

January 15, 2016

CARE ASSIGNS 'CARE BB-' RATING TO THE BANK FACILITIES OF SHRI KESHAV CEMENTS AND INFRA LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	11.75	CARE BB- (Double B Minus)	Assigned
Total Facilities	11.75 (Rupees Eleven crore and Seventy Five lakh only)		

Rating Rationale

The rating assigned to the bank facilities of Shri Keshav Cements and Infra Ltd (SKCIL; erstwhile Katwa Udyog Ltd) is constrained by SKCIL's muted revenue growth with industry wide slowdown, absence of captive sources of raw materials & power, leveraged capital structure, project execution risk, pending financial closure of the project and stretched operating cycle.

The rating, however, derives strength from rich experience of its promoters and locational advantage with proximity to raw materials.

Going forward, the ability of the company to deleverage its capital structure and timely execution of the planned capacity expansion without any major cost overrun form the key rating sensitivities.

Background

Incorporated in 1993, SKCIL is engaged in the manufacturing of 43-grade and 53-grade Ordinary Portland Cement (OPC) with an installed capacity of 350 metric tonnes per day (around 105,000 metric tonnes per annum) as on March 31, 2015. SKCIL was promoted by Mr H. D. Katwa who has experience of almost four decades in the cement industry. The daily operations of the company are managed by Mr Vilas H Katwa. SKCIL has two plants located in Karnataka at Kaladgi and Lokapur.

SKCIL registered total operating income of Rs.50.97 crore and PAT of Rs.2.79 crore in FY15 (refers to the period April 1 to March 31) as against operating income of Rs.48.21 crore and PAT of Rs.2.25 crore in FY14.

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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