



Press Release
PURBANCHAL CEMENT LIMITED
June 26, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	19.00	ACUITE A- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	19.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed the long-term rating of **‘ACUITE A-’ (read as ACUITE A minus)** on the Rs.19.00 crore bank facilities of Purbanchal Cement Limited (PCL). The outlook is **‘Stable’**.

Rationale for reaffirmation

The reaffirmation of the rating factors in the recovery in operating revenue in FY2025 (E), following a moderation in FY2024. It also reflects the company’s strong financial risk profile, supported by low gearing, healthy debt protection metrics, and limited dependence on external borrowings. The rating further draws comfort from the promoters’ extensive experience of over two decades in the cement industry and the company’s robust liquidity position.

However, the rating remains constrained by moderately intensive working capital requirements, exposure to input cost volatility, and the inherent cyclicity of the cement sector.

About the Company

Incorporated in 2003, Purbanchal Cement Limited (PCL) is a Sonarpur, Assam-based company engaged in the manufacturing of Clinker, Ordinary Portland Cement (OPC), and Portland Pozzolana Cement (PPC). It has an installed grinding capacity of 3.94 lakh TPA (effective capacity 3.63 lakh TPA) and a clinker manufacturing capacity of 1.62 lakh TPA. The company markets its products in the northeast under the brands ‘Surya Gold’ and ‘Surya Concretec’ cement, with major sales concentration in Assam. The company is currently headed by Mr. Vedant Agarwal (Managing Director), Mr. Badal Rabha, Mr. Rukmal Boro, Mr. Dipankar Samanta, and Ms. Ayushi Khaitan as directors. The company’s shareholding structure underwent changes following an NCLT-approved amalgamation of multiple entities effective from September 2023. This resulted in cancellation of cross-shareholdings and led to the entry of new investors and exit of existing shareholders. PCL channels its sales through distributors and dealers across Assam, Meghalaya, and other northeastern states.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of PCL to arrive at the rating.

Key Rating Drivers

Strengths

- **Long and diversified experience of the management**

PCL has been engaged in the manufacturing of cement since April 2008. The company was promoted in 2003 by Shri Trilok Chand Agarwal of Kolkata and Shri Prakash Gupta of Guwahati. Later, the company was

taken over by Shri Madhur Agarwalla and Shri Subhash Chandra Agarwalla in July 2007, when it was in the project implementation stage. The plant became operational in April 2008. Over the years, the promoters have successfully established the 'Surya Gold' and 'Surya Concretex' brands in the North-Eastern cement market. The company is currently headed by Mr. Vedant Agarwal (Managing Director), along with Mr. Badal Rabha, Mr. Rukmal Boro, Mr. Dipankar Samanta, and Ms. Ayushi Khaitan as directors. The promoters also have extensive business experience in several industries such as ferro alloys, steel, refractories, and more. In 2007, the management ventured into the cement business by acquiring a majority stake in PCL. Acuité believes that the established track record of over a decade and the multifaceted experience of the promoters will continue to support the business going forward.

- **Stable operating performance in FY2025 post moderation in FY2024**

The company's operating income declined in FY2024 to Rs.186.16 Cr. from Rs.237.54 Cr. in FY2023, primarily due to reduced production caused by a 3–4-month breakdown in the clinker manufacturing unit. However, the operating income recovered to Rs.200.32 Cr. in FY2025. The operating profit margin also fluctuated over the period—improving to ~7.40% in FY2025 (E) from 5.83% in FY2023, though slightly lower than 8.30% in FY2024. These margin variations are attributed to volatility in input costs, particularly raw materials, which constitute a significant portion of the cost structure. Given the inherent exposure of the business to fluctuations in raw material prices, Acuité believes that the company's operating income and profitability will remain key monitorable going forward.

- **Healthy financial risk profile**

The financial risk profile of the company continues to remain healthy with healthy capital structure, debt protection metrics and low gearing levels. The net worth of the company stood at Rs.83.06 Cr. and Rs.92.70 Cr. as on March 31, 2024, and 2023 respectively. The net worth has declined due to the amount utilized on buyback of equity shares of Rs. 14.04 Cr. in FY2024. The gearing of the company stood at 0.03 times as on March 31, 2024, against 0.01 times as on March 31, 2023. The estimated gearing for FY2025 is around 0.03 times. Debt protection metrics – Interest coverage ratio and debt service coverage ratio stood at 24.78 times and 17.38 times as on March 31, 2024, respectively as against 19.79 times and 15.51 times as on March 31, 2023, respectively. The estimated ICR and DSCR for FY2025 is around 24.25 times and 15.73 times. Tol/TNW stood at 0.52 times as on March 31, 2024, as against 0.47 times as on March 31, 2023. The estimated Tol/TNW for FY2025 is around 0.47 times. The debt to EBITDA of the company stood at 0.14 times as on March 31, 2024, as against 0.04 times as on March 31, 2023 and estimated to be around 0.15 times as on March 31st 2025. Acuité believes that the financial risk profile of the company will continue to remain healthy over the medium term in the absence of any major debt-funded capital expenditure and healthy accruals.

Weaknesses

- **Moderately intensive working capital cycle**

PCL's working capital cycle is moderately intensive, marked by Gross Current Assets (GCA) of 147 days in FY2024 compared to 113 days in FY2023. The GCA days are mainly led by inventory days. The receivable days stood at 31 day in FY2024 compared to 28 days in FY2023. Furthermore, the inventory period stood at 98 days in FY2024 compared to 58 days in FY2023. The company offers a credit period of around 20-30 days to its customers and has a policy to maintain inventory for about 1-2 months. For limestone, the company usually maintains a buffer stock for over 3 months. Additionally, the company procures around 40 percent of clinker (one of the major raw materials) from the market for captive consumption, either in cash or against advance payment, leading to a high operating cycle. Acuité believes that the working capital management of the company will remain at similar levels over the medium term.

- **Susceptibility to volatility in input cost; cyclical associated with the cement industry**

The cement industry is highly cyclical in nature and largely depends on the economic growth of the country. There is a high degree of correlation between GDP growth and cement consumption. As a cyclical industry, it goes through phases of ups and downs, which accordingly impact unit realizations. Moreover, profitability remains susceptible to volatility in input prices, including raw materials, power, fuel, and freight. Realizations and profitability are also affected by demand, supply, offtake, and other region specific factors. PCL remains exposed to frequent fluctuations in power costs, in addition to the risks of volatile input prices.

Rating Sensitivities

- Sustained growth in revenue and profitability.
- Any deterioration of its financial risk profile.

- Any elongation of the working capital cycle leading to deterioration in debt protection metrics.

Liquidity Position: Strong

PCL generated cash accruals of Rs. 13.22 Cr. in FY2024, while its maturing debt obligations were nil during the same period. Going forward, the company is expected to continue to generate healthy net cash accruals over the near to medium term. Further, the reliance on working capital limits is minimal, averaging 14 percent utilization for fund-based limits over the past five months ending in May 2025. The company has maintained unencumbered cash and bank balances of Rs. 5.44 Cr, and the current ratio stood at 3.18 times as of March 31, 2024. Acuité believes that the liquidity position of the company will remain strong due to steady cash accruals against no debt repayment obligations and buffer available from unutilized working capital limits.

Outlook: Stable**Other Factors affecting Rating**

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	186.16	237.54
PAT	Rs. Cr.	11.23	8.99
PAT Margin	(%)	6.03	3.78
Total Debt/Tangible Net Worth	Times	0.03	0.01
PBDIT/Interest	Times	24.78	19.79

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
28 Mar 2024	Cash Credit	Long Term	19.00	ACUITE A-	Stable (Reaffirmed)
29 Dec 2022	Cash Credit	Long Term	19.00	ACUITE A-	Stable (Reaffirmed)
13 Dec 2022	Cash Credit	Long Term	19.00	ACUITE A-	Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.00	Simple	ACUITE A- Stable Reaffirmed

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About Acuité Ratings & Research

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