

Press Release

GKC Projects Limited

January 01, 2020

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action
Long Term Bank Facilities	1981.06	IVR D; ISSUER NOT COOPERATING* (IVR D; Issuer Not Cooperating category)	Rating reaffirmed at IVR D (IVR D) and moved to ISSUER NOT COOPERATING Category
Optionally Convertible Debentures	183.93	IVR D; ISSUER NOT COOPERATING* (IVR D; Issuer Not Cooperating category)	Rating reaffirmed at IVR D (IVR D) and moved to ISSUER NOT COOPERATING Category
Total	2164.99		

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

Details of Facility are in Annexure 1

Detailed Rationale

The rating revision is because of lack of adequate information regarding GKC Projects Limited (GKCPL)'s performance and hence the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.

The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity.

Non-cooperation by Issuer

Infomerics has been regularly following up with the company to provide the required data including FY19 (A) results to monitor its assigned rating to the bank facilities, vide E-mail communications dated December 23, 2019, December 16, 2019, November 22, 2019 and concurrently over several phone calls. However, despite repeated requests by Infomerics, the company's management has not submitted the essential details.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBI guidelines, Infomerics has to assign the rating based on the best available information. Accordingly, the long- term ratings for the bank loan facilities and optionally convertible debentures of GKC Projects Ltd. aggregating to Rs.1981.06 crore

and Rs.183.93 crore respectively shall be moved to the ‘ISSUER NOT COOPERATING’ category by Infomerics and the rating be noted as IVR D; Issuer Not Co-operating; Based on best available information ((IVR Single D: Issuer Not Co-operating; Based on best available information). Accordingly, the lenders, investors and other users of this rating are requested to exercise adequate caution while using this rating as this rating may not adequately reflect the current credit risk profile of the company.

Analytical Approach & Applicable Criteria

Financial Ratios & Interpretation – (Non-financial Sector)

Guidelines on what constitutes Non-Cooperation by clients

About the Company

Incorporated as Gokul Krishna Constructions (a sole proprietary concern) in 1996 by Mr. K.V. Rajasekhar at Hyderabad, GKCPL was earlier engaged into a business of execution of subcontract works on behalf of various reputed infrastructure companies. As the scale of its operations increased, the entity was reconstituted as a private limited company under the name, Gokul Krishna Constructions Private Limited in 2004. Later in March 2008, the company was converted to a public limited company and renamed as GKC Projects Limited (GKCPL). The company is currently in the business of execution of EPC (Engineering, Procurement and Construction) and BOT (Build, Operate and Transfer) contracts for highways, irrigation, water pipelines, power and other sectors.

Financials (Standalone)

(Rs. Crore)

For the year ended* / As On	31-03-2017	31-03-2018
	Audited	Provisional
Total Operating Income	786.9	762.6
EBITDA	86.9	66.03
PAT	-51.2	-23.19
Total Debt	856.8	844.0
Tangible Net worth	38.3	-0.32
EBITDA Margin (%)	11.04	8.66
PAT Margin (%)	-6.38	-2.87
Overall Gearing Ratio (x)	22.35	NM

*Based on Infomerics classification

NM: Not meaningful

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2019-20)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2018-19	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17
1.	Long Term Fund Based Limits	Long Term	1981.06	IVR D; ISSUER NOT COOPERATING	IVR D (July 10, 2018)		
2.	Optionally convertible debentures	Long Term	183.93	IVR D; ISSUER NOT COOPERATING	IVR D (July 10, 2018)		

[^]O/S as on March 31, 2019.

* Issuer did not cooperate; based on best available information

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. Company’s long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an ‘as is where is’ basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are 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 us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present.

The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Details of Facility

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities	-	-	October, 2023	1981.06	IVR D
Optionally Convertible Debentures	April,2017	0.1%	March,2027	183.93	IVR D

[^]O/S as on March 31, 2019.

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