

**Andhra Pradesh Power Finance Corporation Limited**

**Brickwork Ratings downgrades the ratings for the Bank Loan Facilities of Rs. 9462.33 Crs. of Andhra Pradesh Power Finance Corporation Limited based on best available information, as the issuer did not cooperate.**

**Particulars**

Facility/ Instruments **	Amount Rs Crs		Tenure	Rating#	
	Previous	Present		Previous (25 Jan 2023)	Present
Bank Loan (Fund Based)	9462.33	<b>9462.33</b>	Long Term	BWR BBB/Stable/ ISSUER NOT COOPERATING* / Downgraded @	<b>BWR BB+/Stable/ Continues to be ISSUER NOT COOPERATING*/ Downgraded</b>
<b>TOTAL</b>	9462.33	<b>9462.33</b>	<b>Rupees Nine Thousand Four Hundred Sixty Two Crores and Thirty Three Lakhs only.</b>		

#Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for the definition of the ratings

\*Issuer did not cooperate; based on best available information

@Revision in analytical approach from CE to standalone; withdrawal of earlier unsupported rating of BWR BB+/Stable

\*\*Details of Bank loan facilities in Annexure-1

**RATING ACTION/OUTLOOK/NATURE OF NON-COOPERATION**

Brickwork Ratings (BWR) has downgraded the rating for the Bank loan facilities to BWR BB+/Stable for Rs.9462.33 Crs. of Andhra Pradesh Power Finance Corporation Limited, as tabulated above. Despite BWR’s best efforts to obtain at least the minimum required information for a rating review, the Company has not provided the same.

Brickwork Ratings (BWR) had taken up with the company through emails and telephone calls to provide financial and operational information for the periodic monitoring and surveillance of the ratings. Despite the best efforts of BWR to get the required information for a review, the company has not shared all the requisite information. Due to the lack of cooperation in sharing the requisite information and in its absence, BWR is unable to assess the company’s performance, and its ability to service its debt and maintain a valid rating.

Hence, based on extant regulatory guidelines, non-cooperation by the company, and the best available information, BWR has downgraded the ratings of government guaranteed bank loan facilities to BWR BB+/Stable and continued the rating in the ISSUER NOT COOPERATING\* category. (\*Issuer did not cooperate; based on best available information).

## 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.

### About the Company

Andhra Pradesh Power Finance Corporation Limited (APPFCL) was incorporated as a Government Company under Companies Act, 1956 on 12th July 2000 and commenced business on 13th July 2000. APPFCL has also obtained registration from Reserve Bank of India as a Non-Banking Company on 25-8-2000. The main objective of the company includes providing long term finance to those enterprises wholly engaged in the business of developing, maintaining and operating power distribution facilities viz. GENCO, TRANSCO, DISCOM. The Government of Andhra Pradesh has 100% ownership of the Company.

On 02 June 2014, Andhra Pradesh was bifurcated into the successor states of Telangana and residuary Andhra Pradesh (AP). As per section 53 of the AP Reorganisation Act 2014, a separate Telangana Power Finance Corporation Limited (TPFCL) was created for Telangana, and the existing APPFCL continued for the residuary AP. The outstanding bonds of APPFCL were allocated between Telangana and residuary AP in the ratio of 59.54% and 40.46%, respectively, vide a government order dated 30 May 2014, issued prior to bifurcation by the GoAP.

BWR rated bank loan facilities were sanctioned and availed by APPFCL post the bifurcation of state and mostly covered by the Guarantee of State of Andhra Pradesh for timely servicing of debt and interest obligations. BWR had factored this strength in its rating exercise apart from the 100% ownership of Government of Andhra Pradesh, strong board of directors, experienced management team and the improving financial profile of the Company. However, the rating has been downgraded to the speculative category now on account of the extant regulations.

### KEY FINANCIAL INDICATORS - (Latest available with BWR)

Key Parameters	Units	FY21	FY22	Q3/9MFY23	FY23
Result Type		Aud	Aud	Unaud	Aud
AUM	Rs in Crs	16303	18350	NA	NA
Interest Income	Rs in Crs	1277	1578	1171	NA
PAT	Rs in Crs	36	150	152	NA
Tangible Net Worth	Rs in Crs	401	540	NA	NA
Total Debt	Rs in Crs	16024	17961	NA	NA
Gearing	Times	41.30	33.41	NA	NA

NA: Not Available

**NON-COOPERATION WITH PREVIOUS CREDIT RATING AGENCY IF ANY**

Nil

**ANY OTHER INFORMATION**

NIL

**RATING HISTORY FOR THE PREVIOUS THREE YEARS [including withdrawal and suspended]**

Sr No	Instrument / Facilities	Current Rating 2023			Rating History		
		Type	Amount (Rs.Cr.)	Rating	25 Jan 2023	2022 ^^ 3 Nov 2022	2021 27 Oct 2021
1	Fund Based	Long Term	9462.33	BWR BB+/Stable/ Continues to be issuer not cooperating* Downgraded	BWR BBB/Stable/ ISSUER NOT COOPERATING*/ Downgraded	Issuance of Advisory-	BWR A CE (Stable) (Reaffirmed) 27 Oct 2021
	TOTAL		9462.33	Rupees Nine Thousand Four Hundred Sixty Two Crores and Thirty Three Lakhs only			

\*Issuer did not cooperate; based on the best available information

^^Rating Advisory for delay in rating review issued on 03 Nov 2022.

**COMPLEXITY LEVELS OF THE INSTRUMENTS -**

**Bank Loan facilities - Simple**

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Banks and Financial Institutions](#)
- [Policy on Non-cooperation](#)

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## Andhra Pradesh Power Finance Corporation Limited

### ANNEXURE I

#### Details of Bank Loan Facilities rated by BWR:

Sl. No.	Name of the Bank	Type of Facilities	Long Term (Rs. Crs.)	Short Term (Rs. Crs.)	Total (Rs. Crs.) @
1	State Bank of India	Term Loan	1312	0.00	1312
2	Union Bank of India (Andhra Bank)	Term Loan	1500	0.00	1500
3	Canara Bank	Term Loan	2000	0.00	2000
4	Bank of India	Term Loan	2909	0.00	2909
5	Bank of Baroda	Term Loan	750	0.00	750
6	Indian Overseas Bank	Term Loan	500	0.00	500
	Proposed Bank Loans	Term Loans	491.33	0.00	491.33
<b>Total</b>					<b>9462.33</b>

@Term Loan outstanding as on 31 Oct 2022

### ANNEXURE- II INSTRUMENT (NCD/CPs) Details: Not Applicable

### ANNEXURE- III List of Entities Consolidated : Not Applicable



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