Press Release

Andhra Pradesh Power Generation Corporation Limited

December 18, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity indicator
Long term Bank Facilities	3600.83 (Reduced from Rs.3735.93 crore)	IVR C/Stable (IVR C with Stable Outlook)	IVR C/Stable (IVR C with Stable Outlook)	Rating reaffirmed	Simple
Short Term Bank Facilities	300.00	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)	Rating reaffirmed	Simple
Total	**3900.83 (Rupees Three thousand nine hundred and eighty -three lakh only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has reaffirmed the ratings assigned to the bank facilities of Andhra Pradesh Power Generation Corporation Limited (APGENCO). The rating continues to factor in ownership of Government of Andhra Pradesh (GoAP), experienced management, stable business risk profile marked by long term Power Purchase Agreements (PPA), and long-term Fuel Supply Agreements (FSA) for the thermal plants. However, these rating strengths are constrained by delays in servicing the debt obligations to Financial Institutions (FIs), weak debt protection metrics including high leverage, weak credit quality of power off takers, high receivable levels, and moderate operating parameters like Plant Availability Factor (PAF) and Plant Load Factor (PLF) leading to constrained liquidity.

The Stable outlook factors in stable business risk profile marked by long term PPAs, FSAs and support from GoAP.

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Key Rating Sensitivities:

Upward Factors

- Timely repayment of the debt obligations on a sustained basis.
- Substantial improvement in generation leading to improvement in revenues and profitability thereby improvement in cash accruals and debt protection metrics on a sustained basis.
- Timely realization of receivables on a sustained basis improving cash accruals, liquidity of the company and improvement in credit quality of the off takers.

Downward Factors

- Delay in meeting the debt obligations of rated facilities.
- Decline in revenues and profitability impacting cash accruals and liquidity position of the company.
- Increase in receivables deteriorating the cash accruals and liquidity position of the company.
- Increasing debt levels further deteriorating the debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Wholly owned by Government of Andhra Pradesh

APGENCO is wholly owned by the Government of Andhra Pradesh. Considering the strategic importance of power sector to the state government, it has extended support in the past which is likely to continue in future too.

Experienced management

APGENCO is managed by well-qualified directors who have vast experience in the industry. The Chairman, Mr K Vijayanand and Managing Director, Ms. Selvarajan Nagalakshmi are IAS officers with over three decades and one decade of experience respectively. Key functions of the organisation are handled by competent and experienced personnel.

Long term FSA for thermal plants

The installed capacity of APGENCO is 6389.03MW as on October 31,2025 comprising 4210 MW Thermal, 1773.60 MW Hydro and 405.43 MW Solar Power stations. APGENCO has long

term FSA with Mahanadi Coal Ltd and Singareni Collieries Company Ltd for its entire requirement of coal for the thermal plants. Moreover, in case of any further coal requirement or unavailability of coal, APGENCO can procure coal from other sources such as special forward e-auction and if in the process any price variance arises, it is fully pass through to the discoms. This protects from any major fluctuations in fuel cost.

Long term PPAs:

The company has long term PPAs with the Andhra Pradesh distribution companies (AP Discoms) namely Southern Power Distribution Company of Andhra Pradesh Ltd (APSPDCL), Central Power Distribution Corporation of Andhra Pradesh Ltd (APCPDCL) & Eastern Power Distribution Company of Andhra Pradesh Ltd (APEPDCL) thus assuring assured offtake. The availability-based tariff under the PPA is on a two-part basis (capacity and energy charges) which are determined on the basis of Andhra Pradesh Electricity Regulatory Commission (APERC) guidelines. The capacity charges are recoverable in full on the company achieving the normative PAF of 85%. In case the plant availability is lower than the normative PAF, the capacity charges are recoverable on a pro rata basis. The energy charge is determined on the basis of landed cost of fuel applied on the quantity of fuel consumption. The cost of fuel is on the basis of pre-approved normative operating parameters like station heat rate, secondary oil consumption, auxiliary consumption as per APERC regulations and is a pass-through item.

Key Rating Weaknesses

Delays in meeting debt obligations to financial institutions

Apart from the rated facilities, the company has availed term loans from financial institutions-Power Finance Corporation Ltd (PFC) and Rural Electrification Corporation Ltd (REC)., which are not rated by Infomerics Ratings. Towards the loans from financial institutions, there are delays in meeting the debt obligations. This happens due to mismatch in the timing of receipt of cash inflows from AP Discoms and delay in subsidy releases by GoAP to AP Discoms, thus impacting APGENCO's cash flows. There are delays in servicing the debt of FIs. Going forward, meeting the debt obligations on time will be a key rating sensitivity factor.

Weak debt protection metrics including high leverage

The company's total debt continues to be high and stood at Rs.22541.08 crore as on March 31.2025 and Rs.22164.03 crore as on March 31,2024. The total debt of the company in FY25 consisted of term loans from FIs/Bank amounting to Rs.18333.87 crore and working capital

limits of Rs.3103.39 crore. The total debt of the company also includes 1103.82 crore as pension and gratuity bonds. The adjusted tangible net worth of the company as on March 31,2025 continues to be negative and has deteriorated further due to high investments and loans to group companies. The adjusted overall gearing and TOL/ATNW continue to be muted due to negative net worth. The debt protection metrics such as interest coverage has deteriorated from 1.01x in FY24 (refers to period from April 01 to March 31) to below unity in FY25 due to increase in the interest cost. The Debt Service Coverage Ratio continues to be below unity on account of higher debt levels in comparison to the profitability.

Weak credit quality of power off takers, high receivable levels:

APGENCO has been supplying power to the AP Discoms namely APSPDCL, APCPDCL & APEPDCL. APGENCO has continued to report high outstanding receivables levels in the last three years. The total receivables as on July 31,2025 stood at Rs.7020.39 crore. Out of the said receivables outstanding, Rs. 3441.78 crore is more than six months from Telangana State Distribution Company Limited (TSDiscom) and Rs. 5624.47 crore were receivables outstanding for less than six months from AP Discoms. After implementation of Late Payment Surcharge (LPS) scheme by the central government in August 2022, APGENCO has been receiving dues from the AP Discoms. However, TSDiscom has not accepted the LPS scheme. Going forward, timely realisation of receivables on a sustained basis improving cash flows and liquidity of the company will be a key rating monitorable.

Moderate operating parameters:

The company's overall operating performance remained moderate, with thermal plant efficiency subdued as PAF continued to below normative levels of 85% prescribed by the regulator for recovery of full fixed charges. PAF stood at ~69% in FY24 and FY25 and fell to 60% in Q1FY26. PLF has declined from 70.60% in FY24 to 60.40% in FY25 and was 67.80% for Q1FY26. Hydro performance improved materially in FY25, supported by strong hydrology and higher generation of 3,800 MU, while capacity index levels stood at above 98%. Solar plant performance weakened, with Capacity Utilization Factor (CUF) dropping from 21.86% in FY24 to 19.82% in FY25 and to 18% in Q1FY26, primarily due to dust and ash deposition from nearby cement industries.

Analytical Approach: Standalone

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Applicable Criteria:

Rating Methodology for Infrastructure companies

Financial Ratios & Interpretation (Non-Financial Sector).

Criteria for assigning Rating outlook.

Policy on Default Recognition

Complexity Level of Rated Instruments/Facilities

Liquidity – Stretched

APGENCO has not generated adequate cash flows from operations for repaying its debt obligations in FY25. APGENCO's liquidity is expected to be stretched in the medium term as the expected gross cash accruals in projected period FY26-FY28 is not sufficient to meet the debt repayment obligations of ~Rs.2520 crore in FY26, ~Rs.1858 crore in FY27 and ~Rs.1833 crore in FY28. The liquidity of the company remains stretched due to high receivables from the AP discoms. The company has cash and bank balance of Rs.19.34 crore as on March 31, 2025. The company has been increasing borrowings for meeting shortfalls and capex programme. The company has been supported by the state GoAP which owns the entire shareholding in the company.

About the Company

Andhra Pradesh Power Generation Corporation Limited was formed after unbundling the erstwhile Andhra Pradesh State Electricity Board (APSEB) into Transmission Corporation of Andhra Pradesh Ltd (APTRANSCO) and APGENCO under the Andhra Pradesh Electricity Reforms Act, 1998, on February 1, 1999. APGENCO was incorporated as a company under the provisions of Companies Act, on 29.12.1998. According to the Andhra Pradesh Electricity Reforms Act, 1998, APGENCO commenced its business operations effective from 01.02.1999. As per Andhra Pradesh Re-organisation Act, 2014, a separate state-generating corporation was created with effect from June 2, 2014, for the state of Telangana. APGENCO was bifurcated into APGENCO (Residuary) and Telangana Generation Corporation Limited (TSGENCO). The power projects located in Telangana have been transferred to TSGENCO with effect from June 2, 2014. The projects located in residual Andhra Pradesh remained with APGENCO. The installed capacity of APGENCO is 6389.03MW as on October 31,2025 comprising 4210 MW Thermal, 1773.60 MW Hydro and 405.43 MW Solar Power stations.

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Financials (Standalone): **(Rs. Crore)**

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	14359.93	14705.27
EBITDA	3426.26	3535.22
PAT	-169.82	-335.29
Total Debt	22164.03	22541.08
Tangible Net Worth	3730.96	3600.69
EBITDA Margin (%)	23.86	24.04
PAT Margin (%)	-1.16	-2.24
Overall Gearing Ratio (x)	5.94	6.26
Interest Coverage (x)	1.01	0.95

** Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: The rating continues under Issuer Not Cooperating category from Brickwork Ratings as per press release dated July 21,2025, due to non-availability of information for monitoring of rating.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Security/ Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years				
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25		Date(s) & Rating(s) assigned in 2023-24		Date(s) & Rating(s) assigned in in 2022-23
					March 26,2025	Sept 26,2024	Sept 27,2023	June 23,2023	March 20,2023
1.	Term Loan	Long term	450.83	IVR C/ Stable	IVR C/ Stable	IVR C/ Stable	IVR BB-/ Stable	IVR B+/ Stable	IVR C/ Stable
2.	Cash Credit	Long term	2100.00	IVR C/ Stable	IVR C/ Stable	IVR C/ Stable	IVR BB-/ Stable	IVR B+/ Stable	IVR C/ Stable
3	Overdraft	Long term	0.00	-	IVR C/ Stable	IVR C/ Stable	IVR BB-/ Stable	IVR B+/ Stable	IVR C/ Stable
4	WCDL	Long term	1050.00	IVR C/ Stable	IVR C/ Stable	IVR C/ Stable	IVR BB-/ Stable	IVR B+/ Stable	IVR C/ Stable
5	Bank Guarantee	Short term	225.00	IVR A4	IVR A4	IVR A4	IVR A4	IVR A4	IVR A4
6	Letter of Credit	Short term	75.00	IVR A4	IVR A4	IVR A4	IVR A4	IVR A4	IVR A4

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Name and Contact Details of the Rating Analyst:

Name: Neha Khan Tel: (022) 62396023 Email: neha.khan@infomerics.com	Name: Jyotsna Gadgil Tel: (020) 69015332 Email: jyotsna.gadgil@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

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Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund based Bank Facility-Term Loan	-	-	-	October 2029	441.91	IVR C/ Stable
Long Term Fund based Bank Facility-Term Loan	-	-	-	July 2026	1.51	IVR C/ Stable
Long Term Fund based Bank Facility-Term Loan	-	-	-	August 2026	7.41	IVR C/ Stable
Long Term Fund based Bank Facilities-Cash Credit	-	-	-	-	2100.00	IVR C/ Stable
Long Term Fund based Bank Facilities-WCDL	-	-	-	-	1050.00	IVR C/ Stable
Short Term Non-Fund based Bank Facilities-Bank Guarantee	-	-	-	-	225.00	IVR A4
Short Term Non-Fund based Bank Facility-Letter of Credit	-	-	-	-	75.00	IVR A4

Annexure 2: Facility wise lender details:
https://infomericstorage.blob.core.windows.net/uploads/LEN_Andhra_Pradesh_Power_Generation_Corporation18_Dec25_c71d2a5c53.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.