

## Press Release

### AMRIT CEMENT LIMITED (ACL)

05 December, 2017



### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 568.01 Cr.
<b>Long Term Rating</b>	SMERA C (Assigned)
<b>Long Term Rating</b>	SMERA D (Reaffirmed)
<b>Short Term Rating</b>	SMERA D (Reaffirmed)

*\*Refer Annexure for details*

### Rating Rationale

SMERA has reaffirmed the long-term and short term rating of '**SMERA D**' (read as **SMERA D**) on the Rs. 305.23 crore bank facilities and assigned long term rating of '**SMERA C**' (read as **SMERA C**) on the Rs.239.97 crore Optionally Convertible Debentures of AMRIT CEMENT LIMITED.

The Kolkata-based Amrit Cement Limited (ACL) was incorporated in January, 2008 by Mr. Pradeep Kumar Bagla, Mr. Sunil Kumar Khemka and others. ACL has a clinkerisation unit with production capacity of 2,000 tpd and a 1,850 tpd cement grinding unit apart from a captive power plant of 12 MW, used to meet the aggregate power requirements of the company.

### List of key rating drivers and their detailed description

#### Strengths

- **Experienced management**

The promoters, Mr. Pradeep Kumar Bagla, Mr. Sunil Kumar Khemka and others have around two decades of experience in the cement industry.

#### Weaknesses

- **Delays in debt servicing**

The rating reflects continuous delays in servicing of debt obligations on account of a weak liquidity position. The company has term loans of Rs. 434.94 crore with annual repayment obligations of Rs. 31.97 crore. The company has paid the principal and interest obligations for the month of August 2017 in October 2017 mainly due to a weak liquidity position.

- **Weak financial risk profile**

The financial risk profile of the company is marked by healthy network, high gearing and weak debt protection measures. The network levels stood at Rs.118.97 crore as on 31 March, 2017 (Provisional) as against Rs.133.39 crore in the previous year. The decline in network levels have been due to losses incurred in FY2017. The gearing deteriorated to 4.42 times as on 31 March, 2017 (Provisional) from 3.82 times as on 31 March, 2016 mainly due to fall in the net worth levels of the company. The Interest coverage ratio stood low at 0.97 times in FY2017 (Provisional) as against 1.03 times in FY2016. The DSCR stood at a low of 0.54 times in FY2017 (Provisional) and 0.64 times in FY2016. The net cash accruals to total debt stood at a negative 0.003 times.

## Analytical Approach

SMERA has taken a standalone view of the business and financial risk profiles of ACL.

## About the Rated Entity - Key Financials

For FY2017 (Provisional), ACL reported net loss of Rs.23.19 crore on total operating income of Rs.323.64 crore, compared with net loss of Rs.19.48 crore on total operating income of Rs.322.06 crore in FY2016. The tangible net worth stood at Rs.118.97 crore in FY2017 (Provisional) and Rs.133.99 crore in FY2016.

## Status of non-cooperation with previous CRA (if applicable)

NA

## Any other information

NA

## Applicable Criteria

- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Application of Financial Ratios and Adjustments: <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smera.in/criteria-default.htm>

## Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

## Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount	Ratings/Outlook
10-Sep, 2016	Cash Credit	Long Term	INR 58.11	SMERA D
	Term Loan	Long Term	INR 497.9	SMERA D
	Letter of Credit	Short Term	INR 12	SMERA D
11-May, 2015	Cash Credit	Long Term	INR 58.11	SMERA C
	Term Loan	Long Term	INR 497.9	SMERA C
	Letter of Credit	Short Term	INR 12	SMERA A4

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Optionally Convertible Debenture	Not Applicable	Not Applicable	Not Applicable	239.97	SMERA C (Assigned)
Term loans	Not Applicable	Not Applicable	Not Applicable	64.93	SMERA D
Cash Credit	Not Applicable	Not Applicable	Not Applicable	24.03	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	57.78	SMERA D
Cash Credit	Not Applicable	Not Applicable	Not Applicable	14.88	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	31.34	SMERA D
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	22.60	SMERA D
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.10	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	14.65	SMERA D
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.10	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	14.18	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	16.08	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	13.56	SMERA D
Letter of credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA D
Bank guarantee/Letter of	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA D
Letter of credit	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA D
Letter of credit	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA D

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## ABOUT SMERA

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