

June 07, 2022

The Andhra Sugars Limited: Migration of the rating outstanding on the medium-term rating scale to the long-term rating scale

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund based- Working Capital Facilities	78.00	78.00	[ICRA]A+ (Stable); outstanding
Fund based – Unallocated	22.00	22.00	[ICRA]A+ (Stable); outstanding
Non-fund based-Working Capital Facilities	46.80	46.80	[ICRA] A1+; outstanding
Non – fund based unallocated limits	13.20	13.20	[ICRA] A1+; outstanding
Fixed Deposits	125.00	125.00	[ICRA]A+ (Stable); migrated from MAA-(Stable)
Total	285.00	285.00	

*Instrument details are provided in Annexure-1

Rationale

In compliance with the circular [SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2021/594] issued by the Securities and Exchange Board of India (SEBI) on July 16, 2021 and the subsequent circular SEBI/HO/MIRSD/MIRSD_CRADT /P/CIR/2022/43 of April 1, 2022, for standardizing the rating scales used by the Credit Rating Agencies, ICRA has discontinued the medium-term rating scale which was being used to assign ratings to the fixed deposit programmes of entities.

Accordingly, ICRA has migrated the rating currently outstanding for the fixed deposits programme of The Andhra Sugars Limited from the medium-term rating scale to the long-term rating scale. The medium-term rating scale of ICRA was a 14-point scale, while the long-term rating scale is a 20-point scale. The migration of the rating has resulted in a change in the rating symbol; however, this is to be construed only as a recalibration of the rating from one scale to another, and not as a reflection of a change in the credit risk of the fixed deposit programme.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click Here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Rating Methodology - Sugar Rating Methodology for Entities in the Chemical Industry
Parent/Group Support	NA
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of ASL. As on March 31, 2021, the company had three subsidiaries and an associate, which are all enlisted in Annexure-2

About the company

ASL is a diversified company, with presence in sugar and allied activities, chemicals including chlor-alkali and its derivatives, other organic and inorganic chemicals, and wind power. It was promoted by Late Dr. Mullapudi Harischandra Prasad along with Late P. S. R. V. K. Ranga Rao. ASL commenced its operations as a sugar manufacturer in 1947 and gradually diversified into other businesses. At present, it has four operating divisions, namely sugar and allied products (including co-products like bagasse and molasses, co-generation and distillery operations); chlor-alkali products like caustic soda and its co-products, caustic potash and its co-products; other industrial chemical liquid propellants, and other related products, solid and liquid rocket propellants for the Indian Space Research Organisation (ISRO); power generation; and other products, including cattle feed.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current Rating (FY2023)				Chronology of Rating History for the past 3 years			
	Type	Amount Rated (Rs. crore)	Amount Outstanding as of June 2022 (Rs. crore)	Date & Rating in	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020	
				June 07, 2022				
1	Fund-based working capital limits	Long-term	78.00		[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Positive)
2	Non-fund based working capital limits	Short-term	46.80		[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
3	Fund based - Unallocated limits	Long-term	22.00		[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Positive)
4	Non-Fund based - Unallocated limits	Short-term	13.20		[ICRA]A1+	[ICRA]A1+	-	-
5	Fixed deposits	Long-term	125.00		[ICRA]A+ (Stable)	MAA- (Stable)	MAA- (Stable)	MAA- (Positive)

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fund-based working capital limits	Simple
Non-fund based working capital limits	Very Simple
Fund based - Unallocated limits	Not applicable
Non-Fund based - Unallocated limits	Not applicable
Fixed deposits	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No/Banker Name	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (RS Crore)	Current Rating and Outlook
-	Fund-based working capital limits	NA	NA	NA	78.00	[ICRA]A+ (Stable)
-	Non-fund based working capital limits	NA	NA	NA	46.80	[ICRA]A1+
-	Fund based - Unallocated limits	NA	NA	NA	22.00	[ICRA]A+ (Stable)
-	Non-Fund based - Unallocated limits	NA	NA	NA	13.20	[ICRA]A1+
-	Fixed deposits	NA	NA	1-3 years	125.00	[ICRA]A+ (Stable)

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Company Name	LTHL Ownership	Consolidation Approach
The Andhra Sugars Limited	100.00% (rated entity)	Full Consolidation
Jocil Limited	55.02%	Full Consolidation
The Andhra Farm Chemicals Corporation Limited	77.35%	Full Consolidation
Hindustan Allied Chemicals Limited	76.82%	Full Consolidation
The Andhra Petrochemicals Limited	33.05%	Equity method

Source: ASL annual report FY2021

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