

Transmission Corporation of Andhra Pradesh Limited

March 24, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	600.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has been seeking information from Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) to monitor ratings vide email communications/letter dated February 28, 2025, March 07, 2025, and March 12, 2025. However, despite repeated requests the company has not provided the requisite information for monitoring ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed Ratings on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at fair rating. Ratings of APTRANSCO bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING***

Users of this rating (including investors, lenders and public at large) are hence requested to exercise caution while using above rating(s)

Ratings of bank facilities of Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) are constrained by the significant counterparty credit risk, characterised by weak financial risk profiles of its main beneficiaries – power distribution companies (discoms) of Andhra Pradesh. While collection track record has been improving, the elongated receivable period constrains ratings. Large capex implementation risk and its impact on the company's leverage and coverage metrics also offset ratings. Ratings also note the pending bifurcation of assets between APTRANSCO and Transmission Corporation of Telangana Limited (TSTRANSCO).

However, ratings derive strength from its long-term revenue visibility and operation in a cost-plus return on equity (RoE) regulatory model, assuring stable cashflows. Ratings favourably factor the wide transmission network, operated at sustained high-system availability. Ratings also consider improving total debt to gross cash accruals (TD/GCA) in FY23 (FY refers to April 01 to March 31) as a result of reducing debt and improving profitability with Vidyut bonds completely repaid in FY23.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that APTRANSCO will continue to have an above normative system availability. CARE Ratings expects the company's financial risk profile to remain leveraged, with modest liquidity due to the high average collection period.

Detailed description of key rating drivers:

At the time of last rating on February 29, 2024, the following were the rating strengths and weaknesses considered.

Key weaknesses

Counterparty risk with relatively weak financial risk profile

APTRANSCO derives majority its revenue from three state-owned discoms – Southern Power Distribution Company of Andhra Pradesh Limited (APSPDCPL), Eastern Power Distribution Company of Andhra Pradesh Limited (APEPDCL), and Andhra Pradesh Central Power Distribution Corporation Limited (APCPDCL). Discoms have weak credit profiles due to inadequate tariff hikes in the last few years with high dependence on state government subsidies and increasing debt levels. Hence, subdued financial positions of discoms render payment risk to APTRANSCO. However, the collection efficiency of APTRANSCO has considerably improved – from 50.41% in FY21 to 89.15% in FY22 and 98.88% in FY23. Sustaining reasonable collection efficiency will be important from the credit perspective.

Significant capex implementation risk

The company is targeting to incur capex of over ₹2,500 crore in FY24 and ₹3,500 crore in FY25. CARE Ratings projects the capex to be financed with a debt-to-equity mix of 75% and 25%, respectively. Tying-up debt on time and implementing the same will be crucial. CARE Ratings has no further updates regarding the same.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Pending bifurcation of assets between APTRANSCO and TSTRANSCO

Since the bifurcation of Andhra Pradesh, there have been numerous unresolved issues between Telangana and Andhra Pradesh, particularly related to investments, employees, public debt, remittances, loans and advances, and reserve funds, among others. Although assets were provisionally distributed between the two states, several issues are pending, and asset distribution is yet to be approved by the Central Government. Negative adjustments on this are likely to impact APTRANSCO's financial position, and hence, is a key monitorable.

Moderate financial risk profile

While the company's profitability has improved in FY23, debt level has remained elevated, constraining the leverage profile. Due to sizeable projected capex, CARE Ratings expects APTRANSCO's coverage metrics to be at a marginal level.

Key strengths

Regulated power transmission business with long-term revenue visibility

APTRANSCO files its annual revenue requirement (ARR) and tariff proposals to Andhra Pradesh Electricity Regulatory Commission (APERC) under the multi-year tariff framework, where APERC determines tariffs to be charged by APTRANSCO. Tariffs are determined basis cost-plus, involving a fixed RoE (15.50%). Revenue is also based on peak demand and not usage, assuring stable revenue. Hence, irrespective of demand, consumers are required to pay fixed tariffs to APTRANSCO. The company has submitted the business plan for the 5th (covering FY25-FY29) and 6th control period (covering FY30-FY34). Tariff order for the 5th control period is pending to be issued.

Sole transmission entity in Andhra Pradesh

APTRANSCO is a wholly owned subsidiary of the Government of Andhra Pradesh and is of strategic importance to the state. It is the sole transmission entity in the state, and hence, plays an important role in the Andhra Pradesh's economy, delivering power to the final consumer. APTRANSCO transmits power generated by power generating companies (gencos) (both owned by government and private) to discoms.

Satisfactory operational performance

System availability for APTRANSCO has been continuously over 99% from FY19 to FY23, ensuring adequate recovery of transmission charges in the period.

Liquidity: Stretched

Projected GCA less internal accruals committed for the capex is marginal against scheduled debt repayments for FY24 and FY25. The company current ratio is at unity for FY23. APTRANSCO has free cash and cash equivalents of ₹59.05 crore as on January 09, 2024.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

[Power- Transmission](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Utilities	Power	Power	Power - transmission

Incorporated on December 28, 1998, APTRANSCO is a wholly owned subsidiary of the Government of Andhra Pradesh. It was formed by carving out the transmission functions of the erstwhile Andhra Pradesh State Electricity Board (APSEB), which came into existence in 1959 and was responsible for generating, transmitting, and distributing electricity. Under electricity sector reforms, the Government of Andhra Pradesh promulgated the Andhra Pradesh Electricity Reforms Act, 1998, and erstwhile APSEB was unbundled into one genco (APGENCO), one transco (APTRANSCO), and four discoms (APDISCOMs) as part of the reform

process. APTRANSCO came into existence on February 01, 1999. From February 1999 to June 2005, APTRANSCO remained a single buyer in the state, purchasing power from gencos and selling it to discoms. Subsequently, in accordance with the Third Transfer Scheme notified by the Government of Andhra Pradesh, APTRANSCO ceased to do power trading and has retained powers of controlling system operations of power transmission. Hence, APTRANSCO handles power transmission from gencos to discoms in Andhra Pradesh, with monopoly in the business.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	H1FY24 (UA)
Total operating income	2,653.23	3,119.58	1,830.13
PBILDT	1,438.69	1,914.82	1,248.77
PAT	242.79	619.46	562.35
Overall gearing (times)	1.30	1.48	2.32
Interest coverage (times)	3.03	4.93	3.14

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	100.00	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan**		-	-	NA	500.00	CARE B+; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

** Proposed.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Cash Credit	LT	100.00	CARE B+; Stable; ISSUER NOT COOPERATING *	-	1)CARE B+; Stable (29-Feb-24) 2)CARE B+; Stable (19-Jul-23)	1)CARE B; Stable; ISSUER NOT COOPERATING * (15-Feb-23)	1)CARE B; Stable (01-Dec-21)
2	Fund-based - LT-Term Loan	LT	500.00	CARE B+; Stable; ISSUER NOT COOPERATING *	-	1)CARE B+; Stable (29-Feb-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact Us

Media Contact Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Maulesh Desai Director CARE Ratings Limited Phone: +91-79-4026 5605 E-mail: maulesh.desai@careedge.in
Relationship Contact Saikat Roy Senior Director CARE Ratings Limited Phone: 912267543404 E-mail: saikat.roy@careedge.in	Palak Sahil Vyas Associate Director CARE Ratings Limited Phone: +91-79-406 5620 E-mail: palak.gandhi@careedge.in
	Lokesh Haresh Sangtani Analyst CARE Ratings Limited E-mail: Lokesh.sangtani@careedge.in

About us:

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Disclaimer:

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