

December 31, 2018

Bombay Stock Exchange Limited
 New Trading Ring,
 Rotunda Building, P J Towers, Dalal
 Street, Fort
 Mumbai-400001
 Security Code: 535754

National Stock Exchange of India Limited
 "Exchange Plaza", Plot No. C-1, Block G
 Bandra – Kurla Complex, Bandra (East),
 Mumbai – 400 051

Symbol: ORIENTCEM

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015

Dear Sir,

This is to inform you that CARE Ratings Limited (formerly Credit Analysis & Research Limited) has reviewed the below mentioned ratings of the Company:

| Facilities | Amount (Rs. crore) | Rating |
|-----------------------------|--------------------|--------------------------|
| Long term Bank facilities | 1,278.19 | CARE AA-(Double A minus) |
| Commercial Paper (CP) issue | 150 | CARE A1+(A One Plus) |
| Commercial Paper (CP) issue | 100 | CARE A1+(A One Plus) |

In this regard, the communication dated December 26, 2018, received on December 31, 2018, from Care Ratings Limited is attached herewith.

This is for your information and records.

Thanking you,

Yours sincerely,
 For and on behalf of Company Secretary
Orient Cement Limited



Aanchal Prabhakar
 Assistant Manager- Secretarial

Encls: as stated

No. CARE/DRO/RL/2018-19/2980

Mr. Deepak Khetrupal
Managing Director & CEO
Orient Cement Limited
Birla Tower, 3rd Floor,
25, Barakhamba Road,
New Delhi-110001

December 26, 2018

Confidential

Dear Sir,

Credit rating for bank facilities

On the basis of recent developments including operational and financial performance of your company for FY18 (Audited) and H1FY19 (provisional), our Rating Committee has reviewed the following ratings:

| Facilities | Amount (Rs. crore) | Rating ¹ | Rating Action |
|---------------------------|---|--|---|
| Long term Bank Facilities | 1278.19 (reduced from 1317) | CARE AA-; Negative (Double A Minus; Outlook: Negative) | Rating Reaffirmed Outlook revised from Stable to Negative |
| Total | 1278.19 (Rs. One Thousand Two Hundred Seventy Eight Crore and Nineteen Lakh only) | | |

2. Refer **Annexure 1** for details of rated facilities.
3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure-2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by December 27, 2018, we will proceed on the basis that you have no any comments to offer.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

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

Thanking you,

Yours faithfully,


Tushar Agrawal
Deputy Manager
tushar.agrawal@careratings.com


Jasmeen Kaur
Associate Director
jasmeen.kaur@careratings.com

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CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure 1
Details of Rated Facilities

1. Long-term facilities

1.A. Facility 1 (Secured rupee term loans)

| Sr. No | Lender | Rated Amount (Rs. Crore) | Remarks (Outstanding) | Debt Repayment Terms |
|--------|-----------------------------|--------------------------|-----------------------|--|
| 1. | State Bank of India | 575.94 | Outstanding | 56 un-equal Quarterly Repayment from June 30, 2017 till March 31, 2031 |
| 2. | Punjab National Bank | 94.00 | | |
| 3. | Indian Bank | 158.04 | | |
| 4. | Export Import Bank of India | 94.00 | | |
| 5. | HDFC Bank | 224.61 | | |
| 6. | ICICI Bank | 131.60 | | |
| | Total Facility 1 | 1278.19 | | |

Total long-term facilities as at (1.A) Rs.1278.19 crore

Annexure 2
Press Release
Orient Cement Limited

Ratings

| Facilities | Amount (Rs. crore) | Rating ¹ | Rating Action |
|------------------------------|---|--|---|
| Long term Bank Facilities | 1278.19 (reduced from 1317.00) | CARE AA-; Negative (Double A Minus; Outlook: Negative) | Rating Reaffirmed Outlook revised from Stable to Negative |
| Total | 1278.19 (Rs. One Thousand Two Hundred Seventy Eight Crore and Nineteen Lakh only) | | |
| Commercial Paper (CP) issue* | 150 (Rs. One hundred and fifty crore only) | CARE A1+ (A One Plus) | Reaffirmed |
| Commercial Paper (CP) issue | 100 (Rs. One hundred crore only) | CARE A1+ (A One Plus) | Reaffirmed |

Details of instruments/facilities in Annexure-1

* Carved out of the sanctioned working capital limits of the company.

Detailed Rationale

The ratings assigned to the bank facilities and instruments of Orient Cement Limited (OCL) continue to draw support from experienced promoters and management team, established group viz. CK. Birla group with long presence in the cement industry, operational efficiency due to backward integration and satisfactory capacity utilization.

The ratings, however, are constrained by volatility in profitability margins on account of fluctuating realizations, volatility in the input costs, moderate gearing ratio and cyclical nature of the cement industry.

Going forward, improvement in realizations and the profitability of OCL and any debt funded capex and its impact on the capital structure shall be the key rating sensitivities.

Outlook: Negative

The revision in the outlook reflects weak financial performance in H1FY19 at the back of increase in input costs and subdued realizations in the regions OCL operates in and low EBIDTA per tonne for the company. The continuation of the subdued situation can impact the overall financial risk profile of the company in the medium term. However, the outlook may be revised to 'Stable' if the company exhibits improvement in operational and financial performance.

Detailed description of the key rating drivers

Key Rating Strengths

Established group with experienced promoters and management team: OCL is a part of C.K. Birla Group, which has 37.5% stake in the company. This is a leading industrial group of the country and has major presence in diverse range of products. The promoters have been operating the cement business for over three decades thereby having considerable experience. Also, the company's Managing Director, Mr Deepak Khetrupal has extensive industry experience.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Satisfactory capacity utilization and volume growth in H1FY19: The production volume of the company has increased 13.50% from 2.74 mtpa in H1FY18 to 3.11 mtpa in H1FY19. The overall capacity utilization for the FY18 stood at 72% (69% in FY17) and 78% in H1FY19 (69% in H1FY18).

Backward integration with locational advantage: The company meets majority of its power requirements through its coal based captive power capacity of 95MW. The company sources limestone for the cement division from its mines located nearby the respective plants in Telangana and Karnataka. The mines have sufficient proven reserves to support the operation for about next 35-40 years. Therefore, backward integration and proximity to the major raw material sources helps the company in availing operational advantages and achieving lower cost of sales. However, the cement operations remain exposed to volatility in input prices.

Key Rating Weaknesses

Moderate financial risk profile: The financial performance in H1FY19 is weak as compared to H1FY18. The total operating income increased by 9.09% from Rs.1105.92 crore in H1FY18 to Rs.1206.47 crore in H1FY19 on account of increase in volumes. However, the PBLIDT and FAT declined by 38.47% and 101.65% in H1FY19 as compared to H1FY18. The PBLIDT and PAT for H1FY19 stood at Rs.126.96 crore (Rs.206.33 crore in H1FY18) and Rs.(-)0.73 crore (Rs.49.07 crore in H1FY18) respectively. The weak financial performance in H1FY19 on YoY basis is due to higher freight cost and power & fuel cost. The company's sales realization in H1FY19 stood at Rs.3824 (Rs.4026 in H1FY18). The overall gearing for the company remains moderate at 1.45x as on September 30, 2018 (1.38x as on March 31, 2018). Going forward, if the performance remains weak, it may also have an adverse impact on the company's gearing levels.

However, the company's financial performance in FY18 improved due to better demand and sales realization. The company's total operating income increased 18.81% to Rs.2242.57 crore in FY18 (Rs.1887.42 crore in FY17). The company's PBLIDT stood at Rs.324.07 crore in FY18 (Rs.190.13 crore in FY17). The company also reported net profit of Rs.44.22 crore in FY18 (net loss of Rs.32.10 crore in FY17) and GCA of Rs.196.20 crore in FY18 (Rs.55.06 crore in FY17).

Exposure to volatility in input and finished goods prices: While the company has captive mines for limestone, it meets coal requirement largely through FSA and through auctions or open market purchases from the domestic producers. The company also uses pet coke (~6% of total fuel requirement in H1FY19, ~20% in FY18 and ~26% in FY17) which it sources from the domestic producers. The company depends on the open market purchases for meeting its raw material requirement, thus remains exposed to risk arising on account of the volatility in the raw material prices. The company also remains exposed to risk of volatile movement in the price of diesel in the future with respect to freight cost. Furthermore, with the surplus capacity of the cement industry, the price of cement remains susceptible to demand supply dynamics and pricing discipline by the various producers.

Liquidity analysis:

The liquidity of the company is moderate. The company has cash and cash equivalents of Rs.2.50 crore as on September 30, 2018 (Rs.33.13 crore as on March 31, 2018). The company also has sanctioned working capital limits of Rs.300 crore which has average utilization of around 40%.

Analytical approach:

Standalone

Applicable Criteria:

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology-Manufacturing Companies](#)

Financial ratios – Non-Financial Sector
Rating Methodology – Cement Industry

About the Company

Incorporated in July 2011, OCL is a part of C.K. Birla group promoted by late Mr B M Birla. The company was incorporated to acquire the cement division of Orient Paper & Industries Ltd (OPIL). Pursuant to the approval of Honorable Orissa High Court, the cement undertaking of OPIL was transferred to OCL on a going concern basis w.e.f. April 01, 2012. The cement division of OPIL, i.e., Orient Cement Limited was setup in 1979 and in 1982 the division's first cement plant began production. The company's cement plants having aggregate installed capacity of 8 million tonnes per annum (mtpa) are located at Telangana, Maharashtra and Karnataka (commissioned in September, 2015). The company sells cement under the brand name of 'Birla A1'.

| Brief Financials (Rs. crore) | FY17 (A) | FY18 (A) |
|------------------------------|----------|----------|
| Total operating income | 1887.42 | 2242.57 |
| PBILDT | 190.39 | 325.40 |
| PAT | -32.09 | 44.22 |
| Overall gearing (times) | 1.45 | 1.38 |
| Interest coverage (times) | 1.40 | 2.52 |

*A: Audited

Status of non-cooperation with previous CRA:

NA

Any other information:

Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Analyst Contact:

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Tel: 011-45333245

Mobile: 9810401324

Email: jasmeen.kaur@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy,

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CARE Ratings Limited

(Formerly known as Credit Analysis & Research Limited)

adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|--|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Term Loan | - | - | Mar-31 | 1278.19 | CARE AA-; Negative |
| Commercial Paper | - | - | 7-364 days | 100.00 | CARE A1+ |
| Commercial Paper- Commercial Paper (Carved out) | - | - | 7-364 days | 150.00 | CARE A1+ |

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|--|-----------------|--------------------------------|--------------------|---|--|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 | Date(s) & Rating(s) assigned in 2015-2016 |
| 1. | Fund-based - LT-Term Loan | LT | 1278.19 | CARE AA-; Negative | 1)CARE AA-; Stable (07-Jun-18) | 1)CARE AA- (Under Credit watch with Negative Implications) (16-Mar-18) | 1)CARE AA- (Under Credit watch with Negative Implications) (27-Mar-17) 2)CARE AA- (Under Credit Watch) (19-Oct-16) | 1)CARE AA- (04-Dec-15) |
| 2. | Commercial Paper | ST | 100.00 | CARE A1+ | 1)CARE A1+ (07-Jun-18) | 1)CARE A1+ (Under Credit watch with Negative Implications) (16-Mar-18) | 1)CARE A1+ (Under Credit watch with Negative Implications) (27-Mar-17) 2)CARE A1+ (Under Credit Watch) (19-Oct-16) 3)CARE A1+ (16-May-16) | 1)CARE A1+ (04-Dec-15) |
| 3. | Commercial Paper- Commercial Paper (Carved out) | ST | 150.00 | CARE A1+ | 1)CARE A1+ (07-Jun-18) | 1)CARE A1+ (Under Credit watch with Negative Implications) (16-Mar-18) | 1)CARE A1+ (Under Credit watch with Negative Implications) (27-Mar-17) | 1)CARE A1+ (04-Dec-15) |

| | | | | | | | | |
|--|--|--|--|--|--|--|---|--|
| | | | | | | | 2)CARE A1+ (Under Credit watch with Developing Implications) (21-Feb-17) | |
| | | | | | | | 3)CARE A1+ (Under Credit Watch) (19-Oct-16) | |
| | | | | | | | 4)CARE A1+ (16-May-16) | |

No. CARE/DRO/RL/2018-19/2981

Mr. Deepak Khetrpal
Managing Director & CEO
Orient Cement Limited
Birla Tower, 3rd Floor,
25, Barakhamba Road,
New Delhi-110001

December 26, 2018

Confidential

Dear Sir,

Credit rating for Commercial Paper (CP) issue aggregating Rs. 250 crore¹

On the basis of recent developments including operational and financial performance of your company for FY18 (audited) and H1FY19 (provisional), our Rating Committee has reviewed the following rating(s):

| Instrument | Amount (Rs. crore) | Rating ² | Rating Action |
|------------------------------|---|--------------------------|---------------|
| Commercial Paper (CP) issue* | 150 (Rs. One hundred and fifty crore only) | CARE A1+ (A One Plus) | Reaffirmed |
| Commercial Paper (CP) issue | 100 (Rs. One hundred crore only) | CARE A1+ (A One Plus) | Reaffirmed |
| Total | 250 (Rs. Two hundred and fifty crore only) | | |

*carved out of the sanctioned working capital limits of the company.

- The CP issue would be for a maturity not exceeding one year.
- Please arrange to get the rating revalidated in case the issue is not made within **two months** from the date of this letter i.e. by February 25, 2019. Once the CP is placed, the rating is valid for the tenure of such instrument till redemption.
- Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

| Instrument type | ISIN | Issue Size (Rs cr.) | Coupon Rate | Coupon Payment Dates | Terms of Redemption | Redemption date | Name and contact details of Trustee/IPA | Details of top 10 investors |
|-----------------|------|---------------------|-------------|----------------------|---------------------|-----------------|---|-----------------------------|
| | | | | | | | | |

¹ This represents the aggregate of all CP issuances of the company outstanding at any point in time.
(Formerly known as Credit Analysis & Research Limited)

² Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

5. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by December 27, 2018, we will proceed on the basis that you have no any comments to offer.
6. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
7. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
9. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

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

Thanking you,

Yours faithfully,


Tushar Agrawal
Deputy Manager
tushar.agrawal@careratings.com


Jasmeen Kaur
Associate Director
jasmeen.kaur@careratings.com

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

Encl.: As above

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CARE Ratings Limited

(Formerly known as Credit Analysis & Research Limited)

**Annexure
Press Release
Orient Cement Limited**

Ratings

| Facilities | Amount (Rs. crore) | Rating ³ | Rating Action |
|---------------------------------|--|--|---|
| Long term Bank Facilities | 1278.19 (reduced from 1317.00) | CARE AA-; Negative (Double A Minus; Outlook: Negative) | Rating Reaffirmed Outlook revised from Stable to Negative |
| Total | 1278.19 (Rs. One Thousand Two Hundred Seventy Eight Crore and Nineteen Lakh only) | | |
| Commercial Paper (CP) issue* | 150 (Rs. One hundred and fifty crore only) | CARE A1+ (A One Plus) | Reaffirmed |
| Commercial Paper (CP) issue | 100 (Rs. One hundred crore only) | CARE A1+ (A One Plus) | Reaffirmed |

Details of instruments/facilities in Annexure-1

*Carved out of the sanctioned working capital limits of the company.

Detailed Rationale

The ratings assigned to the bank facilities and instruments of Orient Cement Limited (OCL) continue to draw support from experienced promoters and management team, established group viz. CK. Birla group with long presence in the cement industry, operational efficiency due to backward integration and satisfactory capacity utilization.

The ratings, however, are constrained by volatility in profitability margins on account of fluctuating realizations, volatility in the input costs, moderate gearing ratio and cyclical nature of the cement industry. Going forward, improvement in realizations and the profitability of OCL and any debt funded capex and its impact on the capital structure shall be the key rating sensitivities.

Outlook: Negative

The revision in the outlook reflects weak financial performance in H1FY19 at the back of increase in input costs and subdued realizations in the regions OCL operates in and low EBIDTA per tonne for the company. The continuation of the subdued situation can impact the overall financial risk profile of the company in the medium term. However, the outlook may be revised to 'Stable' if the company exhibits improvement in operational and financial performance.

Detailed description of the key rating drivers

Key Rating Strengths

Established group with experienced promoters and management team: OCL is a part of C.K. Birla Group, which has 37.5% stake in the company. This is a leading industrial group of the country and has major presence in diverse range of products. The promoters have been operating the cement business for over three decades thereby having considerable experience. Also, the company's Managing Director, Mr Deepak Khetrpal has extensive industry experience.

³Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

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Satisfactory capacity utilization and volume growth in H1FY19: The production volume of the company has increased 13.50% from 2.74 mtpa in H1FY18 to 3.11 mtpa in H1FY19. The overall capacity utilization for the FY18 stood at 72% (69% in FY17) and 78% in H1FY19 (69% in H1FY18).

Backward integration with locational advantage: The company meets majority of its power requirements through its coal based captive power capacity of 95MW. The company sources limestone for the cement division from its mines located nearby the respective plants in Telangana and Karnataka. The mines have sufficient proven reserves to support the operation for about next 35-40 years. Therefore, backward integration and proximity to the major raw material sources helps the company in availing operational advantages and achieving lower cost of sales. However, the cement operations remain exposed to volatility in input prices.

Key Rating Weaknesses

Moderate financial risk profile: The financial performance in H1FY19 is weak as compared to H1FY18. The total operating income increased by 9.09% from Rs.1105.92 crore in H1FY18 to Rs.1206.47 crore in H1FY19 on account of increase in volumes. However, the PBLIDT and PAT declined by 38.47% and 101.65% in H1FY19 as compared to H1FY18. The PBLIDT and PAT for H1FY19 stood at Rs.126.96 crore (Rs.206.33 crore in H1FY18) and Rs.(-)0.73 crore (Rs.49.07 crore in H1FY18) respectively. The weak financial performance in H1FY19 on YoY basis is due to higher freight cost and power & fuel cost. The company's sales realization in H1FY19 stood at Rs.3824 (Rs.4026 in H1FY18). The overall gearing for the company remains moderate at 1.45x as on September 30, 2018 (1.38x as on March 31, 2018). Going forward, if the performance remains weak, it may also have an adverse impact on the company's gearing levels.

However, the company's financial performance in FY18 improved due to better demand and sales realization. The company's total operating income increased 18.81% to Rs.2242.57 crore in FY18 (Rs.1887.42 crore in FY17). The company's PBLIDT stood at Rs.324.07 crore in FY18 (Rs.190.13 crore in FY17). The company also reported net profit of Rs.44.22 crore in FY18 (net loss of Rs.32.10 crore in FY17) and GCA of Rs.196.20 crore in FY18 (Rs.55.06 crore in FY17).

Exposure to volatility in input and finished goods prices: While the company has captive mines for limestone, it meets coal requirement largely through FSA and through auctions or open market purchases from the domestic producers. The company also uses pet coke (~6% of total fuel requirement in H1FY19, ~20% in FY18 and ~26% in FY17) which it sources from the domestic producers. The company depends on the open market purchases for meeting its raw material requirement, thus remains exposed to risk arising on account of the volatility in the raw material prices. The company also remains exposed to risk of volatile movement in the price of diesel in the future with respect to freight cost. Furthermore, with the surplus capacity of the cement industry, the price of cement remains susceptible to demand supply dynamics and pricing discipline by the various producers.

Liquidity analysis:

The liquidity of the company is moderate. The company has cash and cash equivalents of Rs.2.50 crore as on September 30, 2018 (Rs.33.13 crore as on March 31, 2018). The company also has sanctioned working capital limits of Rs.300 crore which has average utilization of around 40%.

Analytical approach:

Standalone

Applicable Criteria:

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology-Manufacturing Companies](#)

[Financial ratios – Non-Financial Sector](#)

[Rating Methodology – Cement Industry](#)

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Limited)

About the Company

Incorporated in July 2011, OCL is a part of C.K. Birla group promoted by late Mr B M Birla. The company was incorporated to acquire the cement division of Orient Paper & Industries Ltd (OPIL). Pursuant to the approval of Honorable Orissa High Court, the cement undertaking of OPIL was transferred to OCL on a going concern basis w.e.f. April 01, 2012. The cement division of OPIL, i.e., Orient Cement Limited was setup in 1979 and in 1982 the division's first cement plant began production. The company's cement plants having aggregate installed capacity of 8 million tonnes per annum (mtpa) are located at Telangana, Maharashtra and Karnataka (commissioned in September, 2015). The company sells cement under the brand name of 'Birla A1'.

| Brief Financials (Rs. crore) | FY17 (A) | FY18 (A) |
|------------------------------|----------|----------|
| Total operating income | 1887.42 | 2242.57 |
| PBILDT | 190.39 | 325.40 |
| PAT | -32.09 | 44.22 |
| Overall gearing (times) | 1.45 | 1.38 |
| Interest coverage (times) | 1.40 | 2.52 |

*A: Audited

Status of non-cooperation with previous CRA:

NA

Any other information:

Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|--|------------------|-------------|---------------|-------------------------------|---|
| Fund-based - LT-Term Loan | - | - | Mar-31 | 1278.19 | CARE AA-; Negative |
| Commercial Paper | - | - | 7-364 days | 100.00 | CARE A1+ |
| Commercial Paper- Commercial Paper (Carved out) | - | - | 7-364 days | 150.00 | CARE A1+ |

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|--|-----------------|--------------------------------|--------------------|---|--|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 | Date(s) & Rating(s) assigned in 2016-2017 | Date(s) & Rating(s) assigned in 2015-2016 |
| 1. | Fund-based - LT-Term Loan | LT | 1278.19 | CARE AA-; Negative | 1)CARE AA-; Stable (07-Jun-18) | 1)CARE AA- (Under Credit watch with Negative Implications) (16-Mar-18) | 1)CARE AA- (Under Credit watch with Negative Implications) (27-Mar-17) 2)CARE AA- (Under Credit Watch) (19-Oct-16) | 1)CARE AA- (04-Dec-15) |
| 2. | Commercial Paper | ST | 100.00 | CARE A1+ | 1)CARE A1+ (07-Jun-18) | 1)CARE A1+ (Under Credit watch with Negative Implications) (16-Mar-18) | 1)CARE A1+ (Under Credit watch with Negative Implications) (27-Mar-17) 2)CARE A1+ (Under Credit Watch) (19-Oct-16) 3)CARE A1+ (16-May-16) | 1)CARE A1+ (04-Dec-15) |
| 3. | Commercial Paper- Commercial Paper (Carved out) | ST | 150.00 | CARE A1+ | 1)CARE A1+ (07-Jun-18) | 1)CARE A1+ (Under Credit watch with Negative Implications) (16-Mar-18) | 1)CARE A1+ (Under Credit watch with Negative Implications) (27-Mar-17) 2)CARE A1+ (Under Credit Watch) (19-Oct-16) | 1)CARE A1+ (04-Dec-15) |

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| | | | | | | | | |
|--|--|--|--|--|--|--|---|--|
| | | | | | | | watch with Developing Implications) (21-Feb-17) 3)CARE A1+ (Under Credit Watch) (19-Oct-16) 4)CARE A1+ (16-May-16) | |
|--|--|--|--|--|--|--|---|--|

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