



Press Release

Andhra Pradesh Tourism Development Corporation Limited

March 29, 2024

Ratings

Instrument / Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	157.00	IVR BBB/Stable (IVR Triple B with Stable Outlook)	Assigned	Simple
Total	157.00 (Rupees One hundred fifty-seven crore only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Andhra Pradesh Tourism Development Corporation Limited (APTDCL) derives strength from the ownership by Government of Andhra Pradesh, growing scale of operations and moderate TOL/TNW and debt protection metrics. The rating strengths are, however, constrained by debt funded capex, timely receipt of grants for capex funding and large amount of contingent liabilities.

Key Rating Sensitivities:

Upward Factors

- Sustained improvement in scale of operations along with improvement in profitability leading to higher cash accruals.

Downward Factors

- Decline in revenue and profitability leading to lower cash accruals, thus impacting liquidity of the company.
- Large debt funded capex leading to deterioration in debt protection metrics.
- Delays in the release of grants leading to higher borrowings for funding capex.



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List of Key Rating Drivers with Detailed Description

A. Key Rating Strengths

Ownership by Government of Andhra Pradesh

APTDCL is a wholly owned undertaking of the Government of Andhra Pradesh (GoAP). Originally incorporated in 1976 later, on June 2, 2014, was bifurcated into two entities i.e. Telangana State Tourism Development Corporation Limited (TSTDCL) & Andhra Pradesh Tourism Development Corporation Limited (APTDCL) due to state re-organization. The state and central government supports APTDCL by way of grants for capital expenditure. The Board of Directors of APTDCL has nominees from GoAP. The continued ownership and support of GoAP is important for APTDCL from the credit perspective.

Growing scale of operations

The total operating income has increased to Rs. 161.35 crore in FY23 from Rs. 145.35 crore in FY22 and from Rs. 76.09 crores in FY21 due to the thrust of the government on tourism sector. APTDCL has achieved revenues of Rs. 138.55 crores in 10MFY24 (Unaudited). Absolute EBITDA and PAT moderated to Rs. 15.63 crore (PY: Rs. 20.23 crore) and Rs. 11.91 crore (PY: Rs. 15.13 crore) respectively in FY23. The EBITDA margin stood at 9.69% in FY23 (PY: 13.92%) and PAT margin stood at 7.31% in FY23 (PY: 10.40%). The gross cash accruals stood at Rs. 17.09 crore in FY23.

Moderate TOL/TNW and debt protection metrics

APTDCL's financial risk profile is marked by moderate tangible net worth of Rs. 39.46 crores as on March 31, 2023. Total debt stood at Rs. 0.96 crores as on March 31, 2023. Overall gearing ratio stood comfortable at 0.02x as of March 31, 2023. APTDCL receives grants from Government of India and GoAP. As on March 31, 2023, total outside liabilities (TOL) included total grant amount of Rs. 281.59 crores (PY: Rs. 282.06 crore). Total indebtedness reflected by TOL/TNW excluding grants was moderate at 1.93x as on March 31, 2023, and 2.97 as on March 31, 2022. The debt protection metrics like interest coverage and DSCR stood at 169x and 10.86x respectively in FY23.



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B. Key Rating Weaknesses

Debt funded capex

The company has undertaken capex for renovation and upgradation of hotels and purchase of water fleets. The total cost of the project is Rs. 225.80 crore which will be funded by term loan of Rs. 160.00 crore and equity of Rs. 65.80 crore. However, the equity of Rs. 65.80 crore, required for capex will be bought in the form of government grants (85%) of Rs. 55.93 crore and internal accrual (15%) of Rs. 9.87 crore. The capex is expected to be completed by March 2025. The debt funded capex is expected to moderate the capital structure in the medium term. The overall gearing is expected to moderate to over 2 times in FY25 and FY26.

Timely receipt of grants for capex funding

APTDCL is dependent on state and central grants for funding of capital expenditure. TOL/TNW including grants stood high at 9.08x as on March 31, 2023, due to grants from Government of India of Rs. 264.28 crore and grants from Government of Andhra Pradesh of Rs. 17.31 crore. The grants received from central and state government are for capital expenditure and squared off against cost of the fixed assets acquired or constructed out of the respective grants. Grant in aid is received from the state government for the purpose of meeting revenue expenditure and are deducted from the relevant expenditure. Thus, timely release of grants for any planned capex is important to avoid any cost and time overrun in projects.

Large contingent liabilities

The company has a contingent liability of Rs. 32.27 crore. The pending disputes include demands in respect of tax, interest on delayed payments relating to land and other miscellaneous cases. Any adverse outcomes of these disputes would impact the financial profile.

Analytical Approach: Standalone

Applicable Criteria:

[Policy on default recognition](#)

[Criteria of assigning Rating Outlook](#)

[Rating Methodology – Service Sector Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

Liquidity: Adequate



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Liquidity position is adequate marked by sufficient cushion expected in average accruals of around Rs. 18.00 crore in FY24-FY26 vis-à-vis repayment obligations of Rs.0.84 crore in FY24 and Rs. 7.35 crore in FY26. The current ratio was 1.37x as on March 31, 2023. As on February 29, 2024, the company has cash and cash equivalent of Rs. 26.83 crore.

About the company

The Andhra Pradesh Tourism Development Corporation Limited (APTDCCL) is a fully owned Government of Andhra Pradesh Government undertaking. It is the state government agency promoting tourism in Andhra Pradesh. It offers a wide range of tour packages of heritage, nature, adventure, health, leisure, rural tourism, Buddhist tourism, water, cuisine, film and MICE (Meetings, Incentives, Conferences and Exhibitions) tourism. The department maintains resorts at popular tourism destinations such as Tirupati, Horsley hills, Araku valley, Vizag, and Srisailem.

Financials (Standalone):

	(Rs. crore)	
For the year ended / As On*	31-03-2022 (Provisional)	31-03-2023 (Provisional)
Total Operating Income	145.35	161.35
EBITDA	20.23	15.63
PAT	15.13	11.91
Total Debt	2.45	0.96
Tangible Net worth	32.49	39.54
Ratios		
EBITDA Margin (%)	13.92	9.69
PAT Margin (%)	10.40	7.31
Overall Gearing Ratio (x)	0.08	0.02

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: Nil



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Rating History for last three years:

Sr N o.	Name of Instrument/Facil ities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstand ing (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1.	Term Loan	Long Term	157.00	IVR BBB / Stable	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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.

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	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Term Loan	-	-	March 2037	157.00	IVR BBB / Stable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-APTDCL-mar24.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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.