

Press Release

KJS Cement Limited

February 23, 2022



Rating Upgraded & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	595.00	ACUITE B- Upgraded & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	595.00	-	-

*Refer Annexure for details.

Rating Rationale

Acuité has upgraded and withdrawn the long-term rating to '**ACUITE B-**' (**read as ACUITE B minus**) from **ACUITE D** (**read as ACUITE D**) to the Rs. 595.00 crore bank facilities of KJS Cements Limited (KJS). The rating withdrawal is in accordance with the Acuité's policy on withdrawal of rating. The rating is being withdrawn on account of request received from the company and NOC received from the banker.

The rating upgrade is on account of satisfactory feedback received from the lenders of the company.

About the Company

KJS Cement Limited is a Madhya Pradesh based company incorporated in 1983. The company is promoted by Pawan Kumar Ahluwalia, Abha Kushal Singh Singhvi, Kushal Singh Singhvi, Manoj Kumar Chaudhary. The company is engaged into mining operations and manufacturing of cement.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of KJS to arrive at the rating.

Key Rating Drivers

Strengths

Experienced management and established track record of operations.

The company is promoted by Mr. Kamaljeet Singh Ahluwalia, Chairman of the Group, Mr. Pawan Kumar Ahluwalia, Vice Chairman & Group Managing Director and Mr. Prashant Ahluwalia, Jt. Managing Director of the Group and has an experience of over a decade. The company is engaged into mining operations and manufacturing of cement. The revenue of the company stood at Rs.873.93 crore in FY2021 as against Rs.880.37 crore in FY2020. The operating margin of the company which stood at 22.66 percent in FY2021 as against 21.09 percent in FY2020. PAT margin stood at 5.62 percent in FY2021 as against 1.88 percent in FY2020.

Acuité believes that the experienced of the management has helped the firm maintain a stable business risk profile.

Healthy financial risk profile

The financial risk profile of the company stood healthy marked by healthy net worth, moderate gearing and moderate debt protection metrics. The tangible net worth stood at Rs.320.52 crore as on March 31, 2021 as against Rs.289.93 crore as on March 31, 2020. The improvement in net worth is due to healthy accretion of profits in the reserve. The total debt of the company stood at Rs.585.40 crore includes Rs.504.96 crore of long term debt, unsecured loans of Rs.79.44 crore and Rs.1.00 crore of short term debt as on March 31, 2021. The gearing (debt-equity) stood moderate at 1.83 times as on March 31, 2021 as compared to 2.33 times as on March 31, 2020. Interest Coverage Ratio stood at 2.58 times for FY2021 as against 2.05 times for FY2020. Debt Service Coverage Ratio (DSCR) stood at 1.54 times for FY2021 as against 1.42 times for FY2020. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 2.52 times as on March 31, 2021 as against 3.02 times on March 31, 2020. Net Cash Accruals to Total Debt (NCA/TD) also stood moderate at 0.18 times for FY2021 as against 0.10 times for FY2020.

Acuité believes that the financial risk profile of the firm will continue to remain healthy over the medium term.

Weaknesses

Intensive working capital management

The working capital management of the company is intensive marked by GCA days of 137 days in FY2021 as against 140 days in FY2020. The inventory days stood at 64 days in FY2021 as against 77 days in FY2020. Also, the debtor days stood at 6 days in FY2021 as against 9 days in FY2020.

Acuité believes that efficient working capital management will be crucial to the firm in order to maintain a healthy risk profile.

Exposure related to the commodity nature of product and cyclical in the cement industry

The capacity addition in the cement industry tends to be sporadic because of the long gestation period for setting up of facility and the large number of players adding capacity during the peak of a cycle. This has led to unfavorable price cycles in the past. Moreover, profitability remains susceptible to volatility in prices of inputs, including raw material, power, fuel, and freight. Realisations and profitability are also affected by demand, supply, offtake, and other regional factors.

ESG Factors Relevant for Rating

With respect to environmental factor, in the cement industry the inherent material risk is emission of greenhouse gases into the atmosphere and achieving energy efficiency while reducing impact on biodiversity including efficient water and environmental management are of primary importance. the company has installed & operating Air pollution control equipment of state -of-the art technology to meet the stringent norms of 30 mg/Nm³ from all the stacks of Cement Plant. Also, for water management, the cement is produced through dry process method therefore effluent generation from plant is nil. For domestic waste water management we are having Sewage Treatment plant of State-of the art Technology of capacity 850 KLD.

On the CSR front, the company promotes the use of alternative fuels and raw materials and offers total solutions for waste management including testing, suggestions for reuse, recycling and co-processing. Also contributes towards quarry rehabilitation, water management techniques and 'greening' activities. the company offers professional courses for children and ladies of villages around the company. The main beneficiaries are youth and woman from remote and backward areas of the country. Also, the company has provided continued source of drinking water thereby contributing to improved health of villagers.

Rating Sensitivities

Improvement in the scale of operations along while sustaining the profitability margins. Further stretch in the working capital management leading to any negative impact on the liquidity profile.

Material covenants

None.

Liquidity Position: Adequate

The company has adequate liquidity marked by adequate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.65.00-106.45 crore during the last three years through 2019-21, while the maturing debt obligation is in the range of Rs.18.00-40.40 crore during the same period. The company's working capital operation stood intensive marked by GCA days of 137 days in FY2021 as against 140 days in FY2020. The company maintains an unencumbered cash and bank balances of Rs.16.38 crore as on March 31, 2021. The current ratio of the company stood at 1.63 times as on March 31, 2021.

Outlook: Not Applicable

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	873.93	880.37
PAT	Rs. Cr.	49.12	16.55
PAT Margin	(%)	5.62	1.88
Total Debt/Tangible Net Worth	Times	1.83	2.33
PBDIT/Interest	Times	2.58	2.05

Status of non-cooperation with previous CRA (if applicable)

Not Applicable.

Any other information

None.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 Mar 2021	Term Loan	Long Term	70.00	ACUITE D (Issuer not co-operating*)
	Term Loan	Long Term	100.00	ACUITE D (Issuer not co-operating*)
	Term Loan	Long Term	150.00	ACUITE D (Issuer not co-operating*)
	Term Loan	Long Term	50.00	ACUITE D (Issuer not co-operating*)
	Term Loan	Long Term	75.00	ACUITE D (Issuer not co-operating*)
	Term Loan	Long Term	90.00	ACUITE D (Issuer not co-operating*)
	Term Loan	Long Term	60.00	ACUITE D (Issuer not co-operating*)
03 Jan 2020	Term Loan	Short Term	50.00	ACUITE D (Issuer not co-operating*)
	Term Loan	Long Term	60.00	ACUITE D (Issuer not co-operating*)
	Term Loan	Long Term	90.00	ACUITE D (Issuer not co-operating*)
	Term Loan	Long Term	75.00	ACUITE D (Issuer not co-operating*)
	Term Loan	Long Term	150.00	ACUITE D (Issuer not co-operating*)
	Term Loan	Long Term	100.00	ACUITE D (Issuer not co-operating*)
	Term Loan	Long Term	70.00	ACUITE D (Issuer not co-operating*)
06 Oct 2018	Term Loan	Long Term	595.00	ACUITE D (Issuer not co-operating*)
16 May 2017	Term Loan	Long Term	595.00	ACUITE D (Issuer not co-operating*)
08 Mar 2016	Term Loan	Long Term	595.00	ACUITE D (Reaffirmed)
02 Jan 2015	Term Loan	Long Term	150.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	90.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	100.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	75.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	70.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	60.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	50.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	150.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	90.00	ACUITE D (Reaffirmed)
		Long		

	Term Loan	Term	100.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	75.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	70.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	60.00	ACUITE D (Reaffirmed)
	Term Loan	Long Term	50.00	ACUITE D (Reaffirmed)
02 Jan 2014	Term Loan	Long Term	150.00	ACUITE D (Assigned)
	Term Loan	Long Term	90.00	ACUITE D (Assigned)
	Term Loan	Long Term	100.00	ACUITE D (Assigned)
	Term Loan	Long Term	75.00	ACUITE D (Assigned)
	Term Loan	Long Term	70.00	ACUITE D (Assigned)
	Term Loan	Long Term	60.00	ACUITE D (Assigned)
	Term Loan	Long Term	50.00	ACUITE D (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	Not available	150.00	ACUITE B- Upgraded & Withdrawn (from ACUITE D)
Indian Overseas Bank	Not Applicable	Term Loan	Not available	Not available	Not available	90.00	ACUITE B- Upgraded & Withdrawn (from ACUITE D)
Bank of India	Not Applicable	Term Loan	Not available	Not available	Not available	100.00	ACUITE B- Upgraded & Withdrawn (from ACUITE D)
UCO Bank	Not Applicable	Term Loan	Not available	Not available	Not available	75.00	ACUITE B- Upgraded & Withdrawn (from ACUITE D)
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	Not available	70.00	ACUITE B- Upgraded & Withdrawn (from ACUITE D)
Federal Bank	Not Applicable	Term Loan	Not available	Not available	Not available	60.00	ACUITE B- Upgraded & Withdrawn (from ACUITE D)
Bank of Maharashtra	Not Applicable	Term Loan	Not available	Not available	Not available	50.00	ACUITE B- Upgraded & Withdrawn (from ACUITE D)

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About Acuité Ratings & Research

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