



## Rating Rationale

### GMR Enterprises Pvt Ltd

Brickwork Ratings reaffirms the following ratings for the various debt issues aggregating to ₹ 1520 Crores of GMR Enterprises Pvt Ltd (hereafter referred to as “GEPL” or “Company”)

#### Particulars

Instrument/ Facility	Previous Amount (Rs in Crs)	Present Amount (Rs in Crs)	Previous Rating (Mar 2018)	Present Rating*
Secured NCD	100	100	BWR BB (SO) (Pronounced as BWR Double B) (Structured Obligation) (Outlook: Stable)	BWR BB (SO) (Pronounced as BWR Double B) (Structured Obligation) (Outlook: Stable) (Reaffirmed)
Secured NCD	220	220	BWR BB+ (SO) (Pronounced as BWR Double B Plus) (Structured Obligation) (Outlook: Stable)	BWR BB+ (SO) (Pronounced as BWR Double B Plus) (Structured Obligation) (Outlook: Stable) (Reaffirmed)
NCD (PP-MLD)	900	900	BWR PP-MLD BB+ (Pronounced as BWR PP-MLD Double B Plus) (Outlook: Stable)	BWR PP-MLD BB+ (Pronounced as BWR PP-MLD Double B Plus) (Outlook: Stable) (Reaffirmed)
Non Fund Based - Bank Guarantee	300	300	BWR BBB (Pronounced as BWR Triple B) (Outlook:Stable)	BWR BBB (Pronounced as BWR Triple B) (Outlook:Stable) (Reaffirmed)
<b>Total</b>	<b>1520</b>	<b>1520</b>	<b>INR One Thousand Five Hundred Twenty Crores Only</b>	

\* Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings



**BWR also withdraws the following bank loan rating:**

<b>Instrument/ Facility</b>	<b>Previous Amount (Rs in Crs)</b>	<b>Present Amount (Rs in Crs)</b>	<b>Previous Rating (Mar 2018)</b>	<b>Present Rating*</b>
Non Fund Based - SBLC	129.09 (USD 20 Million)	Nil	BWR BB+ (SO) (Outlook: Stable)	BWR BB+ (SO) (Outlook: Stable)  <b>Withdrawn as fully repaid</b>

**Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has essentially relied upon the audited financial results of GEPL up to FY18, unaudited financial results of GEPL for 9MFY19, audited financials of GMR Infrastructure Ltd (GIL) upto FY17, projected financials of GEPL upto FY21, publicly available information and information/clarification provided by the Company’s management.

The rating reaffirmation factors, inter alia, GEPL’s promoters’ experience in the infrastructure industry, successful track record of large project execution by subsidiaries/SPVs, the underlying security coverage in the form of Pledge of GMR Infrastructure Limited’s listed shares for the outstanding NCD/PP MLD issues.

The rating however is constrained by limited revenue sources in the form of dividend/investment income as GEPL is a holding company of the group and not an operating company, Net losses incurred by GMR Infrastructure Limited (company whose shares are pledged) for the last 3 years due to prevailing economic conditions and dependence on refinancing and/or raising additional debt for servicing.

**Analytical Approach**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

**Rating Outlook: Stable**

BWR believes the **GMR Enterprises Pvt Ltd** business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium



term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### **About the Company**

GMR Enterprises Pvt. Ltd. (GEPL) was originally incorporated on 5th June, 2007. In July 2016, GMR Holding Pvt. Ltd along with one more group entity GMR Projects Pvt. Ltd. Got merged with GMR Enterprises Pvt. Ltd. in order to consolidate the group holding companies. Post completion of the merger, GEPL became the key holding company for the entire GMR group which is a leading business house having significant interest in Infrastructure Sector viz. Airport, Power, Road etc. GEPL currently holds 48.99% stake directly and 14.12% stake indirectly through its subsidiaries in GMR Infrastructure Ltd (GIL). GIL is a listed company of the GMR group, which is controlling various operating entities which are involved in the infrastructure business.

Mr. G. M. Rao is the Chairman of the GMR Group. Mr. G. M. Rao is a well-known industrialist and founder Chairman of GMR Group of companies and GMR Varalakshmi Foundation, the corporate social responsibility (CSR) arm of the Group.

### **Structure of Outstanding NCD/PP MLD issues:**

- NCD issue of Rs 100 Crs has a tenor of 4 years @ 15%p.a. coupon and is secured by pledge of listed shares of “GMR Infrastructure Limited” to the extent of 1.75x.
- NCD issue of Rs 220 Crs has a tenor of 3 years and 6 months @ 13.50% p.a. coupon and is secured by pledge of listed shares of “GMR Infrastructure Limited” to the extent of 2.5x.
- PP MLD of Rs 900 Crs has a tenor of 5 years and is secured by pledge of listed shares of “GMR Infrastructure Limited” to the extent of 2x.

### **Company Financial Performance**

**GEPL:** As per audited financials of FY18, GEPL’s reported net revenues of Rs 71.04 Crores and a Net Loss of Rs 503.70 Crs when compared to Net Revenues of Rs 66.63 Crs and a Net Loss of Rs 409.16 Crs. The Company has been incurring losses, mainly due to high interest and finance costs. As on 31st Mar 2018, GEPL’s total debt stood at Rs 3551 Crs against Tangible Network of Rs 1816.52 Crs resulting in a gearing of 1.97x. GEPL, being a holding company, has non-current investment of ₹ 5894 Crs in GIL and other group companies.



**GIL:** For FY18, on a consolidated basis, GIL reported Net Revenue of Rs 8341 Crs when compared to Rs 9137.87 Crs in FY17. The consolidated net loss for FY18 was Rs 1114.59 Crs when compared to Rs 347.46 Crs for FY17.

GIL's stock is currently trading in the range of ₹ 16-18 for the past one month, with 52 Week low of ₹ 13.45 and 52 Week high of ₹ 21.50 during the past one year.

### Rating History for the last three years

Instrument/ Facility	Current Rating (Mar 2019)		Rating History		
	Amount (Rs in Crs)	Rating	2018	2017	2016
NCD	100	BWR BB (SO) (Reaffirmed)	BWR BB (SO) (Assigned)	-	-
SBLC/ Financial Bank Guarantee	120.09	BWR BB+ (SO) (Stable) (Withdrawn)	BWR BB+ (SO) (Stable) (Downgraded)	BWR BBB- (SO) (Stable)	-
Non-Fund Based Bank Guarantee	300.00	BWR BBB (Stable) (Reaffirmed)	BWR BBB (Stable) (Reaffirmed)	BWR BBB (Stable)	BWR BBB (Stable)
NCD	220.00 (reduced from 270)	BWR BB+ (SO) (Stable) (Reaffirmed)	BWR BB+ (SO) (Stable) (Downgraded)	BWR BBB-(SO) (Stable)	BWR BBB- (SO) (Stable)
NCD (PP-MLD)	900.00	BWR PP-MLD BB+ (Stable) (Reaffirmed)	BWR PP-MLD BB+ (Stable) (Downgraded)	BWR PP-MLD BBB- (Stable)	BWR PP-MLD BBB- (Stable)
NCD	200.00	-	BWR BBB (SO) (Stable) [Withdrawn]	BWR BBB (SO) (Stable) [Withdrawn]	BWR BBB (SO) (Stable)

ISIN Details of NCDs/PP MLD

Instrument	Amount (Rs. Crs)	ISIN Particulars	Issue Date	Maturity Date
NCD	100	INE908I07065	17-04-2018	16-04-2022
NCD	220	INE908I07016	28-07-2016	27-04-2020
		INE908I07024	28-07-2016	12-06-2020
NCD (PP-MLD)	900	INE905F07109	14-04-2015	01-01-2020
		INE905F07117	14-04-2015	01-01-2020
		INE905F07125	14-04-2015	01-01-2020
		INE905F07133	14-04-2015	01-01-2020
		INE905F07141	14-04-2015	01-01-2020
		INE905F07158	14-04-2015	01-01-2020

**Hyperlink/Reference to applicable Criteria**

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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