SAPPHIRE AIRLINES PRIVATE LIMITED (Revised)

July 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	585.69	CARE A; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to bank facilities of Sapphire Airlines Private Limited (SAPL) factors in the revenue assurance arising from the Take-or-Pay Agreements (ToPA) with various JSW group of companies including JSW Steel Limited (JSWSL), JSW Energy Limited (JEL), JSW Jaigarh Port Limited (JSW Jaigarh). Under the ToPA; SAPL has a minimum guaranteed flying hours and revenue per hour agreement providing revenue visibility. Further, ToPA is for a period of ten years for the helicopter and twelve years for aircraft as against term loan of eight years, providing sufficient tail period. The exit of the chartering agreement includes a notice period but requires a prior consent from lenders. The ratings further take into account strong operational linkages and financial flexibility derived from being a part of the JSW Group of companies, with SAPL being the sole entity within the group handling the entire requirement of the aircraft chartering services. The rating also draws comfort from the funds provided by various JSW group companies in the form of security deposits towards the purchase of aircrafts and helicopters.

The company's fleet includes two aircrafts and one helicopter. This includes aircraft-Bombardier Global 7500 (operational since August 2024), aircraft- Bombardier Challenger 3500 (operational since April 2024) and helicopter- Agusta AW168 (operational since April 2022) with ToPA contract period of 10 years for aircraft and 12 years for the helicopter. The cumulative cost of the fleet is ~₹968 crore funded through ₹585 crore of term loan and balance from security deposits from the primary off-takers. Initially the purchase and upfront payments for the aircraft has been done via security deposits (SDs), which have been partly repaid after raising of debt from banks/financial institutions. Balance of SDs amounting cumulatively ₹365.37 crore (associated with the current fleet) is restricted for withdrawal until the external debt associated with that fleet is fully repaid. The interest associated with SD is either optionally repaid or gets accrued during this period. The principal and accrued interest for the security deposits will be repaid subsequent to the entire repayment of the external debt as stated in the ToPA and bank sanctions.

However, the rating continues to remain constrained by weak net worth and high debt levels leading to leveraged capital structure. The rating also continues to remain constrained by revenue concentration risk with majority revenue being derived from group companies and exposure to volatility in Aviation Turbine Fuel (ATF) prices. The company shall pass on material increase in fuel cost that have impact on the company's financial covenants to charterers.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Sustained improvement in scale of operations (TOI) and profitability (PAT) resulting in surplus generation of cash flows from operating activities.
- Significant reduction in debt levels resulting in improvement in capital structure with overall gearing below 1.50x on a sustained basis.

Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Deterioration in overall credit profile of major companies of JSW group.
- Adverse revision/amendment in ToPA.

Analytical approach:

Standalone; factoring linkages with the JSW group having common promoter group holding. SAPL has ToPA with JSW group entities which includes JSWSL (CARE AA; Stable/CARE A1+), JEL, JSW Energy (Barmer) Limited, JSW Energy (Hydro) and JSW Jaigarh (CARE AA; Stable/ CARE A1+). Over 75% of the minimum guaranteed hours agreement is from the flagship entity; JSWSL. To account for group comfort, CARE Ratings Limited (CareEdge Ratings) has also considered notching for JSW group.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' expectation that the company shall benefit from being part of the established JSW group and steady income in the form of minimum guaranteed flying hours, which will ensure revenue visibility to meet its operational and debt servicing requirements.

Detailed description of key rating drivers:

Key strengths

Linkages with JSW group

SAPL is part of the JSW Group, having significant industrial experience and considerable track record across businesses including steel, power, ports and infrastructure business for more than three decades. JSWSL is the flagship company of the group and is engaged in manufacturing of primary steel and is one of the leading integrated steel producers (ISP) in the industry.

SAPL exhibits strong operational and financial linkages with the JSW Group, underpinned by its strategic role as the sole aviation chartering entity within the conglomerate. The company is wholly owned by Everbest Consultancy Limited, a step-down subsidiary of the Sajjan Jindal Family Trust. SAPL's clientele is dominated by JSW Group entities, with whom it has entered long-term ToPA charter agreements, ensuring minimum guaranteed flying hours and revenue visibility. Financial support from the group is evident through substantial security deposits aggregating to ₹487 crore (as of March 31, 2025), which were initially used to fund aircraft purchases and remain partly restricted for withdrawal until the associated external debt is fully repaid. These deposits accrue interest at rates linked to the borrowing cost, with repayment scheduled post external debt servicing for that fleet. The JSW Group has committed to funding future fleet expansion, including the planned acquisition of a new Challenger 3500 aircraft, through a mix of debt and fresh security deposits. The group's involvement extends to pricing decisions, audit committee approvals, and operational oversight, reflecting a high degree of financial and managerial integration that enhances SAPL's credit profile.

Revenue visibility through long-term charter agreements with JSW Group

SAPL has established long-term ToPA charter agreements with multiple JSW Group entities, including JSW Steel, JSW Energy, JSW Cement, and JSW Jaigarh Port, which collectively ensure a stable and predictable revenue stream. These agreements guarantee minimum flying hours per year at pre-agreed charter rates, securing baseline revenues irrespective of actual aircraft utilisation. SAPL's fleet comprises three operational assets: a Bombardier Global 7500 (VT-JSJ), a Bombardier Challenger 3500 (VT-JST), and an Agusta AW168 helicopter (VT-JSD), with a fourth asset- Challenger 3500 (VT-JSU) scheduled for delivery in December 2026. The cumulative cost of the current fleet stands at ₹967.55 crore, funded through ₹585.69 crore of term loans and balance in the form of security deposits from JSW Group companies.

The ToPA spans 10 years for aircraft and 12 years for the helicopter, with JSWSL alone contributing over 75% of the minimum guaranteed hours. For instance, the Global 7500 commands a base charter rate of ₹14 lakh/hour with 1,101 guaranteed hours annually, translating to ₹154.14 crore in minimum revenue. Similarly, the Challenger 3500 is contracted at ₹5.3 lakh/hour for 875 hours, ensuring ₹46.38 crore annually. The helicopter agreement, revised in March 2025, sets a rate of ₹3.35 lakh/hour for 875 hours, yielding ₹29.31 crore in annual revenue. These agreements also include escalation clauses linked to ATF prices and provisions for reimbursement of actual flight expenses, further enhancing revenue stability. Collectively, the guaranteed revenues from all JSW entities across the fleet amount to around ₹230 crore annually. Similarly, the 2MFY26 (refers to April 01, 2025, to May 31, 2026) on annualised basis came in at revenue run-rate of ₹230 crore.

Key weaknesses

Leverage concerns partly balanced by long-term security deposits

SAPL's financial risk profile is marked by a highly leveraged capital structure and a weak equity base. As of March 31, 2025, basis provisional financials, the company reported a tangible net worth of ₹3.13 crore against a total debt of ₹585.69 crore. This capital structure is primarily driven by debt-funded acquisition of a high-value fleet, with cumulative fleet costs nearing ₹968 crore. However, this financial risk is significantly mitigated by the structural support provided through long-term security deposits from JSW Group companies. As on FY25, SAPL had ₹487 crore in security deposits incl. accrued interest (and ₹725 crore as on March 31, 2024), which are partly restricted for withdrawal until the associated loans are fully repaid. These deposits not only served as upfront funding for aircraft acquisition but also act as a financial cushion, with accrued interest payable only after debt servicing.

Revenue concentration and exposure to fluctuation in ATF prices

The rating also continues to remain constrained by the revenue concentration risk with majority revenue derived from group companies and exposure to volatility in ATF prices. However, as stated by the company management, it shall pass on material increase in fuel cost having impact on the company's financial covenants to charterers on timely manner. However, this remains a key rating monitorable.

Liquidity: Adequate

The company's liquidity profile is adequate with sufficient generation of gross cash accruals (GCAs) and timely payments from the off takers. The company is expected to generate cash accruals of over ₹80 crore against the repayment obligations of ~₹50-60 crore in the next three fiscals. The company has free cash & liquid investments of ~₹12.93 crore as on March 31, 2025. The company does not have sanctioned working capital limits, while the additional funds required for the purchase of new fleet is expected to be funded in the form of advances/security deposits from primary off takers (JSW group companies).

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Service Sector Companies
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport services	Airline

Incorporated on May 29, 2007, SAPL began operations in FY22. The company's entire shareholding is held by Everbest Consultancy Limited, which is a step-down subsidiary of Sajjan Jindal Family Trust. SAPL is engaged in air charter services for domestic and international business travel per requirement. The company operates as a non-scheduled air transport operator and owns two aircrafts and one helicopter as on June 30, 2025. The helicopter chartering has commenced operations since April 2022, while the aircraft chartering of challenger 3500 and global 7500 commenced since April 2024 and August 2024 respectively.

The company's clientele primarily includes its promoter group company JSWSL and other JSW group companies including JEL, JSW Cement Limited and JSW Jaigarh (subsidiary of JSW Infrastructure), with whom it entered a chartering agreement. Furthermore, the company also provides charter services to other corporate houses and institutions based upon the requirements and availability.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (Prov.)
Total operating income	22.19	191.00
PBILDT	10.32	112.72
PAT	-1.96	0.82
Overall gearing (times)	22.79	187.15
Interest coverage (times)	1.18	1.46

A: Audited UA: Unaudited Prov.: Provisional; 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
Fund-based - LT-Term Loan		-	-	September-2033	585.69	CARE A; 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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	585.69	CARE A; Stable				

LT: Long 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	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of rated instruments: CareEdge 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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