

## Press Release

### Amrit Cement Limited (ACL)

October 22, 2018



### Rating Reaffirmed

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

\* Refer Annexure for details

### Rating Rationale

ACUITE has reaffirmed the long-term and short term rating of '**ACUITE D**' (**read as ACUITE D**) on the Rs. 328.04 crore bank facilities and reaffirmed long term rating of '**ACUITE C**' (**read as ACUITE 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.

### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of ACL to arrive at the rating.

### Key Rating Drivers

#### 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. 404.04 crore with annual repayment obligations of Rs. 33.11 crore. The company has paid the principal and interest obligations for the month of June 2018 in July 2018 and for August 2018 in September 2018 mainly due to a weak liquidity position.

- **Weak financial risk profile**

The financial risk profile of the company is marked by healthy net worth, high gearing and low debt protection measures. STPL has a moderate net worth of Rs 122.87 crs as on 31st March'2018 as compared to Rs.118.97 crore in FY2017. The Networth of the company has increased mainly on account of infusion of fresh capital in business. The gearing of the company stood high at 4.07 times in FY2018 as compared to 4.42 times in the previous year. The total debt of Rs 500.33 crs consists mainly of short term debt of Rs. 63.18 crs , long-term loan of Rs.404.04 crore. The total outside liability against tangible net worth (TOL/TNW) stands high at 5.60 times in FY2018 as compared to 5.95 times in the previous year. The debt protection

measures of the company stood low with interest coverage of 1.39 times in FY'18 as compared to 0.97 times in FY'17. Debt service coverage ratio (DSCR) stood low at 0.81 times in FY2018 as against of 0.54 times in previous year. The NCA/TD levels of the company stood at 0.03 times in FY'18.

### About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	340.55	323.64	322.06
EBITDA	Rs. Cr.	61.70	57.17	50.69
PAT	Rs. Cr.	(3.18)	(23.19)	(19.48)
EBITDA Margin	(%)	18.12	17.66	15.74
PAT Margin	(%)	(0.93)	(7.17)	(6.05)
ROCE	(%)	6.49	5.52	4.61
Total Debt/Tangible Net Worth	Times	4.07	4.42	3.82
PBDIT/Interest	Times	1.39	0.97	1.03
Total Debt/PBDIT	Times	8.11	9.19	10.07
Gross Current Assets (Days)	Days	365	397	286

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

Not Applicable

### Any other information

Not Applicable

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-6.htm>

### Note on complexity levels of the rated instrument

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

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
05-Dec-2017	Optionally Convertible Debenture	Long Term	239.97	ACUITE C (Assigned)
	Term Loan	Long Term	64.93	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	24.03	ACUITE D (Reaffirmed)
	Term loans	Long Term	57.78	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	14.88	ACUITE D (Reaffirmed)
	Term loans	Long Term	31.34	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE D (Reaffirmed)
		Long Term		ACUITE D

	Term loans		22.60	(Reaffirmed)
	Cash Credit	Long Term	7.10	ACUITE D (Reaffirmed)
	Term loans	Long Term	14.65	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	7.10	ACUITE D (Reaffirmed)
	Term loans	Long Term	14.18	ACUITE D (Reaffirmed)
	Term loans	Long Term	16.08	ACUITE D (Reaffirmed)
	Term loans	Long Term	13.56	ACUITE D (Reaffirmed)
	Letter of credit	Short Term	5.00	ACUITE D (Reaffirmed)
	Bank guarantee/Letter of Guarantee	Short Term	2.00	ACUITE D (Reaffirmed)
	Letter of credit	Short Term	3.00	ACUITE D (Reaffirmed)
	Letter of credit	Short Term	2.00	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	58.11	ACUITE D (Downgraded)
	Term Loan	Long Term	497.90	ACUITE D (Downgraded)
	Letter of Credit	Short Term	12.00	ACUITE D (Downgraded)
10-Sep-16	Cash Credit	Long Term	58.11	ACUITE C (Assigned)
	Term Loan	Long Term	497.90	ACUITE C (Assigned)
	Letter of Credit	Short Term	12.00	ACUITE A4 (Assigned)
11-May-15	Cash Credit	Long Term	58.11	ACUITE C (Assigned)
	Term Loan	Long Term	497.90	ACUITE C (Assigned)
	Letter of Credit	Short Term	12.00	ACUITE A4 (Assigned)

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

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Optionally Convertible Debenture	Not Applicable	Not Applicable	Not Applicable	239.97	ACUITE C (Reaffirmed)
Term Loan	Not Applicable	Not Applicable	Not Applicable	64.93	ACUITE D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	24.03	ACUITE D (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	57.78	ACUITE D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	14.88	ACUITE D (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	31.34	ACUITE D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE D (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	22.60	ACUITE D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.10	ACUITE D (Reaffirmed)

Term loans	Not Applicable	Not Applicable	Not Applicable	14.65	ACUITE D (Reaffirmed)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.10	ACUITE D (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	14.18	ACUITE D (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	16.08	ACUITE D (Reaffirmed)
Term loans	Not Applicable	Not Applicable	Not Applicable	13.56	ACUITE D (Reaffirmed)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE D (Reaffirmed)
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE D (Reaffirmed)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE D (Reaffirmed)
Letter of credit	Not Applicable	Not Applicable	Not Applicable	2.00	ACUITE D (Reaffirmed)
Proposed Letter of Credit	Not Applicable	Not Applicable	Not Applicable	22.81	ACUITE D (Reaffirmed)

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### About Acuité Ratings & Research:

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