

MAY 05, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE ENHANCED BANK FACILITIES OF GAYATRI PROJECTS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	1,752.51 (Enhanced from Rs.1,107.67 crore)	CARE B+ (Single B Plus)	Reaffirmed
Long-term/Short-term Facilities	2,563.81 (Reduced from Rs.2,801 crore)	CARE B+/CARE A4 (Single B Plus/A Four)	Reaffirmed
Total Facilities	4,316.32		

Rating Rationale

The ratings of the bank facilities of Gayatri Projects Limited (GPL) continue to be constrained by the stretched liquidity position of the company leading to restructuring of its loan, increasing debt levels, high exposure to group companies, client concentration risk, large, albeit reducing, equity commitments towards power and the BOT projects which have long gestation periods, high repayment obligations which in turn impact the liquidity profile of the company and working capital-intensive nature of business. The ratings are underpinned by the track record of the company and the promoters' experience and satisfactory order book albeit certain stalled orders and weak order inflow.

The ability of the company to improve its liquidity profile and capital structure is the key rating sensitivity.

Background

GPL is 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 engaged in the execution of civil works including the construction of dams, roads and bridges, etc. GPL registered a total operating income of Rs.1,814.87 crore and net profit of Rs.47.61 crore for FY14 (refers to the period April 1 to March 31) vis-à-vis income of Rs.2,023.83 crore in FY13 with a net profit of Rs.63.09 crore. Furthermore, for H1FY15, GPL registered a total operating income of Rs.648.52 crore with a PAT of Rs.3.38 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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