

November 25, 2022

## Delhi Airport Parking Services Private Limited: Ratings reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term loans	60.37	200.00	[ICRA]A- (Stable); Reaffirmed/ Assigned
Non-fund based facilities	5.00	5.00	[ICRA]A2+; Reaffirmed
<b>Total</b>	<b>65.37</b>	<b>205.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The reaffirmation of ratings of Delhi Airport Parking Services Private Limited (DAPS) factors in the healthy ramp-up in parking traffic to 83% in H1 FY2023, backed by improvement in the overall passenger traffic at Delhi International Airport Limited (DIAL, rated at [ICRA]A+ (Positive)/A1), which is expected to sustain in the near term. This along with revision in parking rates (by around 20%) from April 1, 2022, is likely to result in revenues crossing the pre-Covid level in FY2023. DAPS' revenue stood at Rs. 79.7 crore in H1 FY2023 and has recovered to 98.2% of the pre-Covid level revenue of Rs. 81.2 crore in H1 FY2020. The ratings 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. Further, DIAL is the majority shareholder of the company and DAPS pays around 40% revenues as concession fee to DIAL.

The ratings are, however, constrained by the increase in leverage levels with addition of Rs. 143.2 crore of debt from India Infradebt Ltd, part of it was used for giving loan to a group company, GMR Goa International Airport Ltd (GGIAL). The loan provided to GGIAL has to be repaid in nine years with repayments starting from June 2023, at a fixed interest rate of 10.5% with interest servicing starting from January 2023. The track record of repayment of the interest and principal from GGIAL remains a key rating monitorable, given its nascent stages of operations. GGIAL is constructing the Goa Airport, which is expected to be operational in December 2022. Notwithstanding increase in leverage, supported by recovery in passenger traffic, the company's profitability and coverage metrics are likely 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 as witnessed during the Covid-19 period. Further, 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 of around Rs. 150 crore towards construction of multi-level car parking (MCLP) at T1, post completion of the ongoing capacity expansion at DIAL and the mix of funding remains a key monitorable.

The Stable outlook on the long-term rating reflects DAPS' established position as the sole parking service provider at Delhi Airport, presence of long-term concession agreement with DIAL and healthy improvement in profitability and debt coverage metrics.

## Key rating drivers and their description

### Credit strengths

**Established position as sole parking services provider at Delhi Airport since 2010** – DAPS has been the sole provider of parking, luggage, and terminal entry/exit facilities at the Delhi International Airport Limited (DIAL) under a 25-year concession agreement with DIAL since July 2010. The Delhi Airport is the busiest airport in the country in terms of passenger volumes, accounting for around 19%-20% of the overall passenger traffic in the country.

**Strong promoter profile** – DIAL is the majority shareholder of the company and DAPS pays around 40% revenues as concession fee to DIAL. DAPS has been given the flexibility in deferring the concession fee payable during the pandemic-affected period. However, the company did not avail the option and continued to pay the fees to DIAL. Despite its high concession fee, DAPS' operating margins are expected to remain healthy at around 28% owing to improvement in traffic and revision in parking rates.

**Revenues expected to cross pre-Covid level in FY2023** – DAPS has achieved revenues of Rs. 79.7 crore in H1 FY2023, which has recovered to 98.2% of the pre-Covid level revenue of Rs. 81.2 crore in H1 FY2020, backed by an increase in passenger traffic at DIAL, along with tariff hikes. The revenues in August and September 2022 have exceeded the pre-Covid revenues by 2% and 3%, respectively, compared to the corresponding periods in 2019. With increase in parking rates and ramp-up in parking traffic, the revenue is expected to cross the pre-Covid level in FY2023.

### Credit challenges

**Weakening of debt coverage metrics with additional borrowings** – DAPS has availed a new loan facility of Rs. 200 crore from India Infradebt Ltd in August 2022. It has refinanced the existing facilities of Rs. 56.8 crore (both term loan and ECLGS facility) and extended loans of Rs. 128 crore to GGIAL. Notwithstanding recent increase in leverage, ICRA expects the overall coverage metrics to remain comfortable. Any incremental financial support to Group entities, which could have a material impact on DAPS' leverage or coverage metrics will be a credit negative.

**Vulnerability of operations to fluctuations in passenger traffic at Delhi Airport** – DAPS' business operations are dependent on passenger traffic at the Delhi Airport, which remains susceptible to downturns in domestic and global economic cycles. Any slowdown in passenger volumes may adversely affect its operations as witnessed during the pandemic.

### Liquidity position: Adequate

DAPS' liquidity is adequate, supported by unencumbered cash and liquid investments of Rs. 32.1 crore as on September 30, 2022. The company has principal repayment of Rs. 5 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 its internal accruals.

### Rating sensitivities

**Positive factors** – The ratings may be upgraded if there is a significant ramp-up in parking traffic and 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 any decline in parking traffic results in a significant decline in revenues and cash flows. Further, higher-than-expected debt levels and/or considerable upstreaming of cash flows to the parent group (through dividends and/or loans and advances), which could have a material impact on DAPS' liquidity position or coverage metrics, resulting in five-year average DSCR<sup>1</sup> falling below 1.5 times on a sustained basis, could lead to a rating downgrade.

<sup>1</sup> Average DSCR shall be computed on cash basis, with only actual cash inflows to be considered for the computation of average DSCR

## 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 Sep 30, 2022 (Rs. crore)	Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020
					Nov 25, 2022	Jun 10, 2022		Jun 11, 2021	Sep 18, 2020	
1	Term loans	Long-term	200.00	196.39	[ICRA]A-(Stable)	[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]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: [Click Here](#)

#### Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loans	Aug-2022	-	Mar-2032	200.00	[ICRA]A- (Stable)
NA	Non-fund based facilities	-	-	-	5.00	[ICRA]A2+

Source: DAPS

[Please click here to view details of lender-wise facilities rated by ICRA](#)

#### Annexure II: List of entities considered for consolidated analysis

Not applicable

## ANALYST CONTACTS

**Rajeshwar Burla**

+91 40 40676527

[rajeshwar.burla@icraindia.com](mailto:rajeshwar.burla@icraindia.com)

**Ashish Modani**

+91 22 6114 3414

[ashish.modani@icraindia.com](mailto:ashish.modani@icraindia.com)

**Vinay Kumar G**

+91 40 4067 6533

[vinay.g@icraindia.com](mailto:vinay.g@icraindia.com)

**Abhishek Lahoti**

+91 40 4067 6534

[abhishek.lahoti@icraindia.com](mailto:abhishek.lahoti@icraindia.com)

**M Rajashekar Reddy**

+91 40 4067 6500

[m.rajashekarreddy@icraindia.com](mailto:m.rajashekarreddy@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**

+91 22 6169 3304

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Register

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



© Copyright, 2022 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.