JSW GMR Cricket Private Limited

January 07, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	650.00	CARE A-; Stable	Reaffirmed
Long Term / Short Term Bank Facilities	200.00	CARE A-; Stable / CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to the bank facilities of JSW GMR Cricket Private Limited (JGCPL) factors in the improved and stable revenue profile and the company's profitability owing to the increase in revenue from the central media rights (TV and Digital Rights). The media rights are sold by Board of Control for Cricket in India (BCCI)- Indian Premier League (IPL) in June 2022, for the five Calendar year (CY) window (CY 2023-2027) and were bought at a record price of ₹48,390 crore, which is ~3x as compared to ~₹16,347 crore bid for the earlier five years (CY2018-2022). The substantial rise in media rights will result in increased revenue share to all the teams, thereby benefiting the JGCPL as well. The revenue increase is also supported by additional streams in the form of ticketing revenue and from the increase in revenue from title sponsorship and other official partners fees. The ratings further derive strength from the fact that JGCPL is a 50:50 Joint Venture between the JSW and the GMR group, who are one of the major business conglomerates in India.

The company acquired the franchise rights of the Delhi team in the Women's Premier League organised by BCCI. CARE Ratings Limited (CARE Ratings) expects the new team will further helps to increase the brand value of "Delhi Capitals" and increase its footprint in the Women cricket space, which is growing on yearly basis both in terms of individual participation and corporate spending. Increase in the presence across categories would drive up the branding-related revenues for the company. CARE also take cognisance that JGCPL acquired majority stake in Dubai Capitals team in Dubai's ILT20 (International League T20) and Pretoria Capitals in SA20 (South African T20).

The ratings continue to remain constrained owing to the expected losses in the women's team, Pretoria Capitals and Dubai Capitals. These leagues being in their nascent stage of operations, are likely to showcase gradual improvement in each of their revenue streams, which will lead to continued losses for the next few fiscals. However, quantum of loss is expected to reduce with each passing fiscal, with these leagues gaining popularity and viewership traction. The ratings also remained constrained on account of uncertainty with regards to the timing of commencement IPL posing significant expense/revenue concentration and other inherent operational/regulatory risk factors in sports league like IPL.

Majority of the significant repayment obligation for FY25 is expected to be comfortably serviced from the surplus liquidity available with the company, apart from the accretion to cash flows arising out of the surge in central media rights. Going forward, CARE Ratings expects timely receipt of payments from the governing body, performance of newly acquired teams, completion of the tournament as scheduled and risk associated with decline in popularity of the game will remain a key monitorable in terms of credit rating perspective.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improved capital structure with overall gearing below 1.00x on a sustained basis
- Sustained improvement in the scale of operations of the company going forward with company deriving income from prize money and increased proportion of income derived from ticketing and sponsorship revenue.

Negative factors

- Any unforeseen circumstance leading to a decline in revenue share from the governing body with total operating income (TOI) less than ₹500.00 crore
- Any contractual/legal disputes between the company and governing body or any breach in the standard guidelines
- Withdrawal of fund support from the group and/or dilution in shareholding by JSW Group
- Any meaningful decline in the popularity of the tournament

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Analytical approach: Consolidated
CARE Ratings has adopted a consolidated approach while factoring in the linkages with JSW and GMR Group and the need-based support expected to be extended by both the groups. Two new entities (attached in the annexures below) have become a part of JSW GMR Cricket Private Limited which were recently acquired in February 2024 for its business expansion in Dubai and South Africa namely, Dubai capitals and Pretoria Capitals respectively. The list of entities whose financials have been considered in JGCPL consolidated financials is listed under in Annexure 6 along with the extent of their consolidation.

Outlook: Stable

Stable outlook refers to the CARE's expectation that JGCPL will continue to derive the stable central media rights revenue share which has very little volatility alongside low counterparty risk (BCCI: Which is the counter party for the company and also acts as major source of revenue). The addition of Women's team and acquiring stakes in Pretoria Capitals and Dubai Capitals will result in initial losses, which are expected to be mostly offset by the profitability earned in the Men's IPL team. Going forward, the advertising and ticket sales are also expected to improve at the back of increased viewership for Women matches and BCCI plans to further expand the Women Cricket across India.

Detailed description of key rating drivers

Key strengths
Ensured and stable revenue visibility
Revenue from Media rights is the major revenue source for JGCPL. This is the amount every team playing IPL is entitled to from the governing body. In addition to the revenue share, the company also derives cashflows from Sponsorships, brand promotions and ticket sales. For the year FY24, the company has received ~₹548.33 crore from the governing body as central rights. BCCI is the final governing body of the IPL tournament and is known for strong financial acumen is historically timely on its payments to IPL teams. Further, the payments from the governing body are uniform across teams with only 10% of the money available in central pool for distribution depending upon the players position and the remaining 90% is distributed evenly across all the team playing in the tournament. The Revenue for Media rights for Men's IPL will be as per the new auction which is significantly higher than the previous levels leading to better margins. Moreover, we can expect a stable title sponsorship revenue owing to Title sponsorship from Tata as it has acquired title sponsorship for ₹2500 crore for the next 5 years until IPL 2028, which will further add ₹25 crore of revenue for each team. This ascertains a revenue visibility of ₹500 plus crore until IPL 2027 from Men's IPL only. The mechanism for revenue distribution is as follows. Every team playing in IPL is entitled to receive a particular sum from the governing body in yearly basis. For the window 2023- 2027, out of the total bid value of ₹48,390 crore, IPL governing body will retain 50% and the remaining 50% will be split across the teams. Out of the this, 45% is split evenly across every team irrespective of the position of the team. The remaining 5% will be distributed based on the performance of the team in the edition.

Stable TOI with healthy profitability margins
The total operating income of the company is on an uptick which grew with a CAGR of ~23% from FY20 to FY24. The growth/volatility in the revenue is majorly driven by other factors like local sponsorship, gate revenue and endorsements. Also, the revenue booking varies in the books of the company as per timeline abiding by the 'revenue recognition' of Indian accounting standards, hence revenue from a league are split in between two fiscal years owing to change in financial year. During FY24, the TOI is driven majorly from the increased Central Media rights, further supported by sponsorship and brand promotion fees. The TOI will further improve owing to addition of Dubai Capitals and Pretoria capitals. During FY24, the company reported a PBILDT margin of 27.80% which is however expected to dilute due to additional expenses of Dubai Capital and Pretoria Capitals. The acquisition of Pretoria Capitals and Dubai capitals will contribute to the top line of ~ ₹50 crore in FY25, however both overseas teams will report negative PBILDT for few years.

Increased penetration of IPL driving up the central rights revenue
The tournament is conducted and governed by IPL governing body which is under Board of Control for Cricket in India, which is one of the largest cricket boards in the world. The board has set up an auction for the media rights of IPL in June 2022 and has earned ~₹48,390 crore for the five-year window starting 2023. This is ~3x more than the final price in the last auction. As the proportion of revenue to the teams is proportional to total auction price, the new price will drive the top lines of various teams to further expanding their profitability margins.

Strong promoters with healthy financial acumen
Incorporated as GMR Sports Private Limited, the company changed its name to JSW GMR Cricket Private Limited post the acquisition of 50% stake by JSW group. As on September 30, 2024, both JSW and GMR groups own 50% each of the shareholding in JGCPL.
JSW Group: JSW group is a $23 billion conglomerate with interest across steel, energy, infrastructure, and paints with Mr. Sajjan Jindal as the chairman of the group. The group has also presence in other sports like football (Bangalore FC team in ISL), Kabbadi (Haryana Steelers in Pro Kabbadi League). GMR Group: Founded in 1978, GMR group is one of the major infrastructure companies in India. The group is founded by Mr. Grandhi Mallikarjuna Rao and the company operates airports in Delhi and Hyderabad and

also has presence in major infrastructure projects in India. The group has also presence in other sports like Kabaddi (UP Yoddhas in Pro Kabaddi League) and Kho Kho (Telugu Yodhas in Ultimate Kho Kho league).

Key weaknesses

High interest expenses coupled with major repayments.

Historically, the interest expense of the company is more than ₹32.00 crore, which is significantly impacting the net profits of the company. From FY25, the company has major repayments for the term loan availed for acquiring franchise rights of Dubai Capitals and Pretoria Capitals. However, CARE expects that the company is comfortable placed in terms of its debt servicing obligations provided both IPL and WPL, given the leagues proceed without any external disruptions, whether natural or artificial (man-made).

Uncertainty in the timing of IPL

Historically IPL has been postponed a few times on account of external factors leading to delays in the receipt of central media rights revenue for the companies. For the past two years the tournament has been conducted with no fans in the stadium leading to negligible ticket sales for the company (Despite ticket sales a marginal portion of the total revenue). Any postponement/decreased number of matches during the season will lead to deterioration in the cash inflow for the company which might strain the debt repayment capacity.

Addition of new teams and acquisition of foreign franchise rights diluting profits

In January 2023, BCCI invited application from interested parties to bid for five teams that will be part of inaugural Women Premier League season. JGCPL had won the franchise rights of Delhi team for total consideration of ₹810.00 crore. The tournament began on March 04, 2023, with five teams and the television rights for the same are sold to Viacom for ₹951.00 crore which will continue for five-year window starting 2023.

JGCPL is made an overseas direct investment in FY24 in the Dubai, UAE and South Africa in the ILT20 and SA20 teams via Dubai Capitals and Pretoria Capitals for 80% and 70% stake in the company respectively for ~ ₹225 crore each. Currently the franchise rights for the Dubai capitals are held via GVL Sports Ventures and Trading DMCC and the Pretoria Capitals franchise rights are owned via JSW Pretoria Capitals (Pty) Ltd. The balance stake in GVL Sports Ventures and Trading DMCC and JSW Pretoria Capitals (Pty) Ltd are held by GMR Holdings (Mauritius) Limited and JSW Sports Private Limited. These leagues being in their nascent stage of operations and are likely to showcase losses for the next few years, However, the magnitude of these losses is anticipated to decrease going forward as the league gain popularity and attract more viewers.

Inherent risk pertaining to the nature of IPL operations

IPL as a sport is one of the most watched global events with participation from different countries. And with the increased digital penetrations, there have been numerous instances of betting and other illegal activities associated with the IPL. Further, there are certain clauses stipulated by the IPL governing body in the agreement signed with the franchisees. Any breach of these clauses might lead to cancellation/suspension of the franchisee rights. There are exists certain operational uncertainties like player issues which may arise owing to the personal commitment, fitness issue and the current form. With the International Cricket Council (ICC) calendar matches increasing Y-o-Y basis, the chances of experiencing fatigue by the time IPL commences or players might get injured during the previous tournaments which might impact the winning probability for the team. However, majority of these factors can be taken care of using proper planning and having a experienced team of personnel from scouting, recruitment, player development and physio.

Liquidity: Adequate

The liquidity profile of the company is adequate emanated by its surplus cash and liquid investments worth ~₹324 crore (on standalone basis) as on September 30, 2024, against a term debt repayment obligation of ~₹90.00 crore in FY25. The liquidity profile is further being supported by the unutilized fund-based working capital limits of ₹69 crore to meet any short-term exigencies. There are certain pre-operating expenses that arise at the initiation of IPL in 4th quarter of the financial year, which are be recovered gradually post initiation of matches, hence a higher working capital requirement is skewed towards the end of the year. Thereby, the company maintains surplus liquidity in the form of liquid investments throughout the year.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Consolidation
Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Service Sector Companies

Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Media, Entertainment & Publication	Entertainment	Media & Entertainment

JSW GMR cricket private limited (JGCPL) holds the franchise of "Delhi Capitals" which participates in the Indian Premier League (IPL). It was initiated by the Board of Control for Cricket in India (BCCI) and is looked after by the IPL governing body (BCCIIPL) which is headquartered in Mumbai. The team has finished 6th in the latest edition of IPL. At the time of initial auction in February 2008, the franchise rights of Delhi were brought by GMR group for ₹336 crore (US$ 84 million dollars at exchange rate at that time). In March 2018, JSW through its sports arm bought 50% stake in the GSPL for ~ ₹550 crore (~US$ 84.5 million).

Brief Financials (₹ crore)	March 31, 2023 (A) (Standalone)	March 31, 2024 (A) (Consolidated)	H1 FY25(UA) (Standalone)
Total operating income	331.10	734.58	431.94
PBILDT	-78.39	204.19	175.85
PAT	-58.27	149.97	116.46
Overall gearing (times)	9.37	18.08	-
Interest coverage (times)	NM	7.82	6.32

A: Audited UA: Unaudited; NM: Not Meaningful; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	August 2029	650.00	CARE A-; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	150.00	CARE A-; Stable / CARE A2+
Fund-based/Non-fund-based-LT/ST		-	-	-	50.00	CARE A-; Stable / CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (04-Apr-23)	1)CARE A-; Stable (21-Sep-22)	-
2	Fund-based - LT-Term Loan	LT	650.00	CARE A-; Stable	-	1)CARE A-; Stable (02-Jan-24) 2)CARE A-; Stable (04-Apr-23)	-	-
3	Fund-based/Non-fund-based-LT/ST	LT/ST	150.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (02-Jan-24) 2)CARE A-; Stable / CARE A2+ (04-Apr-23)	-	-
4	Fund-based/Non-fund-based-LT/ST	LT/ST	50.00	CARE A-; Stable / CARE A2+	-	1)CARE A-; Stable / CARE A2+ (02-Jan-24) 2)CARE A-; Stable / CARE A2+ (04-Apr-23)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	GVL Sports Ventures and Trading DMCC	Full	Similar line of business with foreign operations
2	JSW Pretoria Capitals (Pty.) Limited	Full	

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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