

Gowri Infraengineers Private Limited (Revised)

August 17,2022

Rating

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|------------------------------|--|---|---|
| Long Term Bank Facilities | 95.38 | CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*) | Rating moved to ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 17.00 | CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*) | Rating moved to ISSUER NOT COOPERATING category |
| Total Bank Facilities | 112.38 (₹ One Hundred Twelve Crore and Thirty-Eight Lakhs Only) | | |

Details of instruments/facilities in Annexure-1.

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. has been seeking information from Gowri Infraengineers Pvt Ltd to monitor the rating(s) vide e-mail communications dated May 20,2022, August 05,2022 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on Gowri Infraengineers Pvt Ltd's bank facilities will now be denoted as **CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings take into account non-payment of interest on its fund based working capital limits and classification of account under SMA 1 category by lenders as per last update available. CARE Ratings Ltd. was unable to interact with the bankers and auditors of the company for the latest credit profile of the company. The ratings are also constrained on account of slow execution of the order book due to non-availability of work site and operational issues due to COVID19 coupled with delayed payments from the client resulted in tight liquidity position of the company.

Detailed description of the key rating drivers

At the time of last rating on June 30,2021 the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies:

Key Rating Weaknesses

Overutilization of fund-based limits: As communicated by the lenders, due to delay in receipt of payment from the clients, there have been instances of irregularity in the cash credit limits availed by GIEPL which remained overdrawn for a period of 30-45 days.

Slow moving order book coupled with concentration risk: GIEPL's order book position stood stable at 509.60 cr as on May 31, 2021 as against 505.44 cr as on December 31, 2019. The order book outstanding is about 9.05 times of total operating income of FY21. Non-availability of site as well as operational issues on account of COVID 19 affected the pace of execution. The company has applied for EoTs in most of its orders and have received the same in some while in some it is under process. Further, the order book of the company is geographically concentrated with entire order book to be executed in the state of Karnataka. Also, around 99% of the order book of the company is to be executed for Karnataka Slum Development Board (KSDB) leading to client concentration risk.

Moderation in financial risk profile: The total operating income of the company has declined from Rs. 112.58 crore in FY19 to to Rs. 56.28 crore in FY21. This is primarily on account of slow execution of projects due to delay in receipt of site by the

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

client to the company. Further, COVID 19 pandemic led lockdown and labour migration on account of the same further impacted the execution progress.

However, despite decline in operating income, the profitability margins of the company improved from 15.53% in FY19 to 20.05% in FY21 primarily on account of shift in the order book towards contracts carrying escalation clauses because of which the company was able to pass on the increase in raw material price to its clients.

Elongated working capital cycle: The working capital cycle of the company has elongated to 237 days as on March 31, 2021 as against 41 days as on March 31, 2019. This is primarily on account of delay in receipt of payments from the government departments from which the company is executing orders. The receivable days has increased from 101 days in FY19 to 193 days in FY21. However, due to established relations with its suppliers, the company is able to manage its working capital requirements to some extent by elongating the creditors.

Key Rating Strengths

Experienced promoters with track record of operations in construction sector: GIEPL is promoted by Mr. C.P. Umesha who prior to incorporation of GIEPL in 2010, ran the business as a sole proprietary concern since 1995. Promoters experience of more than 26 years coupled with presence of GIEPL in the field of construction has helped the company in receiving continuous orders from Government of Karnataka viz. from Karnataka Slum Development Board which is its major client.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Policy On Curing Period](#)

[Rating Outlook and Credit Watch](#)

[Construction](#)

About the Company

Incorporated in 2010, Gowri Infra Engineers Pvt Ltd. (GIEPL) is promoted by Mr C.P Umesha. The Company is into the business of construction of commercial and residential complexes for Karnataka Slum Development Board (KSDB) and Bangalore Development Authority (BDA). It majorly focuses on pre-cast concrete houses and Monolithic Structures for low cost and speedy construction. Its operations are concentrated in Karnataka especially around the region of Bengaluru. As on May 31, 2021, GIEPL has an order book position of Rs 509.60 crore

| Brief Financials (Rs. crore) | 31-03-2021 (A) | 31-03-2022* | 30-06-2022* |
|------------------------------|----------------|-------------|-------------|
| Total operating income | 56.28 | NA | NA |
| PBILD | 11.28 | NA | NA |
| PAT | 2.28 | NA | NA |
| Overall gearing (times) | 0.75 | NA | NA |
| Interest coverage (times) | 1.79 | NA | NA |

A: Audited; NA: Not Available; * No Financials available post FY21

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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

Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | ISIN | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (₹ crore) | Rating Assigned along with Rating Outlook |
|--------------------------------------|------|------------------|-------------|---------------|-----------------------------|---|
| Fund-based - LT-Term Loan | | - | - | March 2025 | 6.58 | CARE D; ISSUER NOT COOPERATING* |
| Non-fund-based - LT-Bank Guarantee | | - | - | - | 50.30 | CARE D; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Letter of credit | | - | - | - | 2.00 | CARE D; ISSUER NOT COOPERATING* |
| Non-fund-based - LT-Bank Guarantee | | - | - | - | 10.00 | CARE D; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-Letter of credit | | - | - | - | 15.00 | CARE D; ISSUER NOT COOPERATING* |
| Fund-based - LT-Cash Credit | | - | - | - | 28.50 | CARE D; ISSUER NOT COOPERATING* |

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating History | | | |
|---------|--|-----------------|------------------------------|---------------------------------|---|---|--|---|
| | | Type | Amount Outstanding (₹ crore) | Rating | Date(s) and Rating(s) assigned in 2022-2023 | Date(s) and Rating(s) assigned in 2021-2022 | Date(s) and Rating(s) assigned in 2020-2021 | Date(s) and Rating(s) assigned in 2019-2020 |
| 1 | Fund-based - LT-Term Loan | LT | 6.58 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D (30-Jun-21) 2)CARE B; Stable; ISSUER NOT COOPERATING* (02-Jun-21) | 1)CARE B+; Stable; ISSUER NOT COOPERATING* (02-Apr-20) | - |
| 2 | Non-fund-based - LT-Bank Guarantee | LT | 50.30 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D (30-Jun-21) 2)CARE B; Stable; ISSUER NOT COOPERATING* (02-Jun-21) | 1)CARE B+; Stable; ISSUER NOT COOPERATING* (02-Apr-20) | - |
| 3 | Non-fund-based - ST-Letter of credit | ST | 2.00 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D (30-Jun-21) 2)CARE A4; ISSUER NOT COOPERATING* (02-Jun-21) | 1)CARE A4; ISSUER NOT COOPERATING* (02-Apr-20) | - |
| 4 | Non-fund-based - LT-Bank Guarantee | LT | 10.00 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D (30-Jun-21) 2)CARE B; Stable; ISSUER NOT COOPERATING* (02-Jun-21) | 1)CARE B+; Stable; ISSUER NOT COOPERATING* (02-Apr-20) | - |
| 5 | Non-fund-based - ST-Letter of credit | ST | 15.00 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D (30-Jun-21) 2)CARE A4; | 1)CARE A4; ISSUER NOT COOPERATING* (02-Apr-20) | - |

| | | | | | | | | |
|---|-----------------------------|----|-------|---------------------------------|---|---|--|---|
| | | | | | | ISSUER NOT COOPERATING* (02-Jun-21) | | |
| 6 | Fund-based - LT-Cash Credit | LT | 28.50 | CARE D; ISSUER NOT COOPERATING* | - | 1)CARE D (30-Jun-21) 2)CARE B; Stable; ISSUER NOT COOPERATING* (02-Jun-21) | 1)CARE B+; Stable; ISSUER NOT COOPERATING* (02-Apr-20) | - |

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of the covenants of the rated instruments/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-Term Loan | Simple |
| 3 | Non-fund-based - LT-Bank Guarantee | Simple |
| 4 | Non-fund-based - ST-Letter of credit | Simple |

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.

Annexure 4: Bank Lender Details for this Company

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

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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