Mangalam Cement Limited

March 26, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	478.41 (Reduced from 567.35)	CARE A+; Stable	Reaffirmed
Long-term / Short-term bank facilities	535.00 (Enhanced from 410.00)	CARE A+; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	75.00	CARE A1+	Reaffirmed
Commercial paper	75.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities and instruments of Mangalam Cement Limited (MCL) considers MCL's healthy operational performance characterised by improvement in profitability margins in 9MFY26 owing to cost optimisation initiatives undertaken by the company though impacted by continued industry headwinds such as weather induced disruptions, and intensified competition in areas of operation.

Ratings continue to draw strength from MCL's operating efficiency arising out of backward integration and cost optimisations arrived through availability of limestone reserves, captive power plants, waste heat recovery system (WHRS) plant, split units of the project and proximity of the project to raw material sources. Ratings also factor in MCL's brand presence in the northern and central regions, strong distribution network, favourable trade against non-trade sales mix of the company, and eligibility for subsidies and rebates from state governments.

Going forward, CareEdge Ratings will continue to monitor the company's capacity expansion initiatives and any significant debt-funded capex in the near to medium term, along with the resultant impact on its financial risk profile, particularly leverage levels marked by net debt to PBILDT remaining above ~3.5-3.6x. The ratings also factor in MCL's adequate liquidity position.

However, ratings are constrained by exposure of MCL to competitive pressure given its geographical concentration and modest scale of operation, volatility in input and finished goods prices, partial procurement of high-cost limestone from the open markets, cyclicality of the cement industry, and limited ability of the cement players to hike prices.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operation (total operating income [TOI] greater than ₹2,000 crore) and profitability (PBILDT margin greater than 18%) leading to improvement in debt protection metrics (PBILDT interest coverage greater than 5.0x) on a sustained basis.

Negative factors

- Lower-than-envisaged profitability or higher-than-envisaged debt-funded capital expenditure (capex) leading to a net debt/ PBILDT above 3.6x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

The "Stable" rating outlook indicates the expected sustenance of its moderate competitive position and operating efficiency in the cement business and healthy financial risk profile.

[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

Established brand with concentration in the northern region and favourable sales mix

MCL was incorporated in 1976 and commenced its business in 1977. The company sells cement under the brand name 'Birla Uttam Cement' and 'Mangalam ProMaxX', which is well recognised majorly in the northern and central markets. Going forward, CareEdge Ratings expects the demand in the northern and the central regions to be healthy from rural housing and infra projects, especially in Uttar Pradesh on the back of government spending and a pick-up in construction. The company produces two grades of cement, 'Pozzolona Portland Cement' (PPC) and 'Ordinary Portland Cement' (OPC). MCL has established an extensive network of 51 sales promoters, 1,054 dealers and 2,791 retailers for marketing and selling the cement to its end-customers. The company is also eligible to avail certain subsidy and exemptions given by Government of Rajasthan and U.P. considering expansion projects undertaken by it in both 2014 and September 2016 for 10 years ending 2027.

Healthy operational performance amidst market-driven challenges

In FY25, the company reported a TOI of ₹1,681 crore (FY24: ₹1,727 crore), reflecting a marginal 3% Y-o-Y decline. While volumes improved to 3.50 MT (FY24: 3.37 MT), realisations moderated to ₹4,800 per tonne (FY24: ₹5,120 per tonne), largely due to industry-wide demand slowdown, which led to subdued construction activity and pricing pressure across key markets. However, the capacity utilisation remained robust at 80% in FY25 (PY: 77%) above the industry's average.

In 9MFY26, the company reported a TOI of ₹1,268 crore (PY: ₹1,178 crore), with sales realisation remaining similar at ₹4,862 per tonne against ₹4,848 per tonne in 9MFY25. The PBILDT per tonne improved from ₹425 per tonne in 9MFY25 to ₹625 per tonne in 9MFY26, as the company is benefiting from lower fuel costs and operational efficiencies.
Going forward as the demand picks up, CareEdge Ratings expects MCL to continue having healthy capacity utilisation levels as it operates in demand-accretive regions and the profitability is projected to experience modest growth owing to cost saving measures, which is a key monitorable.

Adequate backward integration and cost optimisation

MCL has a captive limestone mine situated in proximity to the plant which meets almost 90% of the total limestone requirement of the company. Proximity to the major raw material source minimises the transportation cost for sourcing of raw materials and enhances the operational effectiveness.

The captive mines have sufficient proven reserves of ~152 million tonnes. The company mixes the captive limestone from Morak mines with high-grade limestone which is partially procured from its captive mine at Gagrana, Nagaur, Rajasthan at a distance of ~350 kilometres and partly from open markets from the same region. Procurement of limestone from Nagaur involves high transportation cost and subsequently higher raw material cost.

MCL's manufacturing facility at Morak, Rajasthan, provides clinker to both its grinding facilities at Morak and Aligarh. The company operates grinding unit at Aligarh to save upon cost of logistics, as the unit is close to target user markets of UP and MP. Limestone requirements of clinkering unit at Morak is met to the extent of ~90% from the captive limestone mines near the plant. Fly ash is acquired partly from the thermal power plant at Kota, which is ~70 kms from the plant, partly from captive power plant of MCL and partly from a UP state's power plant. Apart from limestone and fly ash, which constitute the basic raw materials, sources of other raw materials are also in proximity to the project sites, which in turn enables the entity to optimise its costs.

The company has two units of coal-based captive power plant with an installed capacity of 35 MW in Kota, two units of wind-based power with an installed capacity of 13.65 MW in Jaisalmer and 11-MW WHRS plant in Kota ensuring continuous supply of power at competitive rates. The installation of 11-MW WHRS at Morak operationalised in August 2020 led to increase in green power sources.

Financial risk profile expected to remain adequate despite of largely debt-funded capex plans

The capital structure remained moderate with overall gearing of 0.74x as on March 31, 2025. However, net debt/PBILDT increased to 2.66x (FY24: 1.91x), driven by higher working capital borrowings and moderation in profitability across the industry due to weak volume growth and declining realisations.
Going forward, the company is undertaking capacity expansion i.e. the Aligarh unit expansion, which is nearing completion as of March/April 2026 and involves doubling grinding capacity from 0.75 MTPA to 1.6 MTPA at a cost of ₹165 crore.

Going forward, CareEdge Ratings will closely monitor the capex initiatives and impact of the same on its financial risk profile. Any deterioration which results in leverage indicators i.e. net debt/PBILDT to increase beyond ~3.5-3.6x (from current levels of ~2.5x) would be the key rating negative.

Sustained moderation in leverage indicators amid ongoing debt-funded expansion plans remains a key rating monitorable, and deterioration beyond expectations will be a key rating monitorable.

Key weaknesses

Exposure of MCL to competitive pressure given its geographical concentration and moderate scale of operation

The company operates majorly in Rajasthan, Uttar Pradesh, and Madhya Pradesh. The company is exposed to competitive pressure from larger players who operate in these states due its moderate scale of operations.

Exposure to volatility in input costs and cyclicality in the sector

The company is exposed to the commodity price risk arising out of fluctuation in prices of raw materials (gypsum, iron ore, fly ash, and iron slag) and fuel (coal and pet coke). Coal (indigenous and international) is used for both the power generation to run its plants and as fuel for kilns. While pet coke is mostly imported, for coal, the company is relying on both domestic and international sources. Going forward, the company is expected to continue its focus on improving its internal efficiencies. However, coal prices have witnessed some upward movement due to the ongoing geopolitical situation and adverse impact on profitability arising from the same remains a monitorable. The cement industry is highly cyclical in nature and depends largely on the economic growth of the country. There is a high degree of correlation between the GDP growth and the growth in cement consumption. Cement being a cyclical industry goes through phases of ups and downs, and accordingly impacts the unit realisations.

Liquidity: Adequate

The liquidity profile of MCL remains adequate, supported by steady gross cash accruals (GCA) and healthy liquid balances. The company generated GCA of ₹136.34 crore in FY25 (FY24: ₹155.91 crore) and ₹127.76 crore in 9MFY26 (9MFY25: ₹92.22 crore), reflecting improved operational performance in the current year. As on December 31, 2025, the company maintained total liquid balances of ₹240.47 crore, including fixed deposits of ₹162.57 crore, mutual fund investments of ₹68.43 crore, and cash balance of ₹9.47 crore.

Against this, the company has modest near-term repayment obligations of ₹12.81 crore due in February and March 2026, having already repaid ₹58.7 crore till January 31, 2026. Going forward over next two years, the company is expected to generate adequate GCA in the range of ₹210-250 crore to meet its long-term repayments in the range of ₹75-85 crore. In the last 12 months ended December 2025, the average fund-based working capital utilisation stood at 86%. Going forward, the company also has planned capex, which is expected to be funded through a mix of debt and internal accruals. To that extent, internal accruals will be utilised towards funding the capex. However, volatility in accrual generation remains monitorable, although the company is expected to maintain adequate liquidity buffers to support its obligations.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments
Cement

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Construction Materials	Cement and Cement Products	Cement and Cement Products

Incorporated in 1976 and having commenced its business in 1977, MCL is a professionally run B.K. Birla group company, managed by Anshuman Vikram Jalan (son of late Vidula Jalan). The company is engaged in manufacturing cement and currently has an installed cement capacity of 4.4 MTPA (0.75 MTPA grinding unit at Aligarh commenced commercial operations in September

2016), clinker capacity of 2.67 MTPA, coal-based captive power plant of 35 MW (two plants with a capacity of 17.50 MW each) at Morak and 13.65-MW wind power plant (two plants with a capacity of 6.15 MW and 7.50 MW) at Jaisalmer, Rajasthan.

The company has also set up 11-MW WHRS power plant at Morak plant (5.15 MW commissioned in January 2020 and 5.85 MW commissioned in August 2020). The company markets and sells its product under the brand name of Birla Uttam Cement.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	1,727.50	1,680.99	1,295.71
PBILDT*	204.66	162.51	162.89
Profit after tax (PAT)	59.72	45.06	63.72
Overall gearing (x)	0.76	0.74	NA
Interest coverage (x)	3.04	2.36	4.00

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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)		-	-	7-365 days	75.00	CARE A1+
Fund-based - LT-Cash Credit		-	-	-	230.00	CARE A+; Stable
Fund-based - LT-Term Loan		-	-	31-03-2037	58.73	CARE A+; Stable
Fund-based - ST-Working Capital Demand loan		-	-	-	75.00	CARE A1+
Non-fund-based - LT/ ST-BG/LC		-	-	-	535.00	CARE A+; Stable / CARE A1+
Term Loan-Long Term		-	-	31-09-2036	189.68	CARE A+; Stable

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-Cash Credit	LT	230.00	CARE A+; Stable	1)CARE A+; Stable (03-Apr-25)	-	1)CARE A+; Stable (19-Mar-24)	1)CARE A+; Stable (28-Mar-23) 2)CARE A+; Stable (07-Apr-22)
2	Term Loan-Long Term	LT	189.68	CARE A+; Stable	1)CARE A+; Stable (03-Apr-25)	-	1)CARE A+; Stable (19-Mar-24)	1)CARE A+; Stable (28-Mar-23) 2)CARE A+; Stable (07-Apr-22)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	535.00	CARE A+; Stable / CARE A1+	1)CARE A+; Stable / CARE A1+ (03-Apr-25)	-	1)CARE A+; Stable / CARE A1+ (19-Mar-24)	1)CARE A+; Stable / CARE A1+ (28-Mar-23) 2)CARE A+; Stable / CARE A1+ (07-Apr-22)
4	Fund-based - LT-Term Loan	LT	58.73	CARE A+; Stable	1)CARE A+; Stable (03-Apr-25)	-	1)CARE A+; Stable (19-Mar-24)	1)CARE A+; Stable (28-Mar-23) 2)CARE A+; Stable (07-Apr-22)
5	Commercial Paper-Commercial Paper (Standalone)	ST	75.00	CARE A1+	1)CARE A1+ (03-Apr-25)	-	1)CARE A1+ (19-Mar-24)	1)CARE A1+ (28-Mar-23)
6	Fund-based - ST-Working Capital Demand loan	ST	75.00	CARE A1+	1)CARE A1+	-	1)CARE A1+	1)CARE A1+

					(03-Apr-25)		(19-Mar-24)	(28-Mar-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	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple
4	Fund-based - ST-Working Capital Demand loan	Simple
5	Non-fund-based - LT/ ST-BG/LC	Simple
6	Term Loan-Long Term	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.

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About us:

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