India Ratings & Research
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Correction: India Ratings Revises Outlook on GMR Hyderabad International Airport's to Positive; Affirms at 'IND AA+'

Jul 02, 2026 | GMR Hyderabad International Airport Limited | Airport & Airport services

India Ratings and Research corrects the version published on 11 March 2026 to correctly state the list of subsidiaries of GMR Hyderabad International Airport Limited (GHIAL) in the analytical approach. The amended version is as follows: India Ratings and Research (Ind-Ra) has revised the Outlook on GHIAL's debt instruments to Positive from Stable while affirming the ratings at 'IND AA+'. The detailed rating actions are as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating Assigned along with Watch/Outlook	Rating Action
Bank loan facilities	-	-	-	INR2,250 (reduced from INR2,500)	IND AA+/Positive	Affirmed; Outlook revised to Positive
Non-convertible debenture*	-	-	-	INR25,300	IND AA+/Positive	Affirmed; Outlook revised to Positive

*Details in annexure

Analytical Approach

Ind-Ra continues to take a fully consolidated view of GHIAL and its subsidiaries to arrive at the ratings, owing to the operational, strategic and legal linkages among them.

Detailed Rationale of the Rating Action

The Positive Outlook reflects the continued growth momentum in the traffic in 9MFY26, despite temporary traffic disruptions caused by recent flight duty time limitations (FDTL) implications that led to flight cancellations in December 2025 as well as Ahmedabad plane crash in 1QFY26. The Positive Outlook also factors in the expectation of sustained growth, resulting in higher aero and non-aero income for GHIAL in addition to the expected growth in commercial property development (CPD) income. The Outlook revision is also supported by the expectation of a favourable fourth control period (CP4) tariff order with no significant disallowance of the estimated capex for capacity increase including that of the CP3 being trued up.

The ratings factor in the 17% yoy growth in GHIAL's passenger traffic during FY25, which surpassed the peak traffic of pre-COVID-19 levels (FY20) by 35%, along with the significant progress in its capex programme. The traffic continued to grow at more than 7% yoy in 9MFY26. The healthy traffic growth indicates that annual traffic volume will surpass 30 million-31 million in FY26, supporting a comfortable level of non-aero revenue and leading to healthy cashflow generation. The traffic growth will continue to be a key factor for a ramp-up in the internal accruals.

The ratings are supported by the geographic location of the airport, which serves the Hyderabad region, the capital city and an important commercial centre. Ind-Ra expects the passenger traffic to improve over the medium term and the non-aero income to rise, considering the opening up of a new terminal, an increase in the pax traffic, increased propensity in consumer spending and various initiatives taken by GHIAL for scaling its revenue. The ratings are also supported by GHIAL's regulated framework which allows a cost recovery from user tariff determination every five years, restricted cash

flow movements within the group companies considering GHIAL's ringfenced structure, and healthy liquidity of INR11 billion as on 1 March 2026.

However, the ratings are constrained by any event impacting the traffic including changing geopolitical situations in several corners of globe, regulatory risk related to any major disallowance of its estimated capex for tariff determination for CP4, proposed large capex plan for expanding the passenger capacity by another 20 million from the existing 34 million in FY27-FY31 through debt and internal accruals and the refinancing risk emanating from bullet repayments due in FY28, which would be rating monitorables.

The entire bullet maturity of FY25 and FY26 has already been refinanced, and the credit profile and the track record of refinancing by GHIAL limits the refinancing risk for the bullet repayment due in FY28. Additionally, GHIAL has received 30-year extension in the concession agreement until March 2068, thus improving its financial flexibility and mitigating the refinancing risk to large extent. GHIAL has commenced dividend distribution to its shareholders and has informed that the planned dividends will be met only post fulfilling operational, capex and liquidity requirements.

List of Key Rating Drivers

Strengths

- Encouraging passenger traffic ramp-up
- Terminal expansion completed; capex planned for CP4
- Robust financial performance
- Strong sponsor experience
- Lower revenue approved in CP3; likely true-up in CP4

Weaknesses

- Moderate debt structure
- Absence of significant incremental group investments critical

Detailed Description of Key Rating Drivers

Encouraging Passenger Traffic Ramp-up: In 10MFY26, GHIAL reported passenger traffic of 25.88 million (FY25: 29.16 million; FY24: 25.03 million; FY23: 21.0 million; FY20: 21.65 million). Although the propensity to travel has improved, higher air fares or a fall in the economic growth could affect the traffic growth. Any decline in traffic due prevailing geopolitical crisis resulting in sub optimal operational and financial performances shall be a key rating monitorable.

International passengers accounted for 18.2% of the overall passengers in 10MFY26 (FY25: 16%; FY24: 17%; FY23: 16%; FY20: 18%), similar level of pre-COVID-19 levels. The share of GHIAL's non-aeronautical revenue accounted for about 28% of the standalone operating revenue in 9MFY26 (FY25: 25.9%; FY24: 26.8%; FY23: 32.9%; FY22: 34.4%; FY20: 23.5%). While the loss in aeronautical and non-aeronautical revenue had impacted the cashflows and liquidity over FY21-FY22, due to COVID-19 disruptions, Ind-Ra believes GHIAL's long-term return are likely to be largely protected, as any over-recovery or a shortfall would be trued-up in the subsequent control periods.

GHIAL's standalone revenue stood at INR19.57 billion in 9MFY26 (FY25: INR23.50 billion; FY24: INR20.23 billion; FY23: INR13.84 billion) and EBITDA stood at INR12.49 billion (INR14.8 billion; INR12.78 billion; INR6.58 billion). Its non-aero revenue stood at INR5.49 billion (INR236/passenger) in 9MFY26 (FY25: INR6.11 billion; FY24: INR5.42 billion; FY23: INR4.46 billion). The standalone net leverage (net debt-to-EBITDA) reduced to 4.75x in FY25 (FY24: 5.28; FY23: 7.30x).

Terminal Expansion Completed; Capex Planned for CP4: The airport is operating at a capacity of 34 million pax from FY25 and has completed the entire capex to improve the capacity of the airport to 34 million pax from 12 million, in line with the plan for expansion during CP3. The financial progress as on 31 January 2026 was about 98% and GHIAL plans to complete majority of the balance works, i.e. four laning of the existing two-lane access road by June 2026. The total capex, including terminal expansion, has been estimated at INR66 billion, which has been funded through debt of INR45 billion and the balance through internal accruals. As on 31 January 2026, the company incurred entire capex except for INR1.67 billion and funds have been earmarked for the same, for the main access road. Ind-Ra does not expect any significant cost overrun, given low balance capex.

GHIAL has proposed around INR130 billion capex for FY27-FY31 for expanding the passenger capacity to 54 million from 34 million and the capex would be funded through debt and equity in the ratio of around 75:25. The capex will increase the leverage temporarily. The approval of the capex and related tariff in the CP4 are a key monitorable compared to GHIAL's expectation. The funding of equity for the aforesaid planned capex from internal sources shall be a key rating monitorable.

Robust Financial Performance: As of 9MFY26, GHIAL's consolidated revenue improved to INR31.1 billion (FY25: INR36.8 billion; FY24: INR29.4 billion; FY23: INR20.9 billion), supported by robust traffic growth and other non-aero income. The EBITDA also improved to INR16.5 billion in 9MFY26 (FY25: INR18.8 billion; FY24: INR15.4 billion; FY23: INR8.4 billion). The consolidated interest coverage (EBITDA/interest) continued at 3x in 9MFY26 (FY25: 2.6x; FY24: 2.6x; FY23: 2.1x) and the net leverage (net debt-to-EBITDA) reduced to 3.88x in FY25; (FY24: 4.64x; FY23: 8.22x).

Strong Sponsor Experience: GMR Airports Limited (GAL), the sponsor and listed entity, is 33.8% held by the GMR group, 32.3% by Groupe ADP and balance by public. GAL is an established infrastructure developer that also operates the Delhi Airport, India's largest airport, and the recently commissioned Goa Airport in India. Ind-Ra takes comfort from the presence of independent directors and representatives from the ADP Groupe, the Telangana government and the Airports Authority of India (AAI) on the board of GHIAL. The duty-free business has also been shifted to GAL at comparable revenue sharing scheme from GAL to GHIAL through competitive bidding process. The cargo terminal management services at Delhi airport is also being carried out by GAL now.

Lower Revenue Approved in CP3; Likely True-Up in CP4: GHIAL had received the tariff approval for CP3 on 1 September 2021, which allowed a tariff increase from FY23. The recovery of INR8.13 billion of the approved aggregate revenue requirement has been delayed until the next CP. The Airports Economic Regulatory Authority (AERA) of India has indicated that a balanced approach has been taken, considering the representation of stakeholders who were also affected by COVID-19 disruptions. The AERA has noted that the operating expenditure for the CP3 is to be trued up in the subsequent control periods, on the basis of the actuals subject to reasonableness and efficiency. The regulatory consistency in applying the hybrid till mechanism (wherein 30% of the non-aeronautical revenue will be used to cross-subsidise aeronautical charges) for tariff determination continues to support the ratings. While a lower tariff recovery in CP3 has increased the importance of traffic recovery, long-term visibility of tariff recovery in line with tariff determination rules provides comfort and the flexibility to raise financing, based on such visibility.

As against GHIAL's proposed capex of INR55.96 billion for the expansion (excluding interest during construction), AERA approved capex of INR48.2 billion, based on changes in inflation reference, non-recognition of change in terminal area, disallowance in soft cost and difference in interest during the construction calculation. AERA has indicated that the actual capex will be considered in true-up based on justification. A Telecom Disputes Settlement and Appellate Tribunal's (TDSAT) order dated 14 February 2024 on GHIAL appeal on CP3 included the following directions : (i) cargo, ground handling and fuel charges to be treated as non-aero revenue instead of aero revenue, (ii) treatment of real estate development as non-airport activity instead of non-aero activity, (iii) allowing actual expenditure for capex compared to disallowances in CP3, (iv) inclusion of non-aero revenue for tax calculation and (v) approved revenue requirement not to be postponed to the next control period, including recovery of deferred revenue from CP3. Implementation of TDSAT will be positive for GHIAL; however, AERA has appealed in the Supreme Court, and the final verdict is awaited. AERA's method of revenue estimation till CP3 has been assumed in projections and outcome of CP4 and appeal in the Supreme Court are monitorable.

Moderate Debt Structure: As on 31 January 2026, GHIAL (excluding subsidiaries) had a debt consisting of bonds of USD350 million, NCDs worth INR46.30 billion, and interest-free loan outstanding of INR1.89 billion from the Telangana government. The interest rate is fixed for the USD bonds, which are hedged through a coupon-only swap, and the principal has been hedged through a cross-currency swap and call spread. The USD bonds of INR300 million having bullet maturities in February 2026 have been refinanced in January 2026 with domestic NCDs of INR21 billion, having 15 years tenure amortising from FY31 to FY41 with 45% of amortisation in the last two fiscal years. Earlier, NCDs worth INR25.30 billion raised over FY23-FY24 were utilised towards refinancing dollar bonds of 2024. The next bullet repayments would be due in October 2027 (USD350 million), which the management intends to refinance well before the due date. Although GHIAL faces refinancing risk for the bullet payments, healthy cashflow generation and availability of long concession life provide financial flexibility and mitigate the risk to an extent. GHIAL had fund-based working capital limits of INR1.5 billion which remained undrawn and the non-funded-based limits of INR0.75 billion, of which INR0.30 billion was utilised as on 31 January 2026. As on 31 March 2025, GHIAL provided guarantees equivalent to INR7.05 billion (FY24: INR7.01 billion) against the debt in its subsidiaries.

Absence of Significant Incremental Group Investments Critical: GMR Hyderabad Aviation SEZ Limited, GMR Hyderabad Aerotropolis Limited, GMR Hospitality and Retail Limited and GMR Air Cargo and Aerospace Engineering Limited are 100% subsidiaries of GHIAL that are involved in the non-aero and non-airport-related business of hotels, duty free, industrial and commercial property development and maintenance, repair and operations services. The subsidiaries generated healthy cashflows during FY25 and 9MFY26 and are likely to be self-sustainable without any support requirement from GHIAL. The subsidiaries are likely to incur capex of INR8,000 million-9,000 million over the next three years for constructing a new hotel, interchange facility (retail mall) and the expansion of the cargo terminal. The capex is likely to be funded through a mix of debt and internal accruals and any incremental capex backed by additional debt will be serviced by subsidiaries' cashflows and no significant support is envisaged from GHIAL over the period. As on 31 December 2025, the total debt in these four subsidiaries stood at INR6.5 billion which was backed by a guarantee from GHIAL. Further, GHIAL has acquired 30% stake in GMR Logistics Park Private Limited in second quarter of FY26 and balance 70% stake is held by GHAL by conversion of its NCDs into equity in GLPPL, hence the GLPPL is now fully held by GHIAL (30%) and GHAL (70%).

In FY20, GHIAL had provided an aggregate amount of INR2,000 million interest-bearing inter-corporate deposits (ICDs) to GMR Airports Limited and GMR Power & Urban Infra Limited (GPUIL). The ICD tenor has been extended beyond the original envisaged maturity, which is likely to be repaid in FY27, as per the management. The management stated that there would be no significant incremental exposure or investments in the group companies. Any significant incremental ICDs to them will be a key rating sensitivity.

GHIAL has distributed a surplus of INR2,830 million in FY25 and has projected a dividend distribution plan for forthcoming years. According to the management, the dividend distribution will be completed after meeting its debt obligations, operational and capex requirements and post maintenance of minimum internal liquidity equivalent to six months of operating expenses. Given the capex proposed to FY27-FY31, accumulating the internal liquidity to meet equity requirements is a key monitorable.

Liquidity

Adequate: GHIAL's liquidity provides adequate visibility to meet its capex, and the current traffic levels provide adequate visibility for healthy cash accruals. As on 1 March 2026, GHIAL had a cash balance of INR11 billion including surplus cash of INR9.33 billion and earmarked cash for capex at INR1.67 billion, excluding a total of INR2.0 billion ICDs provided to GAL and GPUIL. GHIAL receives interest of 11% annually from GAL and GPUIL and the loan will be repaid in FY27, as per the management. Also, GHIAL had INR1,500 million of undrawn fund based working capital limits as on 31 January 2026. The company has sufficient room to raise temporary financing to meet any liquidity requirement. GHIAL has a repayment obligation of INR630 million annually in FY26-FY28 towards the interest-free loan provided by the Telangana government.

Rating Sensitivities

Positive: Healthy growth in the passenger traffic; non-aero income and commercial property development income, leading to an improvement in the cashflows, on a sustained basis; timely release of TO for CP4 with approval of estimated capex plan for capacity increase along with favorable truing up of CP3 capex; maintenance of healthy liquidity would lead to a positive rating action.

Negative: Future developments that could, individually or collectively, lead to a negative rating action are:

- more than 10% fall in traffic and/or non-aero revenue compared to Ind-Ra's projections, leading to material deterioration in GHIAL's cashflows on a sustained basis
- any significant additional loans or investments to the group companies impacting GHIAL's liquidity

Any Other Information

Not applicable

About the Company

GHIAL is a joint venture sponsored by GMR Infrastructure through GMR Airports (74%), in a partnership with the Airports Authority of India (13%), the government of Telangana (13%, which substituted the Andhra Pradesh government's stake in August 2014). GMR Airports acquired an 11% stake from Malaysia Airports Holdings Berhad in January 2024.

GHIAL was incorporated to design, finance, build, operate, expand and maintain a greenfield airport in Shamshabad, Hyderabad. GHIAL will operate the airport for a concession period of 60 years from the commercial operations date, consisting of an initial concession period of 30 years and an extended period of 30 years. The airport commenced operations from 23 March 2008 and was designed initially to handle 12 million passengers which has currently increased to 34 million passengers.

Key Financial Indicators

Particulars (INR million) - GHIAL (Consolidated)	**FY25**	**FY24**
Operating revenues	34,669	27,183
Total revenue	36,782	29,444
EBITDA	18,791	15,366
EBITDA margin (%)	51	52.2
Finance cost	7,358	5,821
Interest coverage (EBITDA/interest) (x)	2.55	2.64
Gross debt/EBITDA (x)	4.67	6.09
Net debt/EBITDA (x)	3.88	4.64
Cash and cash equivalents	14,898	22,194
Source: GHIAL, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	**Current Rating/Outlook**			**Historical Rating/Outlook**					
	Rating Type	**Rated Limits (million)**	**Current Rating**	**12 March 2025**	**13 March 2024**	**13 February 2024**	**22 February 2023**	**30 November 2022**	**17 June 2022**
Non-convertible debentures	Long-term	INR25,300	IND AA+/Positive	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA/Positive	IND AA/Stable	-
Bank loan facilities	Long-term	INR2,250	IND AA+/Positive	IND AA+/Stable	IND AA+/Stable	IND AA+/Stable	IND AA/Positive	IND AA/Stable	IND AA/Stable

Bank wise Facilities Details

Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low
Non-convertible debentures	Low

For details on the complexity level of the instruments, please visit https://www.indiaratings.co.in/complexity- indicators.

Annexure

Instrument Type	ISIN	Date of Issue	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook
NCDs	INE802J07019	13 December 2022	8.8050^	13 December 2032	INR11,500	IND AA+/Positive
NCDs	INE802J07027	13 March 2023	Variable	11 March 2033	INR8,400	IND AA+/Positive
NCDs	INE802J07035	28 March 2024	Variable	28 March 2034	INR5,400	IND AA+/Positive
Total					INR25,300	
Source: NSDL; ^per annum per quarter						

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Rating Criteria for Infrastructure and Project Finance

The Rating Process

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