



Press Release

GMR Varalakshmi Foundation [GMRVF]

November 07, 2022

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Fund based facilities Term Loan	8.23 (Reduced from Rs. 22.38 crore)	IVR BB+ / Stable Outlook [IVR Double B Plus with Stable Outlook]	Reaffirmed	Simple
Short Term Fund based facilities Secured Overdraft	20.00 (Reduced from Rs. 21.62 Crore)	IVR A4+ (IVR A Four Plus)	Reaffirmed	Simple
Short Term Non-Fund based facilities Bank Guarantee	1.00	IVR A4+ (IVR A Four Plus)	Reaffirmed	Simple
Long Term / Short Term Bank Facilities (Proposed)	5.77	IVR BB+ / Stable Outlook; IVR A4+ [IVR Double B Plus with Stable Outlook & IVR A Four Plus]	Assigned	Simple
Total	35.00 (Rupees Thirty – Five Crore Only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating reaffirmation to the bank facilities of GMR Varalakshmi Foundation [GMRVF] derives strength from continued support from Experienced promoters, Comfortable capital structure & Diverse revenue sources. The rating is however constrained by Moderate financial risk profile, Reputational risk.



Press Release

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in the revenue & EBITDA margin while improving the debt protection metrics.

Downward Factors

- Any further 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

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.

Comfortable capital structure:

The capital structure of the company remained comfortable and improved over the past fiscals. The overall gearing remained comfortable at 0.37x as on March 31, 2022, improved from 0.54x as on March 31, 2021. Further, total indebtedness of the company as reflected by TOL/TNW remained stable and comfortable at 0.21x as on March 31, 2022, improved from at 0.29x in FY21. Going forward, Infomerics expects the capital structure to remain comfortable with improvement in debt protection metrics.

Diverse revenue sources

The foundation derives has a revenue profile is diversified, as Education fee income and Healthcare income along with Donations. In FY22, same is proportioned as 55% of total operating income from college and hostel fees collection and 25% from healthcare wing and remaining from Donations.



Press Release

Key Rating Weaknesses

Moderate financial risk profile:

The financial risk profile of the company remained moderate with revenue improvement to Rs. 92.46 Cr. in FY22 from that of Rs. 89.32 Cr. in FY21. However, the other non-operating income improved to Rs. 6.61 Cr. in FY22 from that of Rs. 3.66 Cr. in FY21 which has not been included for calculating profitability margins. The EBITDA and PAT margins for FY22 stood modest at 0.37% and 0.19% respectively. The Foundation had surplus of INR 1.18 Crore in FY21, the surplus reduced to Rs. 0.19 crore in FY22 (Audited) as the company incurred major maintenance activities during the year thus impacting its surplus. Further, the debt protection metrics of the company marked by interest coverage and debt service coverage ratio deteriorated and remained below unity level. The net worth levels have seen improvement over the last three years through FY22, as the company as required received additions to its corpus.

Reputational risk:

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

Analytical Approach: Standalone Approach

Applicable Criteria:

[Rating Methodology for Service Companies](#)

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

[Criteria on Rating Outlook](#)

Liquidity – Stretched

Gross Cash accrual is to be around Rs. 4.06 crores as against a debt repayment obligation of Rs 7.81 crore. The DSCR stood below unity at 0.59x in FY22. Current ratio stood modest at



Press Release

0.77 times on March 31, 2022. The company has maintained cash & bank balance of Rs. 10.91 crore in FY22.

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. Their philosophy has been to work intensively with communities which neighbour their business to enhance quality of life. Today, GMR Varalakshmi Foundation has a presence in 25 locations across the country. They work with the 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.

Financials (Standalone)*:

(Rs. Crore)

For the year ended / As on	31-Mar-2021 (Audited)	31-Mar-2022 (Audited)
Total Operating Income	89.32	92.46
EBITDA	6.25	0.34
PAT	1.18	0.19
Total Debt	42.99	31.11
Tangible Net worth	80.04	84.99
EBITDA Margin (%)	7.00	0.37
PAT Margin (%)	1.26	0.19
Overall Gearing Ratio (times)	0.54	0.37

**Other non-operating income has not been included for calculating profitability margins.*

** Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: None

Any other information: None



Press Release

Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (August 09, 2021)	Date(s) & Rating(s) assigned in 2020-21	Date(s) & Rating(s) assigned in 2019-20
1.	Long Term Fund based facilities Term Loan	Long Term	8.23	IVR BB+ / Stable Outlook	IVR BB+ / Stable Outlook	–	–
2.	Short Term Fund based facilities Secured Overdraft	Short Term	20.00	IVR A4+	IVR A4+	–	–
3.	Short Term Non-Fund based facilities Bank Guarantee	Short Term	1.00	IVR A4+	IVR A4+	–	–
4.	Long Term / Short Term Bank Facilities (Proposed)	Long Term / Short Term	5.77	IVR BB+ / Stable Outlook & IVR A4+	–	–	–

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Press Release

About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI). Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating. Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks. Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	30 th September 2024	4.63	IVR BB+/ Stable Outlook
Term Loan			31 st December 2026	3.60	IVR BB+/ Stable Outlook



Press Release

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Secured Overdraft	-	-	Revolving	20.00	IVR A4+
Bank Guarantee	-	-	-	1.00	IVR A4+
Proposed	-	-	-	5.77	IVR BB+/ Stable Outlook; / IVR A4+

Annexure 2: List of companies considered for consolidated analysis: Nil

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-GMR-Varlakshmi-nov22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: 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