

July 29, 2010

**CARE REAFFIRMS RATINGS FOR OUTSTANDING NCDS, BANK FACILITIES & PROPOSED LONG TERM BORROWING PROGRAMME OF SHREE CEMENT LTD.**

**Ratings Assigned**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term bank facilities	1263.1	<b>'CARE AA+' (Double A plus)</b>	Reaffirmed
Short-term bank facilities	150.0	<b>'PR1+' (PR One plus)</b>	Reaffirmed
<b>Total Facilities</b>	<b>1413.1</b>		
Proposed long term borrowing (incl. NCD) programme	200.0	<b>'CARE AA+' (Double A plus)</b>	Revalidated
Outstanding NCD	300.0	<b>'CARE AA+' (Double A plus)</b>	Reaffirmed
Short term debt (incl CP)	300.0	<b>'PR1+' (PR One plus)</b>	Reaffirmed

**Rating Rationale**

The ratings continue to draw comfort from rich experience of the promoters & managerial team, operational efficiency due to backward integration (limestone & power) and usage of pet coke, increasing capacity & sustained high capacity utilisation, strong brand image, consistent improvement in financial performance & debt-servicing parameters, sizeable portfolio of surplus liquid funds, successful project implementation track record, SCL's position as one of the lowest cost cement players in the country and Government support & thrust on infrastructure creation. The rating also factor in the challenging operating environment for the domestic cement industry emanating from the planned capacity expansions and rising input costs. Ability to sustain profitability and capacity utilisation in the wake of likely capacity additions in the industry are the key rating sensitivities.

**Company Profile**

SCL, incorporated in 1979 and belonging to Shri B. G. Bangur - H. M. Bangur faction of Bangur family of Kolkata, is engaged in cement manufacturing with its seven plants (aggregate capacity – 7.9 mn tonnes p.a.). It also sells surplus power generated captively since FY09. Having won various quality & productivity linked awards, the cement plants are considered among the most energy efficient plants in the country. SCL primarily operates in Northern and some parts of Central India. With 21% market share in north India, SCL is the largest operator in the region. Currently, the company is setting up a clinker plant and two thermal power plants at Ras, grinding units at Jaipur & Haridwar and a coal storage plant at Beawar at an aggregate cost of Rs.1959.5 crore. Till May 31, 2010, the company has spent Rs.726 crore on these projects which are likely to be completed by December, 2011, in phases.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications.

During FY10, SCL earned a PAT of Rs.703.1 crore on a total income of Rs.3754.9 crore. Long-term debt-equity and overall gearing ratios stood at 1.06 & 1.16 respectively, as on Mar.31, 2010. As on Mar.31, 2010, the company had a surplus amount of Rs.1956.8 crore invested in liquid mutual funds and fixed deposits.

**Analyst Contact**

Name: Priti Agarwal / Lalit Sikaria  
Tel # 033 2283 1800 / 033 2280 8472  
Mobile # 09831967110 / 09830386869

Email: [priti.agarwal@careratings.com](mailto:priti.agarwal@careratings.com) / [lalit.sikaria@careratings.com](mailto:lalit.sikaria@careratings.com)

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

**HEAD OFFICE: MUMBAI**

**Mr. D.R. Dogra**

Managing Director

Cell : +91-98204 16002

E-mail : dr.dogra@careratings.com

**Mr. Rajesh Mokashi**

Dy. Managing Director

Cell : +91-98204 16001

E-mail: rajesh.mokashi@careratings.com

**Mr. Ankur Sachdeva**

Head - Business Development

Cell : +91-9819698985

E-mail: ankur.sachdeva@careratings.com

4<sup>th</sup> Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway,  
Sion (East), **Mumbai 400 022** Tel.: (022) 67543456 Fax: (022) 67543457

**Website: www.careratings.com**

**OFFICES**

<p>Mr.Mehul Pandya Regional Manager 32 TITANIUM Praladnagar Corporate Road, Satellite, <b>Ahmedabad - 380 015.</b> Tel – 079 4026 5656 Mobile - 98242 56265 E-mail: mehul.pandya@careratings.com</p>	<p>Mr.Sundara Vathanan Regional Manager Unit No. 8, I floor, Commander's PlaceNo. 6, Raja Ram Mohan Roy Road, Richmond Circle, <b>Bangalore - 560 025.</b> Tel – 080 2211 7140 Mobile – 98803 60878 E-mail: sundara.vathanan@careratings.com</p>
<p>Mr. Pradeep Kumar Regional Manager Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, <b>Chennai 600 002</b> Tel: 044 2849 7812/2849 0811 Mobile – 98407 54521 E-mail : Pradeep.kumar@careratings.com</p>	<p>Mr. Ashwini Jani Regional Manager 401, Ashoka Scintilla 3-6-520, Himayat Nagar <b>Hyderabad - 500 029</b> Tel – 040 40102030 Mobile – 91766 47599 E-mail: ashwini.jani@careratings.com</p>
<p>Mr. Sukanta Nag Regional Manager 3<sup>rd</sup> Floor, Prasad Chambers (Shagun Mall Building) 10A, Shakespeare Sarani <b>Kolkata - 700 071.</b> Tel – 033 2283 1800/1803 Mobile – 98311 70075 E- mail: sukanta.nag@careratings.com</p>	<p>Ms.Swati Agrawal Regional Manager 710 Surya Kiran, 19 K.G. Road, <b>New Delhi - 110 001.</b> Tel – 011 2331 8701/2371 6199 Mobile – 98117 45677 E-mail : swati.agrawal@careratings.com</p>