

DECEMBER 02, 2016

CARE REVISES THE LT RATING AND ASSIGNS ST RATING TO THE BANK FACILITIES OF GMR AIRPORTS LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	450	CARE A+ (Single A Plus)	Revised from CARE A (Single A)
Short-term Bank Facilities	200	CARE A1 (A One)	Assigned
Total Facilities	650 (Rupees Six hundred Fifty crore only)		

CARE has considered a consolidated approach in the credit risk assessment.

Rating Rationale

The revision in the long-term rating of GMR Airports Limited (GAL) factors in significant improvement in the financial and operational profile of its two major operating assets, viz, Delhi International Airport Private Limited (DIAL, rated 'CARE AA-') and GMR Hyderabad International Airport Limited (GHIAL, rated 'CARE AA-/CARE A1+') during FY16 (refers to the period April 1 to March 31).

Furthermore, the ratings continue 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 ratings are constrained by susceptibility of airport's revenues to seasonality and volatility associated with traffic growth 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, timely completion of the envisaged expansion projects, 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, 2016. GAL's three major operating assets include DIAL (rated 'CARE AA-'), GHIAL (rated 'CARE AA-/CARE A1+'), and Delhi Duty Free Services Private Limited (rated 'CARE A+/CARE A1+').

On a consolidated basis, GAL reported a PAT of Rs.654 crore on the total income of Rs.6,929 crore in FY16 (Audited) as against a PAT of Rs.44 crore on the total income of Rs.5,785 crore in FY15 (audited).

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

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

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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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.

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