



Press Release

Andhra Pradesh Power Generation Corporation Limited (APGENCO)

March 26, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity indicator
Long term Bank Facilities	3735.93 (Enhanced from Rs.3353.01 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	4035.93 (Rupees Four thousand thirty-five hundred and ninety-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), 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, Mr KVN Chakradhar Babu 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 February 28,2025 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



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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 Limited (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. The management has confirmed that 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



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The company's total debt continues to be high at Rs. 20821.93 crore as on March 31, 2023, and has increased to Rs. 22164.03 crore as on March 31, 2024. The total debt of the company as on March 31, 2024 consisted of term loan from FIs/Bank amounting to Rs.18384.22 crore, Rs.75.00 crore from APTRANSCO in the form of unsecured inter corporate deposit and working capital limits of Rs. 2539.40 crore in the form of working capital limits. The total debt of the company also includes 1165.41 crore as pension and gratuity bonds. Increase in the debt level as on March 31, 2024 was due to additional loan taken from REC due to the cost overrun in setting up of Dr. NTPPS Stage-V which became operational in December 2023. The adjusted tangible net worth of the company as on March 31, 2024 continues to be negative due to high investments in group companies. The adjusted overall gearing and TOL/ATNW continue to be muted due to negative networth. The debt protection metrics such as interest coverage has also moderated to 1.01x in FY24 (refers to period April 01 to March 31) against 1.15x in FY23. The DSCR of the company 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 outstanding receivables increased to Rs.9081.71 crore as on March 31, 2024 against Rs.7384.81 crore as on March 31, 2023. As on January 31, 2025 the total receivables stood at Rs.7965.86 crore. Out of the said receivables outstanding Rs. 3441.78 crore is more than three years from TSDISCOMs and Rs.4515.08 crore were receivables outstanding for less than six months from APDISCOMs. However, after implementation of Late Payment Surcharge (LPS) scheme by the central government in August 2022, APGENCO has been receiving dues from the discoms but TSDISCOMs 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 PAF for thermal plants in FY24 was 76.76% against PAF of 71.91% in FY23, lower than the normative PAF of 85% prescribed by the regulator for recovery of full fixed charges. Further, the PLF has improved in FY24 to 70.60% from PLF of 68.41 in FY23%. During 9MFY25 the PLF was at 60.58%. The hydel plants are generating 53.51% of the designed generation in FY24, decline from 115.94% in FY23. This is due to insufficient rainfall in the Eastern Ghats. The capacity utilisation factors (CUF) for the solar plants has improved



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from 19.95% in FY22 to 20.51% in FY23 and 21.86% in FY24. During 9MFY25 CUF was at 19.74%.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology-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's liquidity is expected to be stretched as reflected by the expected gross cash accruals of ~Rs.600 crore in FY25 to FY27 against the debt repayment obligations of Rs.2355.66 crore in FY25 Rs.2235.48 crore in FY26 and Rs.2523.50 crore in FY27. APGENCO has not generated adequate cash flows from operations for repaying its debt obligations in FY24. The liquidity of the company remains stretched due to high receivables from the AP Discoms. The company has cash and bank balance of Rs. 30.26 crore as on March 31, 2024. The company has been increasing borrowings for meeting shortfalls and capex programmes. The company has been supported by the state government of Andhra Pradesh which owns the entire shareholding in the company.

About the Company

APGENCO was formed after unbundling the erstwhile Andhra Pradesh State Electricity Board (APSEB) into Transmission Corporation of Andhra Pradesh Limited (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



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projects located in residual Andhra Pradesh remained with APGENCO. As on February 28, 2024, the installed capacity of APGENCO is 6389.03MW comprising 4210 MW Thermal, 1773.60 MW Hydro and 405.43 MW Solar Power stations.

Financials (Standalone):

(Rs. Crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	12742.24	14359.93
EBITDA	3615.36	3426.26
PAT	258.05	-169.82
Total Debt	20821.93	22164.03
Tangible Net Worth	3722.52	3730.96
EBITDA Margin (%)	28.37	23.86
PAT Margin (%)	1.99	-1.16
Overall Gearing Ratio (x)	5.59	5.94
Interest Coverage (x)	1.15	1.01

* Classification as per Infomerics' standards.

There is a change in Tangible Network for FY23 in comparison to the previous press release dated September 26, 2024, on account of regrouping of intangible assets by the company. Accordingly, the overall gearing has changed.

Status of non-cooperation with previous CRA: The rating continues under Issuer Not Cooperating category from Brickwork Ratings as per press release dated April 29, 2024, due to non-availability of information for monitoring of rating.

Any other information: Nil



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Rating History for last three years:

Sr. No	Name of Security/Facilities	Current Ratings (Year 2024-25)				Rating History for the past 3 years			
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Rating	Date(s) & Rating(s) assigned in 2023-24		Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					Sept 26, 2024	Sept 27, 2023	June 23, 2023	March 20, 2023	
1.	Term Loan	Long term	585.93	IVR C/ Stable	IVR C/ Stable	IVR BB-/ Stable	IVR B+/ Stable	IVR C/ Stable	-
2.	Cash Credit	Long term	1900.00	IVR C/ Stable	IVR C/ Stable	IVR BB-/ Stable	IVR B+/ Stable	IVR C/ Stable	-
3	Overdraft	Long term	200.00	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 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	-
6	Letter of Credit	Short term	75.00	IVR A4	IVR A4	IVR A4	IVR A4	IVR A4	-

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Ratings 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.



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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.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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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 Facilities-Term Loan	-	-	-	October 2029	529.86	IVR C/ Stable
Long Term Fund based Bank Facilities-Term Loan	-	-	-	July 2026	11.60	IVR C/ Stable
Long Term Fund based Bank Facilities-Term Loan	-	-	-	August 2026	44.47	IVR C/ Stable
Long Term Fund based Bank Facilities-Cash Credit	-	-	-	-	1900.00	IVR C/ Stable
Long Term Fund based Bank Facilities-Overdraft	-	-	-	-	200.00	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 Facilities-Letter of Credit	-	-	-	-	75.00	IVR A4

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-APGENCO-mar25.pdf>



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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.

