



ANDHRA CEMENTS LIMITED

Subsidiary of SAGAR CEMENTS LIMITED

Ref. ACL.SE:2026

8th April, 2026

<p>The Manager Listing Department National Stock Exchange of India Ltd Exchange Plaza, C-1, G-Block Bandra-Kurla Complex, Bandra (E), Mumbai – 400051 NSE Symbol: ACL</p>	<p>The Manager Listing Department BSE Limited 25th Floor, New Trading Ring, P J Towers, Dalal Street, Fort Mumbai – 400 001 BSE Scrip Code - 532141</p>
--	---

Dear Sirs,

Sub: Intimation of Credit Rating assigned by India Ratings & Research- Reg

We are pleased to inform you that India Ratings & Research Agency assigned Credit Rating as “IND BBB/Rating watch with developing implications/IND A3+/ Rating watch with developing implications” to our Company for the Loans and Working Capital Limits availed by the Company vide dt. 08th April, 2026. A Copy of the Letter is enclosed for your kind information and records.

Thanking you,

Yours truly,

For ANDHRA CEMENTS LTD

G. TIRUPATI RAO
COMPANY SECRETARY
M.No. F2818



Encl; As Above

Regd. Office & Works : Durga Cement Works, Durgapuram, Srinagar Post, Dachepalli Mandal, Palnadu District, A.P - 522414,
Phone: +91 8649-257441 / 42 | Fax: +91 8649-257428

Vizag Unit : Visakha Cement Works, Parlupalem Village, Durganagar Post, Visakhapatnam - 530029, A.P.

Corporate Office : Plot No.111, Road No.10, Jubilee Hills, Hyderabad - 500033, Telangana, India.
Phone : +91-40-23351571, 23351572 Fax : +91-40-23356573

Website: www.andhracements.com | E-mail: investorcell@andhracements.com | CIN: L26942AP1936PLC002379 | GSTIN: 37AABCA9263D2ZQ

India Ratings Places Andhra Cements's Bank Loan Facilities on Rating Watch with Developing Implications

Apr 08, 2026 | Andhra Cements Limited | Cement & Cement Products

India Ratings and Research (Ind-Ra) has placed Andhra Cements Limited's (ACL) bank loan facilities on Rating Watch with Developing Implications as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Bank loan facilities	-	-	-	INR9,869.70	IND BBB/Rating Watch with Developing Implications/IND A3+/Rating Watch with Developing Implications	Placed on Rating Watch

Analytical Approach

Ind-Ra continues to take a top-down approach under its Parent Subsidiary Linkage Rating Criteria to arrive at the rating, given ACL's strong linkages with its 75% parent Sagar Cements Limited (SCL; debt rated at 'IND BBB+/Negative'). SCL acquired ACL in March 2023.

Detailed Rationale of the Rating Action

Ind-Ra has placed the ratings on Rating Watch with Developing Implications following the in-principal approval by the board of directors of SCL and ACL for the proposed amalgamation of ACL with its parent SCL. The proposed scheme remains subject to requisite statutory, regulatory, and shareholder approvals, including the approval of the jurisdictional National Company Law Tribunal. The company management expects the amalgamation to be completed over the next nine to 12 months, subject to receipt of all approvals.

Upon completion of the amalgamation, ACL will cease to exist as a separate legal entity and its debt instruments will be transferred to SCL. ACL reported modest EBITDA of INR72.3 million in 9MFY26, and Ind-Ra believes ACL may continue to require financial support from SCL to meet its committed obligations until the completion of the amalgamation. Ind-Ra rates SCL a notch higher than ACL with a Negative Outlook. The Negative Outlook reflects the potential risk to SCL's liquidity and deleveraging in case of a lower-than-expected pick-up in EBITDA, caused by a subdued pricing environment. As ACL and SCL operate in the same line of business, the proposed amalgamation is likely to simplify and streamline the group's cement business structure, lower overhead costs while eliminating duplicate functions, and rationalise compliance requirements. ACL's accumulated losses would also reduce tax outflows at the consolidated level. The share exchange ratio and other scheme-related aspects will be finalised post completion of the valuation exercise, which management expects to conclude in the near term.

The proposed amalgamation underscores ACL's strategic importance to SCL, given ACL's growth potential and its role in enhancing the group's cost structure and market share. ACL has a cement capacity of 2.25 million tonnes, accounting for around 21% of SCL's consolidated capacity as of end-March 2025. Ind-Ra expects this share to increase to around 27% by end-FY27, following the completion of ongoing expansion projects at ACL. In addition to its equity stake, SCL had extended inter-corporate deposits and advances aggregating INR950 million to ACL as of end-March 2025.

SCL's consolidated cement capacity is projected to increase to 11.75 million tonnes by FY27 (FY25: 10.5 million tonnes), aided by the ongoing expansion. SCL's consolidated sales volumes grew 12% yoy to 4.3 million tonnes, supported by improved demand conditions. Profitability improved following industry-wide price hikes during April–July 2025, which translated into a stronger margin performance. However, prices moderated from September 2025, leading to some softening in the margins.

As a result of improved realisations and operating leverage, SCL's consolidated EBITDA per tonne recovered to INR493 in 9MFY26 (FY25: INR256; FY24: INR446). Despite this improvement, large capex commitments over FY26–FY27 are likely to keep leverage metrics elevated in the near term. SCL's net leverage, though improved, stayed elevated at 6.2x as of 9MFY26 (FY25: 9.4x) and might decline gradually, as the ongoing capacity expansions are completed and utilisation levels ramp-up. The calibration of capex basis cash flows will be a key determinant of the credit metrics and liquidity position.

While the medium-term cement demand outlook remains stable, Ind-Ra believes that the Gulf geopolitical situation is likely to translate into higher input costs during 1QFY27, once existing fuel inventories across the industry are depleted. The industry's ability to implement further price hikes, amid elevated competitive intensity and a decadal-high supply pipeline, will be a key determinant of profitability over the coming months.

Please [click here](#) for the previous detailed rationale that captures key rating drivers and their description.

List of Key Rating Drivers

For the list of key rating drivers, please [click here](#).

Detailed Description of Key Rating Drivers

For the detailed key rating drivers, please [click here](#).

Liquidity

Stretched: The subdued operating performance has constrained SCL's liquidity headroom. On a consolidated basis, average utilisation of fund-based and non-fund-based working capital limits stood at around 90% and 91%, respectively, over the 12 months ended February 2026, indicating a limited liquidity cushion. At the standalone ACL level, the utilisation of fund-based and non-fund-based limits was around 90% and 85%, respectively, over the same period.

Ind-Ra, however, derives some comfort from SCL's available liquidity of around INR0.8 billion as of 9MFY26, supported by fund infusions by the promoter. In addition, SCL has sanctioned-but-undrawn bank lines of around INR2.5 billion, which should provide a buffer against near-term liquidity requirements.

SCL has scheduled principal and interest repayment obligations aggregating around INR3.8 billion in FY27, which are likely to be met through a combination of available liquidity buffers and internal accruals. To strengthen liquidity, the management is undertaking initiatives such as the monetisation of non-core assets, which, along with proceeds from the stake sale completed in 4QFY26, is expected to support liquidity and credit metrics. The management has also reiterated its commitment to provide liquidity support, if required, to ensure timely servicing of debt obligations. Ind-Ra will continue to closely monitor the company's profitability and liquidity position.

SCL's cash flow from operations remained positive at INR352 million in FY25, albeit significantly lower than prior years (FY24: INR1,833 million; FY23: negative INR584 million; FY22: INR40 million), primarily due to weak EBITDA generation and working capital lock-up during the year. During 1HFY26, working capital increased marginally; however, lower-than-expected EBITDA and existing term debt commitments have continued to exert pressure on liquidity, resulting in a thin overall liquidity buffer.

Rating Sensitivities

The Rating Watch with Developing Implications indicates that the ratings may be upgraded or affirmed or downgraded upon resolution. Ind-Ra will resolve the Rating Watch basis the progress of the proposed amalgamation and clarity on the consolidated credit profile of SCL.

Any Other Information

Standalone Performance: ACL reported revenue of INR2,876 million in 9MFY26 (FY25: INR2,741 million) and EBITDA of INR72.3 million (FY25: losses of INR292 million).

About the Company

ACL previously manufactured cement at Durga Cement Works, located in Guntur, Andhra Pradesh. The National Company Law Tribunal approved the resolution plan submitted by SCL for the acquisition of ACL on 16 February 2023. The resolution process was completed in March 2023. ACL was not operational during FY20-FY23, but commenced operations in 1QFY24. It has a cement grinding capacity of 2.25mnt.

Incorporated in 1981, SCL has a consolidated cement manufacturing capacity of 10.5mnt and clinker capacity of 6.6mnt (post ACL acquisition). SCL has a strong presence in southern India, with recent expansions in central and eastern India and six active manufacturing facilities.

Key Financial Indicators

Particulars (Consolidated)	FY25	FY24
Revenue (INR billion)	22.58	25.05
EBITDA (INR billion)	1.41	2.46
EBITDA margins (%)	6.2	9.8
Gross interest coverage (x)	0.75	1.33
Net leverage (x)	9.4	5.1
Source: SCL, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	Current Rating/Outlook			Historical Rating/Outlook		
	Rating Type	Rated Limits (million)	Current Rating	8 May 2025	12 August 2024	16 October 2023
Bank loan facilities	Long-term/Short-term	INR9,869.70	IND BBB/Rating Watch with Developing Implications/IND A3+/Rating Watch with Developing Implications	IND BBB/Negative/IND A3+	IND BBB+/Negative/IND A2	IND BBB+/Negative/IND A2

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

Annexure

Contact

Primary Analyst

Sarthak Bhauwala

Senior Analyst

India Ratings and Research Pvt Ltd

Wockhardt Towers, 4th Floor, West Wing, Bandra Kurla Complex, Bandra East, Mumbai - 400051

02240356154

For queries, please contact: infogrp@indiaratings.co.in

Secondary Analyst

Siddharth Rego

Associate Director

+91 22 40356115

Media Relation

Ameya Bodkhe

Marketing Manager

+91 22 40356121

About India Ratings

India Ratings and Research (Ind-Ra) is India's SEBI registered credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Gurugram, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India and the Reserve Bank of India.

Ind-Ra is a 100% owned subsidiary of the Fitch Group.

Solicitation Disclosures

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

Corporate Rating Methodology

Policy for Placing Ratings on Rating Watch

Parent and Subsidiary Rating Linkage

Short-Term Ratings Criteria for Non-Financial Corporates

The Rating Process

DISCLAIMER

All credit ratings assigned by india ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.indiaratings.co.in/rating-definitions>. In addition, rating definitions and the terms of use of such ratings are available on the agency's public website www.indiaratings.co.in. Published ratings, criteria, and methodologies are available from this site at all times. India ratings' code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the code of conduct section of this site.