



**Press Release**  
**ANDHRA PRADESH CENTRAL POWER DISTRIBUTION CORPORATION LIMITED**  
**December 29, 2025**  
**Rating Upgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1500.00	ACUITE BBB   Stable   Upgraded	-
Bank Loan Ratings	100.00	-	ACUITE A3+   Upgraded
Total Outstanding Quantum (Rs. Cr)	1600.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has upgraded its long-term rating to '**ACUITE BBB**' (read as **ACUITE triple B**) from '**ACUITE BB+**' (read as **ACUITE double B plus**) and short-term rating to '**ACUITE A3+**' (read as **ACUITE A three plus**) from '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 1600.00 Cr. bank facilities of Andhra Pradesh Central Power Distribution Corporation Limited (APCPDCL). The Outlook is '**Stable**'.

**Rationale for rating upgrade**

The rating upgrade takes into consideration the improving operating performance of the company with the reduction in the AT&C and T&D losses leading to improvement in their collection efficiency in FY25. Further, the rating continues to factor the company's complete ownership by Government of Andhra Pradesh (GoAP) and its strategic importance to the GoAP for catering the power distribution requirements across 3 districts of the state. The rating also considers the extended support from state government in the form of grants and guarantees towards the existing debts of the company. Moreover, the rating is constrained on account of below average financial risk profile marked by negative net worth, and deterioration in the debt protection metrics given the high debt levels along with regulated nature of business.

**About the Company**

APCPDCL is an 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 to APCPDCL. The registered office of APCPDCL is at Vijayawada.

**Unsupported Rating**

ACUITE BB+/Stable

**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 operational and financial benefits emanating

from GoAP.

### Strengths

#### Strategic importance to GoAP

APCPDCL, headquartered in Vijayawada, is a wholly owned entity of the Government of Andhra Pradesh (GoAP) and a strategically important part of the state's power-sector infrastructure. As the nodal agency for rural electrification under the National Rural Electrification Policy, it plays a central role in expanding reliable electricity access across the state. Its 100% government ownership provides strong financial flexibility, enabling access to funding at competitive costs and support from financial institutions and multilateral agencies. Reflecting its strategic importance, GoAP continues to extend substantial support through tariff subsidies, budgetary grants and corporate guarantees, which remains a key credit strength.

#### Sustainable improvement in the AT&C losses and T&D losses

APCPDCL has experienced sustained improvement in the Transmission and Distribution Losses [T&D] and Aggregate Technical and Commercial Losses [AT&C] over the years, accrued to the implementation of multiple initiatives, capex to improve transmission lines, installing substations, among others. The collection efficiency of the discom improved YOY to 92.05% in FY2025 from 92.00% in FY2024 and 91.98% in FY2023. The AT&C losses also recorded an improvement, registered a decline to 7.95% in FY2025 as against 10.88% in FY2024 and 11.75% in FY2023. This has led to improvement in the EBITDA margins also from 16.63% in FY25 as against 13.80% in FY24 and 10.98% in FY23. However, revenues of company moderated in FY25 to Rs.15,327.62 Cr as against Rs.16,413.34 Cr in FY24 owing to true down in distribution and FPPCA. This also impacted the ACS-ARR gap on accrual basis which reduced to 0.27 times in FY25 from 0.01 times in FY24. However, on a cash basis, the ACS-ARR gap improved to (0.28) times in FY25 (0.26 times in FY24).

### Weaknesses

#### Leverage capital structure with weak financial risk profile

APCPDCL's financial risk profile remains below average, reflected in its negative net worth of Rs.(4,883.43) Cr as on March 31, 2025 against Rs.(5,170.88) Cr in FY2024, and elevated debt levels of Rs.21,203.62 Cr (FY2025) compared to Rs.17,687.03 Cr (FY2024), owing to the capital-intensive nature of operations. The high debt leads to weak debt protection metrics, with an ICR of 1.38 times and DSCR of 0.78 times in FY2025 (1.41 and 0.85 times respectively in FY2024). Nevertheless, Acuité notes that the company continues to receive regular support from the GoAP in the form of grants and capital contributions, through which company's debt servicing is managed. However, any change in the government's stance of extending support remains a key rating sensitivity.

#### Intensive working capital management

The working capital management of the company is Intensive marked by GCA days of 343 in FY25 as against 290 in FY24. The high GCA days is on account of elevated receivable cycle and significant other current assets which consist of tariff subsidy receivables from the GoAP (Rs.2731 Cr in FY25) and unbilled revenues towards the true ups and FPPCA reimbursements (Rs.5068.93 Cr in FY25). The debtor's collection period stood at 81 days in FY25 as against 94 days in FY24. Therefore, the reliance on working capital limits is high at around 96.02% for fund based facilities and 99.44% for non-fund based facilities in past 6 months ending September 2025.

#### Regulated nature of operations

The revenues are influenced by the regulatory framework governing the power sector. Revenues of players such as APCPDCL are determined by Andhra Pradesh Electricity Regulatory Commission (APERC) through revision in tariff. Any significant delays in tariff approvals or a reduction in return on equity or a tightening of the APERC norms could result in lower operating cash flows.

**Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the “CE” suffix)**

APCPDCL has been supported by Government of Andhra Pradesh (GoAP) through 100 percent holding and regular support through tariff subsidies, budgetary grants and corporate guarantees. GoAP grants and subsidies would help augment cash flows to ensure timely repayment of debt even in stress scenario.

**Rating Sensitivities**

- Any movement in the credit profile of GoAP
- Improvement in the overall financial risk and liquidity profile.
- Continued improvement in the operating performance.
- Change in shareholding and support stance from GoAP.

**Liquidity Position**

**Adequate**

While APCPDCLs cash accruals of Rs.703.52 Cr in FY2025 are inadequate against its maturing debt obligation of Rs.1274.56 Cr, the liquidity remains supported basis the grants and contributions from the government. Further, going ahead it is expected to generate cash accrual in the range of Rs.823-920 Cr as against its debt obligation of around Rs.1400-1600 Cr during the same tenure. The reliance on working capital limits is also high at ~96% for fund based and ~99% for non-fund based limits. However, the company maintains healthy unencumbered cash and bank balance of Rs.725.99 Cr as on 31 March 2025. The current ratio stood moderate at 1.43 times as on 31 March 2025.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	15327.62	16413.34
PAT	Rs. Cr.	6.61	31.24
PAT Margin	(%)	0.04	0.19
Total Debt/Tangible Net Worth	Times	(4.34)	(3.42)
PBDIT/Interest	Times	1.38	1.41

### 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>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>
- State Government Ratings : <https://www.acuite.in/view-rating-criteria-26.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité 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
30 Sep 2024	Letter of Credit	Short Term	100.00	ACUITE A4+ (Upgraded from ACUITE A4)
	Term Loan	Long Term	565.19	ACUITE BB+   Stable (Upgraded from ACUITE C)
	Term Loan	Long Term	92.33	ACUITE BB+   Stable (Upgraded from ACUITE C)
	Cash Credit	Long Term	100.00	ACUITE BB+   Stable (Upgraded from ACUITE C)
	Cash Credit	Long Term	500.00	ACUITE BB+   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	242.48	ACUITE BB+   Stable (Upgraded from ACUITE C)
21 Mar 2024	Letter of Credit	Short Term	100.00	ACUITE A4 (Downgraded from ACUITE A3)
	Term Loan	Long Term	718.29	ACUITE C (Downgraded from ACUITE BBB-   Stable)
	Term Loan	Long Term	145.44	ACUITE C (Downgraded from ACUITE BBB-   Stable)
	Cash Credit	Long Term	100.00	ACUITE C (Downgraded from ACUITE BBB-   Stable)
	Proposed Long Term Bank Facility	Long Term	36.27	ACUITE C (Downgraded from ACUITE BBB-   Stable)
07 Dec 2023	Letter of Credit	Short Term	100.00	ACUITE A3 (Assigned)
	Term Loan	Long Term	718.29	ACUITE BBB-   Stable (Assigned)
	Term Loan	Long Term	145.44	ACUITE BBB-   Stable (Assigned)
	Cash Credit	Long Term	100.00	ACUITE BBB-   Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	36.27	ACUITE BBB-   Stable (Assigned)

**Annexure - Details of instruments rated**

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	600.00	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB+ )
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE A3+   Upgraded ( from ACUITE A4+ )
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	334.81	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB+ )
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Aug 2029	565.19	Simple	ACUITE BBB   Stable   Upgraded ( from ACUITE BB+ )

**\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Company Name
1	Government of Andhra Pradesh
2	Andhra Pradesh Central Power Distribution Corporation Limited

## Contacts

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### About Acuité Ratings & Research

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