

Gayatri Projects Limited

April 06, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	1,597.20 (Reduced from 1,997.77)	CARE D (Single D)	Reaffirmed
Long Term / Short Term Bank Facilities	4,447.16 (Reduced from 4,547.16)	CARE D / CARE D (Single D / Single D)	Reaffirmed
Total Bank Facilities	6,044.36 (Rs. Six Thousand Forty-Four Crore and Thirty-Six Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The reaffirmation of ratings assigned to the bank facilities of Gayatri Projects Limited (GPL) is on account of delays in debt servicing of the company due to liquidity stress on account of cash flow mismatch arising out of delays in receipt of debtors.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Timely servicing of interest and principal repayment obligation coupled with a delay free track record for a continuous period of more than 90 days.

Detailed description of the key rating drivers

Key Rating Weakness

Delays in Debt Servicing:

The company has been facing severe liquidity constraints in FY21 due to delay in receipt of receivables, the liquidity of the company has been strained due to cash flow mismatch resulting in delay in debt servicing obligations. The Lenders have also confirmed default in debt servicing obligations of total outstanding facilities. The account has become NPA since June 2021.

Key Ratings Strengths:

Significant experience and track record of promoters in execution of construction contracts: Gayatri Projects Ltd (GPL) is a civil construction company with over four decades of experience in executing various infrastructure projects. GPL, an ISO 9001 – 2000 company, is engaged in execution of major civil works including Concrete/Masonry Dams, Earth Filling Dams, National Highways, Bridges, Canals, Aqueducts, Ports, etc. The clientele of the company includes various state government departments. GPL has successfully completed Construction / Maintenance/ Widening of more than 1,900 Km of highways, 1,250 Km of Irrigation projects along with several other projects of dams & reservoir and industrial buildings etc.

Healthy and geographically diversified order book position with long term revenue visibility: GPL is having comfortable order book of Rs 13,090 crores as on 31st March 2021 which translates to 3.32x times of TOI of FY21. The order book mainly consisting of road works of Rs 7243 crores, irrigation works of Rs 2897, water distribution works of Rs 2499 and other works of Rs 450 crores. The current work orders of the company are spread across 14 states, however, mainly concentrated in Uttar Pradesh (38%) followed by Andhra Pradesh (14%), Odisha (12%), Maharashtra (10%), Telangana (9%) and other states (17%)

Liquidity Position: Poor

The liquidity position of the company stands poor on account of delays in receipt of receivables leading to cash flow mismatch resulting in delays in debt servicing.

Analytical Approach: Standalone: Standalone financials have been considered for assessment of ratings

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings and watch](#)

[CARE's Policy on Default Recognition](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

[Financial Ratios – Non-financial Sector](#)

[Construction](#)

[Short Term Instruments](#)

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

About the Company

Gayatri Projects Limited (GPL) has been promoted by Dr T. Subbarami Reddy, while the day-to-day management of the company is currently undertaken by his son and Managing Director Mr. T. V. Sandeep Kumar Reddy. GPL is a prominent infrastructure construction company with over four decades of experience in executing various infrastructure projects, especially in road and irrigation segment. GPL, an ISO 9001 – 2000 company, is engaged in execution of major Civil Works including Concrete/Masonry Dams, Earth Filling Dams, National Highways, Bridges, Canals, Aqueducts, Ports, etc. It specializes in engineering, procurement and construction (EPC) of road, irrigation and industrial projects across India. GPL has healthy and diversified order book of Rs.12,040.91 crore as on September 30, 2020 (as against Rs.16,625.65 crore as on December 31, 2018), which translates to 4.39x of gross billing of FY20 providing long term revenue visibility.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22 (UA)
Total operating income	3,461.77	3,932.63	2543.57
PBILDT	462.61	476.44	341.23
PAT	-384.57	56.58	31.48
Overall gearing (times)	3.39	1.97	NA
Interest coverage (times)	1.45	1.36	NA

A: Audited UA: Un-audited

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	IS IN	Date of Issuance	Coup on Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	June 2023	46.24	CARE D
Fund-based - LT-Term Loan		-	-	June 2023	189.67	CARE D
Fund-based - LT-Cash Credit		-	-	-	1023.50	CARE D
Non-fund-based - LT/ ST-BG/LC		-	-	-	4447.16	CARE D / CARE D
Fund-based - LT-External Commercial Borrowings		-	-	June 2023	2.34	CARE D
Fund-based - LT-Funded Interest term Loan		-	-	September 30, 2021	6.75	CARE D
Fund-based - LT-Working capital Term Loan		-	-	December 31, 2023	64.99	CARE D
Fund-based - LT-Term Loan		-	-	February 2022	43.95	CARE D
Non-fund-based - LT-Bank Guarantee		-	-		219.22	CARE D
Fund-based - LT-Funded Interest term Loan		-	-	31 March 2021	0.54	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	46.24	CARE D	-	1)CARE D (01-Mar-21) 2)CARE B; Stable (19-Jan-21)	1)CARE D (15-Nov-19) 2)CARE BB+; Stable (04-Jun-19)	1)CARE BB-; Stable (21-Jun-18)
2	Fund-based - LT-	LT	189.67	CARE D	-	1)CARE D	1)CARE D	1)CARE BB-;

	Term Loan					(01-Mar-21) 2)CARE B; Stable (19-Jan-21)	(15-Nov-19) 2)CARE BB+; Stable (04-Jun-19)	Stable (21-Jun-18)
3	Fund-based - LT- Cash Credit	LT	1023.50	CARE D	-	1)CARE D (01-Mar-21) 2)CARE B; Stable (19-Jan-21)	1)CARE D (15-Nov-19) 2)CARE BB+; Stable (04-Jun-19)	1)CARE BB-; Stable (21-Jun-18)
4	Non-fund-based - LT/ ST-BG/LC	LT/ST*	4447.16	CARE D / CARE D	-	1)CARE D / CARE D (01-Mar-21) 2)CARE B; Stable / CARE A4 (19-Jan-21)	1)CARE D (15-Nov-19) 2)CARE BB+; Stable / CARE A4+ (04-Jun-19)	1)CARE BB-; Stable / CARE A4 (21-Jun-18)
5	Fund-based - LT- External Commercial Borrowings	LT	2.34	CARE D	-	1)CARE D (01-Mar-21) 2)CARE B; Stable (19-Jan-21)	1)CARE D (15-Nov-19) 2)CARE BB+; Stable (04-Jun-19)	1)CARE BB-; Stable (21-Jun-18)
6	Fund-based - LT- Funded Interest term Loan	LT	6.75	CARE D	-	1)CARE D (01-Mar-21) 2)CARE B; Stable (19-Jan-21)	1)CARE D (15-Nov-19) 2)CARE BB+; Stable (04-Jun-19)	1)CARE BB-; Stable (21-Jun-18)
7	Fund-based - LT- Working capital Term Loan	LT	64.99	CARE D	-	1)CARE D (01-Mar-21) 2)CARE B; Stable (19-Jan-21)	1)CARE D (15-Nov-19) 2)CARE BB+; Stable (04-Jun-19)	1)CARE BB-; Stable (21-Jun-18)
8	Fund-based - LT- Term Loan	LT	43.95	CARE D	-	1)CARE D (01-Mar-21) 2)CARE B; Stable (19-Jan-21)	-	-
9	Non-fund-based - LT-Bank Guarantee	LT	219.22	CARE D	-	1)CARE D (01-Mar-21) 2)CARE B; Stable (19-Jan-21)	-	-
10	Fund-based - LT- Funded Interest term Loan	LT	0.54	CARE D	-	1)CARE D (01-Mar-21) 2)CARE B; Stable (19-Jan-21)	-	-

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not applicable

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-External Commercial Borrowings	Simple
3	Fund-based - LT-Funded Interest term Loan	Simple
4	Fund-based - LT-Term Loan	Simple
5	Fund-based - LT-Working capital Term Loan	Simple
6	Non-fund-based - LT/ ST-BG/LC	Simple

Annexure 5: Bank Lender Details for this Company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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