

GVK Power (Goindwal Sahib) Limited

November 09, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	2,400.00	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	40.50	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Total Bank Facilities	2,440.50 (₹ Two Thousand Four Hundred Forty Crore and Fifty Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

GVK Power (Goindwal Sahib) Limited (GPGSL) has not paid surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd. rating on GPGSL's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

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

The rating factor in the stretched liquidity position of GVK Power (Goindwal Sahib) Limited (GPGSL) resulting in delays in servicing debt obligations.

Detailed description of the key rating drivers

At the time of **last rating on August 12, 2021** the following were the rating strengths and weaknesses-

Detailed description of the key rating drivers

Key Rating Weaknesses

Stretched liquidity position led by subdued operational & financial performance: The plant remained non-operational even after achieving COD due to non-availability of coal, primarily on account of de-allocation of the coal block and paucity of working capital to procure coal via e-auction. Although the company has started receiving coal under Scheme for Harnessing and Allocating Koyala Transparently in India (SHAKTI), lower demand of electricity from Punjab State Electricity Board and shortage of working capital fund, has resulted in low PLF level.

During the period FY19-20, the plant availability has improved from 66.22% to 98.70%, however, the PLF of the plant continue to be lower at about 27%. Lower power generation and high fixed cost has resulted in continued net loss and cash loss during the period FY20 – 9MFY21. All the above factors coupled with high debt repayment obligation has resulted in delays in debt servicing.

Key Rating Strengths

Experienced promoter group: GPGSL belongs to Hyderabad based GVK group, which is one of the first Independent Power Plant developers in the country. The GVK group through GVK Power & Infrastructure Limited (GVKPIL) and its subsidiaries has substantial ownership interest into power generating assets and is also engaged in building and developing of highway projects,

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

providing infrastructure facilities, exploration of oil & natural gas, operations, maintenance and development (OMD) of airport projects and exploration of coal mines.

Liquidity: Poor

The liquidity position of the company is poor with high debt repayment obligation and cash losses during the last 3 years resulting in delay in debt servicing.

Analytical approach: Standalone

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Infrastructure Sector Ratings](#)

[Thermal Power](#)

About the company

Incorporated in 1998, GPGSL is a wholly-owned subsidiary of GVK Energy Limited, which in turn is the subsidiary of GVK Power and Infrastructure Limited (GVKPIL), the flagship company of GVK group. GPGSL has implemented a 540 MW (2*270 MW), coal-fired thermal power project at Goindwal Sahib, District Tarn Taran, Punjab. The project was awarded to GVK group by Government of Punjab (GOP) & Punjab State Electricity Board (PSEB) during the year 1996, through International Competitive Bidding (ICB) route. The project achieved COD in April 2016. GPGSL has executed an amended and restated PPA (for 25 years) with PSEB on May 26, 2009, for sale of entire electricity to be generated through a two-part tariff structure.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	H1FY23
Total operating income	865.17	1320.81	NA
PBILDT	141.34	458.11	NA
PAT	(887.95)	(631.83)	NA
Overall gearing (times)	(1.69)	(1.33)s	NA
Interest coverage (times)	0.17	0.52	NA

A: Audited

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

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 along with Rating Outlook
Fund-based - LT-Term Loan	-	-	-	May 2026	2400.00	CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee	-	-	-	-	40.50	CARE D; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	2400.00	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D (12-Aug-21) 2)CARE D; ISSUER NOT COOPERATING * (02-Aug-21)	1)CARE D; ISSUER NOT COOPERATING * (04-May-20)	-
2	Non-fund-based - ST-Bank Guarantee	ST	40.50	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D (12-Aug-21) 2)CARE D; ISSUER NOT COOPERATING * (02-Aug-21)	1)CARE D; ISSUER NOT COOPERATING * (04-May-20)	-

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Bank lender details for this company

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

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

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About us:

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