

Andhra Cements Limited

February 09, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	910.79 (Reduced from 915.79)	CARE D (Single D)	Reaffirmed
Short Term Bank Facilities	28.00 (Reduced from 43.00)	CARE D (Single D)	Reaffirmed
Total Bank Facilities	938.79 (Rs. Nine Hundred Thirty-Eight Crore and Seventy-Nine Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Andhra Cements Ltd continues to factor in delays in debt servicing by the company.

Rating Sensitivities:

Positive Factors:

- Timely track record of debt servicing by the company for continuous 3 months
- Sustainable improvement in the operations of the company

Detailed description of the key rating drivers

Key Rating Weaknesses

Delay in Debt servicing obligation:

The liquidity position of the company continues to remain weak on account of weak operational and financial performance leading to delay in debt servicing.

Liquidity: Poor

The liquidity of the company is poor, leading to delays in debt servicing.

Analytical approach: Standalone

Applicable Criteria

[CARE's Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology- Cement Industry](#)

[CARS's Policy on Curing Period](#)

[Financial ratios – Non-Financial Sector](#)

[Policy in respect of Non-cooperation by issuer](#)

About the Company

ACL has cement manufacturing facilities at Dachepalli, Guntur District (Durga Cement Works) with a split grinding unit at Visakhapatnam, Andhra Pradesh (Visakha Cement Works). Jaypee Group, through Jaypee Development Corporation Ltd (JDCL, a wholly-owned subsidiary of Jaypee Infra Ventures) acquired controlling stake in ACL in February 2012 from its earlier promoters, Duncan Goenka Group. ACL, under its erstwhile management, began a process of expanding its cement capacity from 1.42 mtpa (DCW – 0.8 mtpa and VCW – 0.62 mtpa) to 3.0 mtpa in July 2007 but it witnessed significant cost and time over runs. The Jaypee group, post-acquisition of the company, has undertaken renovation and augmentation of the existing capacity of 1.42 mtpa to 2.61 mtpa, which was commissioned on December 01, 2014. The company has also set up a captive power plant with 30 MW capacities, which was commissioned in FY16.

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

Brief Financials (Rs. crore)	FY19 (A)	FY20(A)
Total operating income	321.98	143.59
PBILDT	14.02	-7.06
PAT	-180.13	-168.32
Overall gearing (times)	-3.03	-1.99
Interest coverage (times)	0.13	-4.92

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	865.79	CARE D
Fund-based - LT-Cash Credit	-	-	-	45.00	CARE D
Non-fund-based - ST-BG/LC	-	-	-	28.00	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	865.79	CARE D	-	1)CARE D (09-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	-
2.	Fund-based - LT-Cash Credit	LT	45.00	CARE D	-	1)CARE D (09-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	-
3.	Non-fund-based - ST-BG/LC	ST	28.00	CARE D	-	1)CARE D (09-Mar-20) 2)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	-

Annexure-3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Cash Credit	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-BG/LC	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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