

## Gama Infraprop Private Limited

April 08, 2025

| Facilities/Instruments     | Amount (₹ crore)               | Rating <sup>1</sup> | Rating Action |
|----------------------------|--------------------------------|---------------------|---------------|
| Long Term Bank Facilities  | 41.89<br>(Reduced from 117.74) | CARE BB+; Stable    | Reaffirmed    |
| Short Term Bank Facilities | 69.18                          | CARE A4             | Reaffirmed    |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The rating assigned to the bank facilities of Gama Infraprop Private Limited (GIPL) continue to remain tempered on account of moderate financial risk profile, susceptibility to gas availability, volatility in operational performance of plant and counterparty risk/demand risk associated with untied capacity. The ratings, however, derive strength from long track record of operations and experienced management, long term Power Purchase Agreement (PPA) with Uttarakhand Power Corporation Limited (UPCL), financial support from promoter and related parties, Fuel Supply Agreement (FSA).

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Signing Purchase Power Agreement (PPA) for vacant capacity.
- Sustained improvement in gas supply leading to higher Plant Load Factor (PLF), thus improved cash accruals.

#### Negative factors

- Non offtake of untied capacity leading to lower cashflows
- Significant delay in payment by Uttarakhand Power Corporation Limited (UPCL) leading to deterioration of working capital cycle for the tied-up capacity.
- Delay in arrangement of funds for repayment of Optionally Convertible Debenture (OCD) and Preference share.

### Analytical approach: Standalone

#### Outlook: Stable

CARE Ratings believes that entity will continue to benefit from its experience of the promoters along with long track record of operations along with long term PPA with UPCL.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Moderate capital structure and coverage indicators

The company's capital structure remained moderate, with high overall gearing at 5.60x as of March 31, 2024 (8.63x in FY23), reflecting high reliance on external debt. Adjusted for corporate guarantees, gearing stood high at 6.50x (9.79x in FY23). Debt coverage indicators were stretched marked by Total debt to gross cash accruals (TD/GCA) improving to 10.32x (12.45x in FY23), the interest coverage stood comfortable at 4.74x in FY24 (3.74x in FY23), on the back of prepayment of term debt. Improvement in capital structure on account of prepayment of debt in FY25 and scheduled repayment of unsustainable portion of debt in FY26 will remain key monitorable, going forward.

#### Susceptibility to gas availability

Although the gas supply situation in the country has improved relatively, majority of the gas plants still remain stranded due to gas unavailability; GIPL's plant was closed from 2012 to 2015 due to lack of availability. Over the past three years, the company has entered into fuel supply agreements with GAIL and Indian Oil Corporation Limited (IOCL), which has ensured uninterrupted gas supply. Hence, timely gas supply availability remains key monitorable.

#### Volatility in operational performance of plant

The project as on date is partially operational due to offtake from the counterparty, Uttarakhand Power Corporation Limited (UPCL), on account of peak season effect. Its PLF for the past three years (FY22-FY24) has been fluctuating (FY22: 38.68%; FY23:0%; FY24: 23.70% and 9MFY25: 31.15%). This has led to fluctuation in top line as evident from TOI of Rs. 342.88 crore in FY24 as compared to Rs. 103.85 crore FY23 (only fixed charge recovery). In 9MFY25, the company has reported TOI of Rs. 314.69 crore. During FY24 and 9MFY25 the company has tied up with NTPC Limited to supply energy required during peak seasons, that has led to increased energy charges resulting in higher revenue during that period. However, GIPL has maintained

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

the plant availability factor above 99% since FY20, allowing it to recover the fixed cost from the counterparty. The company can recover all the fixed charges including interest payments at a normative PLF of 85%. It may be noted that as PLF is inclusive of deemed generation, GIPL will be able to recover all the fixed charges even if the actual PLF is less than 85%, irrespective of the fuel used.

#### **Counterparty risk along with untied capacity demand risk**

The company has signed PPA for 107MW with UPCL, which leaves company exposed to single customer, However, company receives payments from UPCL within 30-45 days of raising the invoice. Further, the track record of a timely payment provides comfort. The company does not have any signed PPA for untied capacity. As indicated by the management the company is also trying to provide power to exchanges as and when required, which will lead to increased utilisation of untied up capacity. However, the ability of the company to enter into long term agreement for the balance un-tied capacity at favourable terms remains to be seen and remain a key monitorable.

#### **Key strengths**

##### **Long track record of operations and experienced Management**

The power plant is a special purpose vehicle floated by RLG group with a power generation capacity of 225-megawatt, the plant uses combine cycle gas technology, which requires natural gas / regasified liquefied natural gas as the primary source for power generation. The plant is in Udhamasinghnagar, Uttarakhand. The power plant achieved commercial operation date on March 16, 2016. The company is expected to benefit from long track record of plant operations as well as experienced promoters in various businesses. Over the years, the RLG group has established itself in the chemicals industry by setting up several manufacturing units for producing chemicals, such as acetic anhydride, mono-chloroacetic acid, acetanilide, power alcohol, aniline oil, and nitro benzene. Luna Chemical Industries Pvt Ltd, G D Dyestuff Industries Ltd, and Jay Jee Enterprises are also part of the RLG group. The group's operations are managed by Mr R L Goyal and his sons, Mr Rahul Goyal and Mr Raman Goyal.

##### **Stable and long-term revenue visibility on account of PPAs with UPCL**

The company has a 25-year Power Purchase Agreement (PPA) with UPCL ensures a consistent revenue stream over the medium term. The tariff comprises fixed electricity charges set at Rs 1.34 per unit (excluding inflation) and variable charges covering pass-through gas prices, operational and maintenance expenses, interest on working capital, and other associated costs. The company receives fixed charges regardless of the plant's operational status, ensuring a monthly revenue of Rs 8-9 crore. However, the PPA only covers 50% of the overall capacity, imposing a constraint on GIPL's cash flow generation. Payments from the counterparty typically occur within 60 days from the invoice date. UPCL maintains a healthy credit risk profile, reducing the likelihood of significant payment delays. Furthermore, UPCL compensates GIPL with interest for any payment delays, provide cushion for the company's cash flows. GIPL has entered into a short-term arrangement with NTPC for the remaining capacity, which contributed to Rs.70.75 crores to Total Operating Income (TOI) in 9MFY25 compared to Rs. 44.63 crore in FY24. Going forward timely payment of fixed charges by the counterparty remains key monitorable.

##### **Financial support from promoter and related parties**

The company benefits from the financial flexibility of the RLG group. GIPL was supported financially by the promoters and group companies through investments, loans and advances. As on March 31, 2024, total investment from group companies stood at Rs 6.83 crore, while loans and advances were Rs 142.60 crore. Though incremental support is likely to be minimal over the medium term, GIPL can avail of funds through group companies to meet any short-term exigency.

##### **Fuel Supply agreement**

GIPL has entered into a Spot Gas Sales Agreement (SGSA) with GAIL India Limited, effective for a period of up to 10 years until March 2028. This contractual arrangement ensures a consistent provision of fuel from GAIL in response to demand from the designated off taker, namely UPCL. However, considering the prevailing heightened gas prices, GIPL presently holds a lower position in the merit order.

##### **Liquidity: Adequate**

Liquidity is adequate marked by cash-flow from operations was positive at Rs.91 crore in FY24, unencumbered cash and bank balance was around Rs.10.05 crore as on March 31, 2024. Its bank limits of Rs. 30 crores were utilised on average of 42.21% during last 12 months ended December 2024. The entity has also availed non-fund-based limits of Rs.69.18 crore with average utilisation of 52% during last 12 months ended December 2024. Gross current asset days improved from 212 days in FY23 to 99 days in FY24, on account higher turnover during the year.

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

## Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Thermal Power](#)

[Financial Ratios – Non financial Sector](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry   |
|-------------------------|--------|----------|------------------|
| Utilities               | Power  | Power    | Power Generation |

Gama Infraprop Private Limited incorporated in May 2010. The power plant is a special purpose vehicle floated by M/s RLG group with a power generation capacity of 225-megawatt, the plant uses combine cycle gas technology, which requires natural gas / regasified liquefied natural gas as the primary source for power generation. The plant is in Udhamasinghnagar, Uttarakhand. The power plant achieved commercial operation date on March 16, 2016.

| Brief Financials (₹ crore) | March 31, 2023 (A) | March 31, 2024 (A) | 9MFY25 (UA) |
|----------------------------|--------------------|--------------------|-------------|
| Total operating income     | 103.85             | 342.88             | 314.69      |
| PBILDT                     | 80.24              | 87.97              | NA          |
| PAT                        | 26.52              | 32.65              | NA          |
| Overall gearing (times)    | 8.63               | 5.60               | NA          |
| Interest coverage (times)  | 3.74               | 4.74               | NA          |

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

### Status of non-cooperation with previous CRA:

CRISIL has reviewed the rating assigned to the bank loan facilities of Gama Infraprop Private Limited under 'Issuer Not Cooperating' category vide press release dated February 13, 2025, on account of its inability to carry out a rating review in the absence of requisite information from the company.

**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          |      | -                             | -               | -                          | 30.00                       | CARE BB+; Stable                   |
| Fund-based - LT-Term Loan            |      | -                             | -               | December-2028              | 11.89                       | CARE BB+; Stable                   |
| Non-fund-based - ST-Bank Guarantee   |      | -                             | -               | -                          | 4.00                        | CARE A4                            |
| Non-fund-based - ST-Letter of credit |      | -                             | -               | -                          | 65.18                       | CARE A4                            |

**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-Term Loan              | LT              | 11.89                        | CARE BB+; Stable | 1)CARE BB+; Stable (12-Jul-24)              | 1)CARE BB+; Stable (05-Mar-24)              | -   | -   |
| 2       | Non-fund-based - ST-Bank Guarantee     | ST              | 4.00                         | CARE A4          | 1)CARE A4 (12-Jul-24)                       | 1)CARE A4 (05-Mar-24)                       | -   | -   |
| 3       | Fund-based - LT-Cash Credit            | LT              | 30.00                        | CARE BB+; Stable | 1)CARE BB+; Stable (12-Jul-24)              | 1)CARE BB+; Stable (05-Mar-24)              | -   | -   |
| 4       | Non-fund-based - ST-Letter of credit   | ST              | 65.18                        | CARE A4          | 1)CARE A4 (12-Jul-24)                       | -   | -   | -   |

LT: Long term; ST: Short term; LT/ST: Long term/Short 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           |
| 3       | Non-fund-based - ST-Bank Guarantee   | Simple           |
| 4       | Non-fund-based - ST-Letter of credit | Simple           |

**Annexure-5: Lender details**

To view the 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

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| <p><b>Media Contact</b></p> <p>Mradul Mishra<br/>Director<br/><b>CARE Ratings Limited</b><br/>Phone: +91-22-6754 3596<br/>E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Saikat Roy<br/>Senior Director<br/><b>CARE Ratings Limited</b><br/>Phone: 912267543404<br/>E-mail: <a href="mailto:saikat.roy@careedge.in">saikat.roy@careedge.in</a></p> | <p><b>Analytical Contacts</b></p> <p>Akhil Goyal<br/>Director<br/><b>CARE Ratings Limited</b><br/>Phone: 022-67543590<br/>E-mail: <a href="mailto:akhil.goyal@careedge.in">akhil.goyal@careedge.in</a></p> <p>Darshan Shah<br/>Assistant Director<br/><b>CARE Ratings Limited</b><br/>Phone: 022-67543408<br/>E-mail: <a href="mailto:Darshan.shah@careedge.in">Darshan.shah@careedge.in</a></p> <p>Vatsalkumar Jain<br/>Analyst<br/><b>CARE Ratings Limited</b><br/>E-mail: <a href="mailto:Vatsal.Jain@careedge.in">Vatsal.Jain@careedge.in</a></p> |
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