

Airports Authority of India

April 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	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

CARE Ratings Limited (CareEdge Ratings) has reaffirmed the rating assigned to bank facilities of Airports Authority of India (AAI). The rating factors in AAI's strategic importance to the Government of India (GoI), its constitutional status under the Airports Authority of India Act, 1994, and regular grants received through budgetary allocations. AAI is the exclusive entity responsible for air-traffic management services across India, including at privatised airports, and manages the entire Indian airspace and adjacent oceanic regions. The rating also considers AAI's diversified revenue base comprising aero and non-aero revenues from AAI-operated airports, revenue from air navigation services, and revenue share or per-passenger fees from privatised airports.

The rating continues to draw strength from AAI's strong financial risk profile, reflected in healthy profitability, strong liquidity, and improved operational performance in FY25. This improvement was driven by robust air passenger traffic growth and growing income of revenue share from privatised airports. AAI's total operating income (TOI) grew by ~30% to ₹19,473 crore in FY25, supported by strong growth in passenger traffic. Profit before interest, lease rentals, depreciation and taxation (PBILDT) margin improved from 53.02% in FY24 to 59.37% in FY25, and CareEdge Ratings expects margins to remain healthy. AAI's financial risk profile is further supported by low leverage and strong debt coverage indicators. In the medium term, CareEdge Ratings expects AAI's financial risk profile to remain healthy owing to stable cash accruals and absence of major debt-funded capital expenditure.

The rating also factors in ongoing arbitration between AAI and Delhi International Airport Limited (DIAL; rated CARE AA; Stable) / Mumbai International Airport Limited (MIAL; rated CARE AA+; Stable) regarding minimum annual fee (MAF) payments. DIAL and MIAL stopped MAF payments from January 2021 after invoking force majeure due to the COVID-19 pandemic. The arbitration tribunal ruled in favour of airport operators, directing AAI to refund MAF paid during the force majeure period. AAI has challenged the decision in the Hon'ble Delhi High Court, and the matter remains sub-judice. As directed by the court, AAI has deposited ₹471 crore and ₹1,159 crore with the High Court towards MAF refunds including interest to DIAL and MIAL respectively. A materially adverse outcome that weakens AAI's liquidity profile will remain a key rating monitorable.

However, AAI's credit profile remains constrained by the inherent susceptibility of air passenger traffic to external disruptions and its 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

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

Outlook: Stable

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

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

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).

Strong operating performance in FY25

AAI reported a y-o-y growth in TOI of ~30% to ₹19,473 crore in FY25, which is mainly due to higher passenger traffic, leading to higher aero and non-aero revenue, increase in revenue share from MIAL and DIAL and six public private partnership (PPP) airports. PBILDT margin also improved from 53.02% in FY24 to 59.37% in FY25. CareEdge 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. Non-aero revenue increased from ₹1,640.37 crore in FY24 to ₹1,910.59 crore in FY25.

Healthy financial risk profile

Due to strong profitability in FY25, total debt to PBILDT improved to 0.21x in FY25 against 0.30x in FY24. Due to healthy cash accruals, the net debt remained negative in FY25. The interest coverage ratio (ICR) stood healthy at 81.63x in FY25 against 81.46x in FY24. CareEdge Ratings expects financial risk profile to remain healthy owing to expected healthy cash accruals and no major debt-funded capex.

Moderation in outlook for air passenger traffic at airports

Air passenger traffic across airports in FY25 remained above pre-COVID levels, at ~1.21x, driven by a full recovery in domestic travel, which stood at ~1.22x of pre-COVID levels. International traffic also continued its recovery, reaching ~1.15x of pre-COVID levels in the year. The passenger traffic growth for current year moderate to ~4.4% during 10MFY26.

The near-term growth may face headwinds from geopolitical uncertainties, including ongoing tensions in West Asia, elevated airfares, and volatility in fuel costs. Nevertheless, supported by underlying demand fundamentals, capacity additions, and improving connectivity, outlook remains favourable in the medium term.

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. Presence of a limited number of profitable airports within AAI's portfolio and the privatisation of profitable airports may impact revenue and profitability. However, 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 is marked by free cash and cash equivalent of ~₹7,713 crore as on March 31, 2025 and unutilised working capital limits of ₹1,500 crore as of March 31, 2025. Liquidity is also aided by minimal repayments against strong cash accruals. For FY26 and FY27, AAI plans to undertake capex at a total of ₹4,800 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](#)
- [Airport Companies](#)
- [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.

Particular	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	14962.76	19472.54
PBILDT	7932.53	11560.30
PAT	4651.31	7233.28
Overall gearing (times)	0.13	0.10
Interest coverage (times)	81.46	81.63

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 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	Non-fund-based - LT/ ST-BG/LC	LT/ST	3000.00	CARE AAA; Stable / CARE A1+	-	1)CARE AAA; Stable / CARE A1+ (10-Mar-25)	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: 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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