SHIVA

A SUBSIDIARY OF JSW Cement

Date: 26th April 2024

To,

BSE Ltd.
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400
001corp.relations@bseindia.com
Scrip Code – 532323

Dear Sir/Madam,

Re: Intimation of Credit Rating, pursuant to Regulation 30 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations 2015")

Pursuant to Regulation 30 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations 2015") we hereby inform you that:

CRISIL Ratings Limited vide its letter dated April 26, 2024 has provided the Company's Rating as tabulated under:

Credit Rating Agency	Type of Credit Rating	Rating
CRISIL Ratings Limited	Long term Bank Facilities	CRISIL A+/Stable (Migrated from 'CRISIL A+ (CE)/Stable')

A copy of the report covering the rationale for the rating is attached herewith and also available on their website at the given below link:

https://www.crisilratings.com/mnt/winshare/Ratings/RatingList/RatingDocs/ShivaCementLimited_April%2026_%202024_RR_337660.html

The above is for your information and record.

Thanking You,

Yours Faithfully
For Shiva Cement Limited

SNEHA BINDRA

Digitally signed by SNEHA BINDRA
DN: c=IN, o=PERSONAL, title=0923,
pseudonym=0cf4fad2d90d47989a97ce97a39323e4,
2.5.4.20=6548ecb0dbef219ece5ddb2ad4b6b36001854c0cf1500214c7e406495ee47011,
postalCode=400093, st=Maharashtra,
serialNumber=0e4c1d59864a05be4c206cd9616e01dd6ec443abbe5977922e9a060c94a42587,
cn=SNEHA BINDRA
Date: 2024.04.26 19:10:22 +05'30'

Sneha Bindra
Company Secretary
A29721

Rating Rationale

April 26, 2024 | Mumbai

Shiva Cement Limited

Rating migrated to 'CRISIL A+/Stable'

Rating Action

Total Bank Loan Facilities Rated	**Rs.1066 Crore**
Long Term Rating	**CRISIL A+/Stable (Migrated from 'CRISIL A+ (CE)/Stable')**

Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has migrated its rating on the long-term bank facilities of Shiva Cement Ltd (SCL) to '**CRISIL A+/Stable**' from 'CRISIL A+ (CE)/Stable'.

The company is a subsidiary of JSW Cement Ltd (JSWCL; 'CRISIL A+/Stable') and has clinker manufacturing capacity of 1.4 MTPA in Odisha along with captive limestone mines. It supplies a large part of its clinker to the grinding units of JSWCL in the east region and thus is crucial to the parent.

The migration in ratings underpins the increased strategic and economic importance of SCL to JSWCL, post operationalisation of the former's clinker capacity and expected commissioning of 1 MTPA grinding unit in fiscal 2026. Further, the ratings continue to factor in the support of JSWCL towards SCL, as reflected in history of equity infusion, additional infusion expected during rights issue in the first quarter of fiscal 2025, loans outstanding to SCL, and extension of unconditional and irrevocable corporate guarantee to term loans of SCL. These strengths are partially offset by exposure to project implementation risk, modest scale of operations and weak financial risk profile.

The business risk profile of SCL is marked by adequate market position and operating efficiency post operationalisation and ramp up of 1.4 MTPA clinker unit. As per the management, the company achieved utilisation levels of more than 90% and EBITDA/tonne of more than Rs 800 during Q4FY24. High utilisation rates along with high cement to clinker ratio, reduction of fixed cost, and increase in the use of AFR are expected to help the company generate Ebitda/tonne of more than Rs 850 on cement and clinker sales over the medium term. Further, the business risk profile will be supported by expected commissioning of 1 MTPA grinding unit in the first half of fiscal 2026 and incremental Ebitda from dolomite sales starting fiscal 2025.

As stated earlier, continued losses led to networth erosion and kept the debt protection metrics weak. Going forward, the financial risk profile will be supported by accruals from new capacity, and inflow of funds from rights issue (issue size of Rs 400 crore), to be executed by May 2024. However, improvement in the debt protection metrics is expected to be only gradual, with company's capex plans of around Rs 450 crore planned over fiscal 2025-2027, to be funded by a mix of equity and debt.

Analytical Approach

For arriving at the ratings, CRISIL Ratings has analysed the business and financial risk profiles of SCL. Further, it has applied its parent notch-up framework to factor in the support from JSWCL.

Additionally, unsecured loans of Rs 621 crore from the promoter, JSWCL, has been treated as neither debt nor equity as these loans are subordinated to all external borrowings, expected to remain in the business over the medium term and interest is repayable along with the principal at the end of the tenure. The tenure of the loan is also extendable.

Key Rating Drivers & Detailed Description

Strengths:

- **Credit profile of the parent, JSWCL:** The strong credit risk profile of JSWCL is driven by its strong business risk profile following geographic diversification in revenue and high operating efficiency. The financial risk profile of the parent improved after raising equity from private equity investors and is expected to be supported by higher accruals from new capacity, while the business risk profile continues to strengthen with commissioning of new capacity and ongoing capacity addition. The credit risk profile of JSWCL also factors in the support it receives from the JSW group and the financial flexibility it enjoys from being part of the group.

- **Strategic importance of SCL to JSWCL and continued strong support from the parent:** As on December 31, 2023, JSWCL held 59.59% equity stake in SCL, giving it sizeable control over the latter's operations. JSWCL has also extended support to SCL by infusing funds into the company to support its liquidity as and when required. For instance, in fiscal 2021, JSWCL infused Rs 100 crore by subscribing 1% optionally convertible cumulative redeemable preference shares of SCL. It has also supported the company in the past through significant advances and intercorporate deposits. Outstanding loans from JSWCL to SCL stood at around Rs 621 crore as on March 31, 2023. The parent continues to maintain its stance of financial and managerial support, given the strategic importance of SCL to JSWCL.

  The clinker unit in SCL is strategic from JSWCL's perspective as the 1.4 MTPA clinker plant will meet the clinker requirement of the grinding units of the parent in east India (viz Jajpur in Odisha and Salboni in West Bengal). Thus, there are strong operational linkages apart from financial support extended by JSWCL.

- **Backward integration in terms of captive limestone mines:** SCL has captive limestone (key raw material) mines in Khatkurbahal, Odisha, which have mining life of more than 40 years and adequate reserves to meet existing as well as post-expansion requirements. The reserve in the eastern region is important as cement players there mostly procure clinker from Chhattisgarh or south India. The location of the mines is also strategic (about 12 km from the plant) and helps reduce freight cost.

Weaknesses:

- **Exposure to project implementation risk:** SCL is undertaking a capital expenditure (capex) of around Rs 450 crore over fiscal 2025 to 2027. The capex includes setting up a 1.05 MTPA grinding unit, railway siding inside clinker plant, around 12 km railway track for transportation of finished goods and around 7 km overland belt conveyor to transport limestone from mines to the plant. The cement unit is expected to be commissioned in the first half of fiscal 2026. This exposes the company to project risk given its small scale of operations and will be monitorable.

- **Modest scale of operations and continued losses:** SCL suspended its operations from fiscal 2022 to June 2023 owing to ongoing capex. The company continues to report profit after tax (PAT) losses. Utilisation levels were low during quarter two and three of fiscal 2024 owing to weak demand in the eastern region. Hence, the company remains susceptible to risks arising from low scale of operations in a geography.

- **Weak financial risk profile:** Debt protection metrics remain weak owing to continued losses leading to erosion of networth. However, with enhancement in operating performance post operationalisation of clinker capacity, the debt protection metrics are expected to gradually improve over the medium term.

Liquidity: Strong

The liquidity of SCL derives strength from the overall liquidity of JSWCL owing to the support extended by JSWCL to SCL. Further, with presence of corporate guarantee on Rs 850 crore of term loan towards the capex, JSWCL is likely to provide financial support in the event of exigency in a timely manner.

As part of the JSW group, JSWCL enjoys financial flexibility. Cash and equivalent stood at around Rs 250 crore as on December 31, 2023, along with moderately utilised fund-based working capital limit. The parent is expected to maintain cash and equivalent over Rs 50 crore over the medium term. Net cash accrual is expected at more than Rs 650 crore in fiscal 2024 against debt obligation of around Rs 608 crore.

Outlook: Stable

The outlook on the long-term bank facilities of SCL reflects CRISIL Ratings' view of 'Stable' outlook on the credit risk profile of JSWCL.

CRISIL Ratings believes JSWCL will continue to benefit from healthy operating efficiency, increasing geographic presence with operationalisation of new capacities and overall healthy demand outlook for the cement sector.

Rating Sensitivity factors

Upward factor

- Improvement in the overall credit risk profile of the parent by 1 notch or more

Downward factors

- Downward revision in JSWCL's long-term rating by 1 or more notch and/or change in shareholding/support philosophy toward SCL
- Significant deterioration in SCL's operating performance
- Significant time and cost overruns in the project completion.

About the Company

SCL was incorporated in 1985 and the first commercial production commenced in 1986. The manufacturing facility is in village Telangana (Kutra), District Sundargarh (Odisha) and limestone mines are in Khaturbahal (Odisha). The company was acquired by JSWCL in fiscal 2017 and became its subsidiary thereon. Its natural marketing territory is Odisha, West Bengal, Jharkhand and Bihar. SCL brands its cement Mahabal, which consists of both Portland Slag Cement (PSC) and Portland Pozzolana Cement (PPC). As on December 31, 2023, SCL has clinker capacity of 1.3 MTPA (4,000 tpd) and waste heat recovery (WHR) plant of 9 MW, while it will be undertaking capacity addition to add grinding capacity of 1 MTPA in fiscal 2026.

About the parent

JSWCL, part of the JSW group, was incorporated in 2006, with its first unit of 0.6 MTPA grinding capacity at Vijayanagar commissioned in fiscal 2009. Presently JSWCL has cement manufacturing capacity of 20.6 MTPA spread across south (11.0 MTPA), west (4.5 MTPA) and east (5.1 MTPA) India. It manufactures various grades of cements such as PSC (Portland Slag Cement), OPC (ordinary portland cement), CHD (Concreel HD), GGBS (ground granulated blast furnace slag) and CPC (composite cement).

Key Financial Indicators

As on/for the period ended March 31	Unit	2023	2022
Revenue	Rs.Crore	3	5
Profit After Tax (PAT)	Rs.Crore	-80	-26
PAT Margin	%	-2,536.8	-467.5
Adjusted debt/adjusted networth	Times	-6.39	-7.00
Adjusted interest coverage	Times	-2.86	-2.12

Any other information: Not Applicable

Note on complexity levels of the rated instrument:

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate	Maturity date	Issue size (Rs.Crore)	Complexity levels	Rating assigned with outlook
NA	Term loan	Nov-2023	8.73%**	Sep-2033	850	NA	CRISIL A+/Stable
NA	Cash Credit & Working Capital Demand Loan*	NA	NA	NA	75	NA	CRISIL A+/Stable
NA	Proposed Long Term Bank Loan Facility	NA	NA	NA	141	NA	CRISIL A+/Stable

**Fungible between fund-based and non-fund-based facility up to Rs 50 crore*
***Floating at three-month MCLR+0.33%*

Annexure - Rating History for last 3 Years

	Current			2024 (History)		2023		2022		2021		Start of 2021
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	1066.0	CRISIL A+/Stable		--	03-03-23	CRISIL A+ (CE) /Stable	13-12-22	CRISIL A+ (CE) /Stable	03-12-21	CRISIL A+ (CE) /Stable	--
			--		--		--		--	18-08-21	Provisional CRISIL A+ (CE) /Stable	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating

Cash Credit & Working Capital Demand Loan[&]	**75**	**Axis Bank Limited**	**CRISIL A+/Stable**
Proposed Long Term Bank Loan Facility	**141**	**Not Applicable**	**CRISIL A+/Stable**
Term Loan	**550**	**Axis Bank Limited**	**CRISIL A+/Stable**
Term Loan	**300**	**Indian Bank**	**CRISIL A+/Stable**

&Fungible between fund based and non-fund based facility up to Rs 50 crores

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufaturing and service sector companies
CRISILs Bank Loan Ratings
Rating Criteria for Cement Industry
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support
Understanding CRISILs Ratings and Rating Scales

Media Relations	Analytical Contacts	Customer Service Helpdesk
Aveek Datta Media Relations **CRISIL Limited** M: +91 99204 93912 B: +91 22 3342 3000 AVEEK.DATTA@crisil.com **Prakruti Jani** Media Relations **CRISIL Limited** M: +91 98678 68976 B: +91 22 3342 3000 PRAKRUTI.JANI@crisil.com **Rutuja Gaikwad** Media Relations **CRISIL Limited** B: +91 22 3342 3000 **Rutuja.Gaikwad@ext-crisil.com**	Manish Kumar Gupta Senior Director **CRISIL Ratings Limited** B:+91 22 3342 3000 manish.gupta@crisil.com Naveen Vaidyanathan Director **CRISIL Ratings Limited** B:+91 22 3342 3000 naveen.vaidyanathan@crisil.com Divyank Shekhar Rating Analyst **CRISIL Ratings Limited** B:+91 22 3342 3000 Divyank.Shekhar1@crisil.com	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

Note for Media:
This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited, an S&P Global Company)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly-owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India’s foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: TWITTER | LINKEDIN | YOUTUBE | FACEBOOK

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') that is provided by CRISIL Ratings Limited ('CRISIL Ratings'). To avoid doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing our report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains.

Neither CRISIL Ratings nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, 'CRISIL Ratings Parties') guarantee the accuracy, completeness or adequacy of the report, and no CRISIL Ratings Party shall have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. EACH CRISIL RATINGS PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any), are made available on its website, www.crisilratings.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: www.crisilratings.com.

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/or relies on in its reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For details please refer to: https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html.

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public website, www.crisilratings.com. For latest rating information on any instrument of any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: https://www.crisil.com/en/home/our-businesses/ratings/credit-ratings-scale.html