



**Press Release**  
**Alps Mining Services Private Limited (Erstwhile Alps Mining Services)**  
**October 25, 2024**  
**Rating Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	18.00	ACUITE BBB   Stable   Downgraded	-
Bank Loan Ratings	17.00	-	ACUITE A3+   Downgraded
Total Outstanding Quantum (Rs. Cr)	35.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has downgraded its long-term rating to **'ACUITE BBB'** (read as **ACUITE triple Bf**) from **'ACUITE BBB+'** (read as **ACUITE triple B plus**) and its short term rating to **'ACUITE A3+'** (read as **ACUITE A three plus**) from **'ACUITE A2'** (read as **ACUITE A two**) on the Rs.35.00 Cr. bank facilities of Alps Mining Services Private Limited (AMSPL) (Erstwhile known as Alps Mining Services). The outlook is **'Stable'**.

**Rationale for downgrade**

AMSPL has experienced a notable decline in its operating performance, with stable revenues at Rs. 1073.88 Cr. in FY 2024 vis-a-vis Rs. 1084.27 Cr. in FY 2023. Also, EBITDA margins declined to 8.27% in FY24 from 14.95% in FY23, and PAT margins to 3.69% from 13.73% over the same period. The decline in margins and profitability was majorly due to increase cost for RCR line of business and job work expenses for customer orders (mainly MAHAGENCO). Furthermore, the company had increased its finance cost since a substantial amount was stuck with RINL, and they had to increase their working capital limits. This reduction in profitability is accompanied by weakening of debt protection metrics, as evidenced by the interest coverage ratio decreasing from 10.94x to 2.91x and the DSCR falling from 10.33x to 2.09x in FY 2024. Additionally, the NCA/TD ratio has declined from 0.37x to 0.17x, indicating reduced cash flow relative to debt levels. Despite an improvement in the TOL/TNW ratio from 20.75x to 8.11x, the company's leverage remains high, with the Debt to EBITDA ratio increasing from 2.43x to 2.99x. Working capital management has also deteriorated, with the debtor period extending from 30 days to 52 days, although GCA days have slightly improved from 144 to 134. AMSPL's liquidity position is stretched due to significant investments in ACB(India) and Kusum Smelters Pvt Ltd., funded through long-term liabilities and promoter contributions, which have tied up funds and limited the liquidity. Furthermore, the company faces industry challenges, including financial distress in power plants due to high supply costs and competition from renewable energy, as well as intense competition from the open import policy for coal.

**About the Company**

Alps Mining Services Private Limited (formerly known as Alps Mining Services) was established in 2016 as a partnership firm based in Chhattisgarh, with Mr. Naresh Poddar holding a 95 percent stake and Mr. Amit Singhal holding a 5 percent stake. The company's main activities revolved around coal trading and transportation, serving customers across Chhattisgarh, Odisha, and Jharkhand. In April 2021, two new partners, Mr. Aditya Agarwal (also a shareholder and director at Hind Energy Group) and Mr. Sourav Agrawal, joined with a revised profit and loss sharing ratio of 5:5:80:10 among Mr. Naresh Poddar, Mr. Amit Singhal, Mr. Aditya Agarwal, and Mr. Sourav Agrawal. Subsequently, in September 2022, the firm underwent a constitution change to become a private limited company, and the name was updated accordingly. The company caters to the coal needs of various industries, including power, metal, paper, steel, and cement, sourcing coal from various collieries through e-auctions from

ECL and its subsidiary, as well as procuring South African coal based on demand.

## Unsupported Rating

Not applicable

## Analytical Approach

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

## Key Rating Drivers

### Strengths

#### Experienced management and reputed clientele

Mr. Naresh Poddar, with a decade of experience in the coal trading business, promoted AMSPL. Currently, the partnership firm is led by two partners, Mr. Naresh Poddar and Mr. Amit Singhal, who are supported by a capable team of professionals. Before becoming a partnership firm, Mr. Poddar operated the business as a proprietorship concern since 2012. Prior to venturing into the coal business, the promoter was involved in cement trading and warehousing. The extensive experience of the partners has enabled AMSPL to establish strong relationships with reputable customers, including TATA Steel Long Product Ltd. (a subsidiary of Tata Steel), JSW Steel, Heidelberg Cement India Ltd., ACC Cement, among others. Acuité believes that the promoters' wealth of experience and the positive rapport with customers and suppliers will contribute to the company's enhanced scale of operations in the future.

#### Moderate Financial Risk Profile

The financial risk profile of the company is marked by improved net worth, average gearing and debt protection metrics. The tangible net worth of the company improved to Rs. 58.22 Cr. as on FY2024 as compared to Rs. 21.36 Cr. as on FY2023 aided by sizeable accretion to reserves. Furthermore, its capital structure remains leveraged, characterised by the gearing of the company which stood at 4.68 times as on FY2024. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood at 8.11 times as on FY2024 as compared to 20.75 times as on FY2023. The moderate debt protection metrics of the company is marked by Interest Coverage Ratio at 2.91 times and Debt Service Coverage Ratio at 2.09 times as on FY2024. The net cash accruals to total debt (NCA/TD) stood at 0.17 times in FY2024. Acuité believes that the financial risk profile of the Company will continue to remain moderate due to its capital structure and average debt protection metrics over the medium term.

### Weaknesses

#### Working capital intensive nature of operations

The working capital management of the company is marked by high but improving Gross Current Assets (GCA) of 134 days in FY2024 as compared to 144 days in FY2023. The high level of GCA days is on account of high level of current assets due to significant advances given to suppliers. However, the debtor period improved to 52 days as on FY2024 as compared to 30 days as on FY2023. Moreover, the inventory period also stood comfortable at 27 days in FY2024 as compared to 34 days in FY2023. Acuité believes that the working capital operations of the company will remain at same level given the nature of the industry over the medium term.

#### Exposure to group entities

AMSPL has exposure to group companies in the form of investments and unsecured loans. They have invested in a joint venture with ACB(India) Limited which is ACB(India) Talcher Washery Private Limited for which AMSPL has invested an amount of Rs.55 crore upto FY2024 and in current financial year the exposure stands at Rs.125 crore. It has also invested in Kusum Smelters Private Limited via 40% equity stake of Rs. 27.25 crore. Along with loans and advances of Rs.14.18 crore, and corporate guarantee of Rs 185 crore. As a result, the liquidity of the company gets constrained since the exposure to group entities are in the nature of long term investments.

#### Intense competition and strained end user Industry

The coal traded and transported by AMSPL is utilized by companies involved in power generation, cement manufacturing, and iron & steel production. However, the increasing cost of coal supply, coupled with the availability of environmentally friendly and economically attractive options such as solar and wind power, has caused a significant decline in energy consumption from power plants, leading to financial difficulties for these plants. Any changes in policies that affect the highly regulated coal industry or its end users could have an impact on the financial and business risk profile of AMSPL. Under the current Import policy, consumers have the liberty to freely import coal under the Open General License, allowing multiple players to enter the sector and leading to intense competition.

### Rating Sensitivities

Movement in revenue and profitability

Working capital cycle

### **Liquidity Position** **Adequate**

The company has adequate liquidity profile marked by net cash accruals of Rs. 45.89 Cr. as on FY2024 as against long term debt repayment of only Rs. 16.04 Cr. over the same period. The current ratio stood at 1.49 times as on FY2024. Moreover, the average utilisation of the fund- based limits stood at ~60 per cent during the last 6 months ended July 2024. However, the cash and bank balances of the company stood at Rs. 26.91 Cr. as on FY2024 as compared to Rs. 5.48 Cr. as on FY2023. Also, the management has unsecured loans of Rs. 134.67 Cr, however the exposure in group companies limits the fund fungibility of AMSPL. Acuité believes that going forward the company will maintain adequate liquidity position due to steady accruals, moderate current ratio and absence of capex plans.

### **Outlook: Stable**

### **Other Factors affecting Rating** None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	1073.88	1084.27
PAT	Rs. Cr.	39.61	148.90
PAT Margin	(%)	3.69	13.73
Total Debt/Tangible Net Worth	Times	4.68	18.90
PBDIT/Interest	Times	2.91	10.94

### 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>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Trading Entities: <https://www.acuite.in/view-rating-criteria-61.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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
28 Jul 2023	Cash Credit	Long Term	8.00	ACUITE BBB+   Stable (Reaffirmed)
	Cash Credit	Long Term	0.10	ACUITE BBB+   Stable (Assigned)
	Cash Credit	Long Term	9.90	ACUITE BBB+   Stable (Assigned)
	Bills Discounting	Short Term	15.00	ACUITE A2 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A2 (Reaffirmed)
30 Sep 2022	Bills Discounting	Short Term	15.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A2 (Upgraded from ACUITE A3+)
	Cash Credit	Long Term	8.00	ACUITE BBB+   Stable (Upgraded from ACUITE BBB   Stable)
05 Jul 2021	Bills Discounting	Short Term	15.00	ACUITE A3+ (Assigned)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	8.00	ACUITE BBB   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A3+   Downgraded ( from ACUITE A2 )
HDFC Bank Ltd	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A3+   Downgraded ( from ACUITE A2 )
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	8.00	Simple	ACUITE BBB   Stable   Downgraded ( from ACUITE BBB+ )
Yes Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.10	Simple	ACUITE BBB   Stable   Downgraded ( from ACUITE BBB+ )
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	9.90	Simple	ACUITE BBB   Stable   Downgraded ( from ACUITE BBB+ )

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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