

April 03, 2024

Star Cement Limited: Ratings withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based limits	131.0	131.0	[ICRA]AA- (Positive); withdrawn
Short-term – Non-fund based facilities	143.0	143.0	[ICRA]A1+; withdrawn
Total	274.00	274.00	

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the rating assigned to the bank facilities of Star Cement Limited (SCL) at the request of the company and based on the No Objection Certificate (NOC) received from the bankers, and in accordance with ICRA's policy on withdrawal of credit ratings. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed.

The key rating drivers, liquidity position and rating sensitivities have not been captured as the rated instruments are being withdrawn. The previous detailed rating rationale is available at the following link: [Click Here.](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Rating Methodology - Cement Policy on withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of SCL.

About the company

Star Cement Limited (SCL, erstwhile Cement Manufacturing Company Limited) began operations in 2005. It manufactures clinker and cement. Apart from a 0.8-MMTPA clinker manufacturing unit and 5.00-MMTPA cement grinding unit of SCL, at the consolidated level, the Group has additional facilities of a 0.7-MMTPA cement grinding unit (under Megha Technical and Engineers Private Limited-MTEPL), a 2.0-MMTPA clinker manufacturing unit (under Star Cement Meghalaya Limited- SCML) and a 51-MW captive coal-based power plant (under Meghalaya Power Limited-MPL). The Star Group has a consolidated cement production capacity of 5.7 MTPA, of which 65% is in the NE region and the remaining in eastern India. SCL holds 100% equity share in MTEPL and MPL, and 87.49% in SCML (with the balance being held by MTEPL).

Key financial indicators (audited)

SCL Consolidated	FY2022	FY2023	9M FY2024*
Operating income	2221.8	2704.8	1997.1
PAT	246.8	247.6	207.4
OPBDIT/OI	15.4%	16.9%	18.9%
PAT/OI	11.1%	9.2%	10.4%
Total outside liabilities/Tangible net worth (times)	0.1	0.2	NA
Total debt/OPBDIT (times)	0.1	0.1	NA
Interest coverage (times)	25.7	47.0	44.6

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; NA: Not available

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument		Current rating (FY2025)				Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Amount outstanding as on Dec 31, 2023 (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
					Apr 03, 2024	-	Mar 15, 2023	Dec 10, 2021
1	Cash credit/ Working capital demand loan	Long term	131.0	--	[ICRA]AA- (Positive); withdrawn	-	[ICRA]AA- (Positive)	[ICRA]AA- (Stable)
2	Letter of credit/ Bank guarantee	Short term	143.0	--	[ICRA]A1+; withdrawn	-	[ICRA]A1+	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based limits	Simple
Short-term – Non-fund based facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#).

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash credit/ Working capital demand loan	NA	NA	NA	131.0	[ICRA]AA- (Positive); withdrawn
NA	Letter of credit/ Bank guarantee	NA	NA	NA	143.0	[ICRA]A1+; withdrawn

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Star Cement Meghalaya Limited	87.49%	Full Consolidation
Megha Technical and Engineers Private Limited	100.00%	Full Consolidation
Meghalaya Power Limited	100.00%	Full Consolidation
NE Hills Hydro Limited	100.00%	Full Consolidation
Star Century Global Cement Private Limited	100.00%	Full Consolidation
Star Cement (I) Ltd	60.00%	Full Consolidation
Star Cement North East Limited	60.00%	Full Consolidation

Source: SCL

ANALYST CONTACTS

Rajeshwar Burla
+91 40 6939 6443
rajeshwar.burla@icraindia.com

Anupama Reddy
+91 40 6939 6427
anupama.reddy@icraindia.com

Abhishek Lahoti
+91 40 6939 6433
abhishek.lahoti@icraindia.com

Hemanth Vasishta Attaluri
+91 40 6939 6419
vasishta.attaluri@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2024 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.