

June 10, 2022

## Delhi Airport Parking Services Private Limited: Ratings reaffirmed; outlook revised to Stable

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	110.00	60.37	[ICRA]A-; reaffirmed and outlook revised to Stable from Negative
Non-fund Based Facilities	5.00	5.00	[ICRA]A2+; reaffirmed
<b>Total</b>	<b>115.00</b>	<b>65.37</b>	

\*Instrument details are provided in Annexure-1

### Rationale

The outlook revision on the long-term rating of Delhi Airport Parking Services Private Limited (DAPS) to Stable factors in the expected ramp-up in parking traffic backed by improvement in the overall passenger traffic to 92-94% of the pre-pandemic level in FY2023 at Delhi International Airport Limited (DIAL, rated at [ICRA]A+ (Stable)/A1) and revision in parking rates from April 1, 2022. Recovery in parking traffic along with tariff revision is likely to result in a healthy improvement in the company's revenues and cash flow position in FY2023 after two years of subdued performance. DAPS' revenues reached around 90-94% of the pre-Covid levels (average monthly revenue of FY2020) in April and May 2022. The ratings continue to draw comfort from DAPS' established position as the sole parking services provider at the Delhi Airport, under a 25-year concession agreement with DIAL since July 2010. DIAL is the majority shareholder of the company and DAPS pays around 40% revenues as concession fee to DIAL.

DAPS reported a significant decline in its revenues and subdued operating profits during FY2021 and FY2022 owing to the adverse impact of the pandemic on parking traffic. Nevertheless, its liquidity position remained satisfactory, supported by drawdown of fresh debt though it has resulted in some moderation in leverage metrics. With recovery in passenger traffic, the company's profitability and coverage metrics are expected to witness a healthy improvement in the medium term. Its business operations depend on passenger traffic at the Delhi Airport, which remains susceptible to downturns in domestic and global economic cycles. Any material decline in passenger volumes may affect the company's operations as witnessed during FY2021 and FY2022.

The company has capex plans of Rs. 25 crore in FY2023 and Rs. 30 crore in FY2024 mainly for developing the parking facility at cargo city and upgrading the parking management system at terminal 1 (T1), which is expected to be funded through internal accruals. In FY2025, DAPS is likely to incur capex towards construction of multi-level car parking (MCLP) at T1, post the completion of the ongoing capacity expansion at DIAL. However, the same is at nascent stages of discussion.

### Key rating drivers and their description

#### Credit strengths

**Established position as the sole parking services provider at Delhi Airport since 2010** – DAPS has been the sole provider of parking, left luggage facility and terminal entry/exit facilities at DIAL under a 25-year concession agreement since July 2010. Delhi Airport is the busiest airport in the country in terms of passenger volumes, accounting for around 19%-21% of the overall passenger traffic in the country.

**Strong promoter profile** – DIAL is the majority shareholder and DAPS pays around 40% revenues as concession fee to DIAL. Given the adverse impact of the pandemic on its operations during the past two years, DAPS had an option to defer the concession fee payable to DIAL. However, the company did not avail the option and continued to pay the fees to DIAL.

### Credit challenges

**Vulnerability of operations to fluctuations in passenger traffic at Delhi Airport** – The company's business operations depend on passenger traffic at the Delhi Airport, which remains susceptible to downturns in domestic and global economic cycles. Any material decline in passenger volumes may affect its operations as witnessed over the past two years.

**Weak cash accruals during the last two years** – DAPS reported a significant decline in its revenues and subdued operating profits over the last two years owing to the adverse impact of the pandemic on parking traffic. Nevertheless, its liquidity position remained satisfactory supported by drawdown of fresh debt, though it has resulted in some moderation in leverage metrics. With recovery in passenger traffic, the company's profitability as well as coverage metrics are expected to witness a healthy improvement in the medium term. The improvement in its revenues and profitability, on a sustained basis, remains a key monitorable.

### Liquidity position: Adequate

DAPS' liquidity is adequate, supported by free cash and liquid investments of Rs. 11.6 crore as on March 31, 2022. The company has debt repayment of Rs. 15.9 crore in FY2023, which can be serviced comfortably from its estimated cash flow from operations. It has capex plans of Rs. 25 crore in FY2023 and Rs. 30 crore in FY2024, which is expected to be funded through internal accruals.

### Rating sensitivities

**Positive factors** – The ratings may be upgraded if there is a steady ramp-up in parking traffic, thereby resulting in healthy improvement in cash flow from operations and liquidity position on a sustained basis.

**Negative factors** – The ratings could be downgraded if a material decline in passenger traffic at the airport results in significant decline in revenues and cash flows. Further, significant upstreaming of cash flows to the parent group (through dividends and/or loans and advances), which moderates DAPS' liquidity position could lead to a rating downgrade.

### Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group Support	Not applicable
Consolidation/Standalone	Standalone

### About the company

Delhi Airport Parking Services Private Limited (DAPS) is a special purpose vehicle (SPV) promoted by Delhi International Airport Limited (49.9%), GMR Airports Limited (40.1%) and Tenaga Parking Services India (P) Ltd. (10.0%). DAPS has been incorporated to finance, develop, construct, operate and maintain the car parking facility, left luggage facility and entry ticket facility at the Indira Gandhi International Airport in Delhi. The concession has been granted by DIAL to the SPV for a period of 25 years, starting from July 2, 2010. The parking facilities at Terminal 1 and Terminal 2 were handed over to DAPS in July 2010, while the operations at Terminal 3 commenced in September 2010.

## Key financial indicators (audited)

	FY2021	FY2022
Operating Income (Rs. crore)	48.2	86.0
PAT (Rs. crore)	-21.3	-4.9
OPBDIT/OI (%)	-14.7%	17.5%
PAT/OI (%)	-44.1%	-5.7%
Total Outside Liabilities/Tangible Net Worth (times)	1.5	1.5
Total Debt/OPBDIT (times)	-9.5	4.0
Interest Coverage (times)	-1.1	2.8

PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Source: DAPS, ICRA Research

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

	Instrument	Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding as on March 31, 2022 (Rs. crore)	Date & Rating	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020
					June 10, 2022	Jun 11, 2021	Sep 18, 2020	Apr 14, 2020	Jun 14, 2019
1	Term Loans	Long-term	60.37	60.37	[ICRA]A-(Stable)	[ICRA]A-(Negative)	[ICRA]A (Negative)	[ICRA]A+@;	[ICRA]A+ (Positive))
2	Non-fund Based Facilities	Short-term	5.00	5.00	[ICRA]A2+	[ICRA]A2+	[ICRA]A1	[ICRA]A1+@;	[ICRA]A1+

@ratings placed under Watch with Negative Implications

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Term Loans	Simple
Non-fund Based facilities	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [www.icra.in](http://www.icra.in)

### Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loans	Mar-2017	-	Mar-2025	60.37	[ICRA]A- (Stable)
NA	Non-fund Based Facilities	-	-	-	5.00	[ICRA]A2+

Source: DAPS

### Annexure-2: List of entities considered for consolidated analysis

Not applicable

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