

July 21, 2020

GMR Warora Energy Limited: Rating downgraded to [ICRA]D ISSUER NOT COOPERATING, rating continues to remain under Issuer Not Cooperating category

Summary of Rated Instrument

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debenture (NCD) Programme	75.00	75.00	[ICRA]D ISSUER NOT COOPERATING*, rating continues to remain under Issuer Not cooperating category; Revised from [ICRA]C ISSUER NOT COOPERATING*
Total	75.00	75.00	

*Issuer did not co-operate; based on best available information

Rationale

The rating downgrade reflects the delays in debt servicing on NCDs as well as bank lines in the recent past. The rating for Rs.75-crore NCD of GMR Warora Energy Limited continues to remain under 'Issuer Not Cooperating' category. The rating is denoted as "[ICRA]D ISSUER NOT COOPERATING".

The rating is based on limited information on the entity's performance since the time it was last rated in June 2019. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the downgrade.

As part of its process and in accordance with its rating agreement with Shiga Energy Private Limited, ICRA has been trying to seek information from the entity so as to monitor its performance, but despite repeated requests by ICRA, the entity's management has remained non-cooperative. In the absence of requisite information and in line with SEBI's Circular No. SEBI/HO/MIRSD4/CIR/2016/119, dated November 01, 2016, ICRA's Rating Committee has taken a rating view based on the best available information.

Key rating drivers and their description:

Credit strengths

Not applicable

Credit challenges

There have been delays in debt servicing on NCDs as well as bank lines in the recent past.

Liquidity position: Poor

The company's liquidity profile is poor as reflected by irregularities in debt servicing in the recent past.

Rating sensitivities

Positive triggers: Not applicable

Negative triggers: Not applicable

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy in respect of non-cooperation by the rated entity Policy on default recognition
Parent / Group Support	Not applicable
Consolidation / Standalone	Based on standalone financials

About the company

GMR Warora Energy Limited (Formerly EMCO Energy Limited) is a special purpose vehicle (SPV) promoted by the GMR Group for the development of a 600-MW (2X 300 MW) domestic coal-based thermal power plant at Warora in Maharashtra. The Unit 1 of the power plant was initially scheduled to be commissioned by August 2012 but was eventually commissioned in March 2013. The Unit 2 was commissioned in September 2013. The project cost has been revised to Rs.4,250 crore with debt of Rs.3,188 crore as against initial estimates of Rs.3,480 crore, which was funded through debt of Rs.2,610 crore. The coal for the plant has been tied-up under FSA) for the entire capacity of the plant with South Eastern Coal Fields Ltd (SECL), a subsidiary of CIL.

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

Key financial indicators:

	FY2018	FY2019
Operating Income (Rs. crore)	1770.7	1894.2
PAT (Rs. crore)	192.7	262.5
OPBDIT/OI (%)	40.4%	32.1%
PAT/OI (%)	10.9%	13.9%
Total Outside Liabilities/Tangible Net Worth (times)	12.8	5.7
Total Debt/OPBDIT (times)	4.8	5.0
Interest Coverage (times)	1.7	1.5

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years

SN	Instrument	Current Rating (FY2021)				Chronology of Rating History for the past 3 years		
		Type	Amount Rated	Amount Outstanding (Rs. Crore) #	21-Jul-20	FY2020	FY2019	FY2018
			(Rs. Crore)			04-Jun-19	31-Jan-19	04-Oct-17
1	NCD	Long-Term	75.00	75.00	[ICRA]D ISSUER NOT COOPERATING*	[ICRA]C ISSUER NOT COOPERATING*	[ICRA]BB- (Stable) ISSUER NOT COOPERATING*	[ICRA]BB-(Stable)

#As on March 31, 2020; *Issuer did not co-operate; based on best available information

Complexity level of the rated instrument

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE124L07014	NCD-I	September 25,2014	12.15%	FY2023	25.00	ICRA]D ISSUER NOT COOPERATING*
INE124L07022	NCD-II	September 25,2014	12.15%	FY2024	25.00	ICRA]D ISSUER NOT COOPERATING*
INE124L07030	NCD-III	September 25,2014	12.15%	FY2024	25.00	ICRA]D ISSUER NOT COOPERATING*

Source: GMR Warora Energy Limited

* Client did not co-operate; based on best available information

Annexure-2: List of entities considered for consolidated analysis: Not applicable

ANALYST CONTACTS

Sabyasachi Majumdar
+91 124 4545 304
sabyasachi@icraindia.com

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Abhilash Dash
+91 22 6169 3358
abhilash.dash@icraindia.com

Fatima Khatoon
+91 33-71501108
fatima.khatoon-associates@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar
+91 22 6114 3406
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

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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

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