



## Press Release

### GMR Varalakshmi Foundation (GMRVF )

February 04, 2025

#### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	2.40 (reduced from Rs. 6.02 crore)	IVR BB+/ Stable Outlook [IVR Double B Plus with Stable Outlook]	IVR BB+/ Positive Outlook [IVR Double B Plus with Positive Outlook]	Outlook revised from Positive to Stable	<a href="#">Simple</a>
Short Term Bank Facilities	21.00	IVR A4+ [IVR A Four Plus]	IVR A4+ [IVR A Four Plus]	Rating Reaffirmed	<a href="#">Simple</a>
Long Term /Short Term Bank Facilities	1.60 (reduced from Rs 2.98 crore)	IVR BB+/ Stable Outlook; IVR A4+ [IVR Double B Plus with Stable Outlook & IVR A Four Plus]	IVR BB+/ Positive Outlook; IVR A4+ [IVR Double B Plus with Positive Outlook & IVR A Four Plus]	Outlook revised from Positive to Stable	<a href="#">Simple</a>
<b>Total</b>	<b>25.00</b> <b>(Rupees Twenty Five Crores Only)</b>				

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### Detailed Rationale

Infomerics has reaffirmed the rating to the bank facilities of GMR Varalakshmi Foundation, keeping in view of continued support from experienced promoters and management, diverse revenue sources, comfortable capital structure. The rating is however constrained by reputational risk and high competition.

The outlook revised from Positive to Stable in view of lower-than-expected performance in FY 2024 (refers to the period from April 01, 2023 to March 31, 2024) vis-à-vis FY2023.



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### Key Rating Sensitivities:

#### Upward Factors

- Substantial & sustained improvement in the revenue & EBITDA margin

#### Downward Factors

- Decline in revenue and/or EBITDA margin leading to decline in debt protection metrics.

### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

- **Experienced promoters and management**

The promoters & directors have extensive experience in their respective fields. Mrs. Varalakshmi Grandhi has been instrumental in setting up of the GMR Varalakshmi Foundation – the CSR arm of the Group and is a Director on its Board since. The day-to-day operations are supported by an experienced management team with Ashwini Lohani as CEO and Mr. Srinivas Chamarthi as CFO having more than two decades of experience.

- **Diverse revenue sources**

The foundation derives has a revenue profile is diversified, as Education fee income and Healthcare income along with Donations. In FY24, same is proportioned as 52% of total operating income from college and hostel fees collection and 22% from healthcare wing and remaining from Donations.

- **Comfortable capital structure**

The capital structure of the company remained comfortable and improved over the past fiscals. The overall gearing ratio of the company improved from 0.24x as on March 31,2023 to 0.06x as on March 31,2024 on account of reduction in term loan as the company repaid its term loans during the year along with reduction in working utilisation which lowered its interest cost. The total outside liabilities to tangible net worth (TOL/TNW) of the company improved from 0.70x as on March 31,2023 to 0.54x as on March 31,2024 on account of reduction in debt and increase in TNW due to



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accretion of profits. Going forward, Infomerics expects the capital structure to remain comfortable with improvement in debt protection metrics.

### Key Rating Weaknesses

- **Reputational risk**

All the healthcare providers need to monitor each case diligently and maintain high operating standards to avoid the occurrence of any unforeseen incident which can damage the reputation of the hospital & institute to a large extent.

- **High competition**

The education sector is highly fragmented with the presence of large number of players due to high growth opportunities. Furthermore, the Central Government is also encouraging private sector participation in the education sector which will further intensify the level of competition. Increasing competition may lead to decline in student enrolment which will directly impact the revenue visibility. Therefore, the players in this industry are exposed to competition induced pressures on student enrolments and overall student strength.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating methodology for Service Sector Company](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### **Liquidity –Adequate**

The Foundation's gross cash accruals stood at Rs. 7.32 Crore in FY24 vis-à-vis minimal repayment obligations of Rs 2.48 crore as on March 31, 2024. For the FY 2025, GCA projected at Rs 7.93 crore against the repayment obligations of Rs 2.43 crore



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which indicates sufficient liquidity buffer available. The company's free cash and bank balance is Rs. 25.41 crore as on March 31, 2024. Also the average WC utilisation stands very low at 6% for the last 12 months ended November 2024 thereby showing adequate liquidity cushion available.

### **About the Company**

GMR Varalakshmi Foundation (GMRVF), is the Corporate Social Responsibility arm of GMR Group. Its objectives are to develop social infrastructure and enhance the quality of life of communities around the locations that has the Group's presence.

The company works for under-served sections of the communities in each of these locations, looking at education, health, hygiene and sanitation, empowerment and livelihoods and community development. Vocational Training is a strong focus of the Foundation since 2003.

This non-profit (Section - 8) company has its own professional staff selected from top academic and social work institutions and is governed by a Board chaired by Group Chairman, GMR Group- GM Rao.

With the growth of the Group, the Corporate Social Responsibility (CSR) has also grown in scale and scope, and currently GMR Varalakshmi Foundation has a presence in 25 locations across the country.

### **Financials (Standalone):**

For the year ended/ As on	(Rs. crore)	
	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	114.70*	124.33
EBITDA	9.82	7.03
PAT	4.64	2.55
Total Debt	22.55	5.86
Tangible Net Worth	94.61	97.21
EBITDA Margin (%)	8.56%	5.65%
PAT Margin (%)	4.02%	2.03%
Overall Gearing Ratio (x)	0.24x	0.06x
Interest Coverage (x)	6.23x	9.50x

\* As per Infomerics Standard



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**Note:** \*excluding non-operating income of Rs 0.74 crore.

**Status of non-cooperation with previous CRA:** None

**Any other information:** None

### Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
					(January 02, 2024) Rating	(November 07, 2022) Rating	(August 09, 2021) Rating
1.	Long Term Fund based facilities – Term Loan	Long Term	2.40	IVR BB+/ Stable Outlook	IVR BB+/ Positive Outlook	IVR BB+ / Stable Outlook	IVR BB+ / Stable Outlook
2.	Short Term Fund based facilities - Secured Overdraft	Short Term	20.00	IVR A4+	IVR A4+	IVR A4+	IVR A4+
3.	Short Term Non-Fund based facilities Bank Guarantee	Short Term	1.00	IVR A4+	IVR A4+	IVR A4+	IVR A4+
4.	Long Term / Short Term Bank Facilities - (Proposed)	Long Term / Short Term	1.60	IVR BB+/ Stable Outlook; IVR A4+	IVR BB+/ Positive Outlook; IVR A4+	IVR BB+ / Stable Outlook & IVR A4+	-

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
WCTL	-	-	31st December 2026	2.40	IVR BB+/ Stable Outlook



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Secured Overdraft	-	-	Revolving	20.00	IVR A4+
Bank Guarantee	-	-	-	1.00	IVR A4+
Proposed Bank Facility	-	-	-	1.40	IVR BB+/ Stable Outlook; IVR A4+

**Annexure 2: Facility wise lender details**

<https://www.infomerics.com/admin/prfiles/Len-GMR-Varlakshmi-4feb25.pdf>

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

**Annexure 4: List of companies considered for consolidated analysis:** Not Applicable.

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com)