Press Release

GMR Airports Limited (formerly GMR Airports Infrastructure Limited)

March 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term / Short-term bank facilities	500.00	CARE BBB+; Stable / CARE A2	Reaffirmed
Non-convertible bonds	400.00	CARE BBB+; Stable	Assigned
Non-convertible bonds	6,100.00	CARE BBB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Ratings Limited (CARE Ratings) has reaffirmed ratings assigned to bank facilities of ₹500 crore and non-convertible bonds (NCBs) of ₹6,100 crore while assigning ratings to NCBs of ₹400 crore.

Ratings assigned to debt instruments and bank facilities of GMR Airports Limited (GAL) factor in GAL's healthy financial flexibility being a listed holding company of two major operating Indian airports, Delhi International Airport Limited (DIAL) and GMR Hyderabad International Airport Limited (GHIAL). Both airports are among busiest airports in India and have witnessed passenger traffic growth of 7.8% and 15.9% year-on-year respectively in 10MFY25 (refers to April 01 to January 31). GAL has acquired additional stake of 10% in in DIAL from the Fraport AG Frankfurt Airport Services Worldwide on March 07, 2025, increasing its stake from 64% to 74%. Apart from these two, GAL's portfolio comprises four other airports -two domestic (i) GMR Goa International Airport Limited (GGIAL, rate CARE A; Stable / CARE A1) & (ii) GMR Visakhapatnam International Airport Limited (GVIAL) and two international airports – (iii) Medan Airport, Indonesia and (iv) Crete Airport, Greece. GAL's strategic partnership with Aeroports De Paris (Groupe ADP), demonstrated track record of funds raised in the past several years to meet refinancing and/or capital expenditure (capex) requirements are other credit strengths. GAL has also forayed into non-aero businesses at airports and the start of operations for Duty Free Services at Delhi airport and Hyderabad Airport in FY26 is expected to notably improve its revenue and profitability in the medium term.

As part of the GAL's merger scheme with, GAL raised €331 million from Groupe ADP through 10-year foreign currency convertible bonds (FCCBs) in March 2023, proceeds of which have been utilised in FY24 towards debt repayment in one of the subsidiary companies apart from partly settling contingent liabilities related to non-airport businesses. As on December 31, 2024, there is no corporate guarantee (extended by GAL) outstanding towards any of the non-airport entities.

The rating notes GMR Nagpur International Airport Limited (GNIAL, a wholly owned subsidiary of the company) has signed concession agreement with the Mihan India Limited (MIHAN) in October 2024 for upgrading, modernising, operating, and maintaining Nagpur's Dr. Babasaheb Ambedkar International Airport. Process to take over the Airport is underway and is expected to be taken over in Q1FY26. The equity commitments towards the same will be infused in the next four years.

However, rating strengths are tempered by GAL's current limited revenue stream, susceptibility of its revenue to volatility associated with traffic growth and regulatory risk faced by its airport assets, GAL's limited cash accruals, below unity interest coverage and inherent refinancing risk. Nevertheless, the strong and improved credit profile of underlying operating assets and the consequent higher valuation mitigate refinancing risk to an extent. Going forward, material weakening in valuation to the adjusted debt (Including FCCBs, corporate guarantees extended to non-airport entities and debt backed by pledge of shares) is a key rating sensitivity.

Ratings also take cognisance of promoter (GMR Group) pledge of 35% (reduced from 54% as on July 25, 2024) of GMR Group's holding in GAL as on March 21, 2025, which is pledged for availing debt at promoter entity. CARE Ratings relies on management articulation that promoter debt raised via pledge of share is without recourse to GAL and GMR group shall continue to be promoter till dilution of control up to 10%.

CARE Ratings also notes that prior to de-merger of power vertical, GAL had extended corporate guarantee to one of power entity - GMR Rajahmundry Energy Limited (GREL; rated CARE D; Issuer Non-Cooperating) subsequently transferred to GMR Power and Urban Infra Limited (GPUIL) pursuant to scheme of demerger. GAL passed board resolutions/executed undertakings with GPUIL pursuant to which, it shall jointly remain liable for aforementioned guarantees. As articulated by GAL's management, this corporate

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

guarantee has not been executed. However, it remains a potential risk for GAL till the settlement of said matter. Hence, extension of corporate guarantee to GREL going forward, constitutes key negative sensitivity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant reduction in debt level on sustained basis.
- Diversification of revenue stream with increased contribution from non-aero segment leading to healthy ramp up of profit before interest, lease rentals, depreciation and taxation (PBILDT).
- Resolution of potential contingent liability towards power vertical.

Negative factors

- Extension of corporate guarantee and/or support in the form of loans and advances to power vertical including GREL.
- Time or cost overrun in execution of under construction airports thus significantly increasing equity commitments or other funding requirement towards the project.
- Significant increase in adjusted debt levels, diluting the valuation-to-adjusted debt ratio below 5x.

Analytical approach: Standalone

CARE Ratings has considered standalone financials of GAL, factoring in support and equity commitments towards its subsidiaries. GAL being the holding company, CARE Ratings factors in strength/financial flexibility from valuation of underlying assets.

Outlook: Stable

In the medium term, CARE Ratings expects GAL's business profile to persist supported by robust performance of underlying airport assets and favourable outlook for airports businesses.

Detailed description of the key rating drivers

Key strengths

Favourable outlook for airports business

In FY24, air passenger traffic in India reached to 376.4 million passengers from 327.3 million passengers in FY23, surpassing pre-pandemic air traffic levels by 10.3%. Outlook for airport businesses in medium term to remain favourable owing to strong air passenger traffic growth. CARE Ratings estimates passenger traffic to surpass 400 million in FY25. Per CARE Ratings estimates passenger traffic is slated to grow at 9% CAGR to reach ~485 million passengers in FY27.

Financial flexibility derived from direct ownership of airport assets and other airport related businesses

GAL is the holding company for two major airports of the country, DIAL and GHIAL, which have strong business profiles. Both airports have regulated revenues under the hybrid tariff structure with assured return on aero assets, which is further supported by non-aero revenues. GAL also holds stake in four other airports- two domestic airports namely GGIAL and GVIAL and two international airports - Medan Airport, Indonesia and Crete Airport, Greece. GAL has financial flexibility, being the majority stakeholder in DIAL (74%), GHIAL (74%), and GGIAL (100%, except one golden share being held by the Government of Goa). GAL also holds 17.03% in Delhi Duty Free Services Limited (DDFS) and 50.1% in Delhi Airport Parking Services Private Limited (DAPS), which have healthy financial risk profiles. DDFS concession with DIAL is expected to get completed in July 2025. The rating notes GMR Nagpur International Airport Limited (GNIAL, a wholly owned subsidiary of the company) has signed concession agreement with the Mihan India Limited (MIHAN) in October 2024 for upgrading, modernising, operating, and maintaining Nagpur's Dr. Babasaheb Ambedkar International Airport. Process to take over the Airport is underway and is expected to be taken over in Q1FY26. Equity commitments towards it will be infused in the next four years.

Improvement in business profiles of airport assets

Two main operating airports under GAL – DIAL and GHIAL – have demonstrated consistent improvement in their business performance over the years. DIAL and GHIAL together have contributed 26-28% of the total passenger traffic of the country in the last six years. Both airports are strategically located, leading to significant upsurge in traffic volumes.

The passenger traffic at DIAL and GHIAL reached record levels in FY24 at 73.7 million and 25.0 million respectively due to expanded passenger capacity at both the airports and the buoyant air passenger traffic. The passenger traffic continued its growth momentum as DIAL and GHIAL registered 7.8% and 15.9% of the passenger traffic growth for 10MFY25 against 10MFY24, respectively.

DIAL and GHIAL have expanded their capacities to 100 million passengers per annum (MPPA) and 34 MPPA, respectively. Due to the unserved demand and added capacity, the passenger traffic is expected to remain robust, going forward at both airports. GGIAL is a greenfield airport and it commenced commercial operations in January 2023. Despite being the second airport operating at Goa, GGIAL was able to tap the unserved demand at Goa and capture 39% of the passenger market share in FY24. It has registered a passenger traffic of 4.4 million in FY24.

Expected improvement in operating income and PBILDT with foray in the non-aero business

GAL previously had revenue stream of operator fees, dividend income from subsidiaries, engineering, procurement, and construction (EPC) and management fee. To expand its revenue stream, GAL has forayed in providing non-aero services at its airport subsidiaries and GAL's operating income is expected to improve going forward. Presently, GAL is providing retail business, car parking and ground transportation services at GHIAL. GAL is operating car parking, cargo and duty-free service at Goa Airport. GAL has won bids for operating duty-free services both at DIAL and GHIAL and GAL is expected to commence operations at both airports in FY26. Significant improvement in operating revenues and profitability levels on a sustained basis is a key rating sensitivity.

Demonstrated fundraising capabilities

GAL has a demonstrated track record of successful fundraising in the past, to support refinancing requirements and/or meeting capex requirements for its airport assets. While successful fundraising has enabled meeting refinancing requirements, the high cost of debt has impacted cash flow.

Synergic benefits from Groupe ADP

The GMR group was founded by GM Rao in 1978. Over the years, the company has demonstrated successful execution capabilities across diverse sectors. Groupe ADP holds 32.3% shareholding and is co-promoters of the company with equal board representation. Groupe ADP develops and manages airports and owns and operates all three of Paris' international airports – Paris-Charles de Gaulle, Paris-Orly, and Paris-Le Bourget. ADP operates 26 airports globally. Groupe ADP's major shareholder is the Government of France, which holds a stake of 50.6%.

Key weaknesses

Modest Refinancing risk despite elevated debt levels

As the listed arm of GMR Group, and being the holding entity of the airport assets, GAL has equity investment commitments in the under-construction special purpose vehicles (SPVs) and has to extend need-based support to other subsidiaries. However, in the absence of limited upstreaming of cash flows from the major operational subsidiaries (DIAL and GHIAL), GAL has relied on debt-funded equity investments, resulting in elevated debt levels. Apart from bullet repayments of the debt instruments have necessitated timely refinancing. GAL has outstanding NCBs of ₹6,100 crore, of which ₹5,000 crore have a bullet repayment in November 2026 while ₹1,100 crore have a bullet repayment in February 2028. Strong credit profile of underlying assets and consequent higher valuation mitigate refinancing risk to an extent.

Groupe ADP had subscribed to FCCBs of GAL in March 2023. CARE Ratings has treated FCCBs as part of debt for assessment purpose. However, longer tenor of FCCB with no cash coupon payments for the first five years until March 2028 is expected to provide cushion from the credit perspective. The rating also takes cognisance of high promoter (GMR Group) pledge of 35% of GMR Group holding in GAL as on March 21, 2025, which is pledged against debt availed at promoter entity. CARE Ratings relies on the management's articulation that promoter debt raised via pledge of share is without recourse to GAL.

Per covenants of bonds, minimum valuation of GAL shall be at least ₹20,000 crore at all times. Considering the NCBs, FCCBs and lease liability, the valuation-to-debt multiple basis the March 31, 2024, valuation of GAL is at 9.7x. Considering the adjusted debt (including NCBs, FCCBs, lease liability, corporate guarantee to non-airport group companies and debt backed by pledge of shares), valuation-to-adjusted debt multiple basis March 31, 2024 valuation is at 5.76x. Going forward, the material dilution in valuation to the debt (including FCCBs, non-airport corporate guarantees and debt backed by pledge of shares) below 5x is a key rating sensitivity.

Risk related to potential contingent liability towards GREL

Prior to de-merger of power vertical, GAL had extended corporate guarantee to one of power entity GREL, which was subsequently transferred to GMR Power and Urban Infra Limited (GPUIL) pursuant to scheme of demerger. GAL has passed board resolutions / executed undertakings with GPUIL pursuant to which, it shall jointly remain liable for these guarantees. As articulated by GAL's management, the said corporate guarantee has not been executed as on date. However, it remains a potential risk for GAL till the settlement of the matter.

Inherent project risk associated with under-construction assets
GAL has two under-implementation projects comprising the construction of greenfield airports at Bhogapuram, Andhra Pradesh (6.0 MPPA), and Crete, Greece, which exposes GAL to project risk. The briefs of the ongoing projects are as follows:
GVIAL, Andhra Pradesh: Total project cost is estimated to be in the range of ₹4,700-4,800 crore. Construction activities have commenced from November 2023. The physical progress stands at ~55% as of December 31, 2024. Based on the current estimate of the project cost of pure equity of ₹1,027 crore (GAL to infuse 51%), GAL has infused ₹411 crore, while NIIF has invested ₹395 crore in the form of compulsory convertible debenture (CCD) as of March 31, 2024. Pending equity commitments from GAL to GVIAL is ₹134 crore, which will be met in FY26.

Heraklion International Airport, Crete, Greece: GAL, through its overseas subsidiary, GMR Greece Limited, is developing the airport at a project cost of €632.5 million (increased from €520 million; the increased cost will be provided by the Government of Greece in the form of grant). GAL's entire equity commitment has been completed. Expected commercial operations date (COD) is in CY27.

GNIAL, Maharashtra: GNIAL has signed concession agreement with the MIHAN in October 2024 for upgrading, modernising, operating, and maintaining Nagpur's Dr. Babasaheb Ambedkar International Airport. Process to take over the Airport is underway and is expected to be taken over in Q1FY26. Final project cost is not yet decided, however, CARE Ratings has considered ₹500-₹600 equity commitments towards it.

As all airport projects are in intermediate or preliminary stages of construction, cost or time overruns in ongoing projects, necessitating GAL to fund the cost increase through debt, will be important from the credit perspective.

Regulatory risk
GAL is exposed to inherent regulatory risk pertaining to its airport assets portfolio. Regulatory tariff determination for underlying airports may get delayed. Airport operators, on their own, do not have the authority to decide or revise tariffs for aeronautical services provided. Operators are required to file their aeronautical revenue requirements with the regulator, who critically assesses the filing and passes a tariff order. Instances of revisions in rates, which have a direct impact on the revenue, expose companies to regulatory risk. However, the risk of delay in tariff determination is partially mitigated by true-up mechanism in the next control period.

Liquidity: Adequate
The liquidity is characterised by financial flexibility available with GAL being the holdco of the two major airport assets, DIAL and GHIAL. The company has entirely fulfilled its equity commitments in the ongoing airport projects held under subsidiaries and joint ventures (JVs) except in the GVIAL, where GAL is expected to further infuse ₹134 crore in FY25-FY26. CARE Ratings has also considered ₹500-₹600 equity commitments towards GNIAL, where final project cost is not decided yet. GAL's outstanding NCBs are maturing in November 2026 and February 2028. As on March 31, 2024, the company had cash and cash equivalents balance of ₹108 crore (at the standalone level) and unutilised fund based working capital limits of ₹100 crore.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks:

Environmental	• DIAL is net zero carbon emitter. • DIAL is the first airport in the country to run entirely on renewable electricity hydro and solar power. • DIAL has replaced over 95% of its vehicle fleets by EVs. • DIAL and GHIAL accredited with Level 4+: Transition by the Airports Council International. • GGIAL has renewable energy generation from five MW onsite solar power unit.
Social	CSR activities implemented in the thrust areas of Education, Health and Livelihoods.
Governance	The company's board comprises over 50% independent directors, emphasizing diversity and effective oversight. The company has strict governance principles through guided values of the organisation and all secretarial compliances in place.

Applicable criteria
[Definition of Default]

[Factoring Linkages Parent Sub JV Group](#)
[Investment Holding Companies](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Financial Ratios – Non financial Sector](#)
[Airports](#)
[Infrastructure Sector Ratings](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Infrastructure	Airport & Airport services

GAL is the holding company of the GMR group's investments in the airport sector. The company specialises in development, operation, and management of airports, with a presence in domestic and international markets. GAL is listed on NSE and BSE. Groupe ADP is co-promoter with the GMR Group in GAL.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	819	795	756
PBILDT	447	320	325
PAT	(1183)	(542)	(259)
Overall gearing (times)	0.24	0.16	NA
Interest coverage (times)	0.44	0.36	0.48

A: Audited UA: Unaudited; NA; Not available; 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
Bonds-Non-Convertible Bonds	INE776C08059	25-02-2025	5%^	25-02-2028	1100.00	CARE BBB+; Stable
Bonds-Non-Convertible Bonds	INE776C08026	02-02-2024	5%*	24-11-2026	2250.00	CARE BBB+; Stable
Bonds-Non-Convertible Bonds	INE776C08042	22-11-2023	5%*	22-11-2026	1950.00	CARE BBB+; Stable
Bonds-Non-Convertible Bonds	INE776C08034	19-12-2023	5%*	23-11-2026	800.00	CARE BBB+; Stable

Bonds-Non-Convertible Bonds		Proposed	-	Proposed	400.00	CARE BBB+; Stable
Non-fund-based-LT/ST		-	-	-	500.00	CARE BBB+; Stable / CARE A2

*Coupon rate is only cash coupon. Besides this, Payment in Kind (8.275%) which is accrued interest for various NCB tranches is to be repaid at the time of redemption.
^Coupon rate is only cash coupon. Besides this, Payment in Kind (6.5%) which is combination of interest accrued and paid on maturity, upfront fee, running fee and withholding taxes.

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	Non-fund-based-LT/ST	LT/ST	500.00	CARE BBB+; Stable / CARE A2	1)CARE BBB+; Stable / CARE A2 (02-Sep-24)	-	-	-
2	Debentures-Non Convertible Debentures	LT	6100.00	CARE BBB+; Stable	1)CARE BBB+; Stable (02-Sep-24)	-	-	-
3	Debentures-Non Convertible Debentures	LT	400.00	CARE BBB+; Stable				

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Name of the Instrument	Detailed Explanation
A. Financial covenants	• Minimum valuation of GAL will be at least ₹20,000 crore at all times.
B. Non-financial covenants	• The direct shareholding of GAL in GHIAL and DIAL will not be below 51% each.

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Bonds-Non-Convertible Bonds	Complex
2	Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

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

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.

Contact us

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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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