

March 15, 2023^(Revised)

Arunachal Pradesh Power Corporation Pvt Ltd: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Overdraft facilities	10.00	10.00	[ICRA]A3+
Proposed working capital facility	40.00	40.00	[ICRA]A3+
Total	50.00	50.00	

*Instrument details are provided in Annexure-1

Rationale

Arunachal Pradesh Power Corporation Private Limited (APPCPL) has informed ICRA via an email dated March 13, 2023, about two instances of technical delays in repayments. One of the delays was on account of system-related issues with a lender; in another instance, an EMI amount of Rs 0.22 crore which was due on August 7, 2022, was partially debited on August 8, 2022 and the balance on August 9, 2022. ICRA notes that the delay in the second instance was on account of technical reasons (non-working day) and that the company had adequate liquidity of Rs 21.5 crore on its balance sheet as on August 7, 2022, and Rs 39.7 crore as on August 8, 2022 in the form of free cash and undrawn available overdraft limits. The aforementioned delays have not been treated as default and the same is in line with ICRA's Policy on Default Recognition.

ICRA has a rating of [ICRA]A3+ outstanding for the Rs. 50.0 crore bank facilities availed by the company. The rating remains unchanged at [ICRA]A3+ as the liquidity position is adequate to service the debt obligations and the delay was purely because of technical reasons. The company has assured ICRA of the steps being taken to avoid such instances in future.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, rating sensitivities: [click here](#)

Liquidity position: Adequate

APPCPL's liquidity is adequate, supported by presence of cash and liquid funds and undrawn overdraft limits of Rs 39,9 crore as on December 31, 2022. The company on an average maintained cushion (undrawn limits plus free cash) of Rs 26.6 crore for 12 months ended December 2022. Given the trading nature of business, the capital expenditure requirements remain minimal, moreover, the working capital limits (both fund-based and non-fund based) are largely backed by fixed deposits of the company.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy on Default Recognition
Parent/Group Support	Not applicable
Consolidation/Standalone	The rating is based on standalone financial statements of the company.

About the company

APPCPL, incorporated in 2009, is involved in trading power through bilateral, and power exchange, in addition to energy banking and trading of RECs. Its clients include power distribution utilities, industrial and commercial consumers as well as generators. It is a trader member of the Indian Energy Exchange (IEX) and has been trading on the IEX platform since August 2009. APPCPL holds a Category II licence issued by the CERC for inter-state trading of electricity since November 2016. It is also involved in the installation and operation of solar photovoltaic rooftop plants either through own ownership or as an EPC player.

Key financial indicators (audited)

APPCPL Standalone	FY2021	FY2022
Operating income	1,070.7	1,606.9
PAT	16.3	8.6
OPBDIT/OI	2.2%	0.9%
PAT/OI	1.5%	0.5%
Total outside liabilities/Tangible net worth (times)	2.1	1.7
Total debt/OPBDIT (times)	2.6	3.2
Interest coverage (times)	8.1	6.3

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2023)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as on December 31, 2022 (Rs. crore)	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021	Date & rating in FY2020
				Mar 15, 2023	Feb 21, 2022	Oct 14, 2020	Apr 12, 2019
1 Overdraft facilities	Short-term	10.0	-	[ICRA]A3+	[ICRA]A3+	[ICRA]A3	[ICRA]A3
2 Proposed working capital facility	Short-term	40.0	-	[ICRA]A3+	[ICRA]A3+	[ICRA]A3	[ICRA]A3

Complexity level of the rated instruments

Instrument	Complexity Indicator
Overdraft facilities	Simple
Proposed working capital facilities	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 analyzing 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, is available on ICRA's website: [Click Here](#)

Annexure-1: Instrument details

ISIN No.	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	Overdraft facilities	-	-	-	10.0	[ICRA]A3+
NA	Proposed working capital facilities	-	-	-	40.0	[ICRA]A3+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-2: List of entities considered for consolidated analysis

Not applicable

Corrigendum:

Document dated March 15, 2023, has been corrected with revision as detailed below:

- Key financial indicator table (Row no. 7): Interest coverage changed from “9.6 times” to “8.1 times” for FY2021 and from “7.6 times” to “6.3 times” for FY2022.

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