

**Press Release**  
**ANDHRA PRADESH CENTRAL POWER DISTRIBUTION CORPORATION LIMITED**  
**March 21, 2024**



**Rating Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1000.00	ACUITE C   Downgraded	-
Bank Loan Ratings	100.00	-	ACUITE A4   Downgraded
<b>Total Outstanding Quantum (Rs. Cr)</b>	1100.00	-	-

**Rating Rationale**

Acuite has downgraded the long-term rating to '**ACUITE C**' (read as **ACUITE C**) from '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) from '**ACUITE A3**' (read as **ACUITE A three**) on the Rs. 1100 crore bank facilities of Andhra Pradesh Central Power Distribution Corporation Limited (APCPDCL).

The downgrade in rating is on account of delay in repayment of PFC loans as mentioned by the company in the latest monthly NDS submitted.

**About the Company**

APCPDCL is a Andhra Pradesh State Government owned power distribution company. It was formed duly by bifurcating Andhra Pradesh Southern Power Distribution Company Limited (APSPDCL). On March 31, 2020, post grant of distribution license to APCPDCL by Andhra Pradesh Electricity Regulatory Commission (APERC), distribution of power in Krishna, Guntur and Prakasam districts moved out of APSPDCL. The Registered office of APCPDCL is at Vijayawada. The company is 100 percent held by GoAP and is strategically important to the state with distribution license accorded by APERC. By virtue of strategic importance of the distribution utility, the Government has been providing funding support to the utility by way of tariff subsidy and grants apart from the corporate guarant. Mr. Jambhapuram Padmajanardhan Reddy, Mr. Jaya Bharatha Rao Boddu, Mr. Aswanivaraprasadha Kumara Reddy Boreddy , Mr. Jillellamudi Ramadevi And Mr. Valli Natarajan are the managing director of the company.

**Unsupported Rating**

Acuite C

**Analytical Approach**

Acuite has taken a standalone view of the business and financial risk profile of APCPDCL to arrive at the rating. Acuite has also factored in benefits emanating from the ownership by Government of Andhra Pradesh. GoAP's financial support to APCPDCL is in the form of its 100 per cent ownership and its guarantee for certain borrowings of APCPDCL.

**Key Rating Drivers**

**Strengths**

**Fully owned by GoAP and key distributor of electricity in the state**

APCPDCL is a wholly owned undertaking of GoAP, and the government has extended

support to the corporation in the form of grants and guarantees. GoAP has extended guarantees towards the existing debt of APCPDCL. The company was incorporated in December 2019 with its headquarters at Vijayawada and distributes power to the consumers in districts of Krishna, Guntur and Prakasam. APCPDCL is a strategically important entity along with Andhra Pradesh Southern Power Distribution Company Limited (APSPDCL) and Andhra Pradesh Eastern Power Distribution Company Limited (APEPDCL) which forms the backbone of the power sector infrastructure for Andhra Pradesh. It is the government's focal point for implementing the state's Rural Electrification (RE) task, which aims to give all rural families access to electricity in accordance with the National Rural Electrification Policy. Acuite believes that APCPDCL, being a 100 per cent undertaking of GoAP, shall continue to benefit from the financial, operational and management support from time to time.

### **Weaknesses**

#### **Delay in repayment of loan**

The company has recently delayed in the repayment of its loan availed from PFC for the month of February, which is not paid yet, this has been intimated by the company to Acuite through monthly NDS statement.

### **ESG Factors Relevant for Rating**

Not Applicable

### **Rating Sensitivities**

Timely servicing of debt obligations

### **Liquidity Position**

#### **Stretched**

The company's liquidity position is stretched, marked by insufficient net cash accruals as against the maturing debt obligations. The company has been generating insufficient cash accruals as against the maturing debt obligations over the years. However, the cash accrual generation for FY23 was sufficient on account of exceptional gain from GoAP. However, going ahead it is expected to generate cash accrual in the range of Rs.561-799 crore as against the debt repayment obligations of around Rs.1100 crore over the medium term. The working capital management of the company is intensive marked by GCA days of 239 days in FY2023 as against 344 days in FY2022. However, it draws comfort from minimum utilizations of working capital limits which stands Utilized at ~27 percent in last 7 months ended October 2023. The company maintains unencumbered cash and bank balances of Rs.133.9 crore as on March 31, 2023. The current ratio stands at 0.82 times as on March 31, 2023, as against same 0.82 times as on 31 March, 2022. Acuite believes the liquidity position of the company may continue to remain stretched with insufficient cash accruals as against the debt repayment obligations.

### **Outlook : Not Applicable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	13165.94	9833.78
PAT	Rs. Cr.	482.16	(800.86)
PAT Margin	(%)	3.66	(8.14)
Total Debt/Tangible Net Worth	Times	(2.03)	(1.51)
PBDIT/Interest	Times	2.06	0.61

### Status of non-cooperation with previous CRA (if applicable)

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Rating Process and Timeline: <https://www.acuite.in/view-rating-criteria-67.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.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](http://www.acuite.in)

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
07 Dec 2023	Cash Credit	Long Term	100.00	ACUITE BBB-   Stable (Assigned)
	Letter of Credit	Short Term	100.00	ACUITE A3 (Assigned)
	Proposed Long Term Bank Facility	Long Term	36.27	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	718.29	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	145.44	ACUITE BBB-   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	100.00	ACUITE C   Downgraded ( from ACUITE BBB- )
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	100.00	ACUITE A4   Downgraded ( from ACUITE A3 )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	36.27	ACUITE C   Downgraded ( from ACUITE BBB- )
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Aug 2029	Simple	718.29	ACUITE C   Downgraded ( from ACUITE BBB- )
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Oct 2025	Simple	145.44	ACUITE C   Downgraded ( from ACUITE BBB- )

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### About Acuité Ratings & Research

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