

February 27, 2021

<p>To The Secretary, Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 Maharashtra, India Scrip Code: 532767</p>	<p>To The Manager, Listing Department National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Maharashtra, India Scrip Code: GAYAPROJ</p>
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Dear Sir/Madam,

**Sub: Intimation of Revision in Ratings under the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015**

This has reference to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (the "Regulations"). In accordance with the said Regulation(s), please find below the details of revision in ratings of the Company: -

Name of Company	Credit Rating Agency	Type of Credit ratings	Existing	Revised
Gayatri Projects Limited	Care Ratings	Long Term Bank Facilities	CARE B; Stable (Single B; Outlook: Stable)	CARE D; (Single D)
		Long Term / Short Term Bank Facilities	CARE B; Stable / CARE A4 (Single B ; Outlook: Stable / A Four)	CARE D/CARE D; (Single D/Single D)

The relevant section of the report from the credit rating agency covering the rationale for revision in credit rating is enclosed. This is for your information and records.

Yours faithfully,  
**Gayatri Projects Limited**

*Chetan Kr. Sharma*

**Chetan Kumar Sharma**  
Company Secretary &  
Compliance Officer



Encl: As Above

Regd. & Corp. Office :

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## Gayatri Projects Limited

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>2</sup>	Rating Action
Long Term Bank Facilities	1,997.77	CARE D (Single D )	Revised from CARE B; Stable (Single B; Outlook: Stable)
Long Term / Short Term Bank Facilities	4,547.16	CARE D / CARE D (Single D / Single D )	Revised from CARE B; Stable / CARE A4 (Single B ; Outlook: Stable / A Four)
<b>Total Bank Facilities</b>	<b>6,544.93</b> <b>(Rs. Six Thousand Five Hundred Forty-Four Crore and Ninety- Three Lakhs Only)</b>		

*Details of instruments/facilities in Annexure-1*

### Detailed Rationale & Key Rating Drivers

*The revision in the ratings assigned to the bank facilities of Gayatri Projects Limited (GPL) is on account of stretched liquidity position of the company due to delays in receipt of receivables leading to cash flow mismatch resulting in delays in debt servicing.*

#### 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 12 months.

#### **Detailed description of the key rating drivers**

#### **Key Rating Weaknesses**

#### **Delays in debt servicing:**

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, which has been confirmed by the lenders.

**Leveraged capital structure:** Capital structure marked by overall gearing of GPL deteriorated significantly as on March 31, 2020. Despite reduction in the total debt, overall gearing deteriorated from 2.49x as on March 31, 2019 to 3.39x as on March 31, 2020 primarily on account of erosion of net worth due to exceptional loss of Rs.445 crore recognized during FY20. Total outstanding debt of GPL (including mobilization advance) as on March 31, 2020 stands at Rs.3197.04 crore as against Rs.3316.21 crore as on March 31, 2019. Further, the debt coverage indicators marked by TDGCA and interest coverage ratio have deteriorated significantly from 12.11x and 2.05x during FY19 respectively to -10.68x and 1.45x during FY20.

**High exposure in group companies/subsidiaries in form of loans & advances and corporate guarantees:** Majority of the group exposure is in the form of investments, advances extended to the subsidiary and associate companies. Such companies are involved in development/have developed power projects, road BOT projects and hotel which have a high gestation period and hence have resulted in temporary blockage of funds. The exposure towards group companies in the form of investments reduced significantly from Rs.1011.46 crore as on March 31, 2019 to Rs.562.26 crore as on March 31, 2020 due to recognition of loss on account of sale of investment in Gayatri Energy Ventures Private Limited.

Further, the company extended loans and advances to subsidiaries/associate companies amounting to Rs.209.29 crore as on March 31, 2020 (as against Rs.320.78 crore as on March 31, 2019). The company also extended corporate guarantees (CGs) towards loans availed

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

by its group companies. As on March 31, 2020, total outstanding corporate guarantee stood at Rs.2690.08 crore (which was reduced from Rs.3082.58 crore)

### Key Rating 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 across 14 states. 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 has a healthy and diversified order book of Rs.12,040 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. The current work orders of the company are spread across 13 states, however, mainly concentrated in Uttar Pradesh (19%) followed by Andhra Pradesh (16.14%), Odisha (15.36%) and Maharashtra (12.74%). Though the order book is diversified into various sectors such as roads, irrigation, industrial works and mining, the roads sector and irrigation sector contributes 65% and 29% respectively of the total order book.

### Liquidity Position: Stretched

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

### Analytical approach: Standalone

#### Applicable Criteria

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

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology – Construction Sector](#)

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

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

#### 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)	FY19 (A)	FY20 (A)
Total operating income	3494.56	3461.77

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Brief Financials (Rs. crore)	FY19 (A)	FY20 (A)
PBILD	577.19	462.72
PAT	210.77	-384.57
Overall gearing (times)	2.49	3.39
Interest coverage (times)	2.05	1.45

A: 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	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	June 2023	170.15	CARE D
Fund-based - LT-Term Loan	-	-	June 2023	202.83	CARE D
Fund-based - LT-Cash Credit	-	-	-	1123.50	CARE D
Non-fund-based - LT/ ST-BG/LC	-	-	-	4547.16	CARE D / CARE D
Fund-based - LT-External Commercial Borrowings	-	-	June 2023	12.51	CARE D
Fund-based - LT-Funded Interest term Loan	-	-	March 2021	26.49	CARE D
Fund-based - LT-Working capital Term Loan	-	-	June 2023	107.72	CARE D
Fund-based - LT-Term Loan	-	-	February 2022	60.25	CARE D
Non-fund-based - LT-Bank Guarantees	-	-	-	219.22	CARE D
Fund-based - LT-Funded Interest term Loan	-	-	March, 2021	75.10	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 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.	Fund-based - LT-Term Loan	LT	170.15	CARE D	1)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)	1)CARE D (12-Mar-18) 2)CARE BB-; Negative (31-Oct-17)

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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
								3)CARE BBB-; Stable (11-Apr-17)
2.	Fund-based - LT-Term Loan	LT	202.83	CARE D	1)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)	1)CARE D (12-Mar-18) 2)CARE BB-; Negative (31-Oct-17) 3)CARE BBB-; Stable (11-Apr-17)
3.	Fund-based - LT-Cash Credit	LT	1123.50	CARE D	1)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)	1)CARE D (12-Mar-18) 2)CARE BB-; Negative (31-Oct-17) 3)CARE BBB-; Stable (11-Apr-17)
4.	Non-fund-based - LT/ ST-BG/LC	LT/ST	4547.16	CARE D / CARE D	1)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)	1)CARE D / CARE D (12-Mar-18) 2)CARE BB-; Negative / CARE A4 (31-Oct-17) 3)CARE BBB-; Stable / CARE A3 (11-Apr-17)
5.	Fund-based - LT-External Commercial Borrowings	LT	12.51	CARE D	1)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)	1)CARE D (12-Mar-18) 2)CARE BB-; Negative (31-Oct-17) 3)CARE BBB-; Stable (11-Apr-17)
6.	Fund-based - LT-Funded Interest term Loan	LT	26.49	CARE D	1)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)	1)CARE D (12-Mar-18) 2)CARE BB-; Negative (31-Oct-17)

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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
								3)CARE BBB-; Stable (11-Apr-17)
7.	Fund-based - LT-Working capital Term Loan	LT	107.72	CARE D	1)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)	1)CARE D (12-Mar-18) 2)CARE BB-; Negative (31-Oct-17) 3)CARE BBB-; Stable (11-Apr-17)
8.	Fund-based - LT-Term Loan	LT	60.25	CARE D	1)CARE B; Stable (19-Jan-21)	-	-	-
9.	Non-fund-based - LT-Bank Guarantees	LT	219.22	CARE D	1)CARE B; Stable (19-Jan-21)	-	-	-
10.	Fund-based - LT-Funded Interest term Loan	LT	75.10	CARE D	1)CARE B; Stable (19-Jan-21)	-	-	-

**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 the 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

**Note on complexity levels of the rated instrument:** CARE has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

## .Contact us

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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.

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