



SEBI Registered
RBI Accredited
NSIC Empanelled

BWR/NCD/MUM/ERC/BP/0105/2018-19
25 May 2018

Mr. Srimamarayana K,
Vice President - Finance & Accounts,
GMR Sports Private Limited
New Udaan Bhawan,
Opp. Terminal 3, IGI Airport,
New Delhi, India - 110 037.

Dear Sir,


Sub: Rating of GMR Sports Private Limited's NCDs issue of ₹ . 550.00 Crs (₹ Five Hundred and Fifty Crores Only) with a tenor up to 5 years.

Thank you for giving us an opportunity to undertake rating of the proposed NCDs issue of Rs. 550.00 Crores of GMR Sports Private Limited. Based on the information and clarifications provided by your company, as well as information available in public sources, Brickwork Ratings is pleased to inform you that **GMR Sports Private Limited's proposed NCD issue of ₹ 550.00 Crs** has been assigned a rating of **BWR BBB+(SO) (Pronounced BWR Triple B Plus (Structured Obligation) (Outlook: Stable)**. Instruments with this rating are considered to have **moderate degree of safety** regarding timely servicing of financial obligations. Such instruments carry moderate credit risk.

The Rating is valid for one year from the date of this letter and subject to the terms and conditions that were agreed in your mandate other correspondence, if any and Brickwork Ratings standard disclaimer appended below. Brickwork Ratings would conduct surveillance every year till maturity/redemption of the instrument. Please note that Brickwork Ratings would need to be kept informed of any significant information/development that may affect your Company's finances/performance without any delay.

Please let us have your acceptance for the above rating within two days of this letter. Unless acceptance is conveyed by the said date, the rating should not be used for any purpose whatsoever.

Best Regards,


Bal Krishna Piparaiya
CGM-Ratings



Note: Rating Rationale of all accepted Ratings are published on Brickwork Ratings website. All non-accepted ratings are also published on Brickwork Ratings web-site. Interested persons are well advised to refer to the website www.brickworkratings.com, If they are unable to view the rationale, they are requested to contact brickworkhelp@brickworkratings.com.

CERTIFIED TRUE COPY
For GMR Sports Private Limited

CERTIFIED TRUE COPY
Arvind K
Company Secretary

Brickwork Ratings India Pvt. Ltd.

3rd Floor, Raj Alaka Park, Kalena Agrahara, Bangalore Road, Bengaluru - 560 076

Phone: +91 80 4040 9140 • Fax: +91 80 4040 9941 • info@brickworkratings.com • www.BrickworkRatings.com

Ahmedabad • Bengaluru • Chandigarh • Chennai • Guwahati • Hyderabad • Kolkata • Mumbai • New Delhi

CIN: U67190KA2907PTC043591



SEBI Registered
RBI Accredited
NSIC Empanelled

GMR Sports Pvt. Ltd.

Annexure I

The following documents/ information should be submitted to BWR periodically:

1. Confirmation about payment of coupon, redemption as and when done.
2. Information on delays/default in servicing bank loans, letters of credit, letters of guarantee, NCDs, bonds and other borrowings, if any, by the Company as at the end of every month.
3. Information on delays / defaults in servicing of debt obligations of any subsidiary / other group companies, if any, as at the end of every month.
4. Any other statement / information sought by BWR from time to time.
5. All the aforesaid information shall be mailed to clientinfo@brickworkratings.com

Note: In case of all accepted Ratings, respective Rating Rationale is published on Brickwork Ratings website. Interested persons are well advised to refer to our website www.brickworkratings.com, if they are unable to view the rationale, they are requested to inform us on brickworkhelp@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.



Brickwork Ratings India Pvt. Ltd.

3rd Floor, Raj Alka Park, Kalena Agrahara, Bommarahata Road, Bengaluru - 560 076

Phone: +91 80 4040 9901 • Fax: +91 80 4040 9901 • info@brickworkratings.com • www.brickworkratings.com

Ahmedabad • Bengaluru • Chandigarh • Chennai • Coimbatore • Hyderabad • Kolkata • Mumbai • New Delhi

CIN: U67190KA2907PTC043391

Rating Rationale

GMR Sports Private Limited (GSPL)

Brickwork Ratings assigns the ratings for the proposed Non-Convertible Debentures issue of ₹. 550.00 Crores by GMR Sports Private Limited (GSPL)

Particulars

Instrument	Issue Date	Amount (Rs. Cr)	Coupon	Maturity Date	ISIN Particulars	Rating*
Proposed NCDs	TBD	550.00	11% p.a. payable annual	5 years from the Date of Allotment	TBD	BWR BBB+ (SO) (Pronounced as BWR Triple B Plus (Structured Obligation)) (Outlook: Stable)
Total		550.00 (INR Five Hundred and Fifty Crores Only)				

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale

The rating has positively factored, the acquisition of 50% stake in GMR Sports Private Limited (GSPL) (owner of IPL franchise “Delhi Daredevils”) by JSW Group through its sports venture, JSW Sports Pvt. Ltd.; presence of key family members of the JSW Promoter Group i.e. Mr. Parth Jindal and Mrs. Sangeeta Jindal on the board of GSPL; equity infusion by JSW Sports Pvt. Ltd. resulting in improvement in net-worth of the issuer; higher future revenue visibility due to the new broadcasting and internet rights deal between Star Sports and BCCI (from 2018 to 2022), resulting in increase of company’s share of Central Rights revenue from IPL.

The SO subscript to the rating has factored credit enhancement by JSW Promoter Group companies to the NCDs issue, through DSRA shortfall undertaking from South West Mining Limited (SWML) and Letter of Comfort (LoC) from JSW Techno Projects Management Ltd.



However, the rating is constrained by the fact that, GSPL will have a higher debt/equity ratio to start with post the NCDs issue and risk inherent in the structure due to provision of Put option after 30 months and balloon principal repayment at the end of the tenor, both of which will require refinancing.

Description of Key Rating Drivers

Credit Strengths:

Acquisition of 50% stake in GSPL by JSW Group, presence of family members of Sajjan Jindal in the board:

JSW Group through its sports venture, JSW Sports Pvt. Ltd, is acquiring 50% stake in GSPL. After the acquisition, key members of the JSW Group promoter family, i.e. Mr. Parth Jindal and Mrs. Sangeeta Jindal will be on the board of GSPL. The name of the Company will be changed to JSW GMR Cricket Private Limited.

Improvement in net-worth:

The acquisition will be through stake purchase from existing shareholders as well as issuance of new shares. Due to the issuance of new shares, there will be an infusion of Rs. ~163 Cr into GSPL out of which Rs. ~100 Cr will be used for redemption of preference shares with net infusion of Rs. 63 Cr of equity into the company, making it a positive TNW company just before the NCDs issue. (At the end of 31st Mar'18, TNW of GSPL is Rs. -28.59 Cr.)

Higher future revenue visibility due to increase in Central Rights revenue from IPL:

BCCI has sold the broadcasting & internet rights to Star Sports for 5 IPL seasons to be held from 2018 to 2022, for a total sum of Rs. 16,347.5 Cr. Over and above this, BCCI and the teams would earn from title and on-ground sponsorships. The total of all of these is called Central Revenue. 50% of this amount will go to BCCI. Out of the rest, 45% of the amount will be equally distributed between the 8 teams over a period 5 years. Rest 5% will be distributed among the teams based on the ranking in the IPL league table. Besides the Central Revenue, the teams will earn from Gate Receipts of Home Matches (100% share) and Local sponsorship and merchandising. Due to the current 5 year broadcasting and internet rights deal, more than ~2x rise in the company's income is projected in FY 19 as compared to FY 18 and going forward the revenues are likely to be stable in nature.

Credit Risks:

Higher debt/equity ratio post NCDs issue:

Though GSPL will be a positive net worth company due to equity infusion, post issuance of the NCDs, the company will be levered. However, subsequently the capital structure is projected to improve due to repayment of debt and improvements in TNW due to profits.

Risks from provision of Put option and balloon repayment at the end of tenor of the NCDs:

There is provision for Put option at the end of 30 months from the date of allotment of the NCDs. If the put option is exercised, the company may have to depend on refinancing or support from the JSW Group.



The repayment of the NCDs are in staggered manner with 45% of principal payment to be done in the first 54 months and the balance 55% of principal payment to be done at the end of the 60th month from allotment. However, considering the resourcefulness of JSW Group and other support inherent in the issue, this risk is partly mitigated. It can also be refinanced with the support of future cash-flows at the time of redemption.

Analytical Approach

For arriving at its ratings, BWR has considered standalone strength of the issuer and assessed the support provided by JSW Promoter Group companies to the NCDs issue.

Rating Outlook: *Stable*

BWR believes the **GMR Sports Private Limited** 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 NCDs issue:

GSPL is proposing to raise NCDs of Rs. 550 Cr with tenure of 5 years with Put/Call option at the end of 30 months with 3 months of advance notice from either side. The fund raised from NCDs of Rs. 550 Cr will be utilised by the company for maintaining, running and/or improving the company's operations and meeting any payments and/or expenses including any advance payments and/or expenses for the company's operational and services contracts. The repayment is in staggered manner with 45% of Principal Payment to be done in 54 months and rest 55% of Principal to be paid at the end of 60th month from the date of allotment.

The NCDs are secured by first exclusive charge on all receivables including share of central rights income from BCCI, gate receipts and local sponsorship contract to be received by the issuer, pledge of 50% shares in GSPL being acquired by JSW Group, charge over all operating accounts of the issuer, charge over DSRA account of the issuer covering principal and interest for 1 period to be funded 4 business days prior to due date.

JSW Techno Projects Management Ltd, which is a 100% Sajjan Jindal Family owned entity, is providing a Board approved Letter of Comfort for the issue. It holds 22.93 Crores of JSW Steel Limited shares (out of which 56% shares are already pledged).

There is provision for DSRA shortfall undertaking from South West Mining Limited (SWML) (100% JSW promoter Group Companies owned entity) which is a Mine Development Operator (MDO) for the Kapurdi and Jalipa lignite mines in Rajasthan, which supplies lignite to Raj West Power Ltd (RWPL), which operates a 1,080 MW lignite based thermal power plant in Barmer, Rajasthan. RWPL is a subsidiary of JSW Energy Limited.



It is also proposed that at least one family member directly related to Mr. Sajjan Jindal, will be in the board of the issuer, till the redemption of the NCDs.

About the Company:

GMR Sports Pvt Ltd (GSPL) was incorporated in February 2008 as a subsidiary of GMR Enterprises Private Limited. GSPL was constituted to look after sports related commercial activities, organising sports events, managing the team, constructing, maintaining and taking up or leasing out stadiums, coaching players and undertake other sports/sports related cultural activities. It owns the IPL franchise Delhi Daredevils. GMR Group had won the bid in the January 2008 IPL auctions to manage and own the Delhi franchise of the IPL. From FY 19 onwards, 20% of franchise income will go to BCCI, as annual franchise consideration as per the agreement.

JSW Sports Pvt. Ltd. which is acquiring 50% stake in GSPL, is 100% owned by Everbest Consultancy Services Pvt. Ltd., which is 100% owned by Sajjan Jindal Family Trust.

Key Financial Indicators

Key Parameters	Units	2016	2017
Result Type			
Operating Revenue	₹ Cr	128.29	125.56
EBITDA	₹ Cr	34.80	34.04
PAT	₹ Cr	(6.17)	(9.04)
Tangible Net worth	₹ Cr	(97.41)	(72.85)
Total Debt	Times	54.55	72.98

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015



1.	NCDs	Long Term	550.00	-	-	-	-
	Total		550.00 (INR Five Hundred and Fifty Crores Only)				

Status of non-cooperation with previous CRA (if applicable)- NA

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Infrastructure Sector
- Short Term Debt

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Bal Krishna Pipraiyee</i> <i>CGM-Ratings</i> analyst@brickworkratings.com	media@brickworkratings.com
	Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

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 Investors queries can be sent to info@brickworkratings.com.



About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

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.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.