

March 28, 2025

GSM Mega Infrastructures Private Limited: Rating reaffirmed; removed from Issuer Non Cooperating category and withdrawn

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based/LRD loan	110.00	110.00	[ICRA]BB (Stable); rating reaffirmed, removed from Issuer Not Cooperating category and withdrawn
Long-term – Unallocated	10.00	10.00	
Total	120.00	120.00	

*Instrument details are provided in Annexure I

Rationale

The rating action for GSM Mega Infrastructures Private Limited (GMIPL) factors in the healthy occupancy levels of 94% over the past two years, which is expected to sustain in the medium term. The rating notes the improvement in the company's leverage metrics with total debt/net operating income (NOI) estimated at 5.9 times as of March 2025 (PY: 6.2 times) and 5.5 times as of March 2026 on account of scheduled debt repayments. Consequently, the coverage metrics are likely to remain adequate over the debt tenure. The rating further considers the attractive location of GMIPL's operational mall (GSM), strategically built on the Pune-Hyderabad Highway in Miyapur, Hyderabad, in proximity to pharmaceutical, apparel and industrial development areas. It enjoys a reputed tenant profile with long-term lease agreements, which provide comfort for stable rental income.

The rating is, however, constrained by the high tenant concentration with top 10 tenants occupying around 74% of the total chargeable area as of December 2024. The rating is constrained by the vulnerability of its debt coverage ratios to factors such as change in interest rates and occupancy levels. Further, the mall is exposed to geographical concentration risks and its revenues are susceptible to adverse macroeconomic and external conditions.

The Stable outlook on the [ICRA]BB rating reflects ICRA's opinion that GMIPL will benefit from its healthy occupancy, attractive location of the mall and adequate debt protection metrics.

ICRA has removed the rating from the Issuer Not Cooperating category and has withdrawn the rating assigned to the bank facilities of GMIPL, at the request of the company and based on the No Objection Certificate (NOC) received from the banker, and in accordance with ICRA's policy on withdrawal of ratings.

Key rating drivers and their description

Credit strengths

Attractive location of the property – GSM Mall is strategically built on the Pune-Hyderabad Highway in Miyapur, Hyderabad, in proximity to pharmaceutical, apparel and industrial development areas. With no major competing mall of similar scale in the vicinity, the mall enjoys healthy footfalls.

Reputed tenant profile with long-term lease agreements and healthy occupancy – The mall has signed long-term lease agreements with reputed tenants like Centro, Manyavar, Starbucks, Burger King, McDonald's etc, wherein the lease agreement

is for 9 years or more. This provides comfort in terms of lease expiry risk and stable rental income. Moreover, the occupancy levels remained healthy at 94% over the past two years, which is expected to sustain in the medium term.

Adequate debt protection metrics – The rating notes the improvement in the company’s leverage metrics with total debt/net operating income (NOI) estimated at 5.9 times as of March 2025 (PY: 6.2 times) and 5.5 times as of March 2026 on account of scheduled debt repayments. Consequently, the coverage metrics are expected to remain adequate over the debt tenure.

Credit challenges

High tenant concentration – GMIPL has high tenant concentration risk, with top ten tenants occupying around 74% of the total chargeable area as of December 2024. This exposes the company to market risks in case any of these tenants vacate their areas.

Vulnerability to changes in interest rate and occupancy levels – The debt coverage ratios are vulnerable to factors such as changes in interest rates or reduction in occupancy levels.

Geographical and asset concentration risks; vulnerability to external factors – GMIPL is exposed to geographical and asset concentration risks as it has only one mall under operation and the entire revenues are derived from a single asset. In addition, its revenues are exposed to adverse macroeconomic and external conditions, which could impact the tenants’ business risk profiles.

Liquidity position: Adequate

GMIPL reported cash balances of Rs. 3.8 crore as on March 31, 2024. The company has a principal and interest repayment obligation of Rs. 13.25 crore in FY2026, which is expected to be comfortably serviced through cash flow from operations. There are no capex plans for the company in the medium term.

Rating sensitivities

Positive factors – NA

Negative factors – NA

The rating sensitivities have not been captured in PR as the rated instruments are being withdrawn.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty - Lease Rental Discounting (LRD) Policy on withdrawal of Credit Ratings
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the company’s standalone financial statements

About the company

Incorporated in 2011, GMIPL is involved in developing and operating commercial real estate projects at Miyapur, Hyderabad. The mall-cum-multiplex has a total chargeable area of 4.46 lakh square feet and operates under the name GSM Mall. Spread across 3.23-acre area, the mall has seven floors (G+6) and three basement levels of parking (for up to 800 cars). The mall became operational on June 8, 2019. The company is promoted by Mr. Murali Mohan Reddy, Mr. M V S Seshagiri Rao and Mr. Siva Shankar Reddy.

Key financial indicators (audited)

Standalone	FY2023	FY2024
Operating income	27.1	32.8
PAT	-0.5	1.7
OPBDIT/OI	54.0%	51.0%
PAT/OI	-1.9%	5.1%
Total outside liabilities/Tangible net worth (times)	-57.1	-161.3
Total debt/OPBDIT (times)	9.5	8.0
Interest coverage (times)	1.4	1.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: CRISIL has outstanding ratings of CRISIL D, ISSUER NOT COOPERATING according to its rationale dated March 21, 2024.

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2025)				Chronology of rating history for the past 3 years			
		Type	Amount rated (Rs. crore)	Date & rating in FY2025		Date & rating in FY2024		Date & Rating in FY2023	Date & rating in FY2022
				March 28, 2025	Apr 08, 2024	Nov 17, 2023	Apr 21, 2023	Oct 31, 2022	Aug 26, 2021
1	LRD loan	Long term	110.0	[ICRA]BB (Stable); withdrawn	[ICRA]BB (Stable); ISSUER NOT COOPERATING	[ICRA]BB(Stable); ISSUER NOT COOPERATING	[ICRA]BB (Stable)	[ICRA]BB-(Stable)	[ICRA]D
2	Unallocated limits	Long term	10.0	[ICRA]BB (Stable); withdrawn	[ICRA]BB (Stable); ISSUER NOT COOPERATING	[ICRA]BB(Stable); ISSUER NOT COOPERATING	[ICRA]BB (Stable)	[ICRA]BB-(Stable)	[ICRA]D

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based/LRD loan	Simple
Long-term – Unallocated limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	LRD loan	Jan 2020	NA	FY2036	110.00	[ICRA]BB (Stable); withdrawn
NA	Unallocated limits	NA	NA	NA	10.00	[ICRA]BB (Stable); withdrawn

Source: Company

Annexure II: List of entities considered for consolidated analysis: Not Applicable

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