

August 23, 2023

GE Power India Limited (erstwhile Alstom India Limited): Update on Material Event

Summary of rating(s) outstanding

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund-based – Working capital	390.00	390.00	[ICRA]BBB+(Negative); outstanding
Long-term/short-term – Non-fund based – BG/LC	4,450.00	4,450.00	[ICRA]BBB+(Negative)/[ICRA]A2; outstanding
Unallocated	200.00	200.00	[ICRA]BBB+(Negative)/[ICRA]A2; outstanding
Total	5,040.00	5,040.00	

Rationale

Material Event

GE Power India Limited (GEPIL) has reported a higher-than-expected OPBITDA loss of Rs. 132.1 crore in Q1 FY2024, as per the financial results announced on the stock exchanges on August 11, 2023. ICRA notes that a significant portion of this loss is on account of the Rs. 69 crore provision the company had to create to cover for the loss from a fire at the 1,980-MW Sipat Super Thermal Power Plant coupled with under absorption of fixed costs resulting from subdued revenue. GEPIL is involved in the supply and installation of the flue gas de-sulfurization (FGD) system at the Sipat plant.

Impact of the Material Event

ICRA notes that the company has a long track record of executing varied and complex projects. As guided by the management, ICRA understands that the company has sufficient controls in place to prevent such incidents in the future. While the rating and outlook for the bank facilities of GEPIL remain unchanged at [ICRA]BBB+(Negative)/[ICRA]A2, ICRA will continue to monitor the ability of the company to improve its billings, post the approval of claims related to the extension of time, as well as collection of receivables (including retention money) and realisation of insurance claims. ICRA notes that these measures, in addition to the company's recent cost-saving initiatives should help improve the cash flows in the ensuing quarters. The company's liquidity position remains adequate with access to the internal GE cash pool limits and cash and liquid balances of Rs. 191 crore as on June 30, 2023.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, rating sensitivities, key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Impact of Parent or Group Support on an Issuer's Credit Rating
Parent/Group support	Ultimate Parent Company: General Electric Company Ratings are based on implicit support from the ultimate parent, primarily in the form of technological and financial synergies
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of GE Power India Limited. As on March 31, 2023, the company had one wholly-owned subsidiary and one JV, which are enlisted in Annexure-II

About the company

GEPI is engaged in the business of engineering, procurement and construction of key equipment for thermal and hydropower plants. It manufactures and/or supplies critical electrical and industrial equipment, including boilers, turbines and pollution-control equipment for these power plants, along with associated services. The company's manufacturing facility is in Durgapur (West Bengal). The company is owned by GE (General Electric Company, US) with a 68.58% shareholding in the company through its group company - GE Steam Power International BV.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Type	Current rating (FY2024)				Chronology of rating history					
			Amount rated (Rs. crore)	Amount outstanding (Rs. crore)	Date & rating		for the past 3 years					
					Date & rating in FY2023		Date & rating in FY2022		Date & rating in FY2021			
					23-Aug-2023	06-Jun-23	20-Dec-22	28-Jun-22	18-Nov-21	20-Aug-21	1-Feb-21	4-Nov-20
1	Fund-based working capital limit	Long term	390	-	[ICRA]BBB + (Negative)	[ICRA]BB B+ (Negative)	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A + (Negative)	[ICRA]A + (Negative)	[ICRA]A + (Stable)	[ICRA]A A- (Stable)
2	Non-fund based limits – BG/LC	Long term /Short term	4450	-	[ICRA]BBB + (Negative) / [ICRA]A2	[ICRA]BB B+ (Negative) / [ICRA]A2	[ICRA]A- (Negative) / [ICRA]A2+	[ICRA]A (Negative) / [ICRA]A2+	[ICRA]A + (Negative) / [ICRA]A1	[ICRA]A + (Negative) / [ICRA]A1	[ICRA]A + (Stable) / [ICRA]A1	[ICRA]A A- (Stable) / [ICRA]A1+
3	Unallocated	Long term /Short term	200	-	[ICRA]BBB + (Negative) / [ICRA]A2	[ICRA]BB B+ (Negative) / [ICRA]A2	[ICRA]A- (Negative) / [ICRA]A2+	[ICRA]A (Negative) / [ICRA]A2+	[ICRA]A + (Negative) / [ICRA]A1	[ICRA]A + (Negative) / [ICRA]A1	[ICRA]A + (Stable) / [ICRA]A1	[ICRA]A A- (Stable) / [ICRA]A1+

Complexity level of the rated instrument

Instrument	Complexity Indicator
Long term – Fund-based working capital limit	Simple
Long-term/Short-term – Non-fund based BG/LC	Very Simple
Unallocated	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term fund-based – Working capital	NA	NA	NA	390.0	[ICRA]BBB+(Negative)
NA	Long-term/short-term – Non Fund based – BG/LC	NA	NA	NA	4450.0	[ICRA]BBB+(Negative)/[ICRA]A2
NA	Unallocated	NA	NA	NA	200.0	[ICRA]BBB+(Negative)/[ICRA]A2

Source: Company

Please click [here](#) to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis:

Company Name	GEPIL Ownership	Consolidation Approach
GE Power Boilers Services Limited	100%	Full Consolidation
NTPC GE Power Services Private Limited	50%	Equity Method

Source: Company

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