

## Airports Authority of India

March 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term / Short-term bank facilities	3,000.00	CARE AAA; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Airports Authority of India (AAI) factor in the strategic importance of AAI to the Government of India (GoI) and its constitutional status as an authority incorporated under Airports Authority of India Act, 1994 and regular grants received via budgetary allocations. AAI is the exclusive entity responsible for providing air-traffic management services in India, including to privatised airports. AAI manages the entire air space of India and its adjacent oceanic areas. Ratings consider diversified revenue stream of AAI, which includes aero and non-aero revenues from its own operated airports, revenue from air navigation services provided to airlines, and revenue share / per-passenger fees from privatised airports.

Ratings also derive strength from the strong financial risk profile of AAI, marked by healthy profitability, strong liquidity, and improved operational performance in FY24 (FY refers to April 01 to March 31), led by healthy air passenger traffic growth and improved revenue share from privatized airports. AAI's total operating income (TOI) grew by 31% to ₹14,963 crore in FY24, in line with the healthy air passenger traffic growth. Going forward, favourable outlook for the air passenger traffic in India augur well for growth prospects of AAI. The profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin also improved from 45.34% in FY23 to 53.02% in FY24. CARE Ratings Limited (CARE Ratings) expects the PBILDT margin to remain at this level owing to expected air passenger traffic growth and higher revenue share payments from privatised airports. The company's strong financial profile is marked by a low leverage and a strong debt coverage indicators. CARE Ratings expects financial risk profile to be healthy, going forward, owing to expected healthy cash accruals and no major debt-funded capital expenditure (capex).

Rating notes arbitration between AAI and Delhi International Airport Limited (DIAL; rated CARE AA-; Positive)/ Mumbai International Airport Limited (MIAL; rated CARE AA; Stable) regarding minimum annual fee (MAF) payments, has not been concluded. MIAL and DIAL invoked force majeure clauses due to the COVID-19 pandemic and ceased MAF payments from January 2021. The arbitration tribunal ruled in favor of DIAL and MIAL, directing AAI to refund the MAF paid in the force majeure period. However, AAI has challenged this decision in the Hon'ble Delhi High Court, and the matter remains sub-judice. In the interim, per court directions, AAI has deposited ₹471 crore and ₹1,159 crore with the High Court, covering the MAF refunds to DIAL and MIAL respectively, including interest. Adverse outcome that significantly impacts the company's liquidity position will remain a key rating monitorable.

However, rating strengths for AAI are tempered by inherent risk of air passenger traffic susceptibility and relatively lower non-aero revenue per passenger.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

Not applicable

#### Negative factors

- Dilution of the GoI's stake in AAI.
- Dilution in AAI's strategic importance to the GoI.
- Significant debt-funded capex or declining revenue, leading to higher leverage, net debt to PBILDT above 2.00 times on a sustained basis.

### Analytical approach: Standalone

CARE Ratings has adopted standalone approach, while factoring in linkages with the parent, the GoI.

### Outlook: Stable

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

The stable outlook considers AAI's strategic importance to the GoI and expectations of its consistent strong operating performance and healthy liquidity.

### **Detailed description of key rating drivers:**

#### **Key strengths**

##### **Strategic importance to GoI**

Established as a statutory authority under the Airports Authority of India Act, 1994, AAI is entrusted with controlling, managing, and enhancing aviation infrastructure throughout India. Its role is of paramount significance to the GoI, as AAI is the exclusive entity responsible for providing communication navigation surveillance and air traffic management (CNS/ATM) services in India, overseeing the entire airspace of the country and its adjacent oceanic areas. Over the years, AAI has played a crucial role in fostering air connectivity to remote regions by developing new airports.

Approvals for major capex by AAI is granted by the Ministry of Civil Aviation (MoCA), and the government provides grants to facilitate part capex for developing and upgrading airport infrastructure. AAI's board includes representatives from the Ministry of Civil Aviation (MoCA).

##### **Improving operating performance in FY24**

AAI experienced a decline in TOI and profitability in FY20 and FY21, primarily due to the COVID-induced decrease in air passenger traffic and the invocation of force majeure event clauses by DIAL and MIAL. However, there was a gradual recovery in air passenger traffic, resumption of revenue sharing by MIAL and DIAL, and improved revenue from the PPP airports led to TOI and profitability improving in FY23.

TOI further grew by 31% to ₹14,963 crore in FY24, in line with the healthy air passenger traffic growth and improved revenue share from privatised airports. Going forward, favourable outlook for the air passenger traffic in India augur well for AAI's growth prospects. PBILDT margin also improved from 45.34% in FY23 to 53.02% in FY24. CARE Ratings expects the PBILDT margin to remain at this level owing to the expected air passenger traffic growth and higher revenue share payments from privatised airports.

##### **Healthy financial risk profile**

Due to strong profitability in FY24 and the term loan prepayment of ₹2,098 crore in April 2023, total debt to PBILDT improved to 0.30x in FY24 against 0.87x in FY23. Due to healthy cash accruals and term loan prepayment, the net debt remained negative in FY24. The interest coverage ratio (ICR) stood healthy at 81.46x in FY24 against 50.36x in FY23. CARE Ratings expects financial risk profile to remain healthy owing to expected healthy cash accruals and no major debt-funded capex.

##### **Favourable outlook for air passenger traffic at Airports**

In the FY24, air passenger traffic at airports exceeded pre-COVID levels by 1.10x. While domestic traffic had almost recovered in FY23, International traffic achieved full recovery in FY24 reaching 1.04x pre-covid levels. It is anticipated that in FY25, air passenger traffic shall surpass 400 million passengers in FY25. In the medium term, CARE Ratings estimates passenger traffic to grow at 9% compound annual growth rate (CAGR) from FY25-FY27 to reach ~485 million passengers in FY27.

#### **Key weaknesses**

##### **Inherent susceptibility to air passenger traffic and relatively lower non-aero revenue**

AAI's operating income is susceptible to fluctuating air passenger traffic as evidenced in the COVID period. the presence of a limited number of profitable airports within AAI's portfolio and the privatisation of profitable airports may impact revenue and profitability. However, the revenue share derived from previously privatised airports and per-passenger fees from recently privatised airports mitigate this risk to an extent. Non-aero revenue for AAI operated airports is relatively low compared to other privatised airports.

#### **Liquidity: Strong**

Strong liquidity position is marked by free cash and cash equivalents of ~₹4,403 crore and unutilised working capital limits of ₹1,500 crore as of March 31, 2024. Liquidity is also aided by minimal repayments against strong cash accruals. For FY25 and FY26, AAI plans to undertake capex at a total of ₹4,500 crore each, with funding from the existing cash balance, GoI grants, and robust internal accruals.

#### **Assumptions/Covenants:** Not applicable

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

### Applicable criteria

[Definition of Default](#)

[Factoring Linkages Government Support](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Airports](#)

[Infrastructure Sector Ratings](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

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

AAI has been constituted as a statutory authority under the Airports Authority of India Act, 1994 and came into existence on April 01, 1995. It has been created by merging the erstwhile International Airports Authority and National Airports Authority. AAI is responsible for developing, maintaining, and managing civil aviation infrastructure in India. It is the exclusive entity providing air traffic management services over the entire air space of the country and its adjacent oceanic areas. As an airport developer, AAI owns and manages 133 airports in India.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	11,425	14,963
PBILDT	5,180	7,933
PAT	2,972	4,651
Overall gearing (times)	0.29	0.13
Interest coverage (times)	50.36	81.46

A: Audited; 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

**Detailed explanation of 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
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	3000.00	CARE AAA; Stable / CARE A1+

**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	Non-fund-based - LT/ ST-BG/LC	LT/ST	3000.00	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (29-Jan-24)	-	-

LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Non-fund-based - LT/ ST-BG/LC	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

<b>Media Contact</b>  Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Analytical Contacts</b>  Rajashree Murkute Senior Director <b>CARE Ratings Limited</b> Phone: +91-22-6837 4474 E-mail: <a href="mailto:rajashree.murkute@careedge.in">rajashree.murkute@careedge.in</a>
<b>Relationship Contact</b>  Saikat Roy Senior Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3404 E-mail: <a href="mailto:saikat.roy@careedge.in">saikat.roy@careedge.in</a>	Maulesh Desai Director <b>CARE Ratings Limited</b> Phone: +91-79-4026 5605 E-mail: <a href="mailto:maulesh.desai@careedge.in">maulesh.desai@careedge.in</a>
	Palak Sahil Vyas Associate Director <b>CARE Ratings Limited</b> Phone: +91-79-4026 5620 E-mail: <a href="mailto:palak.gandhi@careedge.in">palak.gandhi@careedge.in</a>

### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

### Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**