THE INDIA CEMENTS LIMITED

Corporate Office : Coromandel Towers, 93, Santhome High Road, Karpagam Avenue,
R.A. Puram, Chennai - 600 028. Phone : 044-2852 1526, 2857 2100
Fax : 044-2851 7198, Grams : 'INDCEMENT'
CIN : L26942TN1946PLC000931

SH/SE/ 13.09.2023

BSE Limited
Corporate Relationship Dept.
First Floor, New Trading Ring
Rotunda Building
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
MUMBAI 400 001.

Scrip Code: 530005

National Stock Exchange of India Ltd
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E)
MUMBAI 400 051.

Scrip Code: INDIACEM

Dear Sirs,

Sub.: CREDIT RATING for Bank Facilities - Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to inform you that CARE Ratings Limited (CARE), vide its letter dated 12.09.2023, revised the ratings assigned to our bank facilities as under. A copy of the said letter received from CARE along with the relevant extract of rationale is enclosed.

Facilities	Rating	Rating Action
Long-term Bank Facilities	CARE BBB-; Negative (Triple B Minus; Outlook: Negative)	Revised from CARE BBB; Negative (Triple B; Outlook: Negative)
Short-term Bank Facilities	CARE A3 (A Three)	Reaffirmed

Thanking you,

Yours faithfully,
for **THE INDIA CEMENTS LIMITED**

S. Sridharan

COMPANY SECRETARY

Encl.: As above

No. CARE/CRO/RL/2023-24/1205

Shri Mr. Chakrapani
Senior Vice President
The India Cements Limited
Coromondal towers, 93, santhome high road
Karpagam avenue, R.A Puram
Chennai
Tamil Nadu 600028

September 12, 2023

Confidential

Dear Sir,

Credit rating for bank facilities

Please refer to our rating letter no. CARE/CRO/RL/2023-24/1196 dated September 06, 2023, and your representation letter dated September 08, 2023 on the above subject.

2. Our Rating Committee has carefully reconsidered the representation made by you regarding the revision in rating assigned to the above mentioned bank facilities. It has, however, not been found possible to upgrade the rating for the facilities and the rating stands at '**CARE BBB-; Negative [Triple B Minus; Outlook: Negative)** for long-term facilities and '**CARE A3; [A Three]** for short-term facilities. In this connection, we assure you that the facts mentioned in your letter under reference were considered while deciding the rating.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,

Mayank Sanghvi
Lead Analyst
mayank.sanghvi@careedge.in

Ravleen Sethi
Associate Director
ravleen.sethi@careedge.in

Relevant extract from CARE Edge Press Release:

The India Cements Limited

September 12, 2023

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	2,788.00 (Reduced from 3,079.49)	CARE BBB-; Negative	Revised from CARE BBB; Negative
Short-term bank facilities	893.00 (Reduced from 900.00)	CARE A3	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in the ratings assigned to the bank facilities of The India Cements Limited (ICL) is on account of weak operational performance of the company in FY23 (refers to the period April 01 to March 31) and the cement segment witnessing an operational loss even in Q1FY24 (refers to the period April 01 to June 30) after posting a loss for FY23. The subdued operating performance stems from the significantly higher power and fuel requirement compared to the industry average. ICL's capital structure is also highly leveraged and the repayment of debt in the light of subdued operational cash flows from business, is largely dependent on the successful divestment from the non-core asset and realization of loans advanced to the group companies and related parties.

While the company has identified measures to improve the operational efficiency, the expected measures shall be fully implemented only by Q4FY24 (refers to the period April 01 to June 30) and is also contingent upon availability of funds so as to be able to implement them and derive the said benefits. In Q4FY23 and Q1FY24 the company has been able to garner ₹105 crore from its group companies towards the loans advanced by it which were largely utilized to meet the debt repayments. Despite the steps undertaken by the company, CARE Ratings Limited (CARE Ratings) believes that owing to the weak operating performance of the company, the net debt to EBITDA will remain stretched and over 6x in FY24 and FY25 unless management resorts to deleveraging by equity infusion or sale of non-core assets as guided earlier. The continuous weak operating performance has triggered the negative sensitivity and accordingly ratings have been revised.

During FY24 as well ICL is expected to largely rely on the funds received on account of divestment and realisation of loans advanced to group companies to meet its debt obligations and to fund the capex required to improve its operational metrices which remains a key monitorable.

The ratings continue to remain constrained on account of the susceptibility of the revenues and profitability to the demand-supply dynamics of the cement market, relatively high operating cost as compared to the other industry players, exposure to group entities, cyclical nature of the cement industry and inability of the company to increase its market share in the southern market. The ability of the company to improve its operating performance, reduce reliance on divestment proceeds and bring down its debt levels going forward shall remain key rating monitorable.

The ratings, however, derive strength from ICL's long standing position in the southern markets along with the financial flexibility of the promoter, integrated nature of operations with presence of captive power plants and the demonstrated ability of management to realise loans advanced to group companies recently and also raise funds by selling mines in FY22.