

GVK Gautami Power Limited

May 10, 2019

Rating

Facilities	Amount (Rs. crore)	Rating1	Rating Action
Long term Bank Facilities	1009.75	CARE D; ISSUER NOT COOPERATING (Single D; ISSUER NOT COOPERATING)	ISSUER NOT COOPERATING; Based on best available information
Total Facilities	1,009.75 (Rs. One Thousand Nine crore and Seventy Five lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated March 16, 2018, placed the ratings of GVK Gautami Power Limited (GGPL) under the 'issuer non-cooperating' category as GGPL had failed to provide information for monitoring of the rating. GGPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and a letter/email dated May 06, 2019 and May 07, 2019. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

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

The rating factors in stretched liquidity position with delays in debt servicing.

Detailed description of the key rating drivers

At the time of last rating on March 16, 2018 the following were the rating strengths and weaknesses (updated for the financial information available from Registrar of Companies):

Key Rating Weaknesses

Stretched liquidity position with delays in debt servicing: The liquidity position of the company continued to remain stretched on account of the plant being non-operational during FY16 resulting in delays in debt servicing. The income of the company continued to decline during FY17 and FY18 to Rs.3.09 crore and Rs.0.19 crore respectively.

Key Rating strength

Strong promoter & experience in power sector: GGPL is a part of the 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 and its subsidiaries has substantial ownership interest in power generating assets and is also engaged in the building and developing of road projects, providing infrastructure facilities, exploration of oil & natural gas, operations, maintenance and development (OMD) of airport projects and exploration of coal mines. The group has 15 assets in its portfolio, out of which, seven assets are in power, four in highways, two are in mining and two in airports.

Analytical approach: Standalone

Applicable Criteria

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

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

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

[Rating Methodology-Private Power Producers](#)

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

About the Company

GGPL is a subsidiary of GVK Energy Limited (GEL), which in turn is the subsidiary of GVK Power & Infrastructure Limited the flagship company of the GVK group. The company operates a 464 MW gas-based Combined Cycle Power Plant (CCPP), located in East Godavari District of Andhra Pradesh, comprising two gas turbine generators and one steam turbine generator.

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

Brief Financials (Rs. crore)	FY17(A)	FY18 (A)
Total operating income	3.09	0.19
PBILDT	(19.10)	(11.56)
PAT	(247.22)	(258.88)
Overall gearing (times)	-	-
Interest coverage (times)	(0.14)	(0.08)

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for 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 Puja Jalan

Tel: 040-67937413

Cell: +91- 9160001511

Email: puja.jalan@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 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.

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
Fund-based - LT-Term Loan	-	-	May 2019	851.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Cash Credit	-	-	-	43.75	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based - LT-Letter of credit	-	-	-	115.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Issuer did not cooperate; Based on best available information*

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.	Fund-based - LT-Term Loan	LT	851.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1) CARE D; ISSUER NOT COOPERATING* (19-Mar-18)	1)CARE D (12-Jan-17)
2.	Fund-based - LT-Cash Credit	LT	43.75	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1) CARE D; ISSUER NOT COOPERATING* (19-Mar-18)	1)CARE D (12-Jan-17)
3.	Non-fund-based - LT-Letter of credit	LT	115.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	-	1) CARE D; ISSUER NOT COOPERATING* (19-Mar-18)	1)CARE D (12-Jan-17)

**Issuer did not cooperate; Based on best available information*

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi

Cell: + 91 98190 09839

E-mail: meenal.sikchi@careratings.com**Ms. Rashmi Narvankar**

Cell: + 91 99675 70636

E-mail: rashmi.narvankar@careratings.com**Mr. Ankur Sachdeva**

Cell: + 91 98196 98985

E-mail: ankur.sachdeva@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**BENGALURU****Mr. V Pradeep Kumar**Unit No. 205 -208, 2nd Floor, Prestige Meridian 1, No. 30,
M. G. Road, Bengaluru - 560001

Cell: +91 98407 54521

Tel: +91-80-46625555

Email: pradeep.kumar@careratings.com**CHANDIGARH****Mr. Anand Jha**SCF No. 54-55, First Floor, Phase 11,
Sector 65, Mohali - 160062

Chandigarh

Cell: +91 85111-53511/99251-42264

Tel: +91- 0172-490-4000/01

Email: anand.jha@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**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**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**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**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**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**PUNE****Mr. Aakash Jain**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-81064 00001

Tel: +91-20- 4000 9000

E-mail: aakash.jain@careratings.com

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