

GVK Power & Infrastructure Limited

March 19, 2018

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	150.00	CARE D [Single D]	Reaffirmed
Long/Short-term Bank Facilities	95.38	CARE D [Single D]	Reaffirmed
Total Facilities	245.38 (Rs. Two hundred forty five crore and thirty eight lakhs only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers:

The ratings assigned to the bank facilities of GVK Power and Infrastructure Limited (GVKPIL) is on account of delays in debt servicing owing to stretched liquidity position of the company.

Detailed description of the key rating drivers:

Key Rating Weakness

Subdued operational & financial performance resulting in stretched liquidity position:

GVKPIL reported decline in total operating income in FY17 along with continued net loss and cash loss during the year. The same has been due to subdued operational and financial performance of the subsidiaries of GVKPIL. Consequently, the liquidity has been stretched resulting in delays in debt servicing.

Key Rating Strengths

Experienced promoters and management team

GVK Power & Infrastructure Limited (GVKPIL) is the flagship company of the GVK Group (GVK). GVK was established nearly four decades ago by Dr. G.V. Krishna Reddy, the Chairman & Managing Director of the company. GVK is a diversified conglomerate with interests in a wide range of businesses including power, roads, urban infrastructure, bioscience, hotels and mining.

Analytical approach: Consolidated. CARE has considered the consolidated financials of GVKPIL and its subsidiaries as all the companies together have operational and financial linkages.

Applicable Criteria:

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology - Infrastructure Sector Ratings \(ISR\)](#)

[Financial ratios – Non-Financial Sector](#)

[Sector specific methodologies- Power](#)

[Factoring Linkages in Rating](#)

About the company:

GVKPIL is the flagship company of Hyderabad-based GVK group. The group was established nearly four decades ago by Dr. G.V. Krishna Reddy, the Chairman & Managing Director. GVKPIL acts as an investment vehicle of the GVK group for all its investments in the infrastructure sector and is the ultimate holding company of diversified infrastructure assets of the group.

Brief Financials (Rs. crore) – Consolidated	FY16 (A)	FY17 (A)
Total operating income	3591.40	3403.04
PBILDT	1690.79	1318.47
PAT	-687.19	-1343.63
Overall gearing (times)	-11.85	-8.62
Interest coverage (times)	1.02	0.70

A: Audited

Status of non-cooperation with previous CRA: NA.

Rating History (Last three years): Please refer Annexure-2

²Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over nearly two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporate to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	95.38	CARE D / CARE D
Fund-based - LT-Term Loan	-	-	August, 2018	150.00	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	95.38	CARE D / CARE D	-	1)CARE D / CARE D (07-Oct-16)	1)CARE BB / CARE A4 (20-Oct-15)	1)CARE BBB+ / CARE A3+ (02-Jan-15)
2.	Fund-based - LT-Term Loan	LT	150.00	CARE D	-	1)CARE D (07-Oct-16)	1)CARE BB (20-Oct-15)	1)CARE BBB+ (02-Jan-15)

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