

February 01, 2024

Andhra Pradesh Power Finance Corporation Limited: Moved to Non-Cooperating Category

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Bond programme	4,053.30	4,053.30	[ICRA]D; ISSUER NOT COOPERATING; rating moved to the ISSUER NOT COOPERATING category
Total	4,053.30	4,053.30	

*Instrument details are provided in Annexure I

Rationale

ICRA has moved the ratings for the bank facilities of Andhra Pradesh Power Finance Corporation Limited (APPFCL) to the 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]D; ISSUER NOT COOPERATING".

ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite repeated requests by ICRA, the entity's management has remained non-cooperative. The current rating action has been taken by ICRA basis best available/dated/ limited information on the issuers' performance. Accordingly, the lenders, investors and other market participants are advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity. The rating action has been taken in accordance with ICRA's policy in respect of non-cooperation by a rated entity available at www.icra.in.

ICRA takes notes of the dispute between Telangana State Power Finance Corporation (TSPFC) and APPFCL regarding the distribution of assets and liabilities, following the bifurcation of the erstwhile state of Andhra Pradesh (AP) in June 2014, which is the key reason for the continuing delays in debt servicing. APPFCL and TSPFC have been jointly servicing these bonds till now based on the current bifurcation of the liabilities between the two entities. The timely servicing of the instrument is likely to remain uncertain till the final resolution of the ongoing dispute between the two states.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#).

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies Policy in respect of non-cooperation by the rated entity Policy on Default Recognition
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

APPFCL was incorporated in July 2000 by the GoAP with the main objective of providing debt and equity funding to enterprises engaged in the power sector in the state. It is registered as a non-banking financial company with the Reserve Bank of India. APPFCL reported a profit after tax (PAT) of Rs. 99.1 crore (provisional) in H1 FY2024 on a loan book of Rs. 13,388.5 crore as on September 30, 2023.

Status of non-cooperation with previous CRA:

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 had not shared all the requisite information.

Hence, based on extant regulatory guidelines, non-cooperation by the company, and the best available information, BWR has migrated the ratings the ISSUER NOT COOPERATING* category. *Issuer did not cooperate; based on best available information, published in the release dated 25-Jan-2023.

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021	
					Feb 01, 2024	Feb 10, 2023	Feb 16, 2022	Feb 19, 2021	
1	Bond programme	Long term	4,053.30	4,053.30	[ICRA]D; ISSUER NOT COOPERATING	[ICRA]D	[ICRA]D	[ICRA]D	

LT – Long term

Complexity level of the rated instruments

Instrument	Complexity Indicator
Bond programme	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE847E09011	Bond programme	Nov 15, 2010	8.49%	Nov 15, 2020	42.0	[ICRA]D; ISSUER NOT COOPERATING
INE847E09029	Bond programme	Nov 15, 2010	8.74%	Nov 15, 2022	1,011.3	[ICRA]D; ISSUER NOT COOPERATING
INE847E08DK6	Bond programme	Dec 15, 2011	9.60%	Dec 15, 2023	149.2	[ICRA]D; ISSUER NOT COOPERATING
INE847E08DJ8	Bond programme	Dec 15, 2011	9.10%	Dec 15, 2021	5.0	[ICRA]D; ISSUER NOT COOPERATING
INE847E08DM2	Bond programme	Jan 30, 2012	9.97%	Jan 30, 2024	586.9	[ICRA]D; ISSUER NOT COOPERATING
INE847E08DL4	Bond programme	Jan 30, 2012	9.85%	Jan 30, 2022	157.2	[ICRA]D; ISSUER NOT COOPERATING
INE847E08DO8	Bond programme	Jun 08, 2012	9.64%	Jun 08, 2024	249.4	[ICRA]D; ISSUER NOT COOPERATING
INE847E08DN0	Bond programme	Jun 08, 2012	9.50%	Jun 08, 2022	64.7	[ICRA]D; ISSUER NOT COOPERATING
INE847E08DQ3	Bond programme	Nov 09, 2012	9.75%	Nov 09, 2022	1,787.6	[ICRA]D; ISSUER NOT COOPERATING

Source: Company

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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