

OCTOBER 20, 2015

CARE REVISES THE RATING ASSIGNED TO THE BANK FACILITIES OF GMR AIRPORTS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	500	CARE A (Single A)	Revised from CARE A- (Single A Minus)
Total Facilities	500 (Rupees Five Hundred crore only)		

Rating Rationale

The revision in the rating of GAL factors in significant improvement in the financial and operational profile of its two major operating assets, viz, Delhi International Airport Private Limited (DIAL) and GMR Hyderabad International Airport Limited (GHIAL) during FY15 (refers to the period April 1 to March 31).

The rating continues to factor in the strength from the monopolistic position of its airport assets, strong operational performance and healthy profitability and cash accruals of its largest asset, ie, DIAL. The rating also factors in the experienced promoter group with diversified business portfolio.

However, the rating is constrained by susceptibility of airport's revenues to seasonality and volatility associated with traffic growth, weak credit profile of the Airlines and regulatory risk faced by its airport assets.

Going forward, the impact of New Aeronautical Tariff for the 2nd regulatory period (FY15-FY19) for DIAL, fructification of traffic growth amid challenging economic environment and nature and extent of any new investments in addition to the ones already envisaged would remain the key rating sensitivities. In addition, any impact on GAL's cash flow or capital structure towards providing exit to its PE investor would also be a key rating sensitivity.

Background

GAL is the holding company of GMR Group's investments in the airport sector. GAL's holding company; GMR Infrastructure Limited (GIL; rated 'CARE BBB-/CARE A3') holds 97.15% in GAL as on March 31, 2015. GAL's three major operating assets include DIAL (rated 'CARE AA-'), GHIAL (rated 'CARE A-/CARE A2+'), and DDFS (rated 'CARE A-/CARE A2+').

On a consolidated basis, GAL reported a PAT of Rs.44 crore on the total income of Rs.5,784 crore in FY15 (Provisional) as against a PAT of Rs.254 crore on the total income of Rs.3,259 crore in FY14 (audited).

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Note: Mr Y.H. Malegam is the Chairman of the Rating Committee of CARE and has provided advisory to DIAL. To comply with the regulations, the member has not participated in the rating process and its rating committee meeting.

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