



Press Release

Delhi Airport Parking Services Pvt Ltd

November 23, 2022

Ratings:

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	198.33	IVR A- / Positive (IVR A Minus with Positive Outlook)	Assigned	Simple
Short Term Bank Facilities	5.00	IVR A2+ (IVR A Two Plus)	Assigned	Simple
Total	203.33 (Rupees Two hundred three crore and thirty-three lakh only)			

Details of Facilities are in Annexure 1

Detailed Rationale:

The rating assigned to the bank facilities of Delhi Airport Parking Services Pvt Ltd (DAPS) derives strength from DAPS being the sole parking services provider at Indira Gandhi International Airport, Delhi (Delhi airport) resulting in a stable business risk profile, healthy cash flows from operations, and support of experienced promoters. The Positive outlook reflects expected improvement in passenger traffic at Delhi airport resulting in improved earnings for DAPS. It also reflects the capex at the airport which will bolster the revenues for DAPS. The business profile is expected to remain strong on the back of the long-term concession to operate at Delhi airport terminals as a parking lot operator. These strengths are partially offset by vulnerability to fluctuations in traffic volume at Delhi airport and the moderate capital structure and debt protection metrics due to advance to group company and planned capex at Terminal 1 in FY25.

Key Rating Sensitivities

Upward Factors

- Sustained increase in passenger traffic volumes resulting in healthy improvement in cash flow from operations and liquidity position.
- Average DSCR of over 1.5 times on a sustained basis



Press Release

Downward Factors

- Decline in passenger traffic resulting in significant decline in revenues and cash flows leading to decline in debt protection metrics
- Significant increase in loans and advances to group companies resulting in decline in debt protection metrics
- Large debt funded capex, resulting in significant deterioration in financial risk profile.

Key Rating Drivers with detailed description:

Key Rating Strengths:

Sole parking services provider at Delhi airport

DAPS has been the sole provider of parking, left luggage facility and terminal entry/exit facilities at Delhi airport under a 25-year concession agreement with Delhi International Airport Limited (DIAL) since July 2010. DIAL enjoys a competitive advantage, given the dominant position of the Indira Gandhi International Airport (IGIA) as the largest Indian airport in terms of passenger traffic. The Delhi airport benefits from its position as the key regional provider of domestic and international air service, as Delhi is the national capital of India and an important political and commercial centre in the country. Delhi airport is largest in India in terms of passengers handled.

Stable business risk profile

DAPS has a strong business model with a 25-year contract with DIAL to operate the parking, luggage facility, and terminal entry/exit facilities at T1, T2 and T3 terminals of IGIA, one of the largest airports which provides revenue stability. Business risk profile is also supported by the tie-up between DAPS and App based aggregators, Ola and Uber since 2018. The company has been successfully operating the facilities for the past 12 years and has monopoly at the airport. Moreover, the shareholders DIAL, GMR Airports Limited, and Tenaga Parking Services (India) Private Limited have extensive experience of providing these services at airports, which further supports DAPS's business risk profile. DAPS's business risk profile is expected to remain stable over the medium term on account of the long-term contract with DIAL, monopoly situation, and presence at one of the largest airports in India.



Press Release

Healthy cash flows from operations

DAPS reported a significant decline in its revenues and subdued operating profits during FY21 and FY22 owing to the adverse impact of the pandemic on parking traffic. However, there has been a steady month-on-month recovery in cash flows driven by recovery in passenger volume at DIAL supported by increase in demand for air travel after the stabilization in the number of Covid-cases. The passenger volumes have reached ~90-95% of pre-pandemic level and is expected to improve further in FY23. Increase in passenger volume, tariff revision from April 1, 2022, forecourt management and revenue arrangement with app-based car rental companies lend stability to the cash flows going forward. The company is also taking initiatives to improve revenue like diversion of lane 3 traffic to Multi-Level Car Parking (MLCP) in Terminal 3 and advertisement, and rentals of space.

Experienced promoters with diversified business portfolio

GMR Group, over the years has demonstrated successful execution capabilities across diverse sectors such as energy, airports, roads and urban infrastructure. GMR Group at present owns and operates Delhi International Airport and Hyderabad International Airport. DIAL is the majority shareholder in DAPS and DAPS pays around 40% revenues as concession fee to DIAL. During the pandemic, DAPS had an option to defer the concession fee payable to DIAL. The company availed the option for a few months and thereafter continued to pay the fees to DIAL.

Key Rating Weaknesses:

Moderate capital structure and debt protection metrics

The networth of the company was Rs 65.28 crore as on March 31, 2022, and it is expected to increase going forward backed by steady accretion to reserves. Despite net losses and reduction in networth over last two years the overall debt-to-equity was comfortable at 0.92 times as on March 31, 2022. However, the company has in August 2022 taken a debt of Rs.200 crores partly for refinancing its existing term loan and has on-lent Rs.128 crores to GMR Goa International Airport Ltd. Accordingly, the gearing is expected to increase to over 2 times in as of March 31, 2023. However, considering stable nature of earnings emanating from strong business position, the overall debt equity ratio of 2X is considered to be acceptable so also the expected total debt/EBITDA levels of around 4 times. Debt-protection metrics remained subdued over the past two years on account of weak performance and operating



Press Release

profitability during FY21 and FY22. With operations reaching pre-pandemic levels, the debt protection metrics are expected to improve going forward.

DAPS has plans to undertake capex of Rs.25 crore in FY23 and Rs.30 crores in FY24 and the same is expected to be funded entirely by internal accruals. In FY25, DAPS is likely to incur capex of around Rs. 150 crores towards construction of underground MLCP at T1, post the completion of the ongoing capacity expansion at Delhi airport. The capex is expected to be funded in a debt: equity ratio of 75:25. This will further lead to moderation of the gearing and debt protection metrics of the company. However, there is expected to be continuous accretion to reserves, improvement in networth and debt repayment. The improvement in cash flow from operations and profitability, on a sustained basis, will remain a key sensitivity factor.

Vulnerability to fluctuations in traffic volume at Delhi airport

The company's business operations remain susceptible to passenger traffic at the Delhi airport, which is affected by downturns in domestic and global economic and tourism activities. Any material decline in passenger volumes shall have direct impact on operations of DAPS.

Analytical Approach: Standalone

Applicable Criteria:

[Criteria of assigning Rating Outlook](#)

[Rating Methodology: Service sector entities](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Policy on Default Recognition](#)

Liquidity – Adequate

DAPS' liquidity is adequate, supported by free cash and liquid investments of Rs. 38.81 crore as on September 30, 2022. The company has debt repayment of Rs. 15.9 crore in FY23, which can be serviced comfortably from its cash flow from operations. It has capex plans of Rs. 25 crores in FY23 and Rs. 30 crores in FY24, which is expected to be funded through internal accruals.

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



Press Release

Tenaga Parking Services (India) Pvt Ltd. (10.0%). From March 2010, the JV was awarded a 25-year concession by DIAL for setting up, development, operation, maintenance and management of the Multi-Level Car Parking (MLCP) facilities at Terminal 3, Domestic Terminal 1 and Cargo Terminal, T3 entry ticket counters and Left luggage facilities in the vicinity of T3. Presently DAPS manages vehicle parking locations at T1, T2, T3-MLCP, PTC, Aero City metro station, remote bus parking, arrival forecourts, cargo terminal, staff parking, and left luggage facility.

Financials:

(Rs. crore)

For the year ended / as on*	31-03-2021 (Audited)	31-03-2022 (Audited)
Total Operating Income	48.16	85.99
EBITDA	-7.07	15.02
PAT	-21.25	-4.91
Total Debt	67.29	60.37
Tangible Net Worth	70.31	65.28
Ratios		
EBITDA Margin (%)	-14.68	17.46
PAT Margin (%)	-42.98	-5.67
Overall Gearing Ratio (x)	0.96	0.92

*As per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable

Rating History for last three years:

Sr. No	Name of Instrument/ Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021- 22	Date(s) & Rating(s) assigned in 2020- 21	Date(s) & Rating(s) assigned in 2019- 20
1.	Term Loan	Long Term	198.33	IVR A-/ Positive	-	-	-
2.	Bank Guarantee	Short Term	5.00	IVR A2+	-	-	-



Press Release

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About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the firm are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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Press Release

Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Long Term fund-based bank facility – Term Loan	-	-	March, 2032	198.33	IVR A-/ Positive
Short Term non-fund-based bank facility – Bank Guarantee	-	-	-	5.00	IVR A2+

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-DAPS-nov22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it based on complexity and a note thereon is available at www.infomerics.com.