

GVK Gautami Power Limited

July 21, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	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	1009.75 (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 rating of GVK Gautami Power Ltd. (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 an email dated July 13, 2020. 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 delay in debt servicing.

Detailed description of the key rating drivers

At the time of last rating on May 10, 2019, the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies):

Key Rating Weaknesses

Stretched liquidity position with delay in debt servicing: The liquidity position of the company continued to remain stretched on an account of plant being non- operational since 2016 resulting in delays in debt servicing.

Weak financial performance: The plant being non-operational, the company has been reporting continuous net loss and cash loss. It reported subdued performance in FY19 also.

Key Rating Strength

Group support and 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.

The Central Bureau of Investigation (CBI) has registered an FIR against Mumbai International Airport Limited (MIAL) and the Chairman and MD of MIAL. The case has been registered in connection with alleged irregularities in running of MIAL which is a joint venture of GVK Airport Holdings Limited and Airport Authority of India. GVK group through its entity; GVK Power and Infrastructure Ltd. has submitted clarification to BSE that the matter is at investigation stage and MIAL and others are fully cooperating with the agency under appropriate legal advice.

Analytical approach: Standalone

Applicable Criteria

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

[Rating Outlook and Credit Watch](#)

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

[Rating Methodology-Private Power Producers](#)

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

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

*Issuer did not cooperate; Based on best available information

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 set up 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.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	0.19	4.45
PBILDT	(11.56)	(14.80)
PAT	(258.88)	(300.80)
Overall gearing (times)	(2.06)	(1.29)
Interest coverage (times)	(0.08)	(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

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

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

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
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* (10-May-19)	-	1)CARE D; ISSUER NOT COOPERATING* (19-Mar-18)
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* (10-May-19)	-	1)CARE D; ISSUER NOT COOPERATING* (19-Mar-18)
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* (10-May-19)	-	1)CARE D; ISSUER NOT COOPERATING* (19-Mar-18)

Annexure 3: Detailed Explanation of covenants of rated instruments/facilities- N/A

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 clarification

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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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