

Andhra Pradesh Heavy Machinery and Engineering Limited

August 18, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	18.00	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B+; Stable; (Single B Plus; Outlook: Stable)
Short Term Bank Facilities	1.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	19.00 (₹ Nineteen Core Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE had, vide its press release dated July 21, 2021, continuously placed the rating(s) of Andhra Pradesh Heavy Machinery and Engineering Limited (APHEML) under the 'issuer non-cooperating' category as APHEML had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. APHEML continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated 26 June 2022, 21 June 2022, 20 June 2022, and 16 June 2022.

In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings are revised on account of accumulation of losses leading to erosion of net-worth. Further, the company has not shared any information with regards to the operations of the company.

Detailed description of the key rating drivers

At the time of last rating on July 21, 2021 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies):

Key Rating Weaknesses

Declining financial performance: The total operating income of the company has reduced by 25% as compared to last year owing to high cost of raw materials. Company has reported losses in operating profit levels and PAT levels.

Moderate order book: The order book provides short term revenue visibility and is spread across reputed clientele comprising subsidiaries of Coal India Ltd and SCCL. Order book as on February 28, 2018 was Rs.23.71 crore .

Elongated working capital cycle: The operating cycle of the company elongated to 302 days(FY20: 239 days) owing primarily to the elongated collection (232 days) and inventory period(93 days) .

Key Rating Strengths

Experienced management: The operation of APHEML is managed by an experienced and qualified team with the top management of the company on deputation from SCCL.

Operational and business support from SCCL: APHEML gets support from SCCL in terms of regular orders. SCCL had signed MoU with APHEML to uplift the scale of operations of the company. Accordingly, the company majorly catered to the requirement of SCCL and the latter contributed to around 63% of the total revenue for APHEML in the last three years. While the MoU has expired in March 2015 renewal is pending, however the support from SCCL in terms of awarding orders to APHEML continues.

Strong financial and liquidity position: The capital structure and debt coverage indicators are strong on account of significantly low debt outstanding. The liquidity profile of the company is also comfortable led by satisfactory gross cash accruals, low dependence on external borrowings and relatively comfortable cash and bank balance of Rs.9.72 crore as on March 31, 2020.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Analytical approach: Standalone**Applicable criteria**
[Policy in respect of Non-cooperation](#)
[Policy on Default Recognition](#)
[Criteria for Short Term Instruments](#)
[Rating Methodology Manufacturing Companies](#)
[Financial ratios - Non Financial Sector](#)
[Criteria on Assigning 'Outlook' or 'Credit Watch' to Credit Ratings](#)
About the company

Established in 1976, Andhra Pradesh Heavy Machinery and Engineering Limited (APHMEL) is engaged in the manufacturing of material handling and mining equipment, especially for the coal sector with manufacturing facilities located at Vijayawada, Andhra Pradesh. APHMEL is a subsidiary of The Singareni Collieries Company Ltd (SCCL) which is a State Public Sector Undertaking (jointly owned by State Government of Telangana and Government of India, in ratio of 51:49) engaged in coal mining. The company was taken over by SCCL in 1998 and it currently holds 81.54% stake in APHMEL. The Andhra Pradesh Industrial Development Corporation (APIDC) is the second largest shareholder with equity stake of 5.79% in APHMEL.

Brief Financials (₹ crore)	March 31, 2020 (A)	March 31, 2021 (A)	March 2022 (UA)	Q1FY23 (UA)
Total operating income	72.81	54.78	NA	NA
PBILDT	-4.66	-6.67	NA	NA
PAT	-3.14	-7.48	NA	NA
Overall gearing (times)	0.00	0.00	NA	NA
Interest coverage (times)	-11.72	-24.57	NA	NA

A: Audited UA: Unaudited NA: Not available

Status of non-cooperation with previous CRA: Nil**Any other information:** Nil**Rating history for the last three years:** Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	8.00	CARE B; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	1.00	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - LT-Bank Guarantee		-	-	-	10.00	CARE B; Stable; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	8.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (21-Jul-21)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (01-Jul-20)	1)CARE BBB; Stable; ISSUER NOT COOPERATING* (23-Jul-19)
2	Non-fund-based - ST-Letter of credit	ST	1.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (21-Jul-21)	1)CARE A4; ISSUER NOT COOPERATING* (01-Jul-20)	1)CARE A3; ISSUER NOT COOPERATING* (23-Jul-19)
3	Non-fund-based - LT-Bank Guarantee	LT	10.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (21-Jul-21)	1)CARE BB; Stable; ISSUER NOT COOPERATING* (01-Jul-20)	1)CARE BBB; Stable; ISSUER NOT COOPERATING* (23-Jul-19)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: NA**Annexure-4: Complexity level of various instruments rated for this company**

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - LT-Bank Guarantee	Simple
3	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Bank lender details for this companyTo view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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