Press Release

Andhra Pradesh Power Development Company Ltd

September 23, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities	900.00	IVR C/Stable (IVR C with Stable Outlook)	IVR C/Stable (IVR C with Stable Outlook)	Rating Reaffirmed	Simple
Short Term Bank Facilities	200.00	IVR A4 (IVR A Four)	IVR A4 (IVR A Four)	Rating Reaffirmed	Simple
Total	**1100.00 (Rupees One thousand one hundred crore 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 its ratings for the long-term and short-term bank facilities of Andhra Pradesh Power Development Company Ltd (APPDCL). The ratings continue to factor in the parentage & experienced management and long-term Power Purchase Agreements (PPAs) and Fuel Supply Agreements (FSAs) for its entire capacity. However, these rating strengths are constrained by poor debt servicing track record of unrated debt, weak debt protection metrics including high leverage, weak credit quality of power off takers and moderate operating parameters like Plant Availability Factor (PAF) and Plant Load Factor (PLF), though improved in FY25 (refers to the period April 01 to March 31).

The Stable outlook reflects the stable business risk profile marked by long term PPAs and FSAs.

Key Rating Sensitivities:

Upward Factors

- Timely repayment of the debt obligations to banks and financial institutions on a sustained basis.
- Timely realization of receivables on a sustained basis improving cash accruals and liquidity of the company and improvement in credit quality of the off takers.

Downward Factors

- Delay in meeting the debt obligations of rated facilities.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Parentage and experienced management

APPDCL is a subsidiary of Andhra Pradesh Power Generation Corporation Ltd (APGenco) (54.10% shareholding), which in turn is wholly owned by Government of Andhra Pradesh (GoAP). The other shareholders include the Andhra Pradesh and Telangana discoms, and GoAP. The power sector is of strategic importance to the state government. APPDCL is managed by well-qualified directors who have vast experience in the industry. The Chairman & Managing Director is an Indian Administrative Service officer(IAS), and the key functions of the organisation are handled by competent and experienced personnel.

Long term PPAs and FSAs

The company has long term PPA for its entire capacity (Stage-I: 1600 MW and Stage-II -800 MW) ensuring guaranteed offtake with the Andhra Pradesh discoms (AP Discoms) namely Southern Power Distribution Company of Andhra Pradesh Ltd (APSPDCL), Eastern Power Distribution Company of Andhra Pradesh Ltd (APEPDCL) and Central Power Distribution Company of Andhra Pradesh Ltd (APCPDCL).

APPDCL has entered into long term FSAs with Mahanadi Coalfields Ltd (MCL) for 7.143 MMT and Eastern Coalfield Ltd (ECL) for 9.5 lakh MT for Stage-I for 20 years. Also, there is separate FSA with MCL for supplying 3.548 MMT for Stage-II for 20 years.

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, which are not being rated. Towards these 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 the AP Discoms, thus impacting APPDCL’s cash flows. The management has confirmed there are delays in servicing of debt obligations to the financial institutions. Going forward, timely servicing of debt obligations on a sustained basis will be a key rating sensitivity factor.

Weak debt protection metrics including high leverage

The company has been reporting losses over the years, resulting in a negative tangible net worth. The company's total debt stood high at Rs. 18423.04 crore as on March 31, 2025 (Provisional). Due to negative networth the leveraged ratios are subdued. The company has continuously been reporting weak debt protection metrics with debt service coverage ratio and interest coverage ratio below unity for the last three years. For meeting the shortfall in the debt obligations, APPDCL has relied on borrowings from banks and financial institutions along with the receivables from the AP Discoms and funding from APGenco.

Moderate operating parameters

The company's Stage II (800 MW) became fully operational in FY24 leading to improved generation in FY24 and FY25. The translating into higher revenues of Rs.4754.97 crore in FY24 and Rs.6513.13 crore in FY25(Prov.) The company's PAF has improved from 36.12% in FY23 to 46.58% in FY24 and further to 60.40% in FY25 however is still lower than the normative PAF of 85% prescribed by the regulator for recovery of full fixed charges. Further, PLF improved from 36.10% in FY23 to 46.29% in FY24 and further improved to 58.45% in FY25 translating into higher revenues of Rs.4754.97 crore in FY24 and Rs.6513.13 crore in FY25(Provisional). However, the company's PAF though has been improving from 36.12% in FY23 to 46.58% in FY24 and further to 60.40% in FY25 is still lower than the normative PAF of 85% prescribed by the regulator for the recovery of full fixed charges. As on August 2025 the average PLF for all the units stood at 56.67% and PAF stood at 61.18%, below that of the normative PAF.

Analytical Approach: Standalone

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 – Poor

APPDCL has not generated adequate cash flows from operations for repaying its debt obligations in FY24 and FY25. The liquidity of the company remains highly dependent on receivables from the AP Discoms. The company has cash and bank balance of Rs.2.68 crore as on September 09,2025

About the Company

APPDCL was incorporated on March 01, 2006. APPDCL is a special purpose vehicle which was set up by Andhra Pradesh Power Generation Corporation Ltd and four distribution companies of erstwhile Andhra Pradesh and GoAP. APPDCL has 1600 MW, (2 x 800 MW) two super critical coal fired thermal power units under Stage-I and one 800 MW super critical coal fired thermal power unit under Stage II at Krishnapatnam, Nellore District. For Stage-I the declared commercial operation date (COD) for Unit 1 was February 5, 2015 and for Unit 2 was August 24, 2015. For Stage-II the declared COD for Unit-3 was March 09, 2023.

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

For the year ended/ As on*	31-03-2024	31-03-2025
	(Audited)	(Prov.)
Total Operating Income	4754.97	6513.13
EBITDA	774.31	1695.10
PAT	-2204.65	-728.06
Total Debt	18715.52	18423.04
Tangible Net Worth	-4476.02	-5204.08
EBITDA Margin (%)	16.28	26.03
PAT Margin (%)	-46.30	-11.18
Overall Gearing Ratio (x)	-4.18	-3.54
Interest Coverage (x)	0.40	0.94

** 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, and Crisil Ratings as per press release dated July 16, 2024, due to non-availability of information for monitoring of rating.

Any other information: None

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
					July 16,2024	**May 18,2023**	**-**
1.	Cash Credit	Long Term	900.00	IVR C/Stable	IVR C/Stable	IVR C/Stable	-
2.	Letter of Credit	Short Term	200.00	IVR A4	IVR A4	IVR A4	-

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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.

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

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Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Fund based Bank Facilities-Cash Credit	-	-	-	-	900.00	IVR C/Stable
Short Term Non-Fund based bank facilities-Letter of Credit	-	-	-	-	200.00	IVR A4

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-APPDCL-sep25.pdf

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

Annexure 4: List of companies considered for consolidated 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.