

April 28, 2025

## GMR Hyderabad Aviation SEZ Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based -Term loans	172.00	172.00	[ICRA]AA (CE) (Stable); reaffirmed
<b>Total</b>	<b>172.00</b>	<b>172.00</b>	

<b>Rating Without Explicit Credit Enhancement</b>	<b>[ICRA]AA</b>
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\* Instrument details are provided in Annexure I

Note: The letters CE, in parenthesis, suffixed to the rating symbol stand for 'credit enhancement'. The CE suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement.

### Rationale

The rating reaffirmation for the term loan programme of GMR Hyderabad Aviation SEZ Limited (GHASL) is based on the strength of the corporate guarantee provided by GMR Hyderabad International Airport Limited (GHIAL, rated [ICRA]AA+ (Stable)), the parent of GHASL. The above rating has been reaffirmed at [ICRA]AA(CE) with a Stable outlook. The CE rating is one notch lower than the rating of the guarantor and is constrained, given the absence of a well-defined payment/invocation mechanism in the corporate guarantee deed. The Stable outlook on this rating reflects ICRA's outlook on the rating of the guarantor, GHIAL.

For arriving at the ratings of GHIAL, ICRA has consolidated the financials of GHIAL and its subsidiaries, namely GMR Air Cargo and Aerospace Engineering Limited, GHASL, GMR Hospitality and Retail Limited and GMR Hyderabad Aerotropolis Limited. ICRA has considered the strong linkages of GHIAL and its subsidiaries through common management, operational linkages, track record of timely and need-based financial support, and the strategic importance of GHASL to GHIAL's operations. ICRA notes the presence of cross-default clauses in the loan agreements of GHIAL as well as GHASL, which further strengthens the linkages.

### Adequacy of credit enhancement

The corporate guarantee is legally enforceable, irrevocable, unconditional, covers the entire amount and tenor of the rated instrument and has other relevant attributes specified in ICRA's methodology for considering a credit enhancement. Moreover, the corporate guarantee incorporates post default payment mechanism, although it lacks a well-defined invocation structure. Further, the rating factors in strong linkages between the company and the guarantor. In case the rating of the guarantor or the unsupported rating of GHASL were to undergo a change in future, the same would have a bearing on the rating of the aforesaid facility as well. The rating of this instrument may also undergo a change in a scenario, whereby in ICRA's assessment there is a change in the strength of the business linkages between the guarantor and the rated entity, or there is a change in the reputation sensitivity of the guarantor to a default by the rated entity, or there is a change in the strategic importance of the rated entity for the guarantor.

### Salient covenants of the rated facility

- » DSCR shall not fall below 1.1 times during the tenor of the loan

- » During the currency of the loan, the guarantors will not, without lender's permission formulate any scheme of amalgamation/ reconstitution or change in management control
- » If the rating falls below AA-, the interest rate on the initial loan facility of Rs. 110 crore will increase by 0.25% for each downgrade notch; similarly, if the rating falls below A, the interest rate for the new loan facility of Rs. 62 crore shall increase by 0.25% for each notch of downgrade
- » Debt service reserve account to ensuing three months principal plus interest obligation to be created within two business days/at the time of disbursement

## Key rating drives and their description

### Credit strengths

**Strong sponsor with demonstrated track record of financial support** – The rating takes support from the strong profile of the sponsor – GHIAL (rated [ICRA]AA+ (Stable)). GHASL has close operational and financial linkages with GHIAL, given the common management and track record of timely financial support. The rating for the Rs. 172 crore term loan facilities is based on the strength of the unconditional and irrevocable corporate guarantee provided by GHIAL.

**Reputed tenant profile** – GHASL has stable lease rental income from leasing of ~133 acres as on March 31, 2025. The tenants are reputed entities, such as GMR Air Cargo and Aerospace Engineering Ltd (rated [ICRA] AA+ (CE) (Stable)), Safran MRO, Safran Aircraft Engines Hyderabad Private Limited, Cyient DLM Private Limited, Schneider Electric India Private Limited, Amara Raja Batteries Limited, FMC Technip and Skyroot Aerospace Private Limited, among others. The lease agreements have a lock-in period of 2-10 years and a lease tenure of 15-51 years, with a rent escalation clause of 15% for every three years.

### Credit challenges

**Moderate tenant concentration and vacancy risks** – GHASL has moderate tenant concentration, with the top five tenants occupying ~55% of the total leased area as of March 31, 2025. This exposes the company to high market risk in case of any of these tenants vacating their areas. Nevertheless, this risk is partially mitigated by the lock-in period of two-ten years, long-term lease agreements and one of the top tenants being a group company.

**Moderate scale of operations** – GHASL has a moderate scale of operations with revenues of ~Rs. 60 crore in FY2025. The lease rentals are expected to increase to ~Rs. 64 crore in FY2026. The company's ability to increase leasing and thereby improve the scale of operations will be credit monitorable.

### Liquidity position: Adequate

#### Guarantor: Adequate

The liquidity position of the guarantor (GHIAL) is adequate, with an assignable cash balance of Rs. 790.7 crore (excluding proceeds earmarked for capex of Rs. 371.1 crore) as on February 28, 2025. Additionally, it has a cushion of Rs. 150 crore of working capital limits as on February 28, 2025. GHIAL has foreign currency bond repayments of ~Rs. 2,000 crore in FY2026, and the same is expected to be refinanced in a timely manner.

#### GHASL: Adequate

GHASL's liquidity position is adequate with unencumbered cash balances and liquid investments of Rs. 76.5 crore as on March 31, 2025. It has a repayment obligation of Rs. 8.5 crore in FY2026 and Rs. 10.9 crore in FY2027, which can be comfortably serviced through the estimated cash flow from operations.

## Rating sensitivities

**Positive factors** – ICRA could upgrade the rating if there is significant improvement in the scale and earnings, resulting in improvement in debt coverage metrics on a sustained basis and improvement in the credit profile of the parent.

**Negative factors** – The rating could be downgraded if the credit profile of the guarantor deteriorates or if there is any weakening of the linkage with the parent company (GHIAL), or reduction in occupancy/lease rentals thereby weakening its debt coverage metrics on a sustained basis.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Realty - Lease Rental Discounting (LRD)</a>
Parent/Group support	Parent Support – GHIAL. The rating factors in the expected financial support from GHIAL to GHASL to protect its reputation from the consequence of a subsidiary's distress. GHIAL has also provided an unconditional and irrevocable corporate guarantee to GHASL.
Consolidation/Standalone	The rating is based on the company's standalone financial profile

## About the Company

GMR Hyderabad Aviation SEZ Limited (GHASL) is a wholly owned subsidiary of GMR Hyderabad International Airport Limited (GHIAL). Of the total land available with GHIAL, 1,500 acres is demarcated for commercial development. Of this, 277 acres have been leased out to GHASL for commercial development. As of March 2025, a total of 133 acres has been leased out by GHASL of the total leasable area of 214.3 acres.

## Key financial indicators (audited)

Standalone	FY2023	FY2024	9M FY2025*
Operating income	57.5	76.7	44.3
PAT	14.2	33.5	12.5
OPBDIT/OI (%)	56%	71%	67%
PAT/OI (%)	24%	44%	28%
Total outside liabilities/Tangible net worth (times)	3.8	3.0	2.6
Total debt/OPBDIT (times)	3.6	2.6	3.4
Interest coverage (times)	3.0	5.4	3.1

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; \* Provisional

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

## Any other information: None

### Rating history for past three years

		Current (FY2026)			Chronology of rating history for the past 3 years					
		FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount Rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-Term	172.00	Apr 28, 2025	[ICRA AA (CE) (Stable)]	-	-	Jan 17, 2024	[ICRA]AA (CE) (Stable)	Dec 16, 2022	[ICRA]AA (CE) (Positive)
			-	-	-	-	Jul 21, 2023	[ICRA]AA (CE) (Positive)	Jul 29, 2022	[ICRA]AA (CE) (Stable)

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term - fund based - Term loans	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 I	May 2022	-	March 2034	110.00	[ICRA]AA (CE) (Stable)
NA	Term loan II	Nov 2022	-	March 2034	62.00	[ICRA]AA (CE) (Stable)

Source: Company data

[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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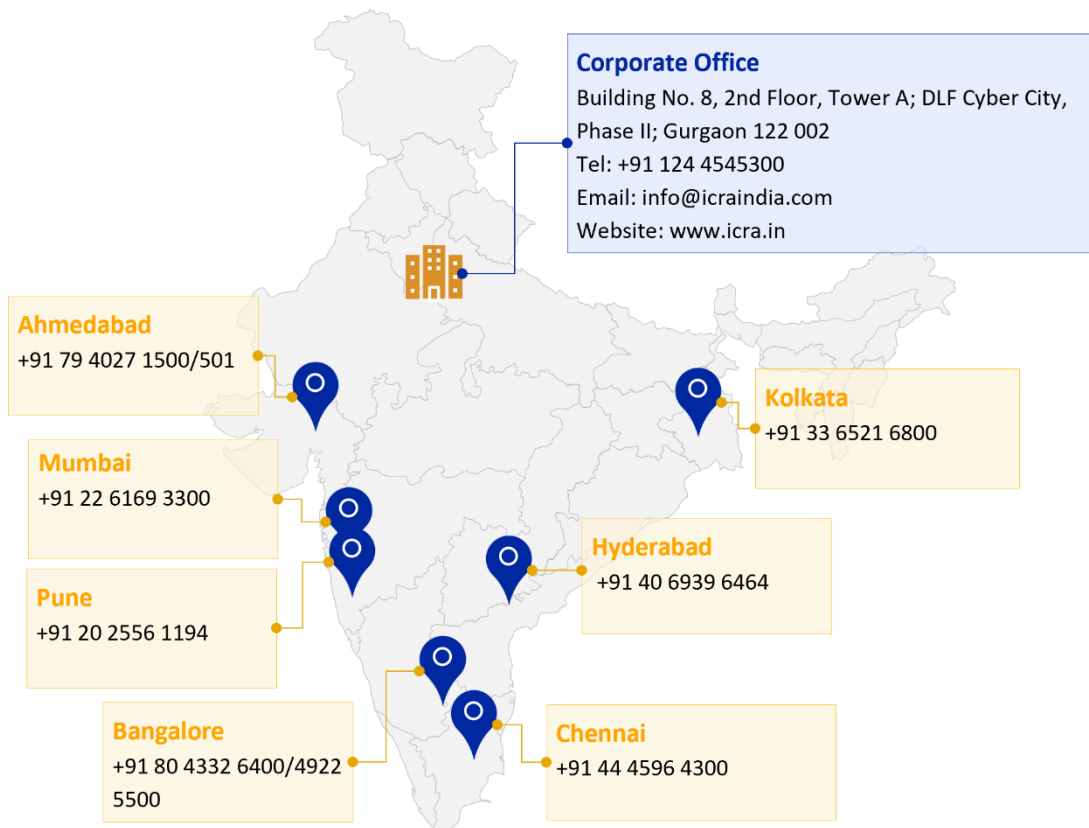
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