

## Keerthi Industries Limited

November 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	30.26 (Reduced from 44.67)	CARE B; Stable	Downgraded from CARE B+; Negative

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The revision in the ratings of the bank facilities of Keerthi Industries Limited (KIL) is on account of further deterioration in operational and financial performance in FY25 (Audited) [FY refers to the period April 01 to March 31] as indicated by decline in capacity utilization, lower than envisaged financial performance for the year, reliance on stretching creditors and unsecured loans from promoters to meet the debt repayment obligations, deterioration in capital structure, high working capital utilization and stretched liquidity. The ratings continue to remain constrained by relatively moderate size of the company, regional concentration risk with the majority of sales coming from Andhra Pradesh and Telangana markets, volatility associated with input and finished good prices and its presence in a competitive and cyclical cement industry, subdued performance in H1FY26 (unaudited) despite improvement compared to corresponding period of previous fiscal.

The rating weaknesses are offset by the experienced promoters and qualified management team, established track record of operations, integrated nature of operations with the presence of limestone mines, infusion of unsecured loans by promoters to support the repayment obligations, comfortable operating cycle and stable industry outlook.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in TOI above Rs.200 crores while maintaining PBILDT margin at 10%.
- PBILDT/ton above Rs.950 on a sustained basis.

#### Negative factors

- Overall gearing deteriorating beyond 1x, in future
- Any notable decline in operating income or profitability by more than 30% y-o-y, going forward

### Analytical approach: Standalone

#### Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CARE Ratings) expectation that PMC's operational performance is likely to improve with increase in demand and selling prices. Also, the receipt of proceeds from sale of electronics division is likely to ease the liquidity position of the company.

### Detailed description of key rating drivers:

#### Key weaknesses

**Deterioration in operational performance in FY25 and Q1FY26:** The cement division's operational performance remained weak, with capacity utilization declining to 43% in FY25 from 73% in FY24, and further deterioration observed in Q1FY26. Capacity utilization in Q1FY26 stood at approximately 56%, indicating partial recovery. Revenue from the cement division declined by 51.15%, primarily due to reduced production volumes. Sales realization remained broadly stable at ₹4,592 per metric tonne (MT) in FY25 and ₹4,176 per MT in Q1FY26, compared to ₹4,445 per MT in FY24. However, revenue derived from the electronic division improved to Rs.23.07 crore in FY25 (FY24: Rs.18.49 crore).

**Deterioration in financial profile in FY25 and H1FY26:** Revenue from operations declined by approximately 44% in FY25 to Rs.119.88 crore from Rs.212.24 crore in FY24, primarily due to weak demand in the cement industry across Andhra Pradesh and Telangana. In addition to lower sales, elevated raw material costs and fixed overheads led to an operating loss in FY25. Higher prices of coal and pet coke contributed to increased power and fuel expenses. KIL reported an operating loss of Rs.17.41 crore in FY25. Due to elevated interest and depreciation expenses, net loss widened to Rs.22.77 crore.

Performance remained subdued in H1FY26, although operational and net losses reduced. Total operating income (TOI) in H1FY26 was Rs.53.06 crore, marginally lower than Rs.54.11 crore in H1FY25. However, operating loss (PBILDT) narrowed to Rs.2.92 crore from Rs.12.39 crore, and net loss (PAT) reduced to Rs.8.16 crore from Rs.11.77 crore. The company implemented cost-

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

cutting measures, including reduction in employee expenses and partial benefits from plant modernization, which contributed to lower overall costs.

**Moderate capital structure:** The company's capital structure remained moderate, with overall gearing at 0.47x as on March 31, 2025, compared to 0.45x as on March 31, 2024. KIL availed a term loan of ₹28.55 crore and a Guaranteed Emergency Credit Line (GECL) loan of ₹1.55 crore in H1FY23. The term loan was utilized for modernization of the manufacturing plant, while the GECL loan supported working capital requirements. Promoters infused unsecured loans of ₹26.54 crore, which are treated as quasi-equity due to subordination to bank debt as on March 31, 2025. In Q3FY25, KIL received an intercorporate deposit of ₹1 crore from Hyderabad Bottling Company, a non-operational promoter-related entity.

The company is meeting its interest and repayment obligations by extending payments to creditors, indicating liquidity stress. Debt coverage indicators weakened significantly, with interest coverage turning negative due to operating losses and Total Debt to Gross Cash Accruals (TDGCA) falling below zero in FY25.

**Medium-sized player in the cement industry subject to geographic concentration risk:** KIL generates a stable revenue stream from a modest scale of operations, with an installed cement capacity of 5.94 lakh tonnes per annum (TPA) and clinker capacity of 5.28 lakh TPA. It lacks economies of scale and operational efficiencies compared to larger, established players in the southern region. Additionally, KIL faces geographic concentration risk, as it primarily markets its products in Andhra Pradesh and Telangana.

**Volatility associated with input and finished goods prices:** Limestone remains the key raw material for cement production. The cement industry is power and freight intensive, with operating dynamics largely influenced by coal, pet coke, and crude oil prices and regulations. Due to a sharp rise in fuel prices, the industry's average fuel cost increased by ₹400–500 per tonne year-on-year (y-o-y) in FY23 but moderated in FY24. In Q2FY23, companies recorded their lowest EBITDA in 12 quarters, primarily due to elevated power and fuel costs.

Coal and pet coke prices, which peaked in August–September 2022, declined in FY24. The benefit of lower fuel prices was visible in FY24, as companies gradually consumed high-cost inventory. Going forward, as companies utilize low-cost coal and pet coke inventory, CareEdge estimates a reduction in power and fuel cost by ₹200–250 per tonne y-o-y, with potential stabilization at these levels. The cost benefit is expected to be distributed across quarters, depending on inventory levels held by individual companies. Any sharp increase in fuel prices remains a key monitorable and could adversely impact industry earnings. Freight cost per tonne remained largely stable, supported by limited volatility in diesel prices on a y-o-y basis.

**Cyclicity of the cement industry:** The cement industry is cyclical and closely linked to the country's economic growth. Cement consumption shows strong correlation with Gross Domestic Product (GDP) growth. The cyclical nature of the industry leads to fluctuations in unit realizations.

## Key strengths

**Experienced promoters and qualified management team with an established track record of operations:** KIL is led by Mr. J S Rao and Mrs. J Triveni, both with over 20 years of experience in the cement industry. The company began with a cement manufacturing capacity of 2.97 lakh metric tonnes per annum (MTPA), which was gradually expanded to 5.94 lakh MTPA. Over time, the management has diversified into power generation, electronics manufacturing, and sugar production.

Mrs. Jasti Triveni, a commerce graduate, has over 30 years of experience in the cement industry. Under her leadership, KIL transitioned from a financially distressed entity to a profit-making company. Mr. J. Sivaram Prasad, a Chartered Accountant, brings over 30 years of experience across cement, power, and sugar sectors and is also a promoter of Kakatiya Cement Sugar & Industries Ltd. Their industry experience and client relationships have supported KIL in securing contracts from reputed customers. Promoters have also extended financial support through regular fund infusion.

**Integrated nature of operations with the presence of limestone mines:** KIL's major cost drivers include power, freight, marketing, and raw materials such as limestone, fly ash, gypsum, and laterite. Limestone, the primary raw material for cement production, is sourced through KIL's captive mining lease. The company holds two limestone mines in Nalgonda, Andhra Pradesh, covering a total mineable area of 271 acres. These mines are estimated to contain 34.50 million tonnes of limestone reserves.

**Moderation in operating cycle:** The operating cycle of the company improved and stood at negative 17 days in FY25 (23 days in FY24) despite increase in inventory days to 66 days (49 days in FY24) for maintaining stocks of raw materials and coal. The company has stretched its creditors in order to meet debt repayments on time this resulted in increase of creditors days to 99 days during FY25. The collection period remained comfortable at 16 days to its customers.

## Liquidity: Stretched

KIL's liquidity position remained stretched, marked by negative gross cash accruals (GCA) of ₹21.59 crore in FY25 against total debt repayment obligations of ₹6.74 crore in FY26. Cash and bank balances stood at ₹0.30 crore as on March 31, 2025, and ₹0.13 crore as on June 30, 2025. Average working capital utilization remained high at 99.54% for the twelve months ended

October 2025. Cash flow from operations stood at ₹9.70 crore in FY25. Management has indicated that promoters are committed to infusing funds during exigencies to meet working capital and debt obligations. This commitment is evidenced by fund infusions over the past three years. These unsecured loans are subordinated to bank debt, and interest on them is payable only if surplus funds are available.

### Assumptions/Covenants: Not applicable

### Environment, social, and governance (ESG) risks: Not applicable

### Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cement](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Construction Materials	Cement & Cement Products	Cement & Cement Products

Keerthi Industries Limited (KIL), originally incorporated as Suvarna Cements Limited by Late Mr. J S Krishna Murthy in May 1982, was taken over in 2000 by Mrs. J. Triveni (Executive Chairperson) and Mr. J. S. Rao (Managing Director). KIL manufactures specialized cement in 43 and 53 grades, including Ordinary Portland Cement (OPC) and Pozzolana Portland Cement (PPC). Its cement manufacturing facility is located in Nalgonda district, Telangana, with an installed capacity of 5.94 lakh metric tonnes per annum (MTPA). The company markets its products under the brand name 'Suvarna Cements'. It sources around 70% of its coal requirement from The Singareni Collieries Company Limited (SCCL). Sales are primarily concentrated in Andhra Pradesh and Telangana.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	September 30, 2025 (UA)
Total operating income	212.24	119.88	53.06
PBILDT	-3.85	-17.41	-2.92
PAT	-15.69	-22.77	-8.16
Overall gearing (times)	0.45	0.47	NA
Interest coverage (times)	-0.63	-2.67	NA

A: Audited UA: Unaudited; Note: these are latest available financial results

### Status of non-cooperation with previous CRA: Not Applicable

### Any other information: Not Applicable

### Rating history for last three years: Annexure-2

### Detailed explanation of covenants of rated instrument / facility: Annexure-3

### Complexity level of instruments rated: Annexure-4

### Lender details: Annexure-5

**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	6.29	CARE B; Stable
Fund-based - LT-Term Loan	-	-	-	October 2028	18.97	CARE B; Stable
Non-fund-based - LT-Bank Guarantee	-	-	-	-	5.00	CARE B; Stable

**Annexure-2: Rating history for last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	6.29	CARE B; Stable	-	1)CARE B+; Negative (29-Oct-24) 2)CARE BB; Negative (04-Jun-24)	1)CARE BB+; Negative (16-Nov-23)	1)CARE BBB-; Negative (02-Feb-23)
2	Non-fund-based - LT-Bank Guarantee	LT	5.00	CARE B; Stable	-	1)CARE B+; Negative (29-Oct-24) 2)CARE BB; Negative (04-Jun-24)	1)CARE BB+; Negative (16-Nov-23)	1)CARE BBB-; Negative (02-Feb-23)
3	Fund-based - LT-Term Loan	LT	18.97	CARE B; Stable	-	1)CARE B+; Negative (29-Oct-24) 2)CARE BB; Negative (04-Jun-24)	1)CARE BB+; Negative (16-Nov-23)	1)CARE BBB-; Negative (02-Feb-23)

LT: Long term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple

**Annexure-5: Lender details**

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

## Contact us

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Karthik Raj K Director <b>CARE Ratings Limited</b> Phone: +91-80-4662 5555 E-mail: <a href="mailto:karthik.raj@careedge.in">karthik.raj@careedge.in</a>
<b>Relationship Contact</b>  Saikat Roy Senior Director <b>CARE Ratings Limited</b> Phone: 912267543404 E-mail: <a href="mailto:saikat.roy@careedge.in">saikat.roy@careedge.in</a>	Y Tejeshwar Reddy Associate Director <b>CARE Ratings Limited</b> Phone: +91-40-4010 2030 E-mail: <a href="mailto:Tejeshwar.Reddy@careedge.in">Tejeshwar.Reddy@careedge.in</a>
	Sachin Rathi Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Sachin.rathi@careedge.in">Sachin.rathi@careedge.in</a>

### About us:

Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: [www.careratings.com](http://www.careratings.com)

### Disclaimer:

This disclaimer pertains to the ratings issued and content published by CARE Ratings Limited ("CareEdge Ratings"). Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. Any opinions expressed herein are in good faith and are subject to change without notice. The rating reflects the opinions as on the date of the rating. A rating does not convey suitability or price for the investor. The rating agency does not conduct an audit on the rated entity or an independent verification of any information it receives and/or relies on for the rating exercise. CareEdge Ratings has based its ratings/outlook on the information obtained from reliable and credible sources. CareEdge Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. The users of the rating should rely on their own judgment and may take professional advice while using the rating in any way. CareEdge Ratings shall not be liable for any losses that user may incur or any financial liability whatsoever to the user of the rating. The use or access of the rating does not create a client relationship between CareEdge Ratings and the user.

CAREEDGE RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, TO THE EXTENT PERMITTED BY APPLICABLE LAWS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE.

Most entities whose bank facilities/instruments are rated by CareEdge Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CareEdge Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. CareEdge Ratings does not act as a fiduciary by providing the rating. The ratings are intended for use only within the jurisdiction of India. The ratings of CareEdge Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades. CareEdge Ratings has established policies and procedures as required under applicable laws and regulations which are available on its website.

Privacy Policy applies. For Privacy Policy please refer to [https://www.careratings.com/privacy\\_policy](https://www.careratings.com/privacy_policy)

© 2025, CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information. Any use or reference to the contents herein on an "as-is" basis is permitted with due acknowledgement to CARE Ratings. Reproduction or retransmission in whole or in part is prohibited except with prior written consent from CARE Ratings.

**For detailed Rating Report and subscription information,  
please visit [www.careratings.com](http://www.careratings.com)**