

GVK Power & Infrastructure Limited

December 17, 2018

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	105.94	CARE D [Single D]	Reaffirmed
Long/Short-term Bank Facilities	95.38	CARE D/CARE D [Single D]	Reaffirmed
Total Facilities	201.32 (Rs. Two hundred one crore and thirty two 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:

During FY18, GVKPIL's total operating income grew by 13.78% to Rs.3455.20 crore (at consolidated level) from Rs.3036.85 crore in FY17. Further, the company continued to register net loss of Rs.537.37 crore in FY18 mainly on account subdued operations in subsidiary companies and increase in cost of finance & depreciation. This coupled with high debt repayment obligation resulted in liquidity stress and consequently delays in debt servicing. Further, the liquidity position of the company continues to remain stressed marked by cash balance of Rs.0.56 crore & current ratio of 0.42x coupled with deterioration net-worth on account of losses

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. Dr. G. V. K. Reddy has an experience of more than five decades in various businesses. Mr. G. V. Sanjay Reddy, son of Dr. G. V. K. Reddy, is the Vice Chairman of the company. Promoters of the company are supported by the team of qualified and experienced professionals.

Analytical approach: Consolidated.

CARE has analyzed GVK Power & Infrastructure Limited's credit profile by considering the consolidated financial statements (comprising GVKPIL and its subsidiaries, step down subsidiaries and associate owing to financial and operational linkages between the parent and subsidiaries/step down subsidiaries and associate.

GVKPIL has 6 direct Subsidiaries, 18 step down Subsidiaries and one Associate Company.

Subsidiaries (As on March 31, 2018)
1. GVK Energy Limited
2. GVK Airport Developers Limited
3. GVK Transportation Private Limited
4. GVK Perambalur SEZ Private Limited
5. GVK Developmental Projects Private Limited
6. GVK Airport Services Private Limited
Step Down Subsidiaries (As on March 31, 2018)
1. GVK Industries Limited
2. GVK Gautami Power Limited
3. Alaknanda Hydro Power Company Limited
4. GVK Power (Goindwal Sahib) Limited
5. GVK Coal (Tokisud) Company Private Limited
6. GVK Ratle Hydro Electric Project Private Limited
7. GVK Power (Khadur Sahib) Private Limited
8. GVK Airport Holdings Limited

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

9. Bangalore Airport & Infrastructure Developers Limited
10. GVK Airports International Pte Ltd, Singapore
11. Mumbai International Airport Private Limited
12. Navi Mumbai International Airport Private Limited
13. GVK Jaipur Expressway Private Limited
14. Sutara Roads and Infrastructure Private Limited
15. GVK Deoli Kota Expressway Private Limited
16. GVK Bagodara Vasad Expressway Private Limited
17. GVK Shivpuri-Dewas Expressway Private Limited
18. PT GVK Services, Indonesia
Associate (As on March 31, 2018)
1. Seregarha Mines Limited

Applicable Criteria:

[Criteria on assigning Outlook to Credit Ratings](#)
[CARE's Policy on Default Recognition](#)
[Criteria for Short Term Instruments](#)
[Rating Methodology: Factoring Linkages in Ratings](#)
[Rating Methodology - Infrastructure Sector Ratings \(ISR\)](#)
[Financial ratios – Non-Financial Sector](#)
[Sector specific methodologies- Power](#)

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.

Consolidated:

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	3036.85	3455.20
PBILDT	952.28	1236.71
PAT	-1343.63	-537.37
Overall gearing (times)	-7.10	-5.78
Interest coverage (times)	0.50	0.75

A: Audited

Status of non-cooperation with previous CRA: NA.

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

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.

Analyst Contact

Name: Ms. Radhika Ramabhadran
 Tel: 040-67937414
 Mobile: +91-8008883012
 Email: radhika.ramabhadran@careratings.com

****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 company 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	-	-	March, 2018	105.94	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 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	95.38	CARE D / CARE D	-	1)CARE D / CARE D (19-Mar-18)	1)CARE D / CARE D (07-Oct-16)	1)CARE BB / CARE A4 (20-Oct-15)
2.	Fund-based - LT-Term Loan	LT	105.94	CARE D	-	1)CARE D (19-Mar-18)	1)CARE D (07-Oct-16)	1)CARE BB (20-Oct-15)

CONTACT**Head Office Mumbai**

Ms. Meenal Sikchi
Cell: + 91 98190 09839
E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
Cell: + 91 98196 98985
E-mail: ankur.sachdeva@careratings.com

Ms. Rashmi Narvankar
Cell: + 91 99675 70636
E-mail: rashmi.narvankar@careratings.com

Mr. Saikat Roy
Cell: + 91 98209 98779
E-mail: saikat.roy@careratings.com

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Ltd.)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD

Mr. Deepak Prajapati
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-9099028864
Tel: +91-79-4026 5656
E-mail: deepak.prajapati@careratings.com

JAIPUR

Mr. Nikhil Soni
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 95490 33222
Tel: +91-141-402 0213 / 14
E-mail: nikhil.soni@careratings.com

BENGALURU

Mr. V Pradeep Kumar
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91 98407 54521
Tel: +91-80-4115 0445, 4165 4529
Email: pradeep.kumar@careratings.com

KOLKATA

Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

CHANDIGARH

Mr. Anand Jha
SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh
Cell: +91 851111-53511/99251-42264
Tel: +91- 0172-490-4000/01
Email: anand.jha@careratings.com

NEW DELHI

Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

CHENNAI

Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

PUNE

Mr. Pratim Banerjee
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-98361 07331
Tel: +91-20- 4000 9000
E-mail: pratim.banerjee@careratings.com

COIMBATORE

Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

CIN - L67190MH1993PLC071691

HYDERABAD

Mr. Ramesh Bob
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 90520 00521
Tel: +91-40-4010 2030
E-mail: ramesh.bob@careratings.com