FY2025. However, in view of the anticipated increase in input costs, especially petcoke, coal, and diesel prices, due to elevated crude oil prices amid the ongoing conflict in West Asia, the OPBDITA/MT is expected to moderate marginally in FY2027, as per ICRA's estimates. Nevertheless, the envisaged healthy growth in volumes is likely to support operating profits in FY2027. The volatility in input prices arising from geopolitical developments and the consequent impact on the company's profitability is a key rating monitorable.

### Credit challenges

**Moderate debt protection metrics due to debt-funded capex** – BCL has sizeable capex plans of around Rs. 2,500-3,000 crore over the next two fiscals, largely towards capacity expansion, coal block development, debottlenecking and sustenance capex, with a portion of the funding expected to be debt financed. Consequently, the company's leverage, as measured by Net Debt/OPBDITA, is projected to remain moderate at 2.0-2.2 times (TD/OPBDITA at 2.6-2.8 times) over the medium term. Further, sizeable debt repayments of Rs. 658.0 crore in FY2027 are likely to result in moderate coverage metrics, with the DSCR estimated at 1.2-1.4 times. However, ICRA derives comfort from BCL's strong liquidity position, supported by a sizeable liquid investment portfolio and significant undrawn working capital facilities.

**Vulnerability of revenues to cyclicity in economy** – BCL remains exposed to demand and pricing dynamics in the cement industry, which are influenced by the cyclical economic trends and capacity addition by the industry players. When the capacity addition exceeds the incremental demand, the prices and consequently, the profitability of the players are adversely affected. Moreover, BCL's operating profitability remains susceptible to fluctuations in input prices.

### Environmental and social risks

**Environmental considerations** – As a cement producer, the fuel and power consumption remain high, which results in greenhouse gas emissions and pollution. Hence, increasing regulatory requirements to reduce greenhouse gas emissions and stricter air pollution standards may lead to higher costs for cement producers. BCL has taken several initiatives, such as increasing the usage of renewable energy and the use of fly ash, slag (which are waste materials of the power and steel industries), and alternative fuel at its clinker manufacturing units, which help in reducing the carbon footprint and save power costs.

**Social considerations** – The social risks associated with the company are primarily the health and safety of its employees involved in the mining of limestone and the production of clinker and cement.

### Liquidity position: Strong

BCL’s liquidity position is strong, aided by unencumbered cash and investments (including investments in mutual funds and financial instruments) of Rs. 508.0 crore as on December 31, 2025. Its drawing power is backed by moderately utilised fund-based working capital facilities with an average cushion of Rs. 522 crore during the last 12 months that ended in February 2026. The company has existing debt repayment obligations of ~Rs. 658.0 crore in FY2027, which can be adequately serviced through its estimated cash flow from operations. It has capex plans of around Rs. 2,500-3,000 crore over the next two years, primarily towards capacity expansion, coal block, debottlenecking, and maintenance capex, which is expected to be funded through debt-to-equity ratio of 2:1.

### Rating sensitivities

**Positive factors** – BCL’s rating can be upgraded if there is a significant growth in its revenues and earnings and a consequent improvement in debt protection metrics and return indicators on a sustained basis. Additionally, Net Debt/OPBDITA of less than 1.75 times, on a sustained basis, may trigger a rating upgrade.

**Negative factors** – The rating can be downgraded if there is a material decline in profitability or significant increase in debt-funded capex resulting in weakening of debt protection metrics. The Net Debt/OPBDITA increasing beyond 2.75 times, on a sustained basis, can put pressure on the rating.

### Analytical approach

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

### About the company

Birla Corporation Limited (BCL), the flagship company of the M.P. Birla Group, was incorporated on August 25, 1919. It manufactures cement and jute goods. After the demise of Mrs. Priyamvada Birla, wife of Mr. Madhav Prasad Birla, in July 2004, BCL was headed by Mr. Rajendra Singh Lodha. Following his death in October 2008, his son (Mr. Harsh Vardhan Lodha) took over the charge as the company’s Chairman. However, BCL’s ownership is under legal dispute, being contested by Mr. Harsh Vardhan Lodha and the descendants of the Birla family.

BCL, at the consolidated level, has an installed cement manufacturing capacity of 21.4 million MTPA, with presence in the central, western, northern and eastern markets. The revenues from the cement business dominate BCL’s top line, accounting for 94-96% of the consolidated turnover, while the jute business contributed to the balance 4-6% in FY2025 and 9M FY2026.

### Key financial indicators (audited)

BCL (consolidated)	FY2024	FY2025	9M FY2026*
Operating income	9,662.7	9,214.5	6,819.5
PAT	420.6	295.2	262.8
OPBDIT/OI	14.9%	13.3%	13.8%
PAT/OI	4.4%	3.2%	3.9%
Total outside liabilities/Tangible net worth (times)	1.4	1.2	NA
Total debt/OPBDIT (times)	2.7	2.8	NA
Interest coverage (times)	3.9	3.8	3.5

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; NA – Not applicable; \*Provisional numbers

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

**Any other information: None**

### Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	FY2027		FY2026		FY2025		FY2024	
		Amount rated (Rs crore)	May 08, 2026	Date	Rating	Date	Rating	Date	Rating
Non-convertible debenture – 1	Long Term	80.00	[ICRA]AA (Stable)	May 16, 2025	[ICRA]AA (Stable)	May 17, 2024	[ICRA]AA (Stable)	Aug 23, 2023	[ICRA]AA (Negative)
Non-convertible debenture – 2	Long Term	20.00	[ICRA]AA (Stable)	May 16, 2025	[ICRA]AA (Stable)	May 17, 2024	[ICRA]AA (Stable)	Aug 23, 2023	[ICRA]AA (Negative)

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA

14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Non-convertible debenture	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 II: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE340A07084	Non-convertible debenture	Aug 18, 2016	9.25%	Aug 18, 2026	80.00	[ICRA]AA (Stable)
INE340A07092	Non-convertible debenture	Sept 14, 2016	9.25%	Sept 14, 2026	20.00	[ICRA]AA (Stable)

Source: Company

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

Company name	BCL Ownership	Consolidation approach
RCCPL Private Limited	100.00%	Full consolidation
Birla Jute Supply Company Limited	100.00%	Full consolidation
Talavadi Cements Limited	98.01%	Full consolidation
Lok Cements Limited	100.00%	Full consolidation
Budge Budge Floor Coverings Limited	100.00%	Full consolidation
Birla Cement (Assam) Limited	100.00%	Full consolidation
M.P. Birla Group Services Private Limited	100.00%	Full consolidation
AAA Resources Private Limited	100.00%	Full consolidation
Utility Infrastructure & Works Private Limited	100.00%	Full consolidation
SIMPL Mining & Infrastructure Limited	100.00%	Full consolidation

Source: Company data; ICRA research

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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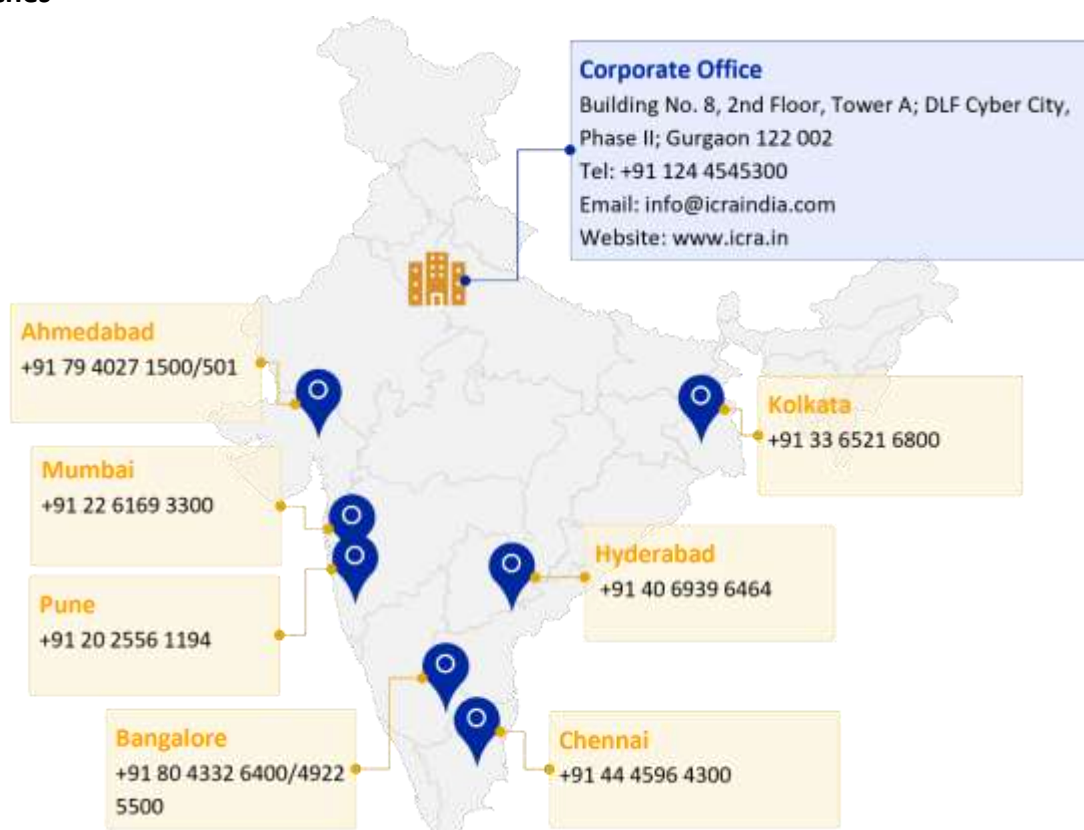
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