

GMR Airports Ltd — 31 Dec 2025 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd. (CareEdge)
Rating Change	BBB+ → A (Upgraded 2 notches since prior 2024-25 reviews)
Outlook (Current vs Previous)	Stable vs Stable
Key Drivers of Change	<ol style="list-style-type: none"> Duty-Free Integration: Takeover of Delhi (July '25) and Hyderabad (Sept '25) duty-free ops transformed revenue profile. Earnings Pivot: H1FY26 TOI surged 193% to ₹1,423 Cr (vs ₹485 Cr H1FY25); PBILDT rose to ₹348 Cr. Tariff Hikes: Implementation of substantial tariff hikes at DIAL from April 2025 following capex completion. De-pledging: Promoter (GMR Group) share pledge reduced significantly to 33% (from 54% in July 2024). Asset Valuation: Valuation-to-adjusted debt ratio improved to 6.42x as asset valuation hit ₹1,06,820 Cr.
Rated Instruments	<ol style="list-style-type: none"> NCDs: ₹1,500 Cr (₹1,100 + ₹400), CARE A; Stable Bank Facilities: ₹1,000 Cr (Total), CARE A; Stable / CARE A1
Key Observations	<ul style="list-style-type: none"> Strengths: 26% share of India's domestic & 35% of international traffic; Strategic partnership with Groupe ADP (32.3% stake). Liquidity: Adequate with ₹388 Cr cash; major refinancing not due until Feb 2027. Operational: DIAL and GHIAL capacities expanded to 100 MPPA and 34 MPPA respectively. Risks: Net Debt remains elevated at ₹10,345 Cr (including lease/FCCBs); H1FY26 remains loss-making at PAT level (-₹311 Cr). Capital Allocation: ₹2,800 Cr tied up in ICDs to non-airport (power) entities; realization is slow (~₹100 Cr in 8MFY26). Project Risk: Under-construction risk at Bhogapuram (87.5% progress) and Crete, Greece (60.1%).
Investor Impact	<p>Growth: Transitioning from a pure holding company to an operating entity via duty-free/cargo streams.</p> <p>Margins: PBILDT expansion expected to continue; interest coverage moving toward >1x.</p> <p>Leverage: DIAL Net Debt/PBILDT projected to drop to <6x in FY26 (from ~9x).</p> <p>Dilution Risk: Higher valuation (₹1.06 Lakh Cr) reduces the need for equity-dilutive fundraising for debt servicing.</p>
Agency / Cross Analysis	<p>Same Agency: CARE shifted from a cautious "BBB+" to a "Stable A" within a year.</p> <p>Drivers of Shift: The primary catalyst was the successful structural integration of non-aero businesses (Duty-Free) into the HoldCo, providing direct cash flow rather than relying solely on subsidiary dividends.</p> <p>Conclusion: Improvement. The rating reflects a fundamental shift in the business model from "passive holding" to "active cash-flow generator," though high standalone debt persists.</p>
Final Inference	<p>Real Improvement. The upgrade signals a de-risking of the HoldCo debt through direct operating cash flows and improved DIAL/GHIAL yields. However, the ₹2,800 Cr ICDs to non-core businesses remain a "red flag" for capital discipline.</p>