



Press Release
Transmission Corporation of Andhra Pradesh Limited
May 02, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1100.00	ACUITE BB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	1100.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

ACUITE has assigned its long-term rating of **ACUITE BB+ (read as ACUITE double B plus)** on the Rs.1100.00 Crore bank facilities of Transmission Corporation of Andhra Pradesh limited (APTRANSCO). The outlook is 'Stable'.

Rationale for rating assigned:

The rating assigned takes into consideration the significant counter-party risk associated with the Andhra Pradesh state power distribution companies albeit improvement observed in realization of receivables till January 2025. Further, the total debt level of the company has come down to Rs.5388.62 Cr. as of January 2025, as against Rs.5996.28 Cr. as of March 31st 2024. The rating also factors in the company's planned capital expenditure over the next few years, accordingly the cash flow position adjusted for such planned capex and scheduled debt repayment obligations becomes relatively constrained. Further, there remains exposure to transmission charges set by Andhra Pradesh Electricity Regulatory Commission (APERC). However, the rating takes into considers the company's moderate financial risk profile and support from the government of Andhra Pradesh.

About the Company

Incorporated in 1999, Transmission Corporation Of Andhra Pradesh Limited is engaged in business of providing transmission and state load dispatch services of electrical energy in the state of Andhra Pradesh by acquiring, constructing and operating extra High-tension transmission network. The registered office is located at Vijayawada, Andhra Pradesh. The Directors of the company are Mr. Angulabharanam Kannanvenkata Bhaskar, Mr. Aswanivaraprasadha Kumara Reddy Boreddy, Mr. Janardhanan Nivas, Mrs. Kirthi Chekuri, Mr. Kaveti Vijayanand and Mr. Venkata Naresh Chakradhara Babu Kandregula.

Unsupported Rating

ACUITE BB/ Stable

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of APTRANSCO to arrive at the rating. Acuité has also factored in benefits emanating from the ownership by Government of Andhra Pradesh.

Key Rating Drivers

Strengths

Moderate financial risk profile:

Moderate financial risk profile: APTRANSCO's financial risk profile is moderate marked by net worth of Rs.2553.58 Cr. as on March 31, 2024 as against Rs.2232.27 Cr. as on March 31, 2023. The gearing level stood at 2.35 times as against 3.11 times as on March 31, 2023. Further, APTRANSCO registered revenue of Rs.3068.12 Cr. in FY2024 as compared to Rs.3223.44 Cr. in FY2023 and Rs.2737.44 Cr. in FY2022. The decline in revenue

during FY2024 is due true-down adjustment of Rs.1132.31Cr. of previous years (FY2019 to FY2024). However, operating profit margins remained stable over the past three years at 61.68 percent in FY2024 compared to 62.66 percent in FY2023 and 55.65 percent in FY2022, due to upgradation of transmission network which helped in improving efficiency and lower the transmission losses. Acuite believes that the ability of APTRANSCO to maintain its moderate financial risk profile in view of envisaged large debt-funded capex over the medium term remains a key monitorable.

Support from Government of Andhra Pradesh (GOAP)

Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) formed in 1999, is the state-owned power transmission company responsible for operating and maintaining the high-voltage transmission network in Andhra Pradesh. It serves as a backbone of the power sector and ensures smooth transfer of electricity from power generation plants to distribution companies (DISCOMs). Acuite believes that APTRANSCO will continue to be benefitted for being a 100 per cent owned entity of GoAP and on account of its importance to the state of Andhra Pradesh.

Weaknesses

High receivable days coupled with counterparty risk

APTRANSCO's receivable days stood elongated in the range of 260-290 days over the past three years ended FY2024, primarily due to relatively weak counter party credit-risk profile. However, realization of bills from DISCOMs has improved since October 2024, mainly due to support from GoAP. Acuite believes that the sustained improvement in receivable days is contingent upon continued timely realisation of dues from the counterparty (AP state discoms) and will be a key rating monitorable.

Susceptibility of operating performance to transmission charges set by Andhra Pradesh Electricity Regulatory Commission (APERC)

APTRANSCO's revenue is influenced by regulatory framework governing the power sector. Revenues of companies such as APTRANSCO are determined by APERC. The APERC considers key parameters like the cost structure and expected return on capital employed to arrive at transmission tariffs, wheeling and SLDC (State Load Dispatch Centre) charges. 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)

Acuite takes into consideration the benefit derived by APTRANSCO from the 100% ownership of Government of Andhra Pradesh, directly.

Stress Case Scenario

While the rating has been derived on the standalone credit risk profile and cash flows of the company, Acuite believes given the 100% holding of GoAP ; in case of any stress case scenario, the required support would come from the state of Andhra Pradesh.

Rating Sensitivities

- Sustaining the improvement in the realization of bills from the counterparties (i.e. AP state DISCOMs)
- Credit profile of Government of Andhra Pradesh
- Timely completion of capex.
- Dynamics in the regulatory environment.

Liquidity position: Adequate

Though APTRANSCO's liquidity remains adequate as reflected from the sufficient net cash accruals against its repayment obligations with net cash accruals of Rs.1413.41Cr. in FY2024 against the debt repayment obligations of Rs.993.73 Cr, however, any escalation in cost of capex and delays in receivables from discoms might constrain the liquidity position.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	3068.12	3223.44
PAT	Rs. Cr.	604.02	619.46
PAT Margin	(%)	19.69	19.22
Total Debt/Tangible Net Worth	Times	2.35	3.11
PBDIT/Interest	Times	4.83	5.25

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

Care Ratings, vide its press release dated March 24, 2025 has migrated the rating of Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) to 'Issuer not Co-operative' and reaffirmed its ratings at CARE B+/Stable.

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

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>
- Public Finance - State Government Ratings: <https://www.acuite.in/view-rating-criteria-26.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.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. Acuité'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 :

Not applicable

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	07 Feb 2025	Not avl. / Not appl.	Not avl. / Not appl.	49.00	Simple	ACUITE BB+ Stable Assigned
Union Bank of India	Not avl. / Not appl.	Cash Credit	20 Apr 2024	Not avl. / Not appl.	Not avl. / Not appl.	22.30	Simple	ACUITE BB+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	28.70	Simple	ACUITE BB+ Stable Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1000.00	Simple	ACUITE BB+ Stable Assigned

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

Sr. No.	Company Name
1	Transmission Corporation of Andhra Pradesh Limited
2	Government of Andhra Pradesh

Contacts

Mohit Jain Senior Vice President-Rating Operations	Contact details exclusively for investors and lenders
Katta Akhil Senior Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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