

May 11, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	58.11	SMERA C (Assigned)
Term Loans	497.90	SMERA C (Assigned)
Letter of Credit / Bank Guarantee	12.00	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA C (read as SMERA C)**' and a short-term rating of '**SMERA A4 (read as SMERA A four)**' to the Rs.568.01 crore bank facilities of Amrit Cement Limited (ACL). The ratings note that the company's bank facilities are under corporate debt restructuring (CDR) mechanism. The ratings are constrained by the company's short track record of operations and weak financial profile. The ratings are also constrained by the company's exposure to cyclicity in the end-user industries and intense competition in the cement industry. The aforementioned weaknesses are partially offset by the extensive experience of the company's management.

ACL, incorporated in 2008, is a Kolkata-based company engaged in manufacturing of cement. ACL started commercial operations in December 2012. The company's bank facilities are under corporate debt restructuring (CDR) mechanism. ACL's weak financial profile is marked by operating loss of Rs.87.97 crore and negative net cash accruals of Rs.62.69 crore in FY2013-14 (refers to financial year, April 01 to March 31). The company's weak debt protection metrics are reflected in high gearing (debt-equity ratio) of 1.75 times as on March 31, 2014 and low interest coverage ratio of 0.03 times in FY2013-14. ACL's profit margins are susceptible to fluctuations in raw material prices. The company is exposed to the inherent cyclicity in the end-user industries i.e. construction and infrastructure. ACL's operations are susceptible to intense competition.

ACL's promoters have around two decades of experience in the cement industry.

About the company

ACL, incorporated in 2008, is a Kolkata-based company promoted by Mr. Pradeep Kumar Bagla and Mr. Sunil Kumar Khemka. Mr. Pradeep Kumar Bagla is having rich experience in various businesses such as animal feeds, poultry, processed food and dairy products. ACL is engaged in manufacturing of cement. The company started commercial operations in December 2012. ACL has a factory unit in Jaintia Hills (Meghalaya), with installed production capacity of 2,000 tpd for clinkers and 1,850 tpd for cement. The company has utilised ~42 per cent (provisional) of the installed capacity in FY2014-15. ACL has a 12MW captive power plant.

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For FY2014–15, ACL registered net loss of Rs.72.69 crore (provisional) on operating income of Rs.198.02 crore (provisional), as compared with net loss of Rs.75.20 crore on operating income of Rs.187.63 crore in FY2013–14. The company’s net worth stood at Rs.172.12 crore (provisional) as on March 31, 2015, as compared with Rs.228.31 crore a year earlier.

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