

Shree Cement Limited

October 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	3,095.42 (Enhanced from 2,050.00)	CARE AAA; Stable	Reaffirmed
Short-term bank facilities	2,500.00 (Enhanced from 2,000.00)	CARE A1+	Reaffirmed
Non-convertible debentures	700.00	CARE AAA; Stable	Reaffirmed
Commercial paper	500.00	CARE A1+	Reaffirmed
Commercial paper	500.00	CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CareEdge Ratings) has reaffirmed ratings to bank loan facilities, non-convertible debentures and commercial paper of Shree Cement Limited (SCL).

The rating assessment continues to consider SCL's strong competitive position in grey cement manufacturing supported by installed cement capacities of 62.80 MTPA in India majorly spread across its northern and eastern regions. Its strong market position is amplified by the company's significant penetration in northern, followed by eastern and central India and modest presence in western and southern India. Penetration in existing markets and diversification in newer region is expected with the company's current capital expenditure (capex) plan. The company has established a healthy brand recall of its cement products, which is supported by its distribution network on ground, leading to higher retail trade mix. Cost competitiveness is driven by presence of captive limestone mines and significant captive power generation. This is further boosted by significant green power mix, which is low cost and environment friendly. High proportion of blended cement reduces its fuel requirements. The company continues to have sound operating efficiencies. Ratings also factor in SCL's robust financial risk profile, which is characterised by its healthy capital structure and strong debt coverage indicators. These strengths are partially offset by cyclicalities in the cement industry and input cost volatility.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Decline in the operating performance, resulting in net debt to profit before interest, lease rentals, depreciation and taxation (PBILDT) above 1x on a sustained basis.
- Significant reduction in the company's liquidity levels either considering significant debt funded capex or deterioration in the business risk profile.

Analytical approach: Consolidated

CareEdge Ratings has taken a consolidated view of the parent (SCL) and its subsidiaries owing to significant business, operational and financial linkages. Details of subsidiaries and associates consolidated are listed under Annexure - 6.

Outlook: Stable

The rating outlook "Stable" indicates expected sustenance of its strong market position in the cement business, strong operating efficiency and robust financial risk profile. The company is expected to continue growing its scale of operations supported by incremental cement capacities at a healthy operating profitability margin. The company is expected to maintain its net cash position and strong solvency ratios despite the capital expenditure programme.

Detailed description of key rating drivers:

Key strengths

Strong competitive position supported further by diversified geographical profile

SCL is among the top three cement manufacturers in India with its 62.80 MTPA cement capacity as on June 30, 2025, underpinning its strong market position. Already entrenched as a strong player in northern India deriving ~41-43% of its sales volume, SCL has been gradually diversifying its geographical presence. It generates ~27-29% sales volume from the eastern region and ~16%

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

from the central region. West and south India generate modest sales volume. The company has 27.80 MTPA of cement capacities in northern India and 21 MTPA of cement capacities in eastern India followed by modest capacities of 6 MTPA, 5 MTPA and 3 MTPA of cement capacities in south, central and west India respectively. The company is expected to increase its capacity to 68.8 MTPA in India and is targeting to increase its capacity to 80 MTPA by 2028, for which the company is exploring appropriate opportunities. The company has recently commissioned its Baloda Bazar (Chhattisgarh) cement grinding capacity of 3.4 MTPA and Etah (UP) cement grinding capacity in Q1FY26 and is undertaking capex for integrated cement capacities in Ras (Rajasthan) of 3 MTPA grinding capacity and 3.65 MTPA clinker capacity, and Kodla (Karnataka) of 3 MTPA grinding capacity and 3.65 MTPA clinker capacity.

This strong competitive position is also reflected in its vast scale of operations, having sold 36.06 million tonnes (MT) of cement and clinker in India in FY25 though registering only modest volumetric growth of 1.47% year-on-year (y-o-y). Blended realisation (cement + clinker) was lower in FY25 at ₹4501 per tonne against ₹4818 per tonne in FY24. The company recorded 5.55% de-growth in net sales in FY25 y-o-y to ₹18,976 crore. Cement industry witnessed relatively weaker demand in FY25 considering general elections, heatwaves and significant rainfall. Q1FY26 saw drop in volumes to 8.95 MT at standalone level from 9.64 MT in Q1FY25, however, blended realisations improved from ₹5015 per tonne in Q1FY25 to ₹5528 per tonne in Q1FY26. Overall, CareEdge Ratings expects volumes to see moderate volume growth in FY26 with expectation of part retracement in realisations in FY26 after witnessing drop in realisations in FY25. The volume growth is expected considering normalised growth expected in domestic cement space and recent capacity additions. Realisations have improved in Q1FY26 and is expected to sustain in FY26.

Large retail trade mix driven by healthy brand recall and established distribution network

Despite being a commoditised business, SCL has been able to establish its brand over the years. The company has diversified brand portfolio consisting of Jungrodhak, Rockstrong, Powermax, Magna and Roofon. SCL has a dealer base of 20,256 for selling cement to end-customers as on March 31, 2025. The company largely sells blended cement, which is consumed by retail trade segment. The company's retail trade mix is 73% (76%) in FY25 (FY24) in overall volumes.

The company has been focussing on premiumisation of its product portfolio with Bangur Magna being its key premium cement brand. The company has increased its premium product mix from 7.1% of trade mix in FY23 to 8.7% in FY24.

Sound operating efficiencies

The company's large scale of operations is supported by its internal operating efficiencies allowing it to control costs and have a wide market reach. The company has established captive thermal power plant (TPP) of 503 MW, WHRS of 274 MW and renewable energy (solar and wind energy) of 350 MW as on June 30, 2025. This makes the company self-sufficient for significant portion of its power requirements and being cost effective. With 624 MW of captive green power (WHRS, solar and wind), the company has the highest green power consumption mix in the Indian cement industry, which is not only environment friendly but also low cost compared to conventional power. The company increased its green power consumption to 56% in FY24 from 51% in FY23 at standalone level and this stayed at 56% in FY25 as well. The company has captive limestone reserves to fully meet its requirements in the long term. Apart from this, the company has split grinding units (GUs), which help accessing wider market. Its multi-fuel kilns and production of higher blended cement of its total sales volumes ~70%, helps limiting fuel costs for kiln. The company is also increasing its usage of alternative fuels and raw materials usage in kiln, which costs lower than ₹1 per kilo calories. The thermal substitution rate was 2.41% in FY25, relatively at similar levels compared to 2.37% in FY24.

These factors have helped the company maintain sound operating margins in the range of 20-30% in five fiscal years through FY25. Moderation was observed in FY23 considering significant cost inflation particularly in power & fuels costs, while in FY25 margins were moderated considering drop in cement bag prices. PBILDT per tonne increased from ₹860 per tonne in FY23 to ₹1147 per tonne in FY24 and then dropped to ₹985 per tonne in FY25. With part retracement of cement price bags from the drop observed in FY25, PBILDT margins are expected to improve in the medium term. However, operating margins are expected to remain exposed to volatility in movement in realisations and fuel prices.

Robust capital structure and debt coverage metrics; despite debt funded capex plan

The company's net worth stood strong at ₹21,485 crore as on March 31, 2025, against ₹20621 crore as on March 31, 2024. The company has also a deleveraged balance sheet, which can be observed from its overall gearing remaining in the range of 0.10x-0.20x from three years ending March 31, 2025. On a net basis, the company has net cash. This is supported by healthy cash flow from operations in the last few fiscals and strong cash and cash equivalents (including investments), which limits reliance on debt for capex and working capital requirements. The company has a roadmap to increase its capacity to 80 MTPA and accordingly has accelerated its capex spending post the slowing it down due to COVID-19. The company's capex program is expected to be

funded fully from internal accruals. These are largely funded by internal accruals and the significant liquid investments built up in the last few years. The company's overall capital structure is expected to remain robust in the medium term.

With comfortable debt position and healthy profitability, the company's debt coverage metrics also remained strong. The interest coverage ratio was 19.19x (17.50x) in FY25 (FY24) and net debt to PBILDT is negative considering net cash position of the company. These metrics are expected to remain strong in the medium term.

Key weaknesses

Cyclicality of the cement industry

The cement industry is highly cyclical and depends largely on the country's economic growth. There is a high degree of correlation between the GDP growth and growth in cement consumption. Being a cyclical industry, the cement sector goes through phases of ups and downs, and accordingly, impacts unit realisations.

Exposure to volatile input costs and price realisations

The company is exposed to commodity price risk, arising from raw material price fluctuation (gypsum, fly ash and slag) and fuel (coal and pet coke). Coal (indigenous and international) is used for power generation to run its plants and fuel for kilns. In the recent past, the cement industry witnessed significant spike in power and fuel costs; post pent-up demand for fuel after multiple COVID-19 waves. Russia-Ukraine war exacerbated fuel cost in FY22 and FY23. Spike in fuel costs impacted profitability margins in FY22 and FY23, while subdued realisations have been constraining factor in profitability margins in FY25. The company's profitability will remain exposed to significant input cost volatility and cement price realisation, which depends on each region's demand and supply dynamics (volume growth and installed capacity) to cater the demand in a particular region.

Liquidity: Superior

SCL's superior liquidity is supported by healthy cash & cash equivalents and significant generation of gross cash accruals (GCA) and moderate bank limit utilisation. The company had generated GCA of ₹4017 crore in FY25, which is expected to increase in FY26 to ~₹4800-5000 crore considering volume and realisation growth. The company's repayment obligations (including lease liabilities) in FY26-FY27 are modest at ₹45-50 crore, which can be easily serviced by its internal accruals. The company has substantial liquid investments to meet its capex requirements. The company had free cash & cash equivalents of ₹221 crore as on March 31, 2024, while investments were ₹7849 crore. The company has significant cushion in its working capital limits including commercial paper (11% utilisation for 12 months ended August 2025) for incremental working capital requirements and it has the capability to raise funds from the markets at competitive rates. SCL has robust capital structure, which provides headroom for incremental debt if required. The company's management is expected to keep ~₹4000-₹5000 crore of liquidity in hand.

Environment, social, and governance (ESG) risks

The cement sector has a significant impact on the environment owing to higher emissions, generation of waste and consumption of water. Cement manufacturing process is energy intensive and its high dependence on natural resources, such as limestone and coal as key raw materials are key reasons. Due to nature of operations affecting local community and health hazards involved in cement manufacturing process, the sector also has a social impact.

SCL has continuously focused on mitigating its environmental and social risks. CareEdge Ratings believes SCL's commitment to ESG will support its strong credit profile.

Key ESG highlights of SCL:

Environment

- In FY25 (FY24), the company's share of renewable energy in overall energy consumption was 56.1% (55.9%), which is one of the best in the industry.
- Net specific Scope 1 emission stood at 534 kg CO₂E / tonne of cementitious material.
- Total shareholder return (TSR) increased to 2.41% in FY25 from 2.37% in FY23.

Social

- The company has undertaken CSR initiatives towards women empowerment and their skill development, community infrastructure and rural development, support to dependents of martyred soldiers, social welfare and promotion of art and culture, sustainable livelihood in agriculture and non-agriculture both, support to senior citizens, healthcare, hygiene, cleanliness and access to drinking water, promoting sports, and educational initiatives, among others.

Governance

- The governance structure is characterised by majority board members being independent directors, split in chairman and executive positions, dedicated investor grievance redressal mechanism and required disclosures. The average board meeting attendance in FY25 was 94% and average tenure of board members was 9.5 years. Regarding gender diversity in board of directors, one member was woman out of seven members as on March 31, 2025.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

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About the company and industry

Industry classification

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

Incorporated in 1979, SCL belongs to BGBangur - H M Bangur faction of the Bangur family of Kolkata B G Bangur, the promoter & Chairman Emeritus of SCL, is an eminent industrialist. His son, H M Bangur, Chairman, is a qualified Chemical Engineer and was also a member of the Executive Committee of FICCI. Prashant Bangur (son of H M Bangur), Postgraduate in Management from Indian School Business (Hyderabad), is the Vice-Chairman of SCL.

The company is engaged in manufacturing cement with an installed capacity of 62.80 million tonne per annum (MTPA) in India (66.80 MTPA on a consolidated level) as on Sept 29, 2025, with its facilities spread across Rajasthan, Chhattisgarh, Uttarakhand, Bihar, Jharkhand, Haryana, Uttar Pradesh, Karnataka, Odisha, Maharashtra, West Bengal and the UAE. SCL is also engaged in generating power with an installed capacity of 1127 MW in India spread across coal-based, WHRS, solar and wind energy sources as on June 30, 2025.

Brief Financials (₹ crore) – Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	20431.38	19251.32	5280.88
PBILDT	4521.63	3932.48	1332.60
PAT	2396.16	1123.80	643.66
Overall gearing (times)	0.12	0.10	-
Interest coverage (times)	17.50	19.19	29.27

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 (Standalone)*	-	-	NA	NA	150.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)*	-	-	NA	NA	500.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE070A14828	Sept 22, 2025	5.85%	Dec 22, 2025	175.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE070A14836	Sept 23, 2025	5.87%	December 18, 2025	100.00	CARE A1+
Commercial Paper-Commercial Paper (Standalone)	INE070A14844	Sept 23, 2025	5.87%	December 12, 2025	75.00	CARE A1+
Debentures-Non Convertible Debentures	INE070A07061	26-Sep-2023	7.8	26-Oct-2030	700.00	CARE AAA; Stable
Fund-based - LT-Cash Credit		-	-	-	3000.00	CARE AAA; Stable
Fund-based - LT-Term Loan		-	-	31/03/2025	95.42	CARE AAA; Stable
Non-fund-based - ST-BG/LC		-	-	-	2500.00	CARE A1+

*Currently nil outstanding.

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	Non-fund-based - ST-BG/LC	ST	2500.00	CARE A1+	-	1)CARE A1+ (10-Oct-24)	1)CARE A1+ (27-Dec-23) 2)CARE A1+ (11-Aug-23)	1)CARE A1+ (29-Sep-22) 2)CARE A1+ (22-Sep-22)

2	Commercial Paper- Commercial Paper (Standalone)	ST	1000.00	CARE A1+	-	1)CARE A1+ (10-Oct-24)	1)CARE A1+ (27-Dec-23) 2)CARE A1+ (11-Aug-23) 3)CARE A1+ (13-Jun-23)	1)CARE A1+ (12-Jan-23) 2)CARE A1+ (29-Sep-22) 3)CARE A1+ (22-Sep-22)
3	Fund-based - LT- Cash Credit	LT	3000.00	CARE AAA; Stable	-	1)CARE AAA; Stable (10-Oct-24)	1)CARE AAA; Stable (27-Dec-23) 2)CARE AAA; Stable (11-Aug-23)	1)CARE AAA; Stable (29-Sep-22) 2)CARE AAA; Stable (22-Sep-22)
4	Issuer Rating- Issuer Ratings	LT	-	-	-	1)Withdrawn (10-Oct-24)	1)CARE AAA; Stable (27-Dec-23) 2)CARE AAA; Stable (11-Aug-23)	1)CARE AAA; Stable (26-Dec-22) 2)CARE AAA (Is); Stable (29-Sep-22) 3)CARE AAA (Is); Stable (22-Sep-22)
5	Fund-based - LT- Term Loan	LT	95.42	CARE AAA; Stable	-	1)CARE AAA; Stable (10-Oct-24)	1)CARE AAA; Stable (27-Dec-23) 2)CARE AAA; Stable (11-Aug-23)	1)CARE AAA; Stable (29-Sep-22)
6	Debentures-Non Convertible Debentures	LT	700.00	CARE AAA; Stable	-	1)CARE AAA; Stable (10-Oct-24)	1)CARE AAA; Stable (27-Dec-23) 2)CARE AAA; Stable (11-Aug-23)	-

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 (Standalone)	Simple
2	Debentures-Non Convertible Debentures	Simple
3	Fund-based - LT-Cash Credit	Simple
4	Fund-based - LT-Term Loan	Simple
5	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Shree Global FZE	Full	Wholly owned subsidiary
2.	Raipur Handling and Infrastructure Private Limited	Full	Wholly owned subsidiary
3.	Shree Cement East Private Limited (w.e.f. 11.06.2022)	Full	Wholly owned subsidiary
4.	Shree Cement South Private Limited (w.e.f. 11.06.2022)	Full	Wholly owned subsidiary
5.	Shree Enterprises Management Limited	Full	Step Down Subsidiary
6.	Shree International Holding Ltd.	Full	Step Down Subsidiary
7.	Union Cement Company PJSC	Full	Step Down Subsidiary

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.

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