

## NCL Industries Limited

November 15, 2024

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Fixed Deposit	65.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

CARE Ratings Ltd (CARE) had, vide its press release dated August 23, 2023, placed the rating(s) of NCL Industries Limited under 'issuer noncooperating' category as the company failed to provide information for monitoring of the rating. NCL Industries Limited continues to be non-cooperative despite repeated requests for submission of information through e-mails dated from October 29, 2024, to November 02, 2024, and numerous phone calls. 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)**

**Analytical approach:** Standalone

### Detailed description of key rating drivers:

At the time of last rating on August 23, 2023, the following were the rating strengths and weaknesses (updated for the information available from BSE Filings)

### Key weaknesses

#### Moderate capital structure:

NCL's capital structure has improved significantly due to increase in total net worth and reduction in debt. The overall gearing stood at 0.43x in FY22 and Total debt / GCA stood at 2.09x. In FY23 the overall gearing was stable at 0.38x. The total debt to GCA stood at 2.48x in FY23. Further, In FY24 the gearing improved to 0.25x due to reduction in debt obligation, also, the Net worth has increased by 10% in FY24.

#### Decline in revenue of hydel power units:

The operational performance and revenue of the power plants has further declined during FY17 due to bad monsoon. However, comfort is derived from considering that the contribution from the same towards revenue is minimal.

#### Exposure to risk related to cyclicalities in the cement industry:

The company remains exposed to pricing pressure due to supply demand mismatches in southern India

### Key strengths

#### Experienced promoters and long track record of operations:

The Company has more than three decade-long entrepreneurial experience of its promoters across diversified lines of businesses. Established presence in AP/Telangana market: NCL benefits from its established dealer network, and access to captive limestone mines assuring uninterrupted supply of limestone.

#### Diversified revenue stream:

The cement segment has been the major contributor to the total revenue during the last three years ending March 202, followed by boards segment, Ready Mix Concrete (RMC), Prefab and energy. Cement constituted 84.26% to total sales during FY24 (84.74% during FY23). Further during FY22, cement constitutes 86.18% of the total sales.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

**Improvement in revenue and satisfactory operating margins during FY23-24:**

During FY23 TOI stood at Rs. 1613.34 crore and in FY24 TOI marked at Rs 1874.32 crore. The PBILTD margins improved from 9.47% in FY23 to 11.32% in FY24. The PAT margin stood at 5.03%.

**Location advantage and adequate availability of raw material:**

The Company enjoys location advantage in terms of captive limestone mines with high quality reserves located adjacent to the NCL cement unit in Mattapally.

**Satisfactory operating cycle:**

Operating cycle of NCL remained satisfactory at 58 days in FY23 and FY24. The average cc utilization was comfortable at around 55% for the 12 months ended in May 2017.

**Improved operational performance for cement and boards:**

The Company's capacity utilization for cement has witnessed improvement over the three-year period ending FY24 since the company is exploring markets in Tamil Nadu and Andhra Pradesh and Kerala coupled with increased demand.

**Successful completion of project:**

The Company also completed expansion of clinker and cements production and commenced operations from March 7, 2018. Capacity has increased from 1.6 million Tonnes Per Annum MTPA to 2.6 MTPA for clinker and 1.95 MTPA to 2.7 MTPA for cement.

**Improving demand prospects:**

The company's demand prospects are robust over the near to medium term based on various infrastructural activities by the Government in Andhra Pradesh and Telangana.

**Assumptions/Covenants- NA**
**Environment, social, and governance (ESG) risks - NA**
**Applicable criteria**

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Cement](#)

**About the company and industry**
**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Construction Materials	Cement & Cement Products	Cement & Cement Products

NCL Industries Limited (NCL), previously known as Nagarjuna Cements Limited, was founded on September 10, 1979. It is a part of the NCL group, a well-established industrial conglomerate in the regions of Andhra Pradesh and Telangana, with a significant presence in the building and construction materials sector. NCL's core operations encompass the manufacturing of cement, cement particle boards, and Ready-Mix Concrete.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY2025(UA)
Total operating income	1,613.34	1,874.32	686.58
PBILDT	152.80	212.26	69.82

PAT	46.00	94.20	15.59
Overall gearing (times)	0.38	0.25	NA
Interest coverage (times)	5.68	8.79	6.44

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA: NA**

**Any other information: NA**

**Rating history for last three years: Annexure-2**

**Detailed explanation of covenants of rated instrument / facility: Annexure-3**

**Complexity level of instruments rated: Annexure-4**

**Lender details: Annexure-5**

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fixed Deposit		-	-	-	65.00	CARE BB+; Stable; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

#### Annexure-2: Rating history for 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fixed Deposit	LT	65.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (23-Aug-23)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (23-Aug-22) 2)CARE BB+; Stable; ISSUER NOT COOPERATING* (22-Jun-22)	1)CARE BB+ (FD); Stable; ISSUER NOT COOPERATING* (24-Aug-21)

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities- NA****Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fixed Deposit	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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### About us:

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### Disclaimer:

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