

Press Release

G Shankar

June 27, 2024



Rating Downgraded and Issuer not co-operating

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|------------------------------------|---------------------|---|---|
| Bank Loan Ratings | 150.00 | ACUITE B+ Downgraded Issuer not co-operating* | - |
| Bank Loan Ratings | 250.00 | - | ACUITE A4 Downgraded Issuer not co-operating* |
| Total Outstanding Quantum (Rs. Cr) | 400.00 | - | - |

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE B+**' (read as **ACUITE B plus**) from '**ACUITE BB-**' (read as **ACUITE double B minus**) and the short-term rating to '**ACUITE A4**' (read as **ACUITE A four**) from '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 400.00 Cr. bank facilities of G Shankar (GS). The rating continues to be flagged as "Issuer Not-Cooperating" and is downgraded on account of information risk.

About the Company

Established in early 1990, G Shankar (GS) is a Karnataka-based proprietorship firm promoted by Mr. G Shankar. The firm executes civil construction contracts for irrigation projects, mainly involved in excavation and aqueduct work at canals. The firm is a registered Class I contractor and executes projects for Krishna Bhagya Jala Nigam Limited, Karnataka Neeravari Nigam Limited, and Visvesvaraya Jala Nigam Limited. The firm also operates banquet halls, Shamili Inn at Ambalpad and Shamili Shanaya at Udipi (Karnataka).

Unsupported Rating

Not Applicable

Non-cooperation by the issuer/borrower:

Acuite has been requesting for data, information and undertakings from the rated entity for conducting surveillance & review of the rating. However, the issuer/borrower failed to submit such information before the due date.

Acuite believes that information risk is a critical component in such ratings, and non-cooperation by the issuer along with unwillingness to provide information could be a sign of potential deterioration in its overall credit quality.

This rating is, therefore, being flagged as "Issuer not-cooperating", in line with prevailing SEBI regulations and Acuite's policies.

Limitation regarding information availability:

The rating is based on information available from sources other than the issuer/borrower (in the absence of information provided by the issuer/borrower). Acuité endeavored to gather information about the entity/industry from the public domain. Therefore, Acuité cautions

lenders and investors regarding the use of such information, on which the indicative credit rating is based.

Rating Sensitivity

"No information provided by the issuer / available for Acuite to comment upon."

Liquidity Position

"No information provided by the issuer / available for Acuite to comment upon."

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 18 (Actual) | FY 17 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income | Rs. Cr. | 671.29 | 533.79 |
| PAT | Rs. Cr. | 29.11 | 27.12 |
| PAT Margin | (%) | 4.34 | 5.08 |
| Total Debt/Tangible Net Worth | Times | 1.14 | 0.39 |
| PBDIT/Interest | Times | 4.46 | 5.53 |

Status of non-cooperation with previous CRA

Not Applicable

Any other information

None

Applicable Criteria

- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|-------------------------------------|------------|-----------------|---|
| 03 Apr 2023 | Secured Overdraft | Long Term | 65.00 | ACUITE BB- (Reaffirmed & Issuer not co-operating*) |
| | Proposed Secured Overdraft | Long Term | 25.00 | ACUITE BB- (Reaffirmed & Issuer not co-operating*) |
| | Working Capital Demand Loan (WC DL) | Long Term | 60.00 | ACUITE BB- (Reaffirmed & Issuer not co-operating*) |
| | Bank Guarantee (BLR) | Short Term | 250.00 | ACUITE A4+ (Reaffirmed & Issuer not co-operating*) |
| 13 Jan 2022 | Working Capital Demand Loan (WC DL) | Long Term | 60.00 | ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB) |
| | Proposed Secured Overdraft | Long Term | 25.00 | ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB) |
| | Secured Overdraft | Long Term | 65.00 | ACUITE BB- (Downgraded & Issuer not co-operating* from ACUITE BB) |
| | Bank Guarantee (BLR) | Short Term | 250.00 | ACUITE A4+ (Reaffirmed & Issuer not co-operating*) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Complexity Level | Quantum (Rs. Cr.) | Rating |
|--------------------|----------------------|------------------------------------|----------------------|----------------------|----------------------|------------------|-------------------|---|
| Karnataka Bank Ltd | Not avl. / Not appl. | Bank Guarantee (BLR) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 250.00 | ACUITE A4 Downgraded Issuer not co-operating* (from ACUITE A4+) |
| Not Applicable | Not avl. / Not appl. | Proposed Secured Overdraft | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 25.00 | ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-) |
| Karnataka Bank Ltd | Not avl. / Not appl. | Secured Overdraft | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 65.00 | ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-) |
| Karnataka Bank Ltd | Not avl. / Not appl. | Working Capital Demand Loan (WCDL) | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | Simple | 60.00 | ACUITE B+ Downgraded Issuer not co-operating* (from ACUITE BB-) |

Contacts

| Analytical | Rating Desk |
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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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