



Press Release

ANDHRA PRADESH CAPITAL REGION DEVELOPMENT AUTHORITY (APCRDA)
September 06, 2023

Rating Downgraded and Issuer not co-operating

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Non Convertible Debentures (NCD)	2000.00	ACUITE BB+ CE Downgraded Issuer not co-operating*	-
Total Outstanding Quantum (Rs. Cr)	2000.00	-	-

Erratum: In this version of PR, under the "Any other information section", the statement "APCRDA has submitted latest No Default Statement (NDS) dated as on 31st July 2023 to - Acuite. Further, Acuite also tried to sought debenture trustee feedback regarding regular coupon payments, however, the response has not been received from the trustee." has been removed that appeared in the original PR dated August 29, 2023.

Rating Rationale

Acuite has downgraded its long-term rating to '**ACUITE BB+ CE**' (read as **ACUITE double B plus; Credit Enhancement**) from '**ACUITE BBB+ CE**' (read as **ACUITE triple B plus; Credit Enhancement**) on the Rs.2000 Cr. Non-Convertible Debentures of ANDHRA PRADESH CAPITAL REGION DEVELOPMENT AUTHORITY (APCRDA). The rating downgrade is on the account of information risk. This rating is now an indicative rating and is based on the best information available.

About the Company

The erstwhile state of Andhra Pradesh was bifurcated in to the successor states of Andhra Pradesh (AP) and Telangana in June 2014 vide the Andhra Pradesh Reorganization Act, 2014 act of the Indian Parliament. Andhra Pradesh Capital Region Development Authority (APCRDA) was formed in 2014 under 'AP Capital Region Development Act 2014' and is a statutory body under GoAP. The objectives of APCRDA are planning, coordination, execution, and financing for the development of Amaravati. Amaravati is located in Guntur district with an area of ~217 sq. km. and is strategically located within 30 minutes of driving distance of two major urban centres viz. Vijayawada and Guntur.

Standalone (Unsupported) Rating

No information provided by the issuer for Acuite to comment upon the Standalone rating.

Non-cooperation by the issuer/borrower

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date. Acuite believes that information risk is a critical component in such ratings, and noncooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality. This rating is therefore being flagged as "Issuer not cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuite endeavoured to gather

information about the entity/industry from the public domain. Therefore, Acuité cautions lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivities

No information provided by the issuer / available for Acuite to comment upon

All Covenants

Affirmative Covenants

The issuer covenants with the Bond Trustee that until the Final Settlement Date of Bonds it shall;

- Utilise proceeds of bonds received towards the purpose.
- Take all steps necessary to get the Bonds listed within 20 (Twenty) calendar days from the Date of allotment. In case of a delay by the Issuer in listing the Bonds beyond 20 (Twenty) calendar days from the Date of allotment the Issuer shall make payment to the Bond Holders of additional interest calculated on the face value of the Bonds at the rate of at least 1% (One Percent) p.a. over and above the Interest Rate from the expiry of 30 (Thirty) calendar days from the Date of allotment until the listing of the Bonds.
- APCRDA shall take all necessary steps to preserve its status as authority and shall comply with all relevant necessary guidelines.
- No Misrepresentation.
- Pay all costs, charges and expenses in any way incurred by the Bond Trustee towards protection of Bond-holders' interests.
- Increased Costs.
- Furnish all required information to trustee.
- Further Assurances.
- Ensure validity of transaction documents.
- Ensure execution of further documents and and acts.
- Comply with each of the Financial Terms and Conditions.
- Ensure Records and Inspection.
- Issuer to ensure that Bonds are rated by the Rating Agencies and continue to be rated during the tenure of the Bonds.
- Perform all of its respective obligations under the terms of the Transaction Documents and maintain in full force and effect each of the Transaction Documents to which it is a party.
- The Issuer agrees that it shall forward to the Bond Trustee promptly, whether a request for the same has been made or not: (i) a copy of the Statutory Auditors' and ' Annual Report of Issuer, Balance Sheet and Profit & Loss Account and of all periodical and special reports at the same time as they are issued; (ii) a copy of all notices, resolutions and circulars relating to new issue of debt securities at the same time as they are sent to shareholders/ holders of debt securities; (iii) a copy of all the notices, call letters, circulars, proceedings, etc. of the meetings of debt security holders at the same time as they are sent to the holders of debt securities or advertised in the media.
- The Issuer shall, while submitting half yearly/ annual financial results to the stock exchange disclose the following line items along with the financial results accompanied by a certificate from the Bond Trustee confirming that it has taken note of the said content and the same shall be communicated to the Bond Holder(s) on a half-yearly basis: (i) Credit rating of the Issue and change in credit rating (if any); asset cover available, in case of non convertible debt securities (ii) Asset cover available (iii) Debt- Equity Ratio of the Issuer; (iv) Previous due date for the payment of Interest / principal and whether the same has been paid or not; (v) Next due date of payment along with the amount of interest/redemption amount payable; (vi) debt service coverage ratio; interest service coverage ratio; Net Worth; Net profit after tax;
- Notify the Bond Trustee in writing no later than 5 working days of any information submission.
- The issuer shall provide periodical status / performance reports within 7 (Seven) calendar days of the relevant board meeting or within 45 (Fifty five) calendar days of respective quarter whichever is earlier.

Negative Covenants

The Issuer hereby covenants with the Bond Trustee that until the Final Settlement Date, the

Issuer shall not, except as may otherwise be previously agreed to in writing by the Bond Trustee (acting upon the receipt of the prior written approval of the Majority Bond Holder(s); (a) Merger, Restructuring Etc.

(b) Engage in or undertake any restructuring, by way of merger, de-merger, acquisition, restructuring or amalgamation, consolidation.

Arrangement With Creditors/Shareholders

Enter into any transaction of merger, de-merger, consolidation, re-organization, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction; provided however that this restriction shall not apply in the event that the compliance with this restriction would result in the Issuer defaulting in relation to any of its payment obligations in relation to the Bonds.

(c) Disposal Of Assets ; Sell, transfer, or otherwise dispose of assets/business/division in any manner whatsoever.

(d) Change Of Business Undertake any new business or diversify or any change in the general nature and conduct of its business. Further main revenue account shall strictly comply with the waterfall mechanism defined in accounts agreement

(e) take any action/ commit any omission and/ or allow any action to be taken/ any omission to be committed which would result in the termination of any of the Transaction Documents;

(f) undertake that authority shall not provide third party Guarantees in violation of any of the transaction documents

(g) wind up, liquidate or dissolve its affairs;

(h) enter into any compromise or arrangement or settlement with the creditors of the Issuer.

Assessment of Adequacy of CE Structure

The CE structure has been designed to ensure adequacy and timeliness in the receipt of funds required for debt service. An independent trustee will be appointed to monitor the structured payment mechanism.

Liquidity Position

No information provided by the issuer / available for Acuite to comment upon.

Outlook: Not Applicable

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 22 (Provisional)	FY 21 (Actual)
Operating Income	Rs. Cr.	39.35	31.38
PAT	Rs. Cr.	(203.95)	(298.22)
PAT Margin	(%)	(518.29)	(950.34)
Total Debt/Tangible Net Worth	Times	1.23	1.47
PBDIT/Interest	Times	0.10	0.00

Status of non-cooperation with previous CRA

Not Applicable.

Any other information

Not Applicable.

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
01 Sep 2022	Non Convertible Debentures	Long Term	400.00	ACUITE BBB+ (CE) Stable (Downgraded from ACUITE A+ (CE) Stable)
	Non Convertible Debentures	Long Term	400.00	ACUITE BBB+ (CE) Stable (Downgraded from ACUITE A+ (CE) Stable)
	Non Convertible Debentures	Long Term	400.00	ACUITE BBB+ (CE) Stable (Downgraded from ACUITE A+ (CE) Stable)
	Non Convertible Debentures	Long Term	400.00	ACUITE BBB+ (CE) Stable (Downgraded from ACUITE A+ (CE) Stable)
	Non Convertible Debentures	Long Term	400.00	ACUITE BBB+ (CE) Stable (Downgraded from ACUITE A+ (CE) Stable)
14 Jan 2022	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) Stable (Reaffirmed)
	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) Stable (Reaffirmed)
	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) Stable (Reaffirmed)
	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) Stable (Reaffirmed)
	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) Stable (Reaffirmed)
15 Jan 2021	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) (Ratings Under Watch)
	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) (Ratings Under Watch)
	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) (Ratings Under Watch)
	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) (Ratings Under Watch)
	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) (Ratings Under Watch)
31 Jan 2020	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) Negative (Ratings Under Watch)
	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) Negative (Ratings Under Watch)
	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) Negative (Ratings Under Watch)
	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) Negative (Ratings Under Watch)
	Non Convertible Debentures	Long Term	400.00	ACUITE A+ (CE) Negative (Ratings Under Watch)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	INE01E708016	Non-Convertible Debentures (NCD)	16 Aug 2018	10.32	16 Aug 2024	Simple	400.00	ACUITE BB+ CE Downgraded Issuer not co-operating*
Not Applicable	INE01E708024	Non-Convertible Debentures (NCD)	16 Aug 2018	10.32	16 Aug 2025	Simple	400.00	ACUITE BB+ CE Downgraded Issuer not co-operating*
Not Applicable	INE01E708032	Non-Convertible Debentures (NCD)	16 Aug 2018	10.32	16 Aug 2026	Simple	400.00	ACUITE BB+ CE Downgraded Issuer not co-operating*
Not Applicable	INE01E708040	Non-Convertible Debentures (NCD)	16 Aug 2018	10.32	16 Aug 2027	Simple	400.00	ACUITE BB+ CE Downgraded Issuer not co-operating*
Not Applicable	INE01E708057	Non-Convertible Debentures (NCD)	16 Aug 2018	10.32	16 Aug 2028	Simple	400.00	ACUITE BB+ CE Downgraded Issuer not co-operating*

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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