GMR Airports Ltd — 02 Sep 2024 Credit Rating Summary

Section	Details
Agency	CARE Ratings Ltd.
Rating Change	**Withdrawn** (Previous: CARE A- / CARE A2+)
Outlook (Current vs Previous)	**Withdrawn** (Previous: Stable)
Key Drivers of Change	• **Corporate Merger:** GAL merged into GMR Airports Infrastructure Ltd (GIL) effective July 25, 2024; GAL ceased to exist as a legal entity. • **Debt Transfer:** All rated NCDs and bank facilities transferred to the surviving parent entity (GIL). • **Weak Standalone Coverage:** Interest coverage dropped to **0.37x** (FY24) from 0.64x (FY23), necessitating structural support. • **Valuation Covenants:** Minimum entity valuation maintained at **₹20,000 Cr** with principal debt capped at **₹5,000 Cr**.
Rated Instruments	• **Non-Convertible Bonds:** ₹0.00 Cr (Withdrawn/Transferred) • **Bank Guarantees (LT/ST):** ₹0.00 Cr (Withdrawn/Transferred) • **NCD Tranches:** Tranches maturing Nov 2026 with 5% cash coupon + 8.275% accrued interest.
Key Observations	• **Net Loss Expansion:** PAT loss widened significantly to **₹(412) Cr** in FY24 vs **₹(179) Cr** in FY23. • **Low Gearing:** Standalone leverage remains low at **0.10x**, reflecting its status as a holding vehicle. • **Strategic Partnership:** 49% stake held by Groupe ADP provides global operational expertise. • **Asset Concentration:** Core value derived from >51% holdings in DIAL (Delhi) and GHIAL (Hyderabad). • **Complexity:** Instruments classified as "Complex" due to structured repayment (accrued interest at redemption).
Investor Impact	• **Structure Simplification:** Merger removes the holding company layer, potentially reducing "holding company discounts" for equity investors. • **Cash Flow Pooling:** Debt servicing is now directly linked to the consolidated cash flows of GIL. • **Dilution Risk:** Merger completion finalizes the share exchange ratio, settling the equity structure between GIL and Groupe ADP.
Agency / Cross Analysis	**Same Agency:** CARE moved from "Negative" (2022) to "Stable" (2023) and now "Withdrawn" (2024). The withdrawal is purely technical/structural due to the merger and does not signal a change in credit quality of the underlying airport assets. **Conclusion: Improvement via Simplification.** While GAL was loss-making standalone, its integration into GIL streamlines the balance sheet.
Final Inference	**Structural Positive:** The withdrawal is a "housekeeping" action following the merger. For equity investors, this signals the completion of a complex corporate restructuring, moving focus to the consolidated growth of the GMR-ADP airport portfolio.