

March 01, 2024

GKC Projects Limited: Ratings withdrawn while rating continues under non-cooperation category for term-loan

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Issuer rating	0.00	0.00	[ICRA]B+ (Stable); outstanding
Working capital facilities	334.08	0.00	[ICRA]B+ (Stable) ISSUER NOT COOPERATING; withdrawn
Term loans	17.87	17.87	[ICRA]B+ (Stable) ISSUER NOT COOPERATING; rating continues to remain under ISSUER NOT COOPERATING
Term loans	528.70	0.00	[ICRA]B+ (Stable) ISSUER NOT COOPERATING; withdrawn
Bank guarantee	1116.83	0.00	[ICRA]B+ (Stable) ISSUER NOT COOPERATING; withdrawn
Letter of credit	195.00	0.00	[ICRA]B+ (Stable) ISSUER NOT COOPERATING; withdrawn
Unallocated limits	7.52	0.00	[ICRA]B+ (Stable) ISSUER NOT COOPERATING; withdrawn
Total	2200.00	17.87	

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating assigned to the entire working capital facilities, bank guarantee, letter of credit, and unallocated limits along with Rs.528.67 crore term loans of GKC Projects Limited (GKC). The rating has been withdrawn at the request of the company and based on the No Due Certificate received from the lenders' trustee, and in accordance with ICRA's policy on withdrawal of credit ratings.

ICRA suggests that the assigned rating for the issuer rating will be outstanding and the key rating drivers, Liquidity position, are available at the following : [Click here](#).

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Methodology for Construction entities Policy in respect of non-cooperation by the rated entity Policy on withdrawal of Credit ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the rating, ICRA has consolidated the financials of the Bidar Solar Power Plant Pvt Ltd (BSPPL) with the standalone financials of GKC Projects Limited as the latter has provided a corporate guarantee to the loan of BSPPL

About the company

GKC was originally set up as a proprietorship firm, Gokul Krishna Constructions, in 1996, in Hyderabad. The firm was reconstituted as a private limited company and renamed Gokul Krishna Constructions Pvt Ltd (GKCPL) in 2004, following an increase in its scale of operations and then reconstituted as a public limited company in 2008 as GKC Projects Limited. The company has ongoing projects in two verticals: highways and urban water supply. Based on NCLT's order dated March 30, 2021, GKC was acquired by SMC Infrastructure Pvt Ltd.

Key financial indicators

	FY2022	FY2023*
Operating income	480.3	312.3
PAT	3.8	4.0
OPBDIT/OI	1.8%	-0.3%
PAT/OI	0.8%	1.3%
Total outside liabilities/Tangible net worth (times)	2.7	2.5
Total debt/OPBDIT (times)	14.4	-87.5
Interest coverage (times)	0.7	-0.1

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore; *- Provisional data
Source: Company

Status of non-cooperation with previous CRA

CRA	Status	Date of Release
Infomerics	IVR D (ISSUER NOT COOPERATING)	December, 2023

Any other information: None

Rating history for past three years

Instrument		Current rating (FY2024)				Chronology of rating history for the past 3 years			
		Type	Amount rated (Rs. crore)	Amount outstanding as on Mar 31,2023 (Rs. crore)	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
					March 01,2024	May 29, 2023	April 7, 2022	-	March 26, 2021
1	Issuer rating	Long Term	0.00	-	[ICRA]B+ (Stable)	[ICRA]B+ (Stable)	[ICRA]B+ (Stable)	-	-
2	Working capital facilities	Long Term	334.08	-	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING; withdrawn	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING	-	[ICRA] D; ISSUER NOT COOPERATING
3	Term loans	Long Term	17.87	0.00	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING	-	[ICRA] D; ISSUER NOT COOPERATING
4	Term loans	Long Term	528.70	0.00	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING; withdrawn	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING	-	[ICRA] D; ISSUER NOT COOPERATING
5	Bank guarantee	Long Term	1116.83	-	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING; withdrawn	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING	-	[ICRA] D; ISSUER NOT COOPERATING
6	Letter of credit	Long Term	195.00	-	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING; withdrawn	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING	-	[ICRA] D; ISSUER NOT COOPERATING

7	Unallocated limits	Long Term	7.52	-	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING; withdrawn	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING	-	[ICRA] D; ISSUER NOT COOPERATING
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Complexity level of the rated instrument

Instrument	Complexity Indicator
Issuer rating	Not applicable
Working capital facilities	Simple
Term loans	Simple
Bank guarantee	Very Simple
Letter of credit	Very Simple
Unallocated limits	Not applicable

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 / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Issuer rating	*	-	*	0.0	[ICRA]B+ (Stable)
NA	Working capital facilities	-	-	-	334.08	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING; withdrawn
NA	Term loans	-	-	-	17.87	[ICRA]B+ (Stable) ISSUER NOT COOPERATING
NA	Term loans	-	-	-	528.70	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING; withdrawn
NA	Bank guarantee	-	-	-	1116.83	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING; withdrawn
NA	Letter of credit	-	-	-	195.00	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING; withdrawn
NA	Unallocated limits	-	-	-	7.52	[ICRA]B+ (Stable) ISSUER NOTCOOPERATING; withdrawn

Source: Company,

* Not applicable

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Bidar Solar Power Plant Pvt. Ltd	100%	Full Consolidation

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