

RATING ACTION COMMENTARY**Fitch Upgrades GMR Hyderabad International Airport to 'BBB-'; Outlook Stable**

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Fitch Ratings - Singapore - 07 Sep 2026: Fitch Ratings has upgraded GMR Hyderabad International Airport Limited's (GHIAL) Long-Term Issuer Default Rating (IDR) and the rating on USD350 million senior secured notes due 2027 to 'BBB-', from 'BB+'. The Outlook on the ratings is Stable.

The upgrade is driven by Fitch's forecast that GHIAL's average net debt/EBITDA leverage over the next five years is likely to remain below 5.0x - our previous upgrade sensitivity - despite rising due to higher capex. We expect the impact of capex on leverage to be mitigated by higher aeronautical tariffs and passenger volume growth. We forecast traffic at India's fourth-largest airport to recover strongly from the second half of the financial year that ends March 2027 (FY27), supporting EBITDA growth and keeping leverage in check.

The rating incorporates the regulated nature of GHIAL's business, with the tariff structure allowing a healthy return on the aeronautical asset base, and a long concession period up to 2068. GHIAL benefits from a relatively stable regulatory regime, with tariffs set every five years by the Airports Economic Regulatory Authority of India (AERA). Additionally, the provision for true-up alleviates risk from short-term passenger volume weaknesses.

KEY RATING DRIVERS

Revenue Risk - Volume - High Midrange

Traffic Likely to Rebound

We forecast total passenger volumes at the Hyderabad airport to fall by 6% in FY27 in the rating case, before jumping by 20% in FY28. Thereafter, we project volumes to grow by 12% annually to 49 million passengers in FY31. The FY27 traffic estimate

incorporates the decline seen in the last few months and our expectation of a recovery in 2HFY27. Passenger volumes fell 12% during April-July 2026 due to higher aviation fuel costs and flight suspensions driven by the Iran war.

The fundamentals for long-term traffic growth remain intact in our view, underpinned by India's economic growth and rising per capita income. The Hyderabad airport is a major international gateway for the states of Telangana and Andhra Pradesh, with a combined population of over 90 million, and faces limited competition from other cities and transport modes.

Revenue Risk - Price - Midrange

Regulated Aeronautical Tariffs, Significant Other Revenue

GHIAL received the tariff order for the fourth control period spanning FY27-FY31 from the regulator AERA in August 2026. The tariffs allow a return of 12.56% on the regulatory asset base, and we estimate GHIAL would earn roughly 35% more aeronautical revenue per passenger on average compared with the previous control period (FY22-FY26). The publication of the tariff order, albeit with a delay, supports our view that India's airport regulatory regime is largely stable.

In addition to aeronautical revenues based on regulated tariffs, GHIAL generates significant revenues from non-aeronautical and non-airport business streams such as retail; maintenance, repair, and overhaul (MRO) operations for aircraft; hospitality; and commercial property development.

Infrastructure Dev. & Renewal - Midrange

Capacity Expansion Requires Significant Capex

We forecast consolidated capex of around INR180 billion for GHIAL during the fourth control period, more than 4x the capex during the last five years. Most of the capex will be for expanding the capacity of the airport to serve 60 million passengers, from 34 million. The expansion involves enhancements in the existing precinct on the southern side, a new passenger terminal on the northern side, a new runway and an elevated cross taxiway. These projects are scheduled to be completed by mid-FY30. Upon completion, the capex for these projects will be capitalized, i.e., added to the regulatory asset base.

Debt Structure - 1 - Midrange

Almost All Debt Secured, Limited Refinancing Risk

The USD350 million secured notes comprised around 30% of GHIAL's consolidated debt as of FYE26, after adjusting for the value of the cross-currency swap in place to hedge the principal and interest. Four listed secured Indian rupee notes comprise the bulk of the group's remaining debt. The notes place certain restrictions on additional indebtedness, other than permitted indebtedness. The US dollar notes also place certain restrictions on dividend payments by GHIAL.

The next major debt maturity is of the US dollar notes in October 2027, but we see limited refinancing risk given GHIAL's robust asset profile and proven debt market access. GHIAL redeemed USD287 million of outstanding notes in February 2026 using proceeds from INR21 billion of notes issued in January 2026.

PEER ANALYSIS

GHIAL's closest peers are Delhi International Airport Limited (DIAL, BB+/Stable) and Mumbai International Airport Limited (MIAL, senior secured rating: BBB-/Stable).

DIAL operates India's largest airport and has a 'High Stronger' volume risk assessment due to the strategic location of the airport and larger scale. DIAL also has a 'Stronger' assessment for infrastructure development and renewal risk, as we expect limited capex in the medium term. DIAL's volume and infrastructure risk assessments are better than GHIAL's, but the advantages to its credit profile are more than offset by higher leverage. Fitch forecasts DIAL's net debt/EBITDA leverage to average almost 6x over FY26-FY30 under the rating case.

MIAL operates India's second-largest airport and has a 'High Stronger' volume risk assessment due to a larger catchment area and Mumbai being a bigger and more economically vibrant city than Hyderabad. In addition to a lower volume risk compared with GHIAL, MIAL's credit profile benefits from lower leverage, with the forecast for average net debt/EBITDA leverage under Fitch's rating case of around 4x over FY27-FY31. However, MIAL's rating is constrained by India's Country Ceiling.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- GHIAL's consolidated net debt/EBITDA leverage above 5.0x on a sustained basis;
- EBITDA/interest paid remains below 2.0x for a sustained period;
- Downward revision of India's Country Ceiling to 'BB+'.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Positive rating action is unlikely in the medium term, but the rating could be upgraded if:

- India's Country Ceiling is revised upwards to 'BBB', and
- Leverage is sustained below 4.0x.

FINANCIAL PROFILE

We forecast GHIAL's net debt/EBITDA leverage to increase to 4.9x by FY29, from 3.4x in FY26, on rising debt due to higher capex under our rating case. GHIAL is undertaking capex mainly for construction of a new passenger terminal on the northern side, a new runway and an elevated cross taxiway. We expect annual consolidated capex to average around INR37 billion over FY27-FY31, 4x compared with around INR8 billion over FY22-FY26.

Our rating case is based on an average annual passenger volume of 39 million over FY27-FY31, 10% lower than the average traffic assumed by the regulator for determining the tariff. The lower traffic assumption is driven by the impact of higher fuel costs and risk to flights in the Middle East due to the Iran war. We expect traffic to rebound from 2HFY27 based on robust demand fundamentals and a decline in crude oil prices, but a prolonged conflict presents risk.

We forecast GHIAL's consolidated revenue to rise at a CAGR of 13% over FY27-FY31, supported by growing revenues from the non-aeronautical and non-airport business streams. We expect consolidated EBITDA margin to improve to 54% by FY31, from 49% in FY26, helped by GHIAL's efficient cost management.

We assume dividends to increase by 5% each year during FY27-FY31 and have not incorporated any acquisition-related outflows.

GHIAL's FY26 net debt incorporates the benefit from derivative assets, used to hedge the US dollar bond principal, and short-term investments.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

CLIMATE VULNERABILITY SIGNALS

The Climate.VS for 2035 for GHIAL is 52. GHIAL's operations face risk from extreme weather events, such as cyclones, and are susceptible to water shortages and heat-related damage. However, we think the risk is mitigated by GHIAL's insurance coverage and significant operating experience. GHIAL has also engaged aviation consultant NACO to assess the airport's climate resilience and the company plans to take appropriate steps based on the findings. Based on these factors, we see a limited impact on GHIAL's credit profile from climate change-related physical risk.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT ⇅	RATING TYPE ⇅	RATING ⇅	RATING ACTION ⇅	PRIOR ⇅
GMR Hyderabad International Airport Limited	LT IDR	BBB- Rating Outlook Stable	Upgrade	BB+ Rating Outlook Positive
GMR Hyderabad International Airport Limited/Airport Revenues - First Lien/1 LT	LT	BBB- Rating Outlook Stable	Upgrade	BB+ Rating Outlook Positive

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Transportation Infrastructure Rating Criteria \(pub. 07 Jan 2025\) \(including rating assumption sensitivity\)](#)

[Infrastructure & Project Finance Rating Criteria \(pub. 15 Nov 2025\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

GIG InForM Model, v1.3.0 ([1](#))

ADDITIONAL DISCLOSURES

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GMR Hyderabad International Airport Limited

EU Endorsed, UK Endorsed

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