

**PRESS RELEASE**

September 5, 2017

**Panyam Cements and Minerals Industries Limited (PCMIL): CARE revises rating for Non-Convertible Debenture issue Rs.97.86 crores from 'CARE BB-(Double B Minus) to 'CARE D (Single D)'.**

Credit Analysis & Research Limited ("CARE") has revised its rating on the Non-Convertible Debenture issue Rs.97.86 crores from 'CARE BB - (Double B Minus) to 'CARE D (Single D)'.

The revision in the rating assigned to the Non-Convertible Debentures (NCDs) of PCMIL takes into account factors in delays in interest servicing on Non -Convertible Debentures (NCD) on account of cash flow mismatches.

IDBI Trusteeship Services Limited

Sd/-

Authorised Signatory



## Panyam Cements and Mineral Industries Limited

September 05, 2017

### Ratings

Facilities	Amount(Rs. crore)	Ratings <sup>1</sup>	Rating Action
Long Term Bank Facilities	30.00	CARE D (Single D)	Revised from CARE BB-; Stable (Double B Minus; Outlook:Stable)
Short Term Bank Facilities	9.32	CARE D (Single D)	Revised from CARE A4 (A Four)
<b>Total Facilities</b>	<b>39.32</b> <b>(Rupees Thirty Nine crore and thirty two lakh only)</b>		
Non-Convertible Debentures	97.86 (Rupees Ninety Seven crore and Eighty Six lakh only)	CARE D (Single D)	Revised from CARE BB-; Stable (Double B Minus; Outlook:Stable)

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

The rating revision factors in delays in interest servicing on Non-Convertible Debentures (NCD) on account of cash flow mismatches.

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

**Delays in interest servicing:** Cash flow mismatches have resulted in delays in interest servicing on NCDs.

**Analytical approach:** Standalone

**Applicable Criteria:**

Criteria on assigning Outlook to Credit Ratings

CARE's Policy on Default Recognition

Criteria for Short Term Instruments

Financial ratios – Non-Financial Sector

Rating Methodology - Manufacturing Companies

Rating Methodology - Cement Industry

### About the company

Panyam Cements & Mineral Industries Limited (PCMIL), incorporated in June 1955, is part of Nandi Group of Industries based out of Nandyal in Andhra Pradesh. PCMIL is currently engaged in manufacturing of Ordinary Portland Cement (OPC) 53 grade & 43 grade and Pozzolona Portland cement (PPC) with installed capacity of 1 million tons per annum (MTPA) at its manufacturing facilities located at Kurnool District, Andhra Pradesh. PCMIL was acquired by Nandi Group from its earlier promoters Mr. M. V. Subba Rao and Associates during September 2004 when it was a sick company. Over the years, Nandi Group has successfully revived the company and furthermore, promoters have undertaken large modernization and expansion projects to increase scale of operations and reduce operational costs. Since 1978, the Nandi group has built a diversified presence of businesses such as cement, dairy, PVC pipes, construction, TMT bars etc.

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	219.83	220.96
PBILDT	29.64	30.48
PAT	9.40	4.24
Overall gearing (times)	2.55	NA
Interest coverage (times)	2.06	1.70

A- Audited; NA – Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any Other Information: Not Applicable

<sup>2</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications.



**Rating History for last three years:** Please refer Annexure-2

**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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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**About CARE Ratings:**

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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**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-Cash Credit	-	-	-	30.00	CARE D
Non-fund-based - ST-Bank Guarantees	-	-	-	9.32	CARE D
Debentures-Non Convertible Debentures	March 31, 2016	14%	March 31, 2021	97.86	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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (06-Jan-17)	1)CARE B- (08-Feb-16) 2)CARE C (08-Oct-15)	1)CARE D (28-Jan-15) 2)CARE C (08-Apr-14)
2.	Fund-based - LT-Cash Credit	LT	30.00	CARE D	-	1)CARE BB-; Stable (06-Jan-17)	1)CARE B- (08-Feb-16) 2)CARE C (08-Oct-15)	1)CARE D (28-Jan-15) 2)CARE C (08-Apr-14)
3.	Non-fund-based - ST-Bank Guarantees	ST	9.32	CARE D	-	1)CARE A4 (06-Jan-17)	1)CARE A4 (08-Feb-16) 2)CARE A4 (08-Oct-15)	1)CARE D (28-Jan-15) 2)CARE A4 (08-Apr-14)
4.	Debentures-Non Convertible Debentures	LT	97.86	CARE D	-	1)CARE BB-; Stable (06-Jan-17)	1)CARE B- (08-Feb-16)	-