

GMR Airports Ltd — 25 Jul 2025 Credit Rating Summary

Section	Details
Agency	CRISIL Ratings
Rating Change	Assigned CRISIL A+ / Stable (Long Term) and CRISIL A1 (Short Term)
Outlook (Current vs Previous)	Stable (New Assignment / Post-merger evaluation)
Key Drivers of Change	<ol style="list-style-type: none"> Asset Consolidation: Direct ownership of DIAL (AA-) and GHIAL (AA-) post-merger strengthens business risk profile. Monopolistic Non-Aero Concessions: 10-20 year exclusive rights for Duty-Free, Advertising, and Cargo at Delhi/Hyderabad; high-margin revenue (Delhi Duty-Free EBIT was ₹372 Cr in FY25). De-linking from Power Business: Total separation from GPUIL (GMR Power & Urban Infra) removes historical contagion/recourse risk. Strategic Partnership: Groupe ADP (32.3% stake) provides global operational expertise and board-level oversight.
Rated Instruments	<ul style="list-style-type: none"> Non-Convertible Debentures: ₹6,000 Cr
Key Observations	<p>Positives:</p> <ul style="list-style-type: none"> Captures ~30% of total Indian air passenger traffic. Strong track record of fundraising; ₹5,000 Cr raised via NCDs for merger/buyouts. Promoter buy-back/conversion of ₹2,396 Cr FCCBs removes major cash liability. <p>Risks:</p> <ul style="list-style-type: none"> High Leverage: Net Debt/EBITDA (including dividends) remains elevated at 9.5x for FY25. Refinancing Concentration: ₹6,100 Cr in NCDs face bullet repayments between Nov 2026 and April 2028. Project Execution: Risks associated with greenfield projects in Bhogapuram (India) and Crete (Greece).
Investor Impact	<ul style="list-style-type: none"> Margins: Shift toward non-aero revenue (Duty-free/Retail) is margin-accretive and less regulated than aero tariffs. Dividends: Management commitment to zero dividends to shareholders until Net Debt/EBITDA falls below 2.0x. Cash Flow: Significant improvement expected from FY26 onwards due to tariff hikes and non-aero scale-up.
Agency / Cross Analysis	<p>Same Agency (Evolution): This rating reflects the "New GAL" entity following the merger with the erstwhile listed GMR Airport Infrastructure Ltd. The rating shift to A+ acknowledges the transition from a pure holding company to an entity with direct operational cash flows from non-aero concessions, despite the legacy debt load.</p> <p>Conclusion: Improvement in business structure and transparency, but financial risk remains a "monitorable" due to the 9.5x leverage.</p>
Final Inference	<p>Real Business Improvement with a Debt Hangover. The shift to high-margin monopolistic non-aero revenue is a massive equity positive, but the 9.5x leverage ratio means the company is currently a "refinancing play." Equity upside depends on FY26 tariff hikes and de-leveraging toward the <2x target.</p>