

May 21, 2025

Delhi International Airport Limited: Long-term rating upgraded to [ICRA]AA (Stable); short-term rating reaffirmed at [ICRA]A1+

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Working capital facilities	335.00	735.00	[ICRA]AA (Stable); Upgraded from [ICRA] AA- (Stable)
Long-term – Non-fund based limits	49.00	49.00	[ICRA]AA (Stable); Upgraded from [ICRA] AA- (Stable)
Long-term – Non-fund based – Standby letter of credit (SBLC)	200.00	175.00	[ICRA]AA (Stable); Upgraded from [ICRA] AA- (Stable)
Non-convertible debenture (NCD)	1,000.00	1,000.00	[ICRA]AA (Stable); Upgraded from [ICRA] AA- (Stable)
NCD	1,200.00	1,200.00	[ICRA]AA (Stable); Upgraded from [ICRA] AA- (Stable)
NCD	744.00	744.00	[ICRA]AA (Stable); Upgraded from [ICRA] AA- (Stable)
NCD	800.00	800.00	[ICRA]AA (Stable); Upgraded from [ICRA] AA- (Stable)
NCD	2,513.00	2,513.00	[ICRA]AA (Stable); Upgraded from [ICRA] AA- (Stable)
Long-term/ Short-term – Unallocated limits	5,316.00	5,041.00	[ICRA]AA (Stable)/ [ICRA] A1+; Long-term rating upgraded from [ICRA] AA- (Stable); Short term rating reaffirmed
Long-term – Working capital term loan	100.00	-	-
Total	12,257.00	12,257.00	

*Instrument details are provided in Annexure I

Rationale

The rating upgrade for Delhi International Airport Limited (DIAL) factors in the increase in aeronautical tariffs for the fourth control period (CP4, April 01, 2024 – March 31, 2029), which is higher than ICRA's previous expectation (on yield per pax basis) and substantially higher by more than 120% compared to CP3 tariffs, which will result in growth in aeronautical revenues. This, coupled with the healthy increase in non-aeronautical and real estate revenues, is expected to result in improvement in the company's debt coverage metrics. Airports Economic Regulatory Authority of India (AERA) has issued the tariff order for CP4 on March 28, 2025, and the new tariffs are applicable from April 16, 2025. AERA had approved majority of the capital expenditure (capex) undertaken in CP3 for increasing the passenger capacity by 34 million as a part of CP4 tariff order. Further, the Supreme Court's ruling in favour of DIAL on aeronautical taxes, and approval for capex of ~Rs. 4,200 crore during CP4 (aeronautical capex of ~ Rs. 3,900 crore) resulted in a rise in the aeronautical tariffs in CP4.

Over the next 2-3 years, DIAL is expected to complete substantial land monetisation through leasing and self-development, thereby ensuring higher annual leasing income. The same is likely to result in refundable security deposits of more than Rs. 1,800 crore, which are proposed to be used for debt reduction or for capex requirement. The improvement in passenger traffic, non-aero revenues, and aeronautical tariffs will substantially increase DIAL's cash flows available for debt servicing, resulting in debt coverage metrics remaining healthy at more than 1.35 times as per ICRA's base case estimates.

The ratings derive strength from the significant competitive advantage enjoyed by DIAL, given the dominant position of the Indira Gandhi International Airport (IGIA) as the largest Indian airport in terms of passenger traffic with New Delhi being the

national capital and an important political and commercial centre in the country. Further, the airport is competitively placed with favourable demographics of the National Capital Region (NCR), presence of large business and commercial base, strong business travel prospects and is positioned as a hub for international destinations. Noida International Airport (NIA), which is at a 72-km aerial distance from DIAL, is expected to commence operations in FY2026, with an initial capacity of 12 million. NIA, once operational, is likely to affect the passenger traffic growth at DIAL. However, DIAL's large catchment area, established passenger traffic base and the regulated business model of its operations is likely to provide cushion against any decline in traffic.

The ratings are supported by the joint ownership of DIAL by the Airports Authority of India (AAI), the presence of AAI's nominees on DIAL's board, the presence of Groupe ADP (32.3% equity shareholder in DIAL's holding company – GMR Airports Limited), and DIAL's ring-fenced cash flows puts restrictions on free movement of funds within the Group companies.

The long-term rating is, however, constrained by the moderate debt structure and refinancing risk with sizeable bullet repayments due in the medium term. The company has bullet repayments due in October 2026 (USD bonds of Rs. 3,493.6 crore¹), June 2027 (domestic NCDs of Rs. 1,000 crore), and June 2029 (USD bonds of Rs. 3,500 crore²) and remains exposed to refinancing risk. The bonds due in October 2026 are expected to be refinanced fully/partially depending on the timely receipt of land monetisation proceeds. Further, the domestic NCDs of Rs. 1,000 crore due in June 2027 are likely to be refinanced over the next few months, with a longer tenure maturity. ICRA believes that DIAL will be able to refinance these bonds in a timely manner, given its strong business risk profile, financial flexibility from the residual concession life and healthy projected cash flows with the implementation of CP4 tariff. Additionally, the company has successfully demonstrated its ability to refinance the bullet payments well in advance of the redemption date in the past, which provides comfort.

DIAL has also received a favourable order from arbitration tribunal for monthly annual fee (MAF) payment for the Covid-19 pandemic-affected period in January 2024. As per the order, DIAL is entitled to receive a refund of around Rs. 465 crore, along with interest from AAI pertaining to revenue sharing payments made by DIAL during March 2020 and December 2020. It is excused from making the revenue sharing payment to AAI from January 2021 to February 2022. Additionally, the tribunal has ordered that the concession period to be extended by 23 months. However, AAI has approached the Delhi High Court challenging the decision of the tribunal. On March 07, 2025, the single judge of the Hon'ble High Court of Delhi has passed the judgement in favour of DIAL and upheld the Arbitral Award. AAI has filed an appeal against the order with Divisional Bench of the Hon'ble High Court, and the matter is currently sub judice. In the interim, AAI has deposited Rs. 471 crore with the High Court, in lieu of MAF amount paid by DIAL to AAI from March 2020 to December 2020 including interest, as per the directions of the court. ICRA will continue to monitor the development in this regard, and any adverse development on MAF impacting the company's liquidity position would be key rating monitorable.

The Stable outlook on the long-term rating reflects ICRA's expectations that DIAL's credit profile is likely to improve on the backdrop of healthy increase in aero revenues with the implementation of CP4 tariff, growth in passenger traffic and steady increase in non-aero revenues.

Key rating drivers and their description

Credit strengths

Strong market position – DIAL derives significant competitive advantage, given the dominant position of the IGIA as the largest Indian airport in terms of passenger traffic with New Delhi being the national capital and an important political and commercial centre in the country. The airport is competitively placed with favourable demographics of the NCR, presence of large business and commercial base, strong business travel prospects and is positioned as a hub for international destinations.

¹ Conversion rate of 1 USD = Rs. 66.85 for USD 522.6 million bonds

² Conversion rate of 1 USD = Rs. 69.25 INR for USD 350 million bonds and Rs. 71.75 million for USD 150 million bonds

Substantial increase in aeronautical tariffs is likely to support the growth in aeronautical revenues – DIAL has received increase in aeronautical tariffs for the fourth control period (CP4, April 01, 2024 – March 31, 2029) resulting in substantial growth in aeronautical revenues. This coupled with healthy increase in non-aeronautical and real estate revenues, is expected to result in improvement in its debt coverage metrics. AERA has issued the tariff order for CP4 on March 28, 2025, and the new tariffs are applicable from April 16, 2025. AERA had approved majority of capital expenditure (capex) undertaken in CP3 for increasing the passenger capacity by 34 million as a part of CP4 tariff order. Further, the ruling of the Supreme Court in favour of DIAL on the aeronautical taxes, and approval for capex of ~Rs. 4,200 crore during CP4 (aeronautical capex of ~ Rs. 3,900 crore) resulted in increase in the aeronautical tariffs in CP4. ICRA notes that there has been a disallowance of Rs. 429.2 crore in interest during construction in CP3 capex, however, the same remains revenue neutral for DIAL as it has drawn the entire debt proceeds for the capex and has already earned equivalent interest income of Rs. 399 crore on the surplus funds.

Non-aero revenues likely to witness healthy growth in FY2026 resulting in improved cash flows – DIAL has seen healthy growth in passenger traffic of 7.6% in FY2025 to reach 79.3 million compared to 73.6 million in FY2024. The passenger traffic is projected to reach around 85-86 million in FY2026. Its operating income is expected to increase to around Rs. 5,400 – 5,500 crore in FY2025 from Rs. 4,800 crore in FY2024, driven by 14-15% increase in non-aeronautical (non-aero) revenues, which was supported by healthy growth in passenger traffic, increase in the leasable area amid opening of expanded terminal, improved spend per passenger and real estate income. Further, ICRA expects the revenues to touch nearly Rs. 7,400 crore in FY2026, supported by growth in aero and non-aero revenues. Moreover, DIAL is expected to complete substantial land monetisation through leasing and self-development over the next 2-3 years, thereby ensuring higher annual leasing income and the same is likely to result in refundable security deposits of more than Rs. 1,800 crore, which are proposed to be used for debt reduction or for capex requirement. The improvement in passenger traffic, non-aero revenues, and aeronautical tariffs will substantially increase DIAL's cash flows available for debt servicing.

Cash flow ring-fencing – The joint ownership of DIAL by the AAI, the presence of the latter's nominees on the company's board, the presence of Groupe ADP (32.3% equity shareholder in DIAL's holding company – GMR Airports Limited), and DIAL's ring-fenced cash flows puts restrictions on free movement of funds within the Group companies.

Credit challenges

Exposure to risks associated with diversion of traffic on account of upcoming airport – DIAL enjoys significant competitive advantage, given the dominant position of IGIA as the largest Indian airport in terms of passenger traffic with New Delhi being the national capital and an important political and commercial centre in the country. However, the company remains exposed to asset concentration risk and the variation in passenger traffic resulting from economic cycles, which could lead to a temporary decline in traffic. NIA, which is at a 72-km aerial distance from DIAL, is expected to commence operations in FY2026, with a capacity of 12 million. NIA, once becomes operational, is likely to affect the passenger traffic at DIAL. However, given DIAL's large catchment area, the established passenger traffic base and the regulated business model of its operations are anticipated to provide cushion against any reduction in traffic.

Moderate debt structure and refinancing risk – DIAL has sizeable bullet repayments due in the medium term, which exposes it to refinancing risk. The company has repayments due in October 2026 (USD bonds of Rs. 3,493.6 crore), June 2027 (domestic NCDs of Rs. 1,000 crore), and June 2029 (USD bonds of Rs. 3,500 crore) and remains exposed to high refinancing risks. The bonds due in October 2026 are expected to be refinanced fully/partially depending on the timely receipt of land monetisation proceeds. Further, the domestic NCDs of Rs. 1,000 crore due in June 2027 are likely to be refinanced over the next few months, with a longer tenure maturity. ICRA believes that DIAL will be able to refinance these bonds in a timely manner, given its strong business risk profile, financial flexibility from the residual concession life and healthy projected cash flows with the implementation of CP4 tariff. Additionally, the company has successfully demonstrated its ability to refinance the bullet payments well in advance of the redemption date in the past, which provides comfort.

Liquidity position: Adequate

DIAL's liquidity position is adequate, with free cash balance of around Rs. 614 crore (excluding funds earmarked for capex of around Rs. 300 crore) as on March 31, 2025. It has principal repayment obligations of around Rs. 44 crore in FY2026, which can be comfortably serviced through its cash flow from operations. Further, the company has Rs. 784 crore of sanctioned working capital facilities, out of which Rs. 304 crore was utilised as on March 31, 2025.

Rating sensitivities

Positive factors – ICRA may upgrade DIAL's ratings if there is steady improvement in passenger traffic, healthy growth in non-aero revenues along with material reduction in debt levels, resulting in improvement in debt coverage metrics. Further, improvement in debt structure and liquidity position will be credit positive. Specific metrics for rating upgrade includes cumulative DSCR improving to more than 1.50 times on a sustained basis.

Negative factors – Pressure on DIAL's ratings could arise if there is material weakening in coverage metrics on account of significant increase in indebtedness or substantial reduction in passenger traffic and/or non-aero revenues. Any incremental treasury investments in weaker credits, or incremental loans to group companies, adversely impacting its liquidity position will be credit negative. Further, any material crystallisation of contingent liabilities impacting its coverage metrics will be a credit negative.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Airports
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

DIAL is a joint venture company (JVC) promoted by GMR Airports Limited and AAI, which has been awarded a 30-year concession for the operation, modernisation and phased expansion of IGIA in Delhi. The GMR Group, through GMR Airports Limited, is the largest shareholder in DIAL (74%). The other shareholders Airports Authority of India (AAI, 26%). IGIA is the busiest airport in the country. DIAL has completed the Phase 3A expansion project to increase the airport capacity to 100 million passengers per annum from 66 million passengers per annum in March 2024.

Key financial indicators (audited)

Audited (As per IndAS accounting)	FY2023	FY2024
Operating income	3,990.0	4,805.1
PAT	-284.9	-180.6
OPBDIT/OI	25.0%	26.4%
PAT/OI	-7.1%	-3.8%
Total outside liabilities/Tangible net worth (times)	3.7	15.3
Total debt/OPBDIT (times)	12.7	11.9
Interest coverage (times)	1.2	1.1

Source: Company, ICRA Research; 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

The company faces prepayment risk, given the possibility of debt acceleration upon the breach of covenants, including financial and operating covenants, cross-default with respect to any other indebtedness, and covenants under OMDA agreement. Upon failure to meet the covenants, if the company is unable to get waivers from the lenders/investors or the lenders/investors do not provide it with adequate time to arrange for alternative funding to pay off the accelerated loans, the rating would face pressure.

Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years							
Instrument	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Working capital facilities	Long term	735.00	May 21, 2025	[ICRA]AA (Stable)	June 24, 2024	[ICRA]AA- (Stable)	Aug 02, 2023	[ICRA]A+ (Positive)	May 27, 2022	[ICRA]A+ (Stable)
							Feb 20, 2024	[ICRA]AA- (Stable)	Oct 7, 2022	[ICRA]A+ (Positive)
							Mar 12 2024	[ICRA]AA- (Stable)	Mar 22, 2023	[ICRA]A+ (Positive)
Non-fund based limits	Long term	49.00	May 21, 2025	[ICRA]AA (Stable)	June 24, 2024	[ICRA]AA- (Stable)	Aug 02, 2023	[ICRA]A+ (Positive)	May 27, 2022	[ICRA]A+ (Stable)
							Feb 20, 2024	[ICRA]AA- (Stable)	Oct 7, 2022	[ICRA]A+ (Positive)
							Mar 12 2024	[ICRA]AA- (Stable)	Mar 22, 2023	[ICRA]A+ (Positive)
Working capital term loan	Long term	0.00	May 21, 2025	-	June 24, 2024	[ICRA]AA- (Stable)	Aug 02, 2023	[ICRA]A+ (Positive)	May 27, 2022	[ICRA]A+ (Stable)
							Feb 20, 2024	[ICRA]AA- (Stable)	Oct 7, 2022	[ICRA]A+ (Positive)
							Mar 12 2024	[ICRA]AA- (Stable)	Mar 22, 2023	[ICRA]A+ (Positive)
Non-fund based – SBLC	Long term	175.00	May 21, 2025	[ICRA]AA (Stable)	June 24, 2024	[ICRA]AA- (Stable)	Feb 20, 2024	[ICRA]AA- (Stable)		
							Mar 12 2024	[ICRA]AA- (Stable)		
NCD	Long term	1,000.00	May 21, 2025	[ICRA]AA (Stable)	June 24, 2024	[ICRA]AA- (Stable)	Aug 02, 2023	[ICRA]A+ (Positive)	May 27, 2022	[ICRA]A+ (Stable)
							Feb 20, 2024	[ICRA]AA- (Stable)	Oct 7, 2022	[ICRA]A+ (Positive)
							Mar 12 2024	[ICRA]AA- (Stable)	Mar 22, 2023	[ICRA]A+ (Positive)
NCD	Long term	1,200.00	May 21, 2025	[ICRA]AA (Stable)	June 24, 2024	[ICRA]AA- (Stable)	Aug 02, 2023	[ICRA]A+ (Positive)	Oct 7, 2022	[ICRA]A+ (Positive)

Current (FY2026)				Chronology of rating history for the past 3 years							
Instrument	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023		
			Date	Rating	Date	Rating	Date	Rating	Date	Rating	
								Feb 20, 2024	[ICRA]AA- (Stable)	Mar 22, 2023	[ICRA]A+ (Positive)
								Mar 12 2024	[ICRA]AA- (Stable)		
NCD	Long term	744.00	May 21, 2025	[ICRA]AA (Stable)	June 24, 2024	[ICRA]AA- (Stable)		Aug 02, 2023	[ICRA]A+ (Positive)		
								Feb 20, 2024	[ICRA]AA- (Stable)		
								Mar 12 2024	[ICRA]AA- (Stable)		
NCD	Long term	800.00	May 21, 2025	[ICRA]AA (Stable)	June 24, 2024	[ICRA]AA- (Stable)		Mar 12 2024	[ICRA]AA- (Stable)		
NCD	Long term	2,513.00	May 21, 2025	[ICRA]AA (Stable)	June 24, 2024	[ICRA]AA- (Stable)					
Unallocated limits	Long term/ Short term	5,041.00	May 21, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	June 24, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+		Aug 02, 2023	[ICRA]A+ (Positive)/ [ICRA]A1	May 27, 2022	[ICRA]A+ (Stable)/ [ICRA]A1
								Feb 20, 2024	[ICRA]AA- (Stable)	Oct 7, 2022	[ICRA]A+ (Positive)/ [ICRA]A1
								Mar 12 2024	[ICRA]AA- (Stable)	Mar 22, 2023	[ICRA]A+ (Positive)/ [ICRA]A1
NCD	Long term	-						Aug 02, 2023	[ICRA]A+ (Positive); Withdrawn	Oct 7, 2022	[ICRA]A+ (Positive)
										Mar 22, 2023	[ICRA]A+ (Positive)
Proposed NCD	Long term	-						Aug 02, 2023	[ICRA]A+ (Positive)		
								Feb 20, 2024	[ICRA]AA- (Stable); Withdrawn		
Proposed NCD	Long term	-						Aug 02, 2023	[ICRA]A+ (Positive)		

Complexity level of the rated instruments

Instrument	Complexity Indicator
Working capital facilities	Simple
Non-fund based limits	Very Simple
Non-fund based – SBLC	Very Simple
NCDs	Simple
Unallocated limits	Not Applicable

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	Long-term – Working capital facilities	NA	NA	NA	735.00	[ICRA]AA (Stable)
NA	Long-term – Non-fund based limits	NA	NA	NA	49.00	[ICRA]AA (Stable)
NA	Long-term – Non-fund based – SBLC	NA	NA	NA	175.00	[ICRA]AA (Stable)
INE657H08019	NCD	Jun 22, 2022	9.52%-9.98%	Jun 22, 2027	1,000.00	[ICRA]AA (Stable)
INE657H08027	NCD	Apr 13, 2023	9.60%	Apr 13, 2030	1,200.00	[ICRA]AA (Stable)
INE657H08035	NCD	Aug 22, 2023	9.60%	Aug 22, 2030	744.00	[ICRA]AA (Stable)
INE657H08043	NCD	Mar 22, 2024	9.50%	Mar 22, 2034	800.00	[ICRA]AA (Stable)
INE657H08050	NCD	Jul 25, 2024	9.50%	Jul 25, 2034	2,513.00	[ICRA]AA (Stable)
NA	Unallocated limits	NA	NA	NA	5,041.00	[ICRA]AA (Stable)/ [ICRA]A1+

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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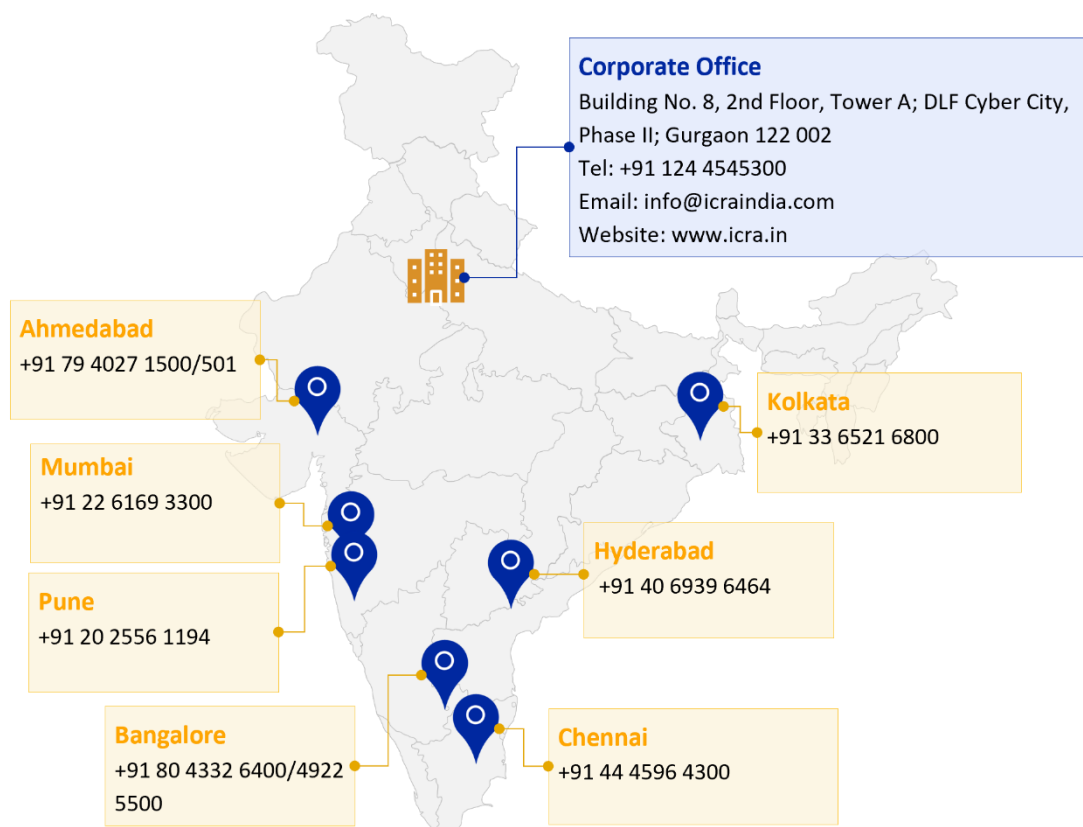
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