

Andhra Cements Limited

March 09, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	915.79 (enhanced from Rs.877 crore)	CARE D (Single D)	Reaffirmed
Short term Bank Facilities	43.00 (reduced from Rs.50 crore)	CARE D (Single D)	Reaffirmed
Total	958.79 (Rs. Nine hundred fifty-eight crore and seventy-nine lakh 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 financial performance leading to delay in debt servicing.

Liquidity: Poor

The liquidity of the company is poor, owing to delays in debt servicing. The company had cash and bank balance of Rs. 3.47 crore as on March 31, 2019

Analytical approach: Standalone

Applicable Criteria

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

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

[Criteria for Short-term Instruments](#)

About the Company

ACL has cement manufacturing facilities at Dachehalli, 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 capacity, which was commissioned in FY16.

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

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	467.47	321.98
PBILDT	55.64	14.02
PAT	-71.09	-180.13
Overall gearing (times)	-6.84	-3.03
Interest coverage (times)	0.44	0.13

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	-	-	March-2032	865.79	CARE D
Fund-based - LT-Cash Credit	-	-	-	50.00	CARE D
Non-fund-based - ST-BG/LC	-	-	-	43.00	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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	865.79	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	-	1)CARE D (17-Jan-17)
2.	Fund-based - LT-Cash Credit	LT	50.00	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	-	1)CARE D (17-Jan-17)
3.	Non-fund-based - ST-BG/LC	ST	43.00	CARE D	1)CARE D (05-Apr-19)	1)CARE D (06-Apr-18)	-	1)CARE D (17-Jan-17)

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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