

February 22, 2013

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF ANRAK ALUMINIUM LIMITED

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Remarks
Long-term Bank Facilities	2,995	CARE BB+ (Double B Plus)	Revised from CARE BBB- (Triple B Minus)

Rating Rationale

The revision in the rating takes into account the delay in final clearance to Andhra Pradesh Mineral Development Corporation (APMDC) for mining of Jerrala Bauxite mines from Ministry of Environment and Forestry (MoEF) leading to raw material availability constraints, time and cost overrun of the project, lack of coal linkage for the cogeneration power plant and delay in getting the approval under the Factory Act 1948.

The ratings positively factor in the experience and financial strength of the promoters, equity infusion by the promoters, sourcing of bauxite from alternate arrangements and location advantage due to presence in Special Economic Zone (SEZ) area. The rating also takes into account the advance stage of project implementation and growing demand for aluminium.

Ability of Anrak Aluminium Limited (AAL) to source bauxite from mines, timely establishment of coal linkage and ability to run its plant at envisaged capacity utilization levels are the key rating sensitivities.

Background

ANRAK Aluminium Limited (AAL) was promoted by the Penna group along with Ras Al Khaimah Investment Authority (RAKIA - Investment Body of Government of Ras Al Khaimah) in 2007 to set up a 1.5 million tons per annum (MTPA) Alumina refinery along with 2*45(90 MW) coal-based captive Power Plant at APIIC Industrial Park, Makavaripalem Mandal, Vishakapatnam district of Andhra Pradesh. The Penna group will hold 70% equity stake in AAL, while the balance 30% would be held by RAKIA. COD of the project is expected in March 2013.

As on September 30, 2012 AAL has incurred total cost of Rs.3,462.98 crore (73.97% of total project cost of Rs 4681.crore). The promoters have already brought in equity of 81% (Rs.1,177.27 crore) of the total equity of Rs.1,488 crore required for the project.

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