Orient Cement Limited

October 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	537.40	CARE AAA; Stable	Upgraded from CARE AA- and removed from Rating Watch with Positive Implications; Stable outlook assigned
Long-term / Short-term bank facilities	75.00	CARE AAA; Stable / CARE A1+	LT rating upgraded from CARE AA-; Stable outlook assigned and ST rating reaffirmed and removed from Rating Watch with Positive Implications
Commercial paper	100.00	CARE A1+	Reaffirmed and removed from Rating Watch with Positive Implications
Commercial paper (Carved out)*	150.00	CARE A1+	Reaffirmed and removed from Rating Watch with Positive Implications

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has removed its 'Rating watch with Positive Implications' and upgraded long term ratings on bank loan facilities of Orient Cement Limited (OCL) following Ambuja Cements Limited's (Ambuja) completion of the acquisition of equity shares on April 22, 2025, after unconditional approval received from Competition Commission of India (CCI) for acquisition of equity shares from promoters, members of the promoter group, and other shareholders (representing 46.66% of the outstanding equity shares) and the open offer (constituting 26% of the equity share capital). Consequently, this concludes 'Rating Watch with Positive Implications', which was driven by the concerned transaction. Ambuja currently holds 72.66% of the outstanding equity shares of OCL. Short-term ratings on bank facilities and commercial paper have been reaffirmed.

The rating upgrade primarily factors the change in the parentage of OCL, as it is now a subsidiary of Ambuja and forms a key asset for Ambuja, and hence, strategically important. OCL provides incremental presence in Maharashtra, Telangana and Madhya Pradesh with its 8.5 of grinding cement capacity and 5.5 MTPA of clinker capacity. OCL has high quality limestone mine at Chittorgarh (Rajasthan), which can support additional 6 MTPA cement capacity in north India. Following the acquisition by Ambuja, the company has formalised a Master Supply Agreement and Master Service Agreement (together known as the 'MSA') with Ambuja and ACC Limited (ACC). These agreements cover the procurement and sale of raw materials and spare parts, as well as the provision of services. Under the MSA, ACL and ACC will source clinker and cement in bulk from the Company, with the products being marketed under the Ambuja and ACC brands. The company accordingly is expected derive better realisations considering upscaling of brands having better realisation. Synergies in terms of market reach and operational efficiencies from being part of Ambuja are expected to flow in the medium term.

Ratings continue to derive benefit from diversified regional presence and integrated operations with captive limestone mines and power plants. These strengths are partially tempered by OCL's moderate market position in a highly competitive industry and its presence in southern India cement market, which is characterised with overcapacity and its operating profitability being vulnerable to demand-supply dynamics and input price volatility.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

Not applicable

Negative factors

- Deterioration in credit risk profile of parent, Ambuja.
- Reduction in strategic importance of OCL to Ambuja or lowering of OCL's shareholding held by Ambuja where the controlling stake goes away, affecting its financial flexibility.

Analytical approach: Standalone

Linkages with the now parent Ambuja has been factored in considering OCL becoming its key subsidiary, with common management and other strong operational, and financial integrations with the parent.

Outlook: Stable

Stable outlook for bank facilities and commercial paper of OCL reflects CareEdge Ratings' belief that OCL shall continue to benefit from its established market position and incoming synergies from the parent entity, which shall further improve its operational efficiency in the medium term. OCL now benefits from the superior financial flexibility of Ambuja.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Detailed description of key rating drivers:

Key strengths

Strong parentage and strategic importance of OCL for Ambuja

OCL became a subsidiary of Ambuja on April 22, 2025. Ambuja is the second largest cement manufacturer in India in terms of installed capacity and volumes sold. As on June 30, 2025, Ambuja had installed capacity of 104.5 MTPA (including OCL's capacity). Following the acquisition by Ambuja, the Company has formalised a MSA with Ambuja and ACC. These agreements cover the procurement and sale of raw materials and spare parts, as well as the provision of services. Under the MSA, Ambuja and ACC will source clinker and cement in bulk from the company, with the products being marketed under the Ambuja and ACC brands. This effectively pegs realisations in line with Ambuja and ACC in its core market areas. OCL is expected to benefit from Ambuja's push towards improvement in operational efficiencies. OCL provides incremental presence to Ambuja in Maharashtra, Telangana and Madhya Pradesh with its 8.5 of grinding cement capacity and 5.5 MTPA of clinker capacity. OCL has high quality limestone mine at Chittorgarh (Rajasthan), which can support additional 6 MTPA cement capacity in north India. Conversely, OCL is backed by strong financial flexibility of Ambuja. Thus, it can provide mutual benefit to OCL and its parent Ambuja.

Diversified regional presence with revenues largely from Maharashtra, followed by Telangana and Madhya Pradesh

The company's market position is strengthened by its diversified regional presence, which allows the company to limit cyclicality in a particular region. The company's major market is Maharashtra followed by Telangana, Karnataka and Madhya Pradesh. The company also has modest presence in Gujarat. The company is able to cater different regions supported by its plant locations in Devapur (Telangana), Chittapur (Karnataka) and split grinding unit in Jalgaon (Maharashtra). It should be noted that in the last few fiscals, the company's revenue from Maharashtra increased considering healthy real estate and infrastructure growth in Maharashtra, particularly, Pune and Mumbai. Geographical diversification is a key monitorable with additional capacities in greenfield and brownfield projects expected in the long term.

Backward integration from captive limestone mines and captive power plants

OCL meets majority power requirements through its coal-based captive power capacity of 95 MW. The company also recently added 10.1 MW Waste Heat Recovery System at its Chittapur (Karnataka) plant, which was partly commissioned in mid-FY24 and rest in FY25. The company has also set up solar capacities for Jalgaon facility under captive scheme of 17.2 MWdc, which provides majority power consumed by Jalgaon plant. The company is also setting up a solar power plant of 16 MWdc at its Chittapur plant under Captive Scheme. The green power mix in power consumption increased from 15% in FY24 to 40% in FY25. The company sources limestone from its mines near its respective plants in Telangana and Karnataka. Therefore, backward integration and proximity to major raw material sources endows the company with operational benefits, reducing its cost of production.

Healthy capital structure and debt coverage metrics

The company has strong net worth at ₹1743 crore (₹1690 crore) and overall gearing at 0.10x (0.17x) as on March 31, 2025 (2024). Supported by healthy capital structure, the company's debt coverage metrics also have been healthy with interest coverage and net debt to profit before interest, lease rentals, depreciation and taxation (PBILDT) of 14.59x (14x) and 0.27x (0.44x) respectively in FY25 (FY24). CareEdge Ratings expects the solvency ratios to remain robust in the medium term considering no major debt.

In the long term, the company has projects lined up for capacity expansion to utilise high quality limestone available in Rajasthan at Chittorgarh.

Key weaknesses

Moderate competitive position in a highly competitive industry

The cement industry is marked by significant regional play with intense competition from moderate-to-large-sized players. The company registered de-growth in total operating income (TOI) of 15% year-on-year (y-o-y) in FY25 to ₹2710 crore considering dip in volumes by 12% y-o-y to 5.4 MT in FY25 and decline in net sales realisation (NSR) to ₹5008 per tonne in FY25 from ₹5182 per tonne. The cement industry witnessed pressure on volumes and consequently prices in FY25. This was even more pronounced in OCL's core markets. General elections, and Maharashtra assembly elections led to slowdown in commercial activities. The impact was further compounded by extreme weather conditions, including excessive heat and rainfall, and a liquidity crunch in its core markets. Subdued demand results in collateral impact on prices as well considering intense competition prevailing in the industry in each region. Volume performance in FY26 is expected to depend on the integration with Ambuja, as the company has entered an MSA and started selling Ambuja and ACC brand products.

Moderate operating margins vulnerable to demand-supply dynamics and input price volatility

The company's operating profitability margin deteriorated in FY25 to 11.11% from 14.16% in FY24. Accordingly, PBILDT per tonne reduced to ₹558per tonne in FY25 against ₹737 per tonne in FY24. This was largely considering decline in NSR. The total cost per tonne largely remained the same in FY25 y-o-y at ₹4461 per tonne in FY25 against ₹4466 per tonne in FY24. Lower capacity utilisation in FY25 led to higher fixed cost absorption per tonne of cement. However, this was mitigated by reduction in power and fuel cost to ₹1285 per tonne in FY25 against ₹1458 per tonne in FY24 from increasing alternative fuel usage with thermal substitution rate (TSR) rising to 17% in FY25 from 12% in FY24, cost benefits from commissioning full capacity of waste heat recover system (WHRS) of 10.1 MW in Chittapur (part in mid-FY24) and remaining in FY25 and increased solar power capacity under group captive scheme for its Jalgaon plant. The company's green power consumption increased to 40% in FY25 from 17% in FY24 due to commissioning of this WHRS, new solar capacity at Jalgaon and higher renewable purchases through energy exchange at Chittapur. CareEdge Ratings believe operating margin in FY26 will largely depend on its integration with Ambuja and ACC.

Presence in southern India cement market, which is characterised with overcapacity
Southern India cement market is characterised by overcapacity considering significant limestone reserves and installed cement capacities in southern India against demand. The company has partial presence there leading to moderate capacity utilisation and limited ability for passing incremental pricing.

Liquidity: Strong
OCL's strong liquidity is supported by adequate cash and cash equivalents and significant generation of gross cash accruals (GCA) and modest bank limit utilisation at standalone level. The company is now a subsidiary of Ambuja, which has robust liquidity with significant GCA and significant net cash position. The company generated GCA of ₹242 crore in FY25, which CareEdge Ratings expects to be above ₹300 crore in FY26. Against, this the company has no term loan repayment obligations. The company has cash and cash equivalents of ₹49 crore and liquid investments of ₹29 crore as on March 31, 2025. Cash credit utilisation was 9% for 12 months ended June 2025, which is modest usage. The company has healthy overall gearing and current ratio, which provides headroom for incremental debt, if required.

Environment, social, and governance (ESG) risks
The cement sector has a significant impact on the environment owing to higher emissions, waste generation and water consumption. This is because of energy intensive cement manufacturing process and its high dependence on natural resources, such as limestone, and coal, among others as key raw materials. The sector has social impact due to its nature of operations affecting local community and health hazards involved.

OCL has been focusing on energy management, emission reduction, raw material procurement and waste management to reduce its ecological footprint.

Environment: In FY25 (FY24), ~40% (17%) of the total energy consumption was from renewable energy and WHRS. Furthermore, 23% (18%) of alternative fuel and raw material consumed (AFR) was consumed in FY25 (FY24).

Social: The company has undertaken initiatives for community development. The company has spent ~₹5.76 crore on community development expenditure (CSR). Zero fatalities were observed in the last seven years.

Governance: As on March 31, 2025, the Board of Directors (BOD) consists of six Members. three of them are independent directors. The BOD attendance was 99.98%.

Applicable criteria
Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Cement

About company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Construction materials	Cement & cement products	Cement & cement products

Incorporated in July 2011, OCL was part of the C.K. Birla group promoted by late B M Birla. The company was acquired by Ambuja on April 22, 2025. The company's cement plants having aggregate installed capacity of 8.5 million tonnes per annum (mtpa) are at Telangana, Maharashtra and Karnataka. The company now sells cement under the brand names of Ambuja and ACC.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	3189.16	2710.44	866.48
PBILDT	451.70	301.26	182.61
PAT	174.85	91.25	205.37
Overall gearing (times)	0.17	0.10	-
Interest coverage (times)	14.00	14.59	58.91

A: Audited UA: Unaudited; Note: these are latest available financial results
Abridged financials. Hence, detailed items of other operating income and non-operating income are not available.
* Overall gearing and Net Debt/PBILDT ratios factor in security deposits and Letter of Credit Acceptances

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Carved out)*	-	-	-	-	150.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)*	-	-	-	-	100.00	CARE A1+
Fund-based - LT-Cash Credit		-	-	-	450.00	CARE AAA; Stable
Fund-based - LT-Term Loan*		-	-	-	87.40	CARE AAA; Stable
Non-fund-based - LT/ ST-BG/LC		-	-	-	75.00	CARE AAA; Stable / CARE A1+

**All are of proposed nature.*

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	87.40	CARE AAA; Stable	-	1)CARE AA- (RWP) (29-Oct-24) 2)CARE AA-; Stable (08-Oct-24)	1)CARE AA-; Stable (09-Oct-23)	1)CARE AA-; Stable (29-Nov-22)
2	Commercial Paper-Commercial Paper (Standalone)	ST	100.00	CARE A1+	-	1)CARE A1+ (RWP) (29-Oct-24) 2)CARE A1+ (08-Oct-24)	1)CARE A1+ (09-Oct-23)	1)CARE A1+ (29-Nov-22)
3	Commercial Paper-Commercial Paper (Carved out)	ST	150.00	CARE A1+	-	1)CARE A1+ (RWP) (29-Oct-24) 2)CARE A1+ (08-Oct-24)	1)CARE A1+ (09-Oct-23)	1)CARE A1+ (29-Nov-22)
4	Fund-based - LT-Cash Credit	LT	450.00	CARE AAA; Stable	-	1)CARE AA- (RWP) (29-Oct-24) 2)CARE AA-; Stable (08-Oct-24)	1)CARE AA-; Stable (09-Oct-23)	1)CARE AA-; Stable (29-Nov-22)
5	Non-fund-based - LT/ ST-BG/LC	LT/ST	75.00	CARE AAA; Stable / CARE A1+	-	1)CARE AA- / CARE A1+ (RWP) (29-Oct-24) 2)CARE AA-; Stable / CARE A1+ (08-Oct-24)	1)CARE AA-; Stable / CARE A1+ (09-Oct-23)	1)CARE AA-; Stable / CARE A1+ (29-Nov-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Carved out)	Simple
2	Commercial Paper-Commercial Paper (Standalone)	Simple
3	Fund-based - LT-Cash Credit	Simple
4	Fund-based - LT-Term Loan	Simple
5	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	Analytical Contacts
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Sabyasachi Majumdar Senior Director **CARE Ratings Limited** Phone: +91-120-445-2006 E-mail: Sabyasachi.majumdar@careedge.in Ravleen Sethi Director **CARE Ratings Limited** Phone: 91-120-4452016 E-mail: ravleen.sethi@careedge.in Sahil Goyal Assistant Director **CARE Ratings Limited** Phone: 91-120-4452000 E-mail: Sahil.goyal@careedge.in

About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information, please visit www.careratings.com