

July 10, 2020

## TajGVK Hotels & Resorts Limited: Update on Material Event

### Summary of Rated Instruments:

Instrument*	Rated Amount (Rs. crore)	Rating outstanding
Long-term Loans	165.63	[ICRA]A (Negative)
Short-term, Fund-based Limits	30.00	[ICRA]A1
Short-term, Non-fund Based Limits (Interchangeable) ^	(11.00)	[ICRA]A1
<b>Total</b>	<b>195.63</b>	

### Material Event

The Central Bureau of Investigation (CBI) has registered a case against M/s GVK Airport Holdings Ltd. (GVK Holdings), M/s Mumbai International Airport Ltd (MIAL), Dr. G.V.K. Reddy, (promoter of GVK Group of Companies and Chairman of MIAL), his son Mr. G.V. Sanjay Reddy (Managing Director of MIAL), nine other private companies and unidentified officials of M/s Airports Authority of India (AAI)—henceforth referred to as parties—for alleged financial irregularities worth ~Rs. 705.0 crore in the development of Mumbai airport.

### Impact of the Material Event

The GVK Group holds a 49.47% stake in TajGVK Hotels & Resorts Limited (TajGVK) through Mrs. Shalini Bhupal (daughter of Mr. G.V.K. Reddy, holding a 37.40% stake) and Mrs. G. Indira Krishna Reddy (wife of Mr. G.V.K. Reddy, holding a 12.07% stake). The Indian Hotels Company Limited (IHCL), the other JV partner, holds a 25.52% stake in the company (as on March 31, 2020). While ICRA understands that TajGVK is not named as a party in the FIR, Dr. G.V.K Reddy is the Non-Executive Chairman of the company. ICRA will continue to monitor the developments in this regard for TajGVK, especially for any governance challenges and any consequent loss of financial flexibility. Any adverse development on this regard may warrant an appropriate rating action.

The company has Rs. 166.3 crore of debt<sup>1</sup> as on March 31, 2020, with Rs. 24.4 crore of repayments during September 2020–March 2021. TajGVK has availed a moratorium on interest and principal payments from its lenders as part of the Covid-19 regulatory package announced by the Reserve Bank of India (RBI); the next repayment will fall due in September 2020 for over Rs. 1.0 crore of accrued interest and Rs. 4.5 crore of principal. Further, the company has undrawn working capital lines of Rs. 19.9 crore and cash and liquid investments of Rs. 11.7 crore as of May 2020. TajGVK also anticipates recovery of receivables, and export credit and likely income tax refund totalling to Rs. 26.8 crore.

The previous detailed rating rationale is available on the following link: [Click here](#)

<sup>1</sup> Debt comprises Rs. 165.6 crore of long-term borrowings and Rs. 0.66 crore of short-term borrowings and excludes lease liabilities

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