

GVK Power & Infrastructure Limited (Revised)

March 31, 2020

Rating

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	39.46 (reduced from 105.94)	CARE D (Single D)	Reaffirmed
Long/Short-term Bank Facilities	0.01 (Reduced from 95.38)	CARE D/CARE D (Single D)	Reaffirmed
Total	39.47 (Rupees thirty nine crore and forty seven lakhs only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers:

The ratings assigned to the bank facilities of GVK Power and Infrastructure Limited (GVKPIL) is constrained on account of delays in debt servicing owing to stretched liquidity position of the company. The Key rating sensitivities are as follows:

Positive Factors

- Improvement in the liquidity profile & regularization of debt servicing.

Detailed description of the key rating drivers**Key Rating Weakness**

Stretched liquidity position: During FY19, GVKPIL's total operating income grew by about 11% which is mainly driven by revenue from consultancy services and increase in interest income on financial guarantees extended. The company witnessed net profit of Rs.113.94 crore in FY19 (net loss of Rs.36.08 crore in FY18) mainly on account of reversal of tax transaction which is non-cash in nature & amounts to Rs.80.47 crore in FY19. However, the company reported cash flow from operations to the tune of Rs.18.33 crore which was insufficient to service the debt obligation resulting in continued delays in servicing of debt obligations.

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: Standalone

Applicable Criteria:

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

[Criteria for Short Term Instruments](#)

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

[Sector specific methodologies- Power](#)

About the company:

GVKPIL is the flagship company of Hyderabad-based GVK group. 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.

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

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	88.30	98.15
PBILDT	(4.82)	44.10
PAT	(36.08)	113.94
Overall gearing (times)	0.31	0.28
Interest coverage (times)	NM	3.53

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

A: Audited; NM: Not Meaningful

Status of non-cooperation with previous CRA: Not Applicable.

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

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	-	-	-	0.01	CARE D / CARE D
Fund-based - LT-Term Loan	-	-	March, 2018	39.46	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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	0.01	CARE D / CARE D	-	1)CARE D / CARE D (17-Dec-18)	1)CARE D / CARE D (19-Mar-18)	1)CARE D / CARE D (07-Oct-16)
2.	Fund-based - LT-Term Loan	LT	39.46	CARE D	-	1)CARE D (17-Dec-18)	1)CARE D (19-Mar-18)	1)CARE D (07-Oct-16)

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

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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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over 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 corporates 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.

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