January 29, 2024

Delhi Airport Parking Services Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loan	200.00	188.50	[ICRA]A- (Stable); reaffirmed
Short-term – Non-fund-based facilities	5.00	5.00	[ICRA]A2+; reaffirmed
Total	**205.00**	**193.50**	

**Instrument details are provided in Annexure-I*

Rationale

The reaffirmation of the ratings for Delhi Airport Parking Services Private Limited (DAPS) factors in the healthy ramp-up in parking traffic to the pre-Covid level in FY2023. The same is expected to cross the pre-Covid level in FY2024, backed by improvement in the overall passenger traffic at Delhi International Airport Limited (DIAL, rated at [ICRA]A+ (Positive)/A1). Improved traffic. along with revision in parking rates (by around 20%) from April 1, 2022, resulted in revenues reaching Rs. 181.6 crore in FY2023 from Rs. 167.0 crore in FY2020. Further, the operating income (OI) increased to Rs. 106 crore in H1 FY2024 and is estimated to increase to more than Rs. 220 crore in FY2024. 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.

The ratings are, however, constrained by expected increase in leverage levels and the moderation in coverage metrics with debt-funded construction of a multi-level car parking (MLCP) at Terminal 1. The capacity at Terminal 1 of DIAL has increased to 40 million from 17 million. DAPS is likely to undertake a capex of around Rs. 400 crore for the construction of MLCP to cater to the increased demand. Over the next 2-3 years, it is estimated to incur capex of around Rs. 450-460 crore towards construction of the MCLP at T1, new parking facility at cargo city and temporary parking facility at T1. The same is likely to be funded through the current available liquidity of around Rs. 200 crore, debt of around Rs. 225 crore and the balance through internal accruals. DAPS has given a loan of Rs. 128 crore to a group company, GMR Goa International Airport Ltd (GGIAL) in August 2022. The loan has been prepaid, along with accrued interest, in December 2023 and the company has liquid balances of more Rs. 200 crore as of December 2023. The company is expected to use these cash balances for funding the construction of new MLCP at Terminal 1. While the MLCP plan is yet to be finalised, the capex outlay, the concession arrangement and the funding mix for the same remains the key rating monitorables.

Notwithstanding the expected increase in leverage, the company's profitability and coverage metrics are likely to remain comfortable in the medium term, supported by recovery in passenger and vehicular traffic. The operating margins are healthy and are estimated to remain stable at around 28% in the medium term. Nevertheless, the 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.

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 adequate 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 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 ~20% of the overall passenger traffic in the country in FY2023.

Revenues have surpassed pre-Covid level in FY2023 and growth momentum likely to continue – Supported by healthy growth in vehicular traffic, along with revision in parking rates (by around 20%) from April 1, 2022, the revenues reached Rs. 181.6 crore in FY2023 from Rs. 167.0 crore in FY2020. Further, the OI has increased to Rs. 106 crore in H1 FY2024 and is expected to increase to more than Rs. 220 crore in FY2024, driven by growth in vehicular traffic and increase in parking rates.

Healthy profitability margins – DAPS is promoted by DIAL (49.9%) and GMR Airports Ltd (50.1%). 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. Further, the debt coverage metrics are likely to remain healthy at around 1.8-2.0 times during FY2024-FY2025. However, the coverage metrics are estimated to moderate in the medium term on account of additional borrowings.

Credit challenges

Large capex plans to result in increased leverage in medium term – The ratings are constrained by the expected increase in leverage levels and moderation in coverage metrics with debt-funded construction of an MLCP at Terminal 1. The capacity at Terminal 1 of DIAL has increased to 40 million from 17 million. DAPS is likely to undertake a capex of around Rs. 400 crore for the construction of MLCP to cater to the increased demand. Over the next 2-3 years, it is estimated to incur capex of around Rs. 450-460 crore towards construction of the MCLP at T1, new parking facility at cargo city and temporary parking facility at T1. The same is likely to be funded through the current available liquidity of around Rs. 200 crore, debt of around Rs. 225 crore and the balance through internal accruals. DAPS has given a loan of Rs. 128 crore to a group company, GMR Goa International Airport Ltd (GGIAL) in August 2022. The loan has been prepaid, along with accrued interest, in December 2023 and the company has liquid balances of more Rs. 200 crore as of December 2023. The company is expected to use these cash balances for funding the construction of new MLCP at Terminal 1. While the MLCP plan is yet to be finalised, the capex outlay, the concession arrangement and the funding mix for the same remains the key rating monitorables.

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. 62.1 crore as on September 30, 2023. The company has principal repayment of Rs. 13.0 crore in FY2024 and Rs. 15.0 crore in FY2025, which can be serviced comfortably from its estimated cash flow from operations.

Rating sensitivities

Positive factors – The ratings may be upgraded if there is a significant ramp-up in parking traffic, along with timely completion of capex, thereby resulting in healthy improvement in cash flow from operations and liquidity position on a sustained basis. Specific trigger for a rating upgrade would be 5-year average DSCR improving to 1.60 times 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 earnings. Further, higher-than-expected debt levels for the capex program 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 could lead to a rating downgrade. Specific trigger for a rating downgrade would be minimum DSCR falling below 1.30 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
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 (GAL, 40.1%) and Tenaga Parking Services India (P) Ltd. (Tenaga, 10.0%). In FY2024, GAL acquired 10% stake in Tenaga, increasing its shareholding to 50.1% as of December 2023. 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)

	FY2022	FY2023	H1 FY2024*
Operating income	86.0	181.6	105.9
PAT	-4.9	23.9	13.5
OPBDIT/OI	17.5%	28.8%	25.3%
PAT/OI	-5.7%	13.2%	12.7%
Total outside liabilities/Tangible net worth (times)	1.5	2.8	2.4
Total debt/OPBDIT (times)	4.0	3.7	3.5
Interest coverage (times)	2.8	3.7	2.9

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current rating (FY2024)				Chronology of rating history for the past 3 years				
		Type	Amount rated (Rs. crore)	Amount outstanding as on Sep 30, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023		Date & rating in FY2022	Date & rating in FY2021	
					Jan 29, 2024	Nov 25, 2022	Jun 10, 2022	Jun 11, 2021	Sep 18, 2020	Apr 14, 2020
1	Term loans	Long term	188.50	186.91	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Stable)	[ICRA]A- (Negative)	[ICRA]A (Negative)	[ICRA]A+@
2	Non-fund based bank facilities	Short term	5.00	-	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+	[ICRA]A1	[ICRA]A1+@

&: ratings placed under Watch with Negative Implications

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term loan	Simple
Short-term – 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	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Term loan**	Aug-2022	9.0%	Mar-2032	188.50	[ICRA]A- (Stable)
NA	**Non-fund based facilities**	NA	NA	FY2024	5.00	[ICRA]A2+

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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About ICRA Limited:

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