

Gammon India Limited
July 23, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Fund-based facilities – Cash Credit	949.05	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer Not Cooperating; Based on best available information
Long/ Short-term Non-fund based facilities – Cash Credit	9,092.78	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer Not Cooperating; Based on best available information
Total Bank Facility	10,041.83 (Rs. Ten Thousand Forty One crore & Eighty Three lakh only)		
Non-Convertible Debentures	324.00	CARE D; ISSUER NOT COOPERATING* (Single D; ISSUER NOT COOPERATING*)	Issuer Not Cooperating; Based on best available information

*Details of instruments/facilities in Annexure-1*based on best available information*

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Gammon India Limited (GIL) to monitor the rating vide e-mail communications/ letter dated July 20, 2020, July 16, 2020 and July 15, 2020 and numerous calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. **In the absence of minimum information required for the purpose of rating, CARE is unable to express opinion on the rating.** In line with the extant SEBI guidelines, CARE's rating on debt instruments of GIL 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.

The ratings take into account delays in servicing of interest on non-convertible debentures and meeting the debt obligations on time. The liquidity position of the company is constrained due to delays in recoveries from customers and project execution delays resulting in holding of high inventory, thereby blocking working capital funds and causing cost-overruns.

Detailed description of the key rating drivers

Delays in Debt Servicing: There are delays in servicing of debt obligations owing to delayed execution of projects, delays in recoveries from customers and huge debt burden leading to constrained liquidity position of the company.

Analytical approach: Standalone

Applicable Criteria

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

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

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

[Rating Methodology- Infrastructure sector](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Incorporated in 1922, GIL is the flagship company of the Gammon group and offers services covering the whole gamut of the civil and construction activities. GIL undertakes construction of roads, bridges, flyovers, power plants, chimneys and cooling towers, cross-country pipelines, structures for hydro-electric power projects, buildings and factories. The company has also been present in the infrastructure project development space since 2001 through GIL's subsidiary Gammon Infrastructure Projects Limited (GIPL, 74.98% stake), which executes public private partnership based projects in the road, port and power sectors through project-specific special purpose vehicles.

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

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

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	293.41	281.02
PBILDT	114.08	105.65
PAT	(1,981.30)	(1755.04)
Overall gearing (times)	N.M	N.M
Interest coverage (times)	0.20	0.19

A: Audited | N.M: Not Meaningful

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	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based-Long Term	-	-	-	949.05	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Non-fund-based-LT/ST	-	-	-	9092.78	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Debentures-Non Convertible Debentures			15-10-2022	324.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*Issuer not cooperation; 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 (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Debentures-Non Convertible Debentures	LT	324.00	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best	-	1)CARE D; ISSUER NOT COOPERATING* (10-Jul-19)	-	1)CARE D; ISSUER NOT COOPERATING* (16-Jan-18) 2)CARE D

				available information				(17-Apr-17)
2.	Fund-based-Long Term	LT	949.05	CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D; ISSUER NOT COOPERATING* (10-Jul-19)	-	1)CARE D; ISSUER NOT COOPERATING* (16-Jan-18) 2)CARE D (17-Apr-17)
3.	Non-fund-based-LT/ST	LT/ST	9092.78	CARE D / CARE D; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (10-Jul-19)	-	1)CARE D / CARE D; ISSUER NOT COOPERATING* (16-Jan-18) 2)CARE D / CARE D (17-Apr-17)

*Issuer did not cooperate; based on best available information

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

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in

the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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