Deccan Cements Limited

November 23, 2026

Rating Action

Instrument	Amount (Rs. crore)	Ratings	Rating Action	Regulator^
NCDs	557.00	IVR BBB/Stable	Rating Assigned	MCA
Total	**557.00 (Rupees Five Hundred and Fifty-Seven Crore Only)**			
^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.				

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: *None of the Directors on Infomerics 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.*

Rationale

Infomerics Ratings has assigned its rating to the debt instruments of Deccan Cements Limited (DCL) based on strengths derived from integrated nature of operations, modest debt protection metrics & capital structure; albeit no major debt repayments envisaged until FY28 and experienced management and long track record of operations. The rating is however constrained by modest financial profile, albeit expected improvement in demand outlook and exposure to volatility in input costs, price realisations, and industry cyclicality.

Outlook: **Stable**

The Stable Outlook reflects the fact that IVR expects modest financial profile going ahead, albeit expected improvement in demand outlook.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Consolidated
Parent/ Group Support	Not Applicable

List of companies considered for consolidation/combined analysis is given at Annexure 4.

Key Rating Drivers with Detailed Description

Strengths

Integrated nature of operations

DCL has its own captive high grade limestone mines, which is basic raw material for cement and are contiguous to the plant premises, thereby ensuring continued and uninterrupted supply of high-grade limestone. The group also has coal linkages established with Singareni Collieries Company Limited for regular supply of coal, the other major input in the manufacturing of cement. The group has a total power generating capacity of 36.625 MW, comprising 2.025 MW wind power, 3.75 MW hydel power, 18 MW thermal power and WHRS of 12.85 MW. However, captive power generation has declined due to the temporary shutdown of the thermal power plant amid elevated coal prices and supply constraints, making grid power more economical. Additionally, the commissioning of line 3 in December 2025 and associated operational and connectivity requirements with newly commissioned line 3 affected WHRS utilisation. The extent of captive power utilisation and the revival of the thermal power plant remain key monitorable factors for the group's energy costs and profitability.

Modest debt protection metrics & capital structure; albeit no major debt repayments envisaged until FY28

The debt protection metrics of the group remained modest marked by interest coverage ratio of 2.81x in FY26 (Audited) [April 1, 2025 – March 31, 2026] (FY25 (Audited) [April 1, 2024 – March 31, 2025]: 2.78x). Further, total debt to NCA remained moderate at 10.91 times as on March 31, 2026 (FY25: 22.91 times). The DSCR as on March 31, 2026 stood 3.32x. The financial risk profile of the group is marked by modest capital structure and debt protection metrics. The overall gearing stood at 1.03x as on March 31, 2026 (FY25: 1.02x). The total indebtedness of the group reflected by TOL/ATNW stood at 1.31x as on March 31, 2026 (FY25: 1.29x). On June 25, 2026, the company issued CCDs and NCDs aggregating Rs. 660.00 crore to non-promoters to refinance term loans availed for its brownfield expansion projects. The proceeds have been fully utilised for the stated purpose. The CCDs amounting to Rs. 103.00 crore are convertible into equity shares within 18 months of allotment at a 1:1 ratio. The NCDs comprise Series A of Rs. 150.00

crore with a tenure of 72 months and Series B of Rs. 407.00 crore with a tenure of 84 months. The refinancing has resulted in an extension of the debt repayment tenure and eased the group's near-term repayment obligations. However, the NCDs carry a higher coupon rate compared to the erstwhile bank term loans, which is likely to increase the group's finance cost and exert some pressure on its debt protection metrics. No major debt repayments are envisaged until FY28, supported by the refinancing of the debt maturity profile. The NCD repayments are nominal at Rs. 5.25 crore in FY28, increasing to Rs. 42.53 crore in FY29, with significant repayments commencing thereafter. Further, the actual interest outflows are expected to remain lower than the interest expenses recognised in the profit and loss account over the next few years, as the internal rate of return (IRR) on Series B NCDs is higher than the stated coupon rate on account of the redemption premium. This is expected to moderate the near-term cash flow impact of the higher finance cost to some extent.

Experienced management and long track record of operations

Deccan Cements was incorporated in July 1979 by Mr. M.B. Raju. Deccan Cements Limited was the country's first two hundred TPD (tonnes per day) mini cement plant, which is in its 45th year of operation. The present cement capacity of the group is at 4.00 million tonnes per annum (MTPA). Ms. P. Parvathi Raju, daughter of Mr. M.B. Raju is associated with the company for the past 31 years was elevated to CMD position in August 2023

Weaknesses

Modest financial profile, albeit expected improvement in demand outlook

The group's total operating income (TOI) declined from Rs. 799.45 crore in FY24 to Rs. 527.00 crore in FY25, primarily due to lower sales volumes and realisations amid subdued cement industry conditions. However, TOI improved by 20.61% to Rs. 635.64 crore in FY26, supported by an increase in sales volume from 1.39 million tonnes in FY25 to 1.62 million tonnes in FY26. During H1FY27, the group achieved sales volume of 1.11 million tonnes and TOI of Rs. 441.02 crore. The realisation per tonne improved marginally to Rs. 3,878 in FY26 from Rs. 3,738.42 in FY25. Consequently, the EBITDA margin improved to 12.06% in FY26 from 6.72% in FY25, while EBITDA per tonne increased to Rs. 472.68 from Rs. 254.65, respectively. Similarly, the PAT margin improved

to 4.36% in FY26 from 1.38% in FY25. However, EBITDA per tonne moderated to Rs. 304.31 in Q1FY27, partly due to an increase in power and fuel cost per tonne to Rs. 1,656.74 from Rs. 1,386.16 in Q4FY26. The EBITDA per tonne subsequently improved to Rs. 391.79 in Q2FY27, primarily supported by a reduction in power and fuel costs. Going forward, the group's ability to sustain the improvement in its operating performance and profitability, particularly amid volatility in input costs, remains a key monitorable. Nevertheless, the company expects an improvement in cement demand and realisations, which is expected to support its operating performance and profitability, including EBITDA per tonne.

Exposure to volatility in input costs, price realisations, and industry cyclicality

Capacity addition in the cement industry tends to be sporadic because of the long gestation period for setting up a facility and numerous players adding capacities during the peak of a cycle. This has led to unfavourable price cycles for the sector in the past. Moreover, profitability remains susceptible to volatility in input (raw material, power, fuel and freight) prices. Increase in the cost of coal, diesel and packaging material impacts profitability of cement players. Realizations and profitability are also affected by demand, supply, offtake and regional factors. However, the group benefits from adequate limestone reserves with a reserve of approximately 50 years and operates captive power plants, which help reduce energy costs and mitigate exposure to input price volatility.

Liquidity – Adequate

The liquidity position of the group remains adequate. The group's average working capital utilization stood at approximately 80.88% of the sanctioned limits over the 12-month period ending August 2026. The projected Cash Accruals is considered sufficient to meet its upcoming scheduled debt repayment obligations in FY27 & FY28. However, the liquidity profile is expected to remain susceptible from FY29 onwards due to increasing NCDs repayment obligations. As on March 31, 2026, the group reported Cash and Bank Balances of Rs. 47.00 crore. The current ratio stood at 0.83x as on 31st March 2026. The ability to maintain adequate liquidity and generate sufficient cash accruals to meet its debt obligations, particularly from FY29 onwards, remains a key monitorable.

Rating Sensitivities

Upward Factors

- Substantial & sustained improvement in total operating income and EBITDA margins leading to improvement in debt protection metrics & capital structure

Downward Factors

- Any decline in revenue and/or EBITDA margin leading to deterioration in debt coverage indicators and/or any stretch in operating cycle impacting the liquidity position and capital structure

About the Company

Deccan Cements Limited is into manufacturing of cement. The cement capacity of the company is at 4.00 million tonnes per annum (MTPA). The company has a total power generating capacity of 36.625 MW.

About the Group

Deccan Cements Limited (DCL) and Deccan Swarna Cement Private Limited (DSCPL), together considered as Deccan Group. Deccan Cements Limited is a listed company, with a subsidiary named Deccan Swarna Cement Private Limited (Presently there is no operation in DSCPL). DCL holds 100% equity shares in DSCPL as on 31st March 2026.

Key Financial Indicators (Consolidated):

For the year ended/ As on*	31-03-2025	31-03-2026	H1FY2027
	Audited	Audited	Unaudited
Total Operating Income	527.00	635.64	441.02
EBITDA	35.40	76.66	38.79
PAT	7.52	28.58	-22.60
Total Debt	714.02	752.69	NA^
Tangible Net Worth (TNW)	701.33	730.40	NA^
EBITDA Margin (%)	6.72	12.06	8.80
PAT Margin (%)	1.38	4.36	-5.03
Overall Gearing (times)	1.02	1.03	NA^
Interest Coverage (times)	2.78	2.81	0.92

**Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company*
^Not Available

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026	H1FY2027
	Audited	Audited	Unaudited
Total Operating Income	527.00	635.64	441.02
EBITDA	35.41	76.67	38.79
PAT	7.53	28.59	-22.59
Total Debt	714.02	752.69	NA^
Tangible Net Worth (TNW)	701.34	730.43	NA^
EBITDA Margin (%)	6.72	12.06	8.80
PAT Margin (%)	1.39	4.36	-5.03
Overall Gearing (times)	1.02	1.03	NA^
Interest Coverage (times)	2.78	2.81	0.92

**Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company*
^Not Available

Applicable Criteria

Rating Methodology for Manufacturing Companies.

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Criteria for consolidation of companies

Status of non-cooperation with previous CRA: CRISIL Ratings through its press release dated July 6, 2026 migrated the rating of "Deccan Cements Limited" in the 'Issuer Not Cooperating' category on account of inadequate information received from the entity to carry out the review.

Any other information: Nil

Rating History for last three years

Sr. No.	Instruments / Facilities	Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Current Ratings (Year 2026-27)				Rating History for the past 3 years		
				Rating				Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24
					November 10, 2026	August 20, 2026	June 9, 2026	September 23, 2025	-	-
1.	NCDs	LT	150.00	IVR BBB/Stable	-	-	-	-	-	-
2.	NCDs	LT	407.00	IVR BBB/Stable	-	-	-	-	-	-
3.	Proposed NCDs	LT	-	-	--^	IVR BB+/ Negative (ISSUER NOT COOPERATING*)	IVR BBB-/ Negative (ISSUER NOT COOPERATING*)	IVR BBB+/ Positive	-	-

**Issuer did not cooperate; based on best available information*
^ Rating Withdrawn

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook	Listing Status	Regulator ^	Complexity Indicator
NCD*	INE583C07010	June 25, 2026	11.5% per annum payable monthly	June 25, 2032	150.00	IVR BBB/Stable	Unlisted	MCA	Complex
NCD@	INE583C07028	June 25, 2026	• Yr 1: 6.80% • Yr 2: 9.60% • Yr 3 to Yr 6 (both inclusive): 12.20% • Yr 7: 12.0% *per annum payable monthly* **Redemption Premium:** Such amount resulting to an IRR of 17.2% per annum compounded monthly to be paid at final redemption date	June 25, 2033	407.00	IVR BBB/Stable	Unlisted	MCA	Complex

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.
*NCD A
@NCD B

Annexure 2: Facility wise lender details: **Not Applicable**

Annexure 3: Detailed explanation of covenants of the rated security/facilities:

Term Sheet of Series A Debentures

Parties		
1	Issuer	Deccan Cements Limited ("DCL")
2	Investor	Funds managed by Neo Alternative Asset Managers Private Limited including co-investors ("Neo")
3	ISIN	INE583C07010
Key Commercial Terms		
4	Instrument	Up to INR 150 crore of unlisted, unrated, senior, secured, redeemable, non-convertible debentures in one or multiple tranches
5	Debenture Trustee	Axis Trustee Services Limited
6	Allotment date	25th June 2026
7	End Use	Refinance of existing Term Debt Lenders
8	Tenor	**72 months** with a **put option exercisable** at the end of **36 months** with a 6 months payment period commencing upon exercise
9	Default Interest	In event of default (Other than due to non-payment), additional default interest of 0.5% p.m.
Security and Other Terms		
10	Events of Default	Below is an indicative list of events of default - a) Payment Default b) Breach of any Covenants. Materiality threshold, if any, to be built in definitive documents c) Reference to IBC by any Financial Creditor d) Non-payment of statutory dues e) Termination of key contracts. Materiality and cure periods, if any, to be built in definitive documents f) Any change in ownership of the Issuer without Investor consent
11	Other Conditions	• No further term debt (secured or unsecured) or equity can be obtained or guarantees given by Issuer except as explicitly disclosed or agreed • **DSCR to be greater than 1.15x** at all times during the tenor of this Facility • **Term Debt to EBITDA to be maximum 3.00x** at all times during the tenor of the facility • **Fixed asset coverage to be maintained at 2.00x** or higher at all times during the tenor of the facility • No corporate actions like merger, demerger, restructuring, reconstruction, acquisitions, reorganizations or similar actions/events without Investor consent • No transaction with Promoter or related parties except as explicitly disclosed and agreed • Investor to have a right to appoint an observer on board of the Issuer

		• No dividend or any direct or indirect payment to the Promoter or related parties except as explicitly disclosed and agreed

Term Sheet of Series B Debentures

Parties		
1	Issuer	Deccan Cements Limited ("DCL")
2	Investor	Funds managed by Neo Alternative Asset Managers Private Limited including co-investors ("Neo")
3	ISIN	INE583C07028
Key Commercial Terms		
4	Instrument	Up to INR 407 crore of unlisted, unrated, junior, secured, redeemable, non-convertible debentures (NCDs) in one or multiple tranches
5	Debenture Trustee	Axis Trustee Services Limited
6	Allotment date	25th June 2026
7	End Use	Refinance of existing Term Debt Lenders
8	Tenor	**84 months** with a **put option** exercisable at the end of **36 months** with a 6 months payment period commencing upon exercise
9	Default Interest	In event of default (Other than due to non payment), additional default interest of 0.5% p.m.
Security and Other Terms		
10	Events of Default	Below is an indicative list of events of default - a) Payment Default b) Breach of any Covenants. Materiality threshold, if any, to be built in definitive documents c) Reference to IBC by any Financial Creditor d) Non-payment of statutory dues e) Termination of key contracts. Materiality and cure periods, if any, to be built in definitive documents f) Any change in ownership of the Issuer without Investor consent
11	Other Conditions	• No further term debt (secured or unsecured) or equity can be obtained or guarantees given by Issuer except as explicitly disclosed or agreed • No corporate actions like merger, demerger, restructuring, reconstruction, acquisitions, reorganizations or similar actions/events without Investor consent • No transaction with Promoter or related parties except as explicitly disclosed and agreed • Investor to have a right to appoint an observer on board of the Issuer • No dividend or any direct or indirect payment to the Promoter or related parties except as explicitly disclosed and agreed

Annexure 4: List of companies considered for Consolidated/Combined analysis:

Name of the entity	Extent of Consolidation	Rationale for consolidation
Deccan Cements Limited (DCL)	Full*	Parent Company
Deccan Swarna Cement Private Limited (DSCPL)	Full*	Infomerics has considered the consolidated financial profiles of Deccan Cements Limited (DCL) and Deccan Swarna Cement Private Limited (DSCPL), together considered as Deccan Group, to arrive at the rating. The consolidation is on account of common management i.e., DCL holding 100% equity shares amounting to Rs. 0.01 crore in DSCPL as on 31st March 2026.

Intercompany transaction, if any has been adjusted.

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* $	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts $	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	+

Sr. No.	Instrument / activity Name	Regulator of the instruments
22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

Footnotes:

** Includes securitisation transactions involving assignee payout, acquirer's payout.*

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

 # There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

***Note:** For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.*

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