

RATING RATIONALE

01 July 2024

TamilNadu Cement Corporation Limited

Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of Rs. 450.57 Crs. and reaffirms the ratings for the Bank Loan facilities of Rs. 85 Crs of TamilNadu Cement Corporation Limited based on the best available information, as the issuer did not cooperate.

Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating#	
	Previous	Present		Previous (15 December 2023)	Present
Fund Based Term Loan	450.57	450.57	Long Term	BWR A(CE)/Stable^ ISSUER NOT COOPERATING*/ Reaffirmed	BWR BB+/Stable Continues to be in ISSUER NOT COOPERATING* category / Downgraded@
Fund Based Working Capital	60.00	60.00	Long Term	BWR BB+/Stable ISSUER NOT COOPERATING*/ Downgrade	BWR BB+/Stable Continues to be in ISSUER NOT COOPERATING* category/ Reaffirmed
Non-Fund Based	25.00	25.00	Short Term	BWR A4+ ISSUER NOT COOPERATING*/ Downgrade	BWR A4+ Continues to be in ISSUER NOT COOPERATING* category/ Reaffirmed
Total	535.57	535.57	Rupees Five hundred Thirty-Five Crores and Fifty-Seven lakhs Only		

#Please refer to BWR website www.brickworkratings.com/ for the definition of the ratings

**Details of Bank Facilities are mentioned in Annexure I

* Issuer did not cooperate, based on the best available information.

@ The Analytical Approach is changed from CE to Standalone

^ The CE rating was based on the credit enhancement by way of an Irrevocable and Unconditional guarantee by the Government of Tamil Nadu (GoTN) for the term loan facility. Other bank loan facilities do not carry this explicit credit enhancement and hence, have an unsupported rating.

Unsupported Rating - BWR BB+/Stable and BWR A4+, INC



RATING ACTION / OUTLOOK / NON-COOPERATION

The Term Loan of Rs. 450.57 Crs of Tamil Nadu Cement Corporation Limited (TANCEM or the company) was last rated at BWR A (CE)/Stable, reaffirmed under the ISSUER NOT COOPERATING Category and the other bank loans of the company was rated at BWR BB+/Stable and BWR A4+, downgraded under the ISSUER NOT COOPERATING category on December 15, 2023.

The bank loan ratings of Tamil Nadu Cement Corporation Limited (TANCEM or the company) have been under the ISSUER NOT COOPERATING category for more than six months, accordingly, in compliance with the extant regulatory guidelines, the Bank loan ratings of the company were due for review in June 2024. Brickwork Ratings (BWR) has taken up with the company to provide the required information and cooperation for the review of the ratings, which the company has not provided, and despite repeated requests by BWR, the company's management has remained non-cooperative. Further, the company has not been submitting the monthly "No Default Statement" (NDS) regularly.

Historically, BWR has relied upon the standalone audited financials of the company to arrive at the ratings and had also earlier relied on the credit enhancement by way of an Irrevocable & Unconditional guarantee by the Government of TamilNadu for the Term Loan of the company. However, the same has not been considered during the current review as the company has not cooperated with BWR and has also not provided the requisite information, hence the BWR is unable to ascertain the validity or change in terms of the guarantee.

Hence, in compliance with extant regulatory guidelines, BWR has downgraded the ratings for the term loan facilities to BWR BB+/ Stable, continues to be in the **ISSUER NOT COOPERATING*** Category and reaffirmed the ratings for the other bank loan facilities at BWR BB+/Stable and BWR A4+, continues to be in the **ISSUER NOT COOPERATING*** category.

*Issuer did not cooperate; based on best available information

The lenders/investors may note to exercise due caution while using the above rating which mentions "Issuer Not Cooperating" since the rating lacks any projections or forward-looking component as it is arrived at based on the best available information without any management/banker's interaction.

LIMITATIONS OF THE RATING

Information availability risk is a key factor in the assessment of credit risk as generally non-cooperation by the rated entities to provide required information for a review of the assigned rating may also be accompanied by financial stress. Users of the credit rating should therefore take into account the possible deterioration in the credit quality of the rated entity arising from its non-transparency and withholding of information required for a review of the rating.

KEY FINANCIAL INDICATORS [AS AVAILABLE WITH BWR]

Please refer to the following link for the previous detailed rationale that captures the Key financial drivers and their Description, Liquidity Position, Rating Sensitivities, and Key Financial Indicators. [View Previous Document](#)



COMPANY PROFILE

Macro Economic Indicator	Sector	Industry	Basic Industry
Commodities	Construction Materials	Cement & Cement Products	Cement & Cement Products

As per the information available with BWR, Tamil Nadu Cements Corporation Limited (TANCEM), is a wholly owned GoTN undertaking, which started its business on 1 April 1976. The company is engaged in the production of cement and cement-based products and primarily caters to the needs of government departments. The company presently has three cement units with a total installed grinding capacity of 19.20 lakh metric tonnes per annum (MTPA). The company has one unit located in Alangulam, Tamil Nadu, with a 4 lakh MTPA capacity, which manufactures PPC cement under the ARASU Brand, primarily supplying to government departments. This plant also has a wide network of stockists for open market sales and is selling cement in the southern districts of Tamil Nadu and Kerala. Furthermore, the company has a second unit in Ariyalur, Tamil Nadu, with a 5 lakh MTPA capacity and manufactures OPC 43 Grade and PPC under the ARASU brand. The third unit is also in Ariyalur, Tamil Nadu, with a 10 lakh MTPA capacity to manufacture OPC 43 Grade and PPC under the ARASU and VALIMAI brands. The Ariyalur unit primarily supplies cement to government departments. It has a wide network of stockists for open market sales and is selling cement in the central and northern districts of Tamil Nadu and northern districts of Kerala. TANCEM supplies cement to government departments for their construction activities and also acts as the nodal agency for the Amma Cement Supply Scheme.

The main raw material for the company is limestone, and the company has acquired and reserved enough limestone-bearing lands in and around Alangulam and Ariyalur, which are sufficient to run the cement plants for decades to come. The company also has an asbestos unit and stoneware pipe plant; however, the company has not reported any revenue from these units.

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY: There are no outstanding ratings under non-cooperation from other CRAs

RATING HISTORY FOR THE PREVIOUS THREE YEARS [INCLUDING WITHDRAWAL AND SUSPENDED]

Instrument / Facilities	Current Rating (2024)			Rating History		
	Tenure	Amount (₹ Cr)	Rating	2023	2022	2021
Fund Based Term Loan	Long Term	450.57	BWR BB+/Stable Continues to be in ISSUER NOT COOPERATING* category / Downgraded	BWR A(CE) /Stable ISSUER NOT COOPERATING*/R eaffirmed (15 December)	BWR A(CE) /Stable (Reaffirmed) (16 September)	BWR A(CE) /Stable (Reaffirmed) (08 June)
Fund Based Working Capital	Long Term	60.00	BWR BB+/Stable Continues to be in ISSUER NOT COOPERATING* category/ Reaffirmed	BWR BB+/Stable ISSUER NOT COOPERATING*/D owngrade (15 December)	BWR BBB-/ Positive (Reaffirmed with revision in outlook) (16 September)	BWR BBB-/ Stable (Reaffirmed) (08 June)
Non-Fund Based	Short Term	25.00	BWR A4+ Continues to be in ISSUER NOT COOPERATING* category/ Reaffirmed	BWR A4+ ISSUER NOT COOPERATING*/ Downgrade (15 December)	BWR A3 (Reaffirmed) (16 September)	BWR A3 (Reaffirmed) (08 June)
Total		535.57		INR Five Hundred Thirty-Five crores and Fifty-Seven Lakhs Only		

*Issuer did not cooperate, based on the best available information.

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)
- [Ratings Based on Government Support](#)
- [Policy on Issuer Non-Cooperation](#)

Analytical Contacts	
Pallav Kumar Goel Rating Analyst pallavkumar.g@brickworkratings.com	Niraj Kumar Rathi Director - Ratings niraj.r@brickworkratings.com
1-860-425-2742	media@brickworkratings.com

ANNEXURE I
TamilNadu Cement Corporation Limited
Details of Bank Facilities rated by BWR

Sl. No.	Bank Name	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)	Complexity of the Instrument*
1.	State Bank of India	Term Loan - Outstanding	450.57	-	450.57	Simple
2.		Cash Credit	20.00	-	20.00	Simple
3.		Letter of Credit	-	5.00	5.00	Simple
4.		Bank Guarantee	-	5.00	5.00	Simple
1.	Indian Overseas Bank	Cash Credit	20.00	-	20.00	Simple
2.		Letter of Credit (sub-limit of CC)	-	(2.75)	(2.75)	Simple
4.		Bank Guarantee	-	10.00	10.00	Simple
	Indian Bank	Cash Credit	20.00	-	20.00	Simple
		Letter of Credit (sub-limit of CC)	-	(2.75)	(2.75)	Simple
		Bank Guarantee (sub-limit of CC)	-	(2.50)	(2.50)	Simple
		Proposed Letter of Credit	-	2.50	2.50	Simple
		Proposed Bank Guarantee	-	2.50	2.50	Simple
TOTAL			510.57	25.00	535.57	-
Total Rupees Five Hundred Thirty-Five Crores and Fifty-Seven Lakhs only.						

*For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf



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