

MAY 11, 2016

CARE REVISES RATINGS ASSIGNED TO BANK FACILITIES OF GAYATRI PROJECTS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	2085.45 (enhanced from 1738.99)	CARE BB- (Double B Minus)	Revised from CARE B (Single B)
Long-term/Short-term Bank Facilities	3500.00 (enhanced from 2563.81)	CARE BB-/CARE A4 (Double B Minus/ A Four)	Revised from CARE B/CARE A4 (Single B/ A Four)
Total Facilities	5585.45 (Rupees Five Thousand Five Hundred and Eighty Five crore and Forty Five lakhs only)		

Rating Rationale

The revision in the ratings assigned to the bank facilities of Gayatri Projects Limited (GPL) takes into account improvement in turnover, profits and profitability margins during un-audited 9MFY16 (refers to the period April 01 to December 31) vis-à-vis un-audited 9MFY15 and improved liquidity profile with infusion of fresh equity during September 2015.

The ratings continue to be constrained by the increasing debt level resulting in leveraged capital structure, high exposure in build, operate and transfer (BOT) and power projects (group companies) having long gestation periods, decline in revenue in FY15 (refers to the period April 1 to March 31) vis-à-vis FY14 and working capital intensive nature of business. The ratings are however underpinned by the track record of the company and promoters' experience and satisfactory order book position.

The ability of the company to further improve its liquidity profile, capital structure and successful execution of all its existing orders along with effective management of its cash flow are the key rating sensitivities.

Background

GPL is promoted by Dr T Subbirami 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 is a Hyderabad-based infrastructure construction company with over 40 years of experience in executing various infrastructure projects, especially the 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 specialises in engineering, procurement and construction (EPC) of road, irrigation and industrial projects across India.

During FY15, GPL registered total operating income of Rs.1652.84 crore with PAT of Rs.22.05 crore vis-à-vis total total operating income of Rs.1854.74 crore and PAT of Rs.47.61 crore in FY14.

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

Furthermore during 9MFY16 (un-audited), GPL registered total operating income of Rs.1144 crore (Rs.1041.06 crore in 9MFY15) with a PAT of Rs.30.15 crore (Rs.6.10 crore in 9MFY15).

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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.

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