

Andhra Pradesh Heavy Machinery and Engineering Limited

December 19, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	18.00	CARE B-; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category
Short Term Bank Facilities	1.00	CARE A4; 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 September 22, 2023, placed the rating(s) of Andhra Pradesh Heavy Machinery and Engineering Limited (APHMEL) under 'issuer non cooperating' category as the company failed to provide information for monitoring of the rating. APHMEL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls from October 11, 2024, to November 11, 2024. 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 September 22, 2023, the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies and official website of APHMEL)

Key weaknesses

Declining financial performance: The total operating income of the company has declined by ~23% and stood at Rs 32.54 crore in FY24 as compared Rs 42.18 crore to FY23. Company reported a PBILDT and PAT of Rs 1.24 crore and Rs 1.05 crore respectively in FY24.

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 continued to be elongated primarily due to the elongated collection period.

Key strengths

Experienced management: The operation of APHMEL 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: APHMEL gets support from SCCL in terms of regular orders. SCCL had signed MoU with APHMEL to uplift the scale of operations of the company. Accordingly, the company majorly catered to the requirement of SSCL, and the latter contributed to around 63% of the total revenue for APHMEL 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 APHMEL continues. 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 (including deposits >3 months) of Rs. 23.32 crore as on March 31, 2024.

Assumptions/Covenants- NA

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

Environment, social, and governance (ESG) risks - NA

Applicable criteria

[Definition of Default](#)

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

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Manufacturing	Industrial Products

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, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)^
Total operating income	23.91	42.18	32.54
PBILDT	-7.04	3.28	1.24
PAT	-2.65	4.85	1.05
Overall gearing (times)	0.00	0.00	0.00
Interest coverage (times)	-34.48	24.06	20.66

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

^As per the annual report extracted from the company's official website.

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
Fund-based - LT-Cash Credit		-	-	-	8.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT-Bank Guarantee		-	-	-	10.00	CARE B-; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	1.00	CARE A4; 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	Fund-based - LT-Cash Credit	LT	8.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B-; Stable; ISSUER NOT COOPERATING* (22-Sep-23)	1)CARE B; Stable; ISSUER NOT COOPERATING* (18-Aug-22)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (21-Jul-21)
2	Non-fund-based - ST-Letter of credit	ST	1.00	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4; ISSUER NOT COOPERATING* (22-Sep-23)	1)CARE A4; ISSUER NOT COOPERATING* (18-Aug-22)	1)CARE A4; ISSUER NOT COOPERATING* (21-Jul-21)
3	Non-fund-based - LT-Bank Guarantee	LT	10.00	CARE B-; Stable; ISSUER NOT COOPERATING*	-	1)CARE B-; Stable; ISSUER NOT COOPERATING* (22-Sep-23)	1)CARE B; Stable; ISSUER NOT COOPERATING* (18-Aug-22)	1)CARE B+; Stable; ISSUER NOT COOPERATING* (21-Jul-21)

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

LT: Long term; ST: 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	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: 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 for clarifications.

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About us:

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