

## Press Release

**Brickwork Ratings reaffirms “BWR AA-” for J K Cement Ltd’s long-term secured Non-Convertible Debentures Issues of ₹ 100 Crore ₹ 150 Crore respectively with a tenor up to 10 years**

**NCD Issue Rating: BWR AA-**

**Outlook : Stable**

Brickwork Ratings has reaffirmed BWR AA- (Pronounced BWR Double A minus) for J K Cement Ltd’s (JKCL or “the Company”) long term Secured Non Convertible Debentures (NCD) issues of ₹ 100 Crore and ₹ 150 Crore respectively having a tenor up to 10 years. Instruments with this rating are considered to have a **high degree** of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The rating has, inter alia, factored JKCL’s performance, management quality, and significant presence in the northern and expanding presence in the southern and western India. The rating is however constrained by rising input costs, slowdown in demand and capacity glut in the industry.

### Outstanding Ratings

| Instruments | Amount         | Rating                 | Assigned/<br>Reaffirmed | Issue Date       | Rating History                       |
|-------------|----------------|------------------------|-------------------------|------------------|--------------------------------------|
|             |                |                        |                         |                  | Rating As on                         |
| Secured NCD | ₹ 100<br>Crore | BWR<br>AA-<br>(Stable) | Reaffirmed              | August,<br>2010  | BWR AA-<br>(Stable)<br>August 2010   |
| Secured NCD | ₹ 150<br>Crore | BWR<br>AA-<br>(Stable) | Reaffirmed              | December<br>2010 | BWR AA-<br>(Stable)<br>December 2010 |

In FY11, JKCLs Grey cement production increased by 20% at 5.15 MTPA compared to 4.29 MTPA during previous year and white cement production increased by 16.6% at 3.51 Lakh tones compared to 3.01 Lakh tones previous year.

On a standalone basis, Net Sales for FY11 stood at ₹ 2083.07 Crore in FY11 as against ₹ 1826.78 Crore in FY10. PAT has decreased from ₹ 225.99 in FY10 to ₹ 64.04 Crore in FY11. On a standalone basis, Net profit for the half year ended September 30, 2011 stood at ₹ 53.46 crore as compared to ₹ 8.66 crore in the corresponding previous half year. Total income for the half year ended September 30, 2011 stood at ₹ 1126.84 crore as compared to ₹ 962.79 crore in the corresponding previous half year.

The company has a national distribution network that comprises of 104 warehouses supporting a strong network of more than 4300 retailers. Network for Grey Cement is spread across northern region, southern region, western region and some parts of central region. White cement network is spread across the country.

JK Cement Ltd. is an established player in cement industry especially in the northern region that has witnessed significant increase in infrastructure activities. The company has shown ability to adapt to changing environment conditions by taking strategic decisions in reducing costs, marketing focus with well established client base and dealer network, consistent growth in production and sales and Greenfield expansion plans. The company is well positioned to leverage on increasing demand for cement while adopting strategies that will enable it to see through challenges in the industry.

| Analysts  | Media  |
|---|--|
| <b>Mukesh Mahor</b><br><a href="mailto:mukesh.m@brickworkratings.com">mukesh.m@brickworkratings.com</a>       | <b>Anitha G</b><br><a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>  |
| <b>Anusha Subramaniam</b><br><a href="mailto:anusha.s@brickworkratings.com">anusha.s@brickworkratings.com</a> | <b>Relationship Contact</b><br><b>K N Suvarna</b><br><b>Senior VP – Business Development</b><br><a href="mailto:kn.suvarna@brickworkratings.com">kn.suvarna@brickworkratings.com</a> |
| <b>Phone: 1-860-425-2742</b>  |  |

**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.