



Press Release

Delhi Airport Parking Services Private Limited (DAPS)

January 19, 2024

Ratings:

Instrument / Facility	Amount (Rs. Crore)	Current Ratings	Rating Action	<u>Complexity Indicator</u>
Long term Bank Facilities	188.50 (Reduced from Rs.198.33 crores)	IVR A/Stable (IVR A with Stable Outlook)	Revised from IVR A-/Positive (IVR A Minus with Positive Outlook)	Simple
Short term Bank Facilities	5.00	IVR A1 (IVR A One)	Revised from IVR A2+ (IVR A2 Plus)	Simple
Total	193.50 (Rupees One ninety-three crore and fifty lakhs only)			

Details of Facilities are in Annexure 1

Detailed Rationale:

Infomerics has upgraded its ratings assigned to the bank facilities of Delhi Airport Parking Services Private Limited (DAPS) due to significant increase in revenues and profitability in FY2023 and expected improvement in FY2024 on account of increase in passenger traffic at Indira Gandhi International Airport, Delhi (Delhi airport). The ratings continue to derive strength from DAPS being the sole parking services provider at Delhi airport resulting in a stable business risk profile and support of experienced promoters. However, these rating strengths are partially offset by moderate capital structure and vulnerability to fluctuations in traffic volume at Delhi Airport. Company is contemplating capex for Multi-Level Car Parking (MLCP) facility at Terminal I. This is not been factored in the rating due to proposal being in a nascent stage and being contingent on concessions from Delhi International Airport Ltd (DIAL), on which at present DAPS does not have any clarity. This position is as articulated by DAPS.

Key Rating Sensitivities:



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Upward Factors

- Sustained increase in passenger traffic volumes resulting in healthy improvement in cash flow from operations and liquidity position on a sustained basis.
- Improvement in overall gearing and debt protection metrics on a sustained basis.

Downward Factors

- Decline in passenger traffic resulting in significant decline in revenues and cash flows leading to decline in debt protection metrics.
- Large debt funded capex for MLCP facility at Terminal 1 without equity support from DIAL and/or reduction in concession fees to DIAL, resulting in deterioration in financial risk profile.
- Loans and advances to group companies impacting the liquidity and debt protection metrics of the company.

Key Rating Drivers with detailed description

Key Rating Strengths:

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, Hyderabad International Airport and Goa International Airport. As a result, the group has extensive experience of managing airports. 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. However, the company did not avail the option and continued to pay the fees to DIAL.

Sole parking services provider at the largest airport in India

DAPS is the sole provider of parking, left luggage facility and terminal entry/exit facilities at Delhi airport under a 25-year concession agreement with DIAL since July 2010. DIAL enjoys a competitive advantage, given the dominant position of the Delhi airport as the largest Indian airport in terms of passenger traffic. DIAL handled 65.33 million passengers in FY23. The Delhi airport benefits from its position as the key regional provider of domestic and international air service, as Delhi is the national capital and an important political and commercial centre in the country.



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Stable business risk profile

As a result of sole parking services provider at the largest airport in India, DAPS has a strong business model. It enjoys a 25-year concession with DIAL to operate the parking, luggage facility, and terminal entry/exit facilities at T1, T2 and T3 terminals of Delhi Airport, 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. 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. The company has been successfully operating the facilities for the past 13 years and has near monopoly at the airport. 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.

Improvement in scale of operations and profitability in FY23 and H1FY24

DAPS has reported a significant improvement in its revenues and operating profits during FY23 owing to the favourable impact on the parking traffic backed by increased passenger traffic after the pandemic at DIAL (reaching 97% of pre covid levels). Company's revenue increased by ~111% from Rs.85.99 crore in FY22 to Rs.181.56 crore in FY23. The EBITDA margin improved to 28.79% in FY23 against 17.46% in FY22. DAPS has reported a net profit of Rs.23.88 crore in FY23 as against net loss of Rs.4.91 crore in FY22. The company's revenue from Terminal 3 accounts for 68.92% of the total revenue in FY23. During H1FY24 (unaudited) DAPS has achieved revenue of Rs.105.93 crore and EBITDA margin of 34.26%.

Key Rating Weaknesses:

Moderate capital structure

The net worth of the company was Rs 88.90 crore as on March 31, 2023, and it is expected to increase going forward backed by steady accretion to reserves. The company in August 2022 had taken a debt of Rs.200.00 crores partly for taking out of the existing term loan and had forwarded Rs.128.00 crores to GMR Goa International Airport Ltd which had led to deterioration in the capital structure of the company. Accordingly, the gearing deteriorated to 2.17 times as on March 31, 2023, from 0.92 times as on March 31, 2022. The loan extended to GMR Goa International Airport Ltd has been repaid in full in December 2023 and the money so received has been invested in mutual funds.



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Debt-protection metrics like total debt to GCA though improved is moderate at 4.38x as on March 31, 2023, as against 5.95x as on March 31, 2022. Interest coverage is comfortable at 3.73x as on March 31, 2023 as against 2.93 as on March 31, 2022. The overall gearing ratio and debt protection metrics are expected to improve in the medium period with repayment of the existing term loan and accretion to reserves.

DAPS have capex plans of ~Rs.26 crore in FY24, ~Rs.33 crore in FY25 and ~Rs.35 crore in FY26 mainly for developing the parking facility at cargo city and upgrading the parking management system at Terminal 1, which is expected to be funded through investments and internal accruals.

Proposed capex for MLCP at Terminal 1 of ~Rs.400.00 crore of which Rs. 200.00 crore is expected to be incurred in FY25 and Rs. 200.00 crores in FY26 have not been factored in the rating as the management has articulated that this capex will be undertaken only if DIAL infuses additional equity for the project and/ or there is a reduction in the concession fee from current 40% to 20-25%. If the capex materialises it will be a key rating monitorable.

Vulnerability to fluctuations in traffic volume at Delhi Airport

The company's business operations depend on passenger traffic at the Delhi Airport, which remains susceptible to downturns in domestic and global economic cycles. Any material decline in passenger volumes may affect its operations.

Analytical Approach: Standalone approach

Applicable Criteria:

[Criteria of Rating Outlook](#)

[Rating Methodology for Infrastructure Companies](#)

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

[Criteria on Default Recognition](#)

Liquidity – Adequate

Liquidity position is projected to be adequate marked by expected average cash accruals in the range of Rs.33.71 crore in FY24, Rs.43.15 crore in FY25 and Rs.55.26 crore in FY26 vis-à-vis debt repayment obligations of Rs.13.00 crore in FY24, Rs.15.00 crore in FY25 and Rs.22.00 crore in FY26. The company had a free cash and bank balance of Rs.1.44 crore as on March 31, 2023, and investments in mutual funds of Rs.53 crores. The Rs.128 crore repaid



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by GMR Goa International Airport has also been invested in mutual funds as on December 31, 2023.

About the Company:

Delhi Airport Parking Services Private Limited is a special purpose vehicle (SPV) originally promoted by Delhi International Airport Limited, GMR Airports Limited (GAL) and Tenaga Parking Services (India) Pvt Ltd. However, in September 2023, Tenaga Parking Services (India) Pvt Ltd sold its stake to GAL. At present DIAL holds 49.90% and GAL holds 50.10% in DAPS.

DAPS 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 from July 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. 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: Standalone

For the year ended/ As On	(Rs. crore)	
	31-03-2022 (Audited)	31-03-2023 (Audited)
Total Operating Income	85.99	181.56
EBITDA	15.02	52.27
PAT	-4.91	23.88
Total Debt	60.37	193.24
Tangible Net-worth	65.28	88.90
Ratios		
EBITDA Margin (%)	17.46	28.79
PAT Margin (%)	-5.67	12.41
Overall Gearing Ratio (x)	0.92	2.17

**Classification as per Infomerics Standards*

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:



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Sr. No	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount (Rs. crore)	Rating	Date(s) & Rating assigned in 2022-23 (November 23,2022)	Date(s) & Rating assigned in 2021-22	Date(s) & Rating assigned in 2020-21
1.	Fund Based Facility – Term Loan	Long Term	188.50	IVR A/Stable	IVR A- / Positive	-	-
2.	Non-Fund Based Facility – Bank Guarantee	Short Term	5.00	IVR A1	IVR A2+	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which help corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary

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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 Facility –Term Loan	-	-	March 31,2032	188.50	IVR A/Stable
Short Term Non-Fund Based Facility –Bank Guarantee	-	-	-	5.00	IVR A1

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-jan24.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 on the basis of complexity and a note thereon is available at <https://www.infomerics.com/>.