PRISM JOHNSON LIMITED

May 28, 2025

The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Corporate Relationship Department, Bandra (East), Mumbai - 400 051.	The BSE Limited, P. J. Towers, Dalal Street, Fort, Mumbai - 400 023.
Code : PRSMJOHNSN	**Code: 500338**

Dear Sir,

Sub.: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Update on Credit Rating and Outlook

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI LODR'), we wish to inform you that the India Ratings & Research Private Limited ('India Ratings') has affirmed its ratings/outlook for the existing Non-convertible Debentures, term loans and fund based working capital limits of the Company as 'IND A+/Positive'. Further, the ratings for non-fund based working capital limits, unsecured short-term loans and commercial paper program of the Company has been affirmed as 'IND A1+'.

The ratings of unallocated fund based / non-fund based limits of INR 11 million have been withdrawn in line with India Ratings' policy on Withdrawal of Ratings given that the facility rating is no longer required to be maintained as this debt is not expected to be availed.

Rating rationale dated May 27, 2025 published by India Ratings on its website in this regards is enclosed herewith.

The above is for your information and record.

Thanking you,
Yours faithfully,
for **PRISM JOHNSON LIMITED**

SHAILESH NAGINDAS DHOLAKIA
Digitally signed by SHAILESH NAGINDAS DHOLAKIA
Date: 2025.05.28 10:05:43 +05'30'

SHAILESH DHOLAKIA
Company Secretary &
Compliance Officer

Encl.: As above

India Ratings & Research
A Fitch Group Company

India Ratings Affirms Prism Johnson and its NCDs at 'IND A+'/Positive

May 27, 2025 | Cement & Cement Products

India Ratings and Research (Ind-Ra) has affirmed Prism Johnson Limited's (PJL) long-term issuer rating at 'IND A+' with a Positive Outlook. The detailed rating actions are as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Issuer rating	-	-	-	-	IND A+/Positive	Affirmed
Term loan	-	-	31 March 2031	INR7,376 (reduced from INR10,048)	IND A+/Positive	Affirmed
Fixed deposit	-	-	-	INR1	IND A+/Positive	Affirmed
Unsecured short term loan	-	-	-	INR1,700 (reduced from INR2,700)	IND A1+	Affirmed
Commercial paper*	-	-	-	INR2,000	IND A1+	Affirmed
Fund-based working capital limits	-	-	-	INR3,990 (reduced from INR4,290)	IND A+/Positive	Affirmed
Non-convertible debentures#	-	-	-	INR2,000 (reduced from INR2000)	IND A+/Positive	Affirmed
Non-fund-based working capital limits	-	-	-	INR7,710 (reduced from INR8,750)	IND A1+	Affirmed
Fund-based/Non-fund-based limit^	-	-	-	INR11	WD	Withdrawn

#Details in annexure
*The CP will be carved out of PJL's fund-based working capital limits and will be used for meeting its working capital requirements
^Ind-Ra is no longer required to maintain the rating as the debt is no longer expected to proceed as previously envisaged. This is consistent with Ind-Ra's Policy on Withdrawal of Ratings.
WD – Rating withdrawn

Analytical Approach

Ind-Ra continues to take a fully consolidated view of PJL and its subsidiaries (excluding Raheja QBE General Insurance Company Limited (RQBE)), together referred to as PJL, because of the strong operational and strategic linkages among them. Ind-Ra has not considered RQBE while taking the consolidated view due to its non-strategic nature.

Detailed Rationale of the Rating Action

The Positive Outlook reflects the likelihood of an improvement in PJL's operating profitability in FY26, after a subdued FY25, leading to an improvement in its credit profile. The fall in realisations amid a tepid demand and an increasing competitive intensity, led to a fall in EBITDA in FY25, as against Ind-Ra's expectation of an improvement. However, the agency expects an improvement in cement demand and increased realisations, coupled with cost optimisation measures, across segments to result in an improvement in the EBITDA in FY26. Furthermore, despite the fall in the EBITDA, the company reduced its net debt by monetising non-core assets in 4QFY25, resulting in a flattish net leverage. The interest coverage, which fell in FY25 due to a lower EBITDA, is likely to improve in FY26 with the recovery in EBITDA and debt reduction. The liquidity remains adequate with sizeable, unencumbered cash and equivalents and unutilised bank lines.

List of Key Rating Drivers

Strengths

- Robust market position; diversified business profile
- Assets monetisation aided debt reduction; credit metrics to improve in FY26
- Cost optimisation to aid recovery in cement EBITDA in FY26 after a weak FY25
- RMC EBITDA doubles on multi-year high margins; sustainability key

Weaknesses

- HRJ profitability flattish in FY25; plant modernisation and brand building initiative to help gradual recovery
- Fall in EBITDA leads to weak RoCE
- Profitability susceptible to volatility in input prices

Detailed Description of Key Rating Drivers

Robust Market Position; Diversified Business Profile: PJL has a diversified business profile with an established presence in three segments (cement, tiles and sanitaryware (HRJ) and ready-mix concrete (RMC)). It is a prominent cement manufacturer in central India with an installed capacity of 5.6mtpa at end-March 2025. It is also among the leading manufacturers of tiles with a track record of over six decades and a capacity of around 64 million square metres across 11 manufacturing units and a leading player in the RMC segment. Cement has been the largest revenue contributor, accounting for around 45% of total revenue over FY23-FY25, followed by HRJ (35%) and RMC (20%). While all the three segments are driven by demand from infrastructure and housing, the different supply and pricing dynamics provide some mitigation from weakness in a particular segment. This was witnessed in FY25 when the doubling of RMC EBITDA and a stable performance in HRJ cushioned the impact of a sharp fall in the cement profitability on PJL's overall EBITDA. While the cement EBITDA fell 32% yoy to INR2.3 billion in FY25, the overall EBITDA fell by a moderate 13% yoy to INR4.5 billion.

Assets Monetisation Aided Debt Reduction; Credit Metrics to Improve in FY26: Notwithstanding a fall in the EBITDA in FY25, PJL's adjusted net leverage (net debt including supplier's credit/operating EBITDA) remained flattish at 2.4x (FY24: 2.6x, FY23: 3.8x) owing to a reduction in the net debt (ex-RQBE, including supplier's credit) to INR11.1 billion (INR13.4 billion, INR16.8 billion). The reduction in net debt was led by the monetisation of a part of the industrial premises located at PJL's tile plant at Pen, Maharashtra to JSW Steel Limited ('IND AA'/Rating Watch with Developing Implications) for INR1.6 billion and the receipt of income tax refund pertaining to AY07-AY11 (assessment year) of INR1.5 billion in 2HFY25. However, given that the large part of debt reduction took place in 4QFY25, PJL's interest coverage ratio fell to 2x in FY25 (FY24: 2.7x, FY23: 2.4x).

Ind-Ra expects a recovery in the EBITDA in FY26, driven by an improvement in the demand and profitability in the cement business on the back of better realisations and cost efficiencies. The profitability in the tiles division is likely to be supported by the recently completed modernisation in the Vijayawada tile plant which should add value-added premium products in addition to improved capacity utilisation. Continued cost optimisation measures adopted by the company in RMC segment, along with a reduction in cement prices, has led to improved profitability in the segment in FY25 and the improvement is likely to sustain. PJL had also undertaken asset monetisation in FY24 by way of transfer of the mining lease and the sale of certain freehold land parcels in Andhra Pradesh to The Ramco Cements Ltd to pare debt, indicating its commitment to maintaining a healthy balance sheet. Ind-Ra understands from the management that PJL's annual capex is likely to be INR3 billion-3.5 billion each year over FY26-FY27, which, coupled with a healthy EBITDA generation, is likely to ensure a continued improvement in the credit metrics with the adjusted net leverage likely to reduce below 2x and the interest coverage to increase materially.

Cost Optimisation to Aid Recovery in Cement EBITDA in FY26 after a Weak FY25: Cement demand remained subdued in 1HFY25 on account of the slowdown in the infrastructure spending in the election year, with a pick-up in demand witnessed only since November 2024. As a result, after falling in 1HFY25, PJL's cement sale volumes picked-up in 2H resulting in 1% yoy growth to 6.6mnt in FY25. The subdued demand, coupled with an increasing competitive intensity given the supply additions and ongoing capex plans of large players, led to the cement prices witnessing a decadal high fall in FY25. Ind-Ra expects a single-digit demand growth for PJL in FY26, led by the demand from housing and infrastructure segments in the underpenetrated central India market. With high capacity utilisation of its own plant, PJL adopted an asset-light model to ensure growth and entered into supply arrangements with three grinding units based out of Uttar Pradesh to cater to the new untapped markets. The supply arrangements add up to a grinding capacity of 1.08 million tonnes per annum (mtpa) at end-March 2025, which is likely to increase to 1.44mtpa by end-June 2025. Ind-Ra understands that cement prices have improved in April 2025, but the sustainability remains a monitorable, given the influx of capacities and a high competitive intensity.

After recovering to INR522 in FY24 (FY23: INR445), PJL's EBITDA per metric tonne declined to INR351 in FY25 on account of a fall in realisations exacerbated by longer-than-usual plant shutdowns in 2QFY25-3QFY25, which led to shut-down expenses of around INR200/mt over the period. The EBITDA/mt improved to INR579 in 4QFY25 (3Q: INR11, 2Q: INR58, 1Q: INR654) as volumes increased during the quarter which brought in the benefits of economies of scale. Ind-Ra expects some recovery in the profitability in FY26, on the back of the cost savings arising from an increase in the proportion of green power (FY25: 32%, FY24: 29%) with the addition of 8MW of solar power in January 2025 and a 24MW captive wind power by 2HFY26. Furthermore, the rising share of PJL's premium branded cement (FY25: 42%, FY24: 34%, FY21: 28%) should support profitability. However, the impact of geo-political issues on fuel prices will remain a monitorable.

RMC EBITDA Doubles on Multi-year High Margins; Sustainability Key: RMC business's EBITDA jumped to an all-time high of INR0.8 billion in FY25 (FY24: INR0.4 billion), aided by the strong order execution in mega projects as well as the various measures taken by the company including increased share of value-added products, individual home builder segment, adoption of franchise model and cost optimisation. Moreover, the segment's EBITDA margins rose to 5.8% in FY25 (FY24: 2.7%, FY23: 0.4%), highest since FY11. With the completion of orders from a few mega projects, volumes declined in 4QFY25. However, Ind-Ra expects the growth in real estate and infrastructure segments, coupled with franchisee scale-up, to support PJL's RMC revenue (FY25: INR14.2 billion, FY24: INR14.7 billion) as it looks to secure new orders even as the sustainability of the strong margins witnessed in FY25 would be monitorable.

HRJ Profitability Flattish in FY25; Plant Modernisation and Brand Building Initiative to Help Gradual Recovery: After successive falls over FY23-FY24 from the decadal highs of 10.6% in FY22, HRJ division's EBITDA margin remained flattish at 5.8% in FY25 (FY24: 5.7%, FY23: 7.3%). With volumes also remaining flattish, the EBITDA remained at INR1.4 billion in FY25 (FY24: INR1.4 billion), lower than the levels witnessed over FY21-FY23. Ind-Ra opines that a sharp fall in India's tiles exports affected the demand-supply balance in FY25, exerting pressure on prices. While the urban demand is likely to remain subdued in 1QFY26, a gradual improvement is likely over FY26. PJL completed the modernisation of its Vijayawada plant in August 2024, to increase its presence in high-value and premium products. The company also plans to increase its marketing and brand building initiatives to increase its penetration and market share over the medium term which may initially put some pressure on profitability; however, these initiatives, coupled with the ramp-up of the Panagarh plant (completed in October 2023) will gradually aid recovery in profitability. During FY25, PJL acquired a 50% stake in Gujarat-based Sunbath Sanitary Pvt. Ltd. for a cash consideration of INR0.2 billion to secure an uninterrupted supply of sanitaryware at competitive prices in a growing market. Sunbath has an annual production capacity of around 11,000 tonnes.

Fall in EBITDA leads to Weak RoCE: From an average of INR6 billion-6.5 billion over FY19-FY22, PJL's EBITDA fell to an average of less than INR5 billion over FY23-FY25 on account of various factors, including high fuel costs in FY23 and weak realisations in FY25. The fall in EBITDA has resulted in a significant weakening of the return on capital employed (RoCE) (including other income) to around 5% over FY23-FY25 (FY25: 5.2%) from the healthy levels of around 15% over FY19-FY22. The company incurred an average capex of INR4 billion over FY23-FY25 consisting of a mix of expansion, efficiency improvement and maintenance. However, with the completion of expansion and modernisation in the tiles business and no major capex planned in the cement segment in the near term, the capex requirement is likely to moderate to INR3 billion-3.5 billion in FY26. However, a sustained increase in the EBITDA is critical for an improvement in the RoCE and will be a key rating monitorable.

Profitability Susceptible to Volatility in Input Prices: Any sharp increase in the key input prices, including pet coke, coal, gas and diesel, not matched by a corresponding increase in the cement prices, could affect the company's EBITDA and profitability. After recovering to 7.3% in FY24 (FY23: 6.5%), the EBITDA moderated to 6.7% in FY25 as cement prices remained subdued owing to increased supply and competition. The profitability had fallen sharply in FY23 (FY22: 10.5%) due to soaring high fuel prices which could not be fully passed on.

Liquidity

Adequate: The average utilisation of PJL's standalone fund-based limits was around 16% (of drawing power, sanctioned limit is higher) during the 12 months ended March 2025, indicating significant liquidity cushion. In addition, the consolidated cash and equivalents (including RQBE) stood at INR4.8 billion at FYE25 (FYE24: INR5.1 billion, FYE23: INR3.3 billion). PJL's cash flow from operations (post interest; including RQBE) increased to INR6.5 billion in FY25 (FY24: INR3.7 billion, FY23: INR4.8 billion), driven by the release of working capital and proceeds from income tax refunds. PJL has minimal scheduled repayment obligations of about INR0.2 billion for FY26 given the prepayments in FY26. The entity has scheduled repayments of around INR2.0 billion for FY27, and Ind-Ra opines that internal accruals would be sufficient to meet the same. Besides, with the financial flexibility from being a part of the Rajan Raheja group, the company has a history of successfully refinancing its debt obligations within a year from maturity. Ind-Ra also draws comfort from the management's guidance of a minimum liquidity of around INR2.0 billion to be maintained in business.

Rating Sensitivities

Positive: A substantial improvement in the operating performance and profitability, along with the adjusted net leverage reducing below 2.0x, on a sustained and consolidated basis, could be positive for the ratings.

Negative: A weaker-than-Ind-Ra-expected operating performance and/or higher-than-expected capex, leading to the adjusted net leverage remaining above 2.0x, on a sustained and consolidated basis, could be negative for the ratings.

Any Other Information

Standalone Profile: During FY25, the company posted a revenue of INR67.3 billion (FY24: INR70.7 billion, FY23: INR67.1 billion), EBITDA of INR3.9 billion (INR4.5 billion, INR3.9 billion), adjusted net leverage (including supplier's credit) of 2.2x (2.5, 3.7x) and gross interest coverage of 2.0x (2.7x, 2.4x).

Investments in RQBE to Continue: PJL continues to evaluate divestment opportunities in RQBE as it remains non-strategic but is likely to invest INR0.5 billion-0.6 billion (FY25: INR0.4 billion) annually in the near term to support the latter's business requirements. PJL's share in RQBE's losses stood at INR0.2 billion in FY25 (FY24 losses: INR0.2 billion, FY23 losses: INR0.4 billion). PJL's earlier planned divestment of its entire holding of 51% in RQBE was automatically terminated in May 2022 due to a delay in the receipt of regulatory approvals.

ESG Issues

ESG Factors Minimally Relevant to Rating: Unless otherwise disclosed in this section, the ESG issues are credit neutral or have only a minimal credit impact on PJL, either due to their nature or the way in which they are being managed by the entity. For more information on Ind-Ra's ESG Relevance Disclosures, please click here. For answers to frequently asked questions regarding ESG Relevance Disclosures and their impact on ratings, please click here.

About the Company

PJL, incorporated is 1992, is a leading manufacturer of building material such as cement, RMC, and ceramic tiles in India. It also has interests in building materials, sanitary-ware and insurance through subsidiaries and joint ventures.

The cement division (Prism Cement) has an installed capacity of 5.6mtpa in Satna (Madhya Pradesh) and supply agreements with three grinding units, situated in Uttar Pradesh, for an aggregate capacity of 1.08mtpa which is likely to increase to 1.44mtpa by end-June 2025. With three decades of operations, Prism Cement had a distribution network of 2,400 effective dealers and nearly 5,800 effective retailers as of end-March 2025, catering to cement demand in Uttar Pradesh, Madhya Pradesh and Bihar. The company produces Portland Pozzolana Cement under four brands - Champion, and three premium brands, Champion Plus, Champion All Weather and Duratech - and Ordinary Portland Cement at its Satna plant. At end-March 2025, it had a trade to non-trade mix of 72:28, and the share of premium products in the revenue was 42%, up from 34% last year.

HRJ has been operating since 1958 in India. The company offers a diversified product portfolio of tiles, sanitary ware, bath fittings and engineered marble and quartz. HRJ's products are sold under the brand names of Johnson Tiles, Johnson Marbonite, Johnson Porselano, Johnson Endura, Johnson International and Johnson Marble & Quartz. The division has a distribution network of about 900 dealers, and it operates 21 large format experience centres. This segment operates 11 tile plants (including joint ventures) with a total capacity of around 64 million square metres, and two-bathroom fittings plants with a total capacity of 3.6 million pieces per annum.

Prism RMC is among the top three players in the RMC sector, with a pan-India presence. As of March 2025, it had a capacity of 11.6 million cubic meter and operated 98 plants across 45 location.

RQBE is a subsidiary of PJL, where PJL holds 51% stake and rest is owned by Australia-based QBE Insurance Group.

Key Financial Indicators

Particulars (INR billion)	FY25	FY24
Revenue	68.3	71.8
Operating EBITDA	4.6	5.2
Operating EBITDA margin (%)	6.7	7.3
Interest coverage (x)	2.0	2.7
Net adjusted leverage (x)	2.4	2.6
Source: PJL, Ind-Ra Note: Consolidated financials excluding RQBE		

Correction in Previous Rating Action Commentary

Ind-Ra updates the rating action commentary published on 28 May 2024 to include affirmation of the long-term issuer rating.

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook		
				28 May 2024	21 February 2024	23 February 2023
Issuer rating	Long-term	-	IND A+/Positive	IND A+/Positive	IND A+/Positive	IND A+/ Stable
Commercial paper	Short-term	INR2,000	IND A1+	IND A1+	IND A1+	IND A1+
Non-convertible debentures	Long-term	INR2,000	IND A+/Positive	IND A+/Positive	IND A+/Positive	IND A+/ Stable

Fixed deposit	Long-term	INR1	IND A+/Positive	IND A+/Positive	IND A+/Positive	IND A+/ Stable
Fund-based working capital limit	Long-term	INR3,990	IND A+/Positive	IND A+/Positive	IND A+/Positive	IND A+/ Stable
Non-fund-based working capital limits	Short-term	INR7,710	IND A1+	IND A1+	IND A1+	IND A1+
Unsecured short-term loans	Short-term	INR1,700	IND A1+	IND A1+	IND A1+	IND A1+
Term loan	Long-term	INR7,376	IND A+/Positive	IND A+/Positive	IND A+/Positive	IND A+/ Stable
Fund/Non-fund based working capital limit	Long-term/ Short-term	INR11	WD	IND A+/Positive/ IND A1+	IND A+/Positive/ IND A1+	-

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Commercial paper	Low
Fixed deposit	Low
Fund-based working capital limit	Low
Fund-/Non-fund-based working capital limit	Low
Non-convertible debenture	Low
Non-convertible debenture	Low
Non-fund-based working capital limit	Low
Term loan	Low
Unsecured short-term loans	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

Instrument Type	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
Non-convertible debentures	INE010A08131	26 August 2021	8.2	26 August 2024	INR950	WD (paid in full)
Non-convertible debentures	INE010A08149	5 July 2024	8.5	5 July 2028	INR1,000	IND A+/Positive
Non-convertible debentures	INE010A08156	5 July 2024	8.6	5 July 2029	INR1,000	IND A+/Positive
Source: NSDL, PJL						

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About India Ratings and Research: India Ratings and Research (Ind-Ra) is committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

The Rating Process

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates