



# Infomerics Valuation And Rating Pvt. Ltd.

Press Release

## GKC Projects Ltd

July 10, 2018

### Rating

Instrument / Facility	Amount (Rs. Crore)	Rating	Rating Action
Long Term Bank Facilities	1981.06	IVR D (IVR D)	Assigned
Optionally Convertible Debentures	183.93	IVR D (IVR D)	Assigned
<b>Total</b>	<b>2164.99</b>		

Details of Facilities are in Annexure 1

### Detailed Rationale

The rating factors in the delays in debt servicing due to liquidity problems faced by the company. The ability to timely service the debt is the key rating sensitivity.

### List of Key Rating Drivers

- Delays in debt servicing

### Detailed Description of Key Rating Drivers

#### Delays in debt servicing

There have been some delays in debt servicing of the company in the recent past. Further the company has a tight liquidity situation evinced from the average working capital utilisation of 99% in the last twelve months ended April 2018. As indicated by the company management, the liquidity problems are exacerbated on account of delay in getting GST reimbursement.

### Analytical Approach & Applicable Criteria:

Rating Methodology for Infrastructure Companies

Financial Ratios & Interpretation (Non-financial Sector)

Criteria on Default Recognition and Post-Default Curing Period

### 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

## Infomerics Valuation And Rating Pvt. Ltd.

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):

For the year ended* / As On	(Rs. crore)	
	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

\*Classification as per Infomerics' standards.

NM: Not Meaningful

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

**Any other information:** Nil

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Rating (Year 2018-19)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-18	Date(s) & Rating(s) assigned in 2016-17	Date(s) & Rating(s) assigned in 2015-16
1.	Long Term Bank Facilities	Long Term	1981.06	IVR D	-	-	-
2.	Optionally Convertible Debentures	Long Term	183.93	IVR D			

**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](http://www.infomerics.com).

### Name and Contact Details of the Rating Analyst:

Name: Mr. Avik Podder



## Infomerics Valuation And Rating Pvt. Ltd.

Tel: (033) 46022266

Email: [apodder@infomerics.com](mailto:apodder@infomerics.com)

### 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. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. 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 Facilities

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