

Mumbai International Airport Limited

December 27, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	310.00	CARE AA; Stable	Reaffirmed
Long-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

CARE Rating Limited (CARE Ratings) has reaffirmed ratings assigned to bank facilities of Mumbai International Airport Limited (MIAL). Additionally, CARE Ratings has withdrawn ratings assigned to the term loan following its full repayment and receipt of no dues certificate.

Reaffirmation of ratings assigned to MIAL's bank facilities consider healthy air passenger traffic and growth in non-aero revenue in FY24 (refers to April 01 to March 31). MIAL has handled 52.8 million passengers (domestic and international) in FY24 (44 million in FY23- domestic and international) with year-over-year (y-o-y) growth of 20% and healthy growth of 28% in international traffic in the same period. The traffic growth at the MIAL is attributed to healthy catchment area of the India's financial capital and, pent up demand of the air travel with no large airport in the region competing for international traffic. MIAL is expected to handle 55 million passengers in FY25 basis 7MFY25 (refers to April 01 to October 31) passenger traffic (31.1 million) trajectory. In line with passenger traffic, non-aero revenues have witnessed healthy growth, rising to ₹2,427 crore in FY24 from ₹2,010 crore in FY23.

MIAL's debt comprises with long-term notes of US\$ 750 million with bullet repayment in FY30. Distribution lock-up to sponsor till October 2025 and covenants for creating sweep sinking fund further strengthen cash flow cushion while largely mitigating refinancing risk. The rating is also supported by comfortable leverage with net debt/profit before interest, lease rentals, depreciation, and taxation (PBILDT) of 3.65x in FY24. CARE Ratings has not considered large debt funded capex in its projections apart from the routine maintenance capex allowed per financing documents. Any large debt funded capex impacting concession life coverage of MIAL will be a key rating monitorable.

Ratings continue to derive strength from MIAL's diversified revenue profile with regulated returns on its regulatory asset base (RAB) under hybrid till mechanism and MIAL's strong market position as operator and developer of second-largest airport of the country, Chhatrapati Shivaji Maharaj International Airport (CSMIA). Ratings also favourably factors in the Adani group indemnifying MIAL for equity commitment and funding requirement towards Navi Mumbai International Airport Limited (NMIAL). The arbitration tribunal has ruled in MIAL's favour considering payment of revenue share to Airport Authority of India (AAI; rated CARE AAA; Stable/CARE A1+) in COVID period; however, this has been challenged by AAI and the matter is currently sub-judice. CARE Ratings notes MIAL has paid the entire revenue share to AAI despite contesting against it, and hence ruling in its favour shall result in potential upside to its liquidity. Per management's articulation, MIAL has filed for proposal for tariff determination for control period (CP)-4 (FY25-FY29) and final tariff order is expected by end of March 2025 and tariff shall be applicable from April 01, 2025.

The above rating strengths are partially offset by exposure to regulatory risks associated with delay in tariff orders and approval of capex by Airport Economic and Regulatory Authority (AERA). The rating also takes cognisance of the inherent risk related to likely diversion of passenger traffic due to upcoming airport at NMIAL. Optimal utilisation of airport thus reaching its peak capacity, phase-wise commencement of capacity at NMIAL with it serving additional catchment area and additional unserved demand, and both airports being operated by the same sponsor mitigate the risk to an extent.

CARE Ratings had earlier issued a credit update on AEL following Indictment and civil complaint filed by the United States Department of Justice (DoJ) and United States Securities and Exchange Commission (SEC) respectively against the Chairman and other senior executives of Adani Green Energy Limited (AGEL). Subsequently, stating there is no jurisdiction against the defendants, these allegations have been refuted by Adani group. CARE Ratings understand that matter is sub-judice, and therefore will continue to closely monitor events unfolding in the near term and assess the impact on the business and financial performance of all group entities, including MIAL. However, there is no immediate refinancing risk in MIAL as bullet repayment is due in FY30.

Rating sensitivities: Factors likely to lead to rating actions

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Positive factors

- Higher than estimated non-aero revenue and significant improvement in the leverage on a sustained basis.

Negative factors

- Decline in passenger traffic below 45 million and decline in non-aero revenue by 15% from FY24 levels on a sustained basis.
- Debt funded capex thus deteriorating concession life coverage ratio below 2x on a sustained basis.
- Non-adherence to the structure of notes.

Analytical approach:

Standalone. Per financing documents, MIAL's cash flow is ring fenced from NMIAL. In case of funding requirement to NMIAL, sponsor AEL shall infuse funds without recourse to MIAL and there shall not be outflow to NMIAL from MIAL.

Outlook: Stable

Over the medium term, CARE Ratings expects MIAL's business and financial profile to be driven by its strong market position and growth in revenue.

Detailed description of key rating drivers:**Key strengths****Strong market position as CSMIA's developer and operator**

MIAL is the exclusive developer and operator of the second-largest airport in India. The airport is strategically located in the heart of the key metro city, attracting strong flow of domestic and international passengers. The tenor of the Operations, Management and Development Agreement (OMDA) is for 30 years, which is till 2036 (extendable by another 30 years). MIAL has a capacity to handle 60 million passengers annually.

Healthy passenger traffic in FY24 and 7MFY25

MIAL has handled 52.8 million passengers in FY24 (44 million in FY23) with year-over-year (y-o-y) growth of 20%. MIAL has witnessed healthy growth of 28% in international traffic in this period. The traffic growth at the MIAL is attributed to healthy catchment area of the India's financial capital, pent up demand of the air travel with no large airport in the region competing for international traffic. MIAL is expected to handle 55 million passenger in FY25 basis 7MFY25 passenger traffic trajectory (31.1 million).

MIAL's diversified revenue profile with growth in non-aero revenue

MIAL has two sources of revenue including aero revenues and non-aero revenues. The aero charges are regulated by AERA and are fairly stable. Regulated return on aero assets with a hybrid till tariff structure involving true-up/ true-down of revenue takes care of traffic fluctuations at the time of next tariff determination process rendering visibility to the revenue stream. Aero charges will not be less than base airport charges stipulated in the OMDA thus providing cushion against true-down below base airport charges in future tariff orders.

Non-aero revenue consists of food and beverages, retail, duty free shopping, cargo, and ground handling, among others. MIAL's non-aero revenues are well-diversified. MIAL's concession agreement classifies rental revenue, land lease, cargo handling and ground handling as non-aero revenue. MIAL registered YoY growth of 21% in non-aero revenue with non-aero revenue of ₹2,427 crore for FY24 compared to ₹2,010 crore in FY23. Growth in non-aero revenue was supported by the healthy growth in the passenger traffic and growth in per passenger spending. Non-aero revenue per passenger has grown by 9% Y-o-Y and 13% compared to pre-covid period in FY24. Going forward, non-aero revenue is envisaged to be major portion of the revenue stream and growth in the non-aero revenue will be crucial from credit perspective.

MIAL also has right to develop land parcel of 190 acres around airport, thus enhancing its revenue visibility. However, CARE Ratings has not factored significant inflows from real estate monetisation in its base assessment.

Favourable arbitration ruling for revenue share payable to AAI

The arbitration tribunal has ruled in MIAL's favour considering payment of revenue share to AAI in COVID period. However, this has been challenged by AAI and matter is currently sub-judice. CARE Ratings notes MIAL has paid the entire revenue share to AAI despite contesting against it, and hence ruling in its favour shall result in potential upside to its liquidity.

Comfortable leverage and strong coverage indicators with ring fenced structure

External debt for MIAL comprises long-term notes of US\$ 750 million with bullet repayment in FY30. Net debt to PBILDT stood at 3.65x in FY24. Concession life coverage ratio is expected to remain strong at above 2x. CARE Ratings has not considered any debt funded capex in its projections apart from the routine maintenance capex. Any large debt funded capex impacting concession life coverage of MIAL will be a key rating monitorable.

Distribution lock-up to the sponsor till October 2025 and covenants for creating sweep sinking fund further strengthen cash flow cushion while largely mitigating refinancing risk.

Key weaknesses

Exposure to regulatory risk

MIAL is exposed to the regulatory risk attributed to delay in issuance of tariff order and variations in the permissible capex. MIAL is currently charging aero charges based on the AERA order for the third control period (April 2019 to March 2024). As indicated by the management, MIAL shall benefit from the Honourable Supreme Court of India's order regarding exclusion of revenue share paid in the previous control periods for calculation of aeronautical tax. Per managements articulation, MIAL has applied its tariff plans in August 2024 for the fourth control period (April 2025 to March 2029). Final tariff order issuance is expected by March 2024.

Per state support agreement (SSA), MIAL is entitled to levy aero charges higher of either the base airport charge (BAC) or charges determined by the target aero revenue requirement (ARR) for CP. CARE Ratings notes the base airport charges are expected to kick in from FY30 assuming no major capex mitigating the risk of true down or delay in approval of tariff order by AERA.

Inherent traffic diversion risk post commencement of NMIAL

MIAL is exposed to the inherent traffic diversion risk with upcoming airport NMIAL at Navi Mumbai. NMIAL is currently under construction with phase-1 capacity of 20 million passenger per annum and has a SCOD in September 2025. However, operations of NMIAL shall be supported by addition of new domestic and international destinations and large cargo handling facility. This exposes MIAL to inherent traffic diversion risk and slow-down in non-aero revenue growth. Going forward, achievability of estimated non-aero revenue and sustenance of passenger traffic shall be key rating monitorable.

Liquidity: Adequate

MIAL has created debt service reserve account (DSRA) of six months of debt servicing (interest) requirements in the form of fixed deposits. Distribution lock-up till October 2025, stricter waterfall mechanism and creation of sweep sinking fund is expected to enhance cash flow resilience.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Withdrawal Policy](#)

[Airports](#)

[Infrastructure Sector Ratings](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport infrastructure	Airport and airport services

MIAL is a special purpose vehicle (SPV) incorporated on March 02, 2006, to design, develop, construct, upgrade, operate, maintain and manage the Chhatrapati Shivaji Maharaj International Airport (CSMIA) in Mumbai. The company entered an OMDA with AAI on April 04, 2006, for 30 years (from the effective date, May 03, 2006), with provision for extension of another 30 years. The Adani group (directly and indirectly) holds 74% of the stake in MIAL with balance 26% being held by AAI. MIAL holds 74% stake in the upcoming airport at Navi Mumbai.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	3,300	4,021
PBILDT	1,706	1,599
PAT	-1.04	-608
Overall gearing (times)	6.34	15.08
Interest coverage (times)	1.68	1.48

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan	-	-	-	30/11/2023	0.00	Withdrawn
Non-fund-based - LT-Bank Guarantee	-	-	-	-	310.00	CARE AA; Stable

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Term Loan-Long Term	LT	-	-	-	-	1)Withdrawn (04-Oct-22)	1)CARE A+; Stable (01-Oct-21)
2	Debentures-Non-Convertible Debentures	LT	-	-	-	-	1)Withdrawn (04-Oct-22)	1)CARE A+; Stable (01-Oct-21)
3	Non-fund-based - LT-Bank Guarantee	LT	310.00	CARE AA; Stable	-	1)CARE AA; Stable (28-Sep-23)	1)CARE AA-; Positive (04-Oct-22)	-
4	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE AA; Stable (28-Sep-23)	-	-

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Name of the Instrument	Detailed Explanation
A. Financial covenants	Not applicable
B. Non-financial covenants	
I. Sponsor AEL shall infused funds in NMIAL without recourse to MIAL.	-
II. AEL shall at all times keep MIAL indemnified from losses, claims, demands or liabilities and delay defaults by NMIAL arising on MIAL considering MIAL being shareholder of NMIAL.	-

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Non-fund-based - LT-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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About us:

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