

March 23, 2020

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

Summary of Rated Instrument:

Instrument	Rated Amount (Rs. crore)	Rating Outstanding
Fund based - Working Capital Facilities	10.0	[ICRA]AA- (Stable)
Non-fund based – BG/LC	3800.0	[ICRA]AA-(Stable)/ [ICRA]A1+
Unallocated	190.0	[ICRA]AA-(Stable)/ [ICRA]A1+
Total	4000.0	

Material Event

On March 12, 2020, GE Power India Limited (GEPIL) announced the termination of a contract worth approximately Rs. 818 crore, awarded to the company by Navayuga Engineering Company Limited (NECL). The contract entailed design, engineering, manufacturing, supply, erection, testing and commissioning of twelve 80 MW each capacity turbine generator units along with all auxiliary and associated equipment, to be supplied for the Polavaram Hydel Power Project. As per the announcement, GEPIL has exercised its right to terminate the aforesaid contract due to prolonged suspension of work by NECL, without any virtual certainty of resumption of work in near future.

Impact of the Material Event

Following the termination of the contract, NECL has partially encashed bank guarantees submitted by GEPIL, against mobilisation advance received for the said project. GEPIL's ratings remain unchanged at [ICRA]AA-(Stable)/A1+, as GEPIL had adequate liquidity - free cash & liquid investments, which was utilised to service the same, as informed by the management. Also, as per the management, the resultant reduction in free cash balances will be compensated by incremental inflow of advances from new projects, internal accrual and regular collection of receivables in the near term. Moreover, GEPIL's debt free status and no debt repayment liability continues to support its liquidity position. However given that the matter is sub judice, ICRA will continue to monitor the developments in this regard and its impact on the company's liquidity profile.

GEPIL has reported an operating income of Rs.1713.2 crore and a net profit of Rs. 69.7 crore in 9M FY2020 as against an operating income of Rs. 1558.9 crore and a net profit of Rs. 48.6 crore in 9M FY2019.

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

ANALYST CONTACTS

Sabyasachi Majumdar
+91-124-4545304
sabyasachi@icraindia.com

Anupama Arora
+91-124-4545303
anupama@icraindia.com

Deepak Jotwani
+91-124-4545870
deepak.jotwani@icraindia.com

RELATIONSHIP CONTACT

L. Shivkumar
+91-20-61143406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries:

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2556 0194/ 6606 9999

© Copyright, 2020 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents