

Amrit Cement Limited: Downgraded

Facilities	Amount (Rs. Crore)	Rating/Outlook
Cash Credit	58.11	SMERA D (Downgraded from SMERA C)
Term Loan	497.90	SMERA D (Downgraded from SMERA C)
Letter of Credit/Bank Guarantee	12.00	SMERA D (Downgraded from SMERA A4)

SMERA has downgraded the rating on the Rs.568.01 crore bank facilities of Amrit Cement Limited (ACL) to '**SMERA D**' (read as **SMERA D**) from SMERA C (read as SMERA C) and SMERA A4 (SMERA A four). The rating reflects delays in servicing of interest and instalment payments on term debts due to stretched liquidity. The rating also factors in the weak financial risk profile marked by net losses, high gearing and low debt protection metrics. However, the company has an experienced management.

Update

ACL reported turnover of Rs.254.05 crore in FY2016, an increase of 82 per cent from Rs.139.42 crore in the previous year. The operating margins rose to 15.74 per cent in FY2016 from 13.09 per cent in FY2015. The weak financial profile is marked by net loss of 6.05 per cent in FY2016 as against 32.20 per cent in FY2015. The gearing ratio increased to 3.82 times in FY2016 as compared to 3.38 times in FY2015. The interest coverage ratio has remained low at 1.03 times in FY2016 as against 0.39 times in FY2015. DSCR stood at 0.64 times in FY2016 as compared to 0.38 times in FY2015.

The gross current assets remain stretched at 286 days in FY2016 as compared to 337 days in FY2015. The inventory and debtors stand at 136 and 47 days respectively in FY2016.

Rating Sensitivity Factors

- On-time debt serviceability
- Scaling up operations and profitability
- Improvement in the capital structure

Criteria applied to arrive at the ratings:

- Manufacturing Entities

About the Company

ACL, incorporated in 2008, is a Kolkata-based cement manufacturing company promoted by Mr. Pradeep Kumar Bagla and Mr. Sunil Kumar Khemka. Mr. Pradeep Kumar Bagla possesses extensive experience in various businesses including animal feed, poultry, processed food among others. The company started commercial operations in December 2012 at Meghalaya. The installed production capacity is 2,000 tpd for clinkers and 1,850 tpd for cement.

For FY2015-16 (refers to financial year April 01 to March 31), ACL reported net loss of Rs.19.48 crore on operating income of Rs.322.06 crore, as compared with net loss of Rs.56.32 crore on operating income of Rs.174.90 crore in FY2014-15. The company's net worth stood at Rs.133.99 crore in FY2016 as against Rs.148.00 crore a year earlier.

Rating History

Date	Name of the Instruments	Amount (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
11 May, 2015	Term Loan	497.90	SMERA C (Assigned)	-	-
	Cash Credit	58.11	SMERA C (Assigned)	-	-
	Letter of Credit/ Bank Guarantee	12.00	-	SMERA A4 (Assigned)	-

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