

January 06, 2026

Taj SATS Air Catering Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating Action
Long-term - Fund based/ CC	10.00	10.00	[ICRA]AA (Stable); Rating reaffirmed
Short-term – Non-fund based	5.00	5.00	[ICRA]A1+; Rating reaffirmed
Long-term/ Short-term – Interchangeable (sub limit)	(5.00)	(5.00)	[ICRA]AA (Stable)/[ICRA]A1+; Ratings reaffirmed
Long-term Unallocated	4.00	4.00	[ICRA]AA (Stable); Rating reaffirmed
Total	19.00	19.00	

*Instrument details are provided in Annexure-I

Rationale

The reaffirmation of ratings of Taj SATS Air Catering Limited's (TSACL) considers its leadership position in the Indian air catering industry and its healthy financial risk profile, and expectation that the same will be sustained, going forward. TSACL reported a healthy growth in the operating income to Rs. 1,032.5 crore in FY2025 and to Rs. 568 crore in H1 FY2026, a YoY growth of 16.3% and 16.8%, respectively, aided by improvement in airline passenger traffic and customer additions for TSACL. The company's operating margins remained healthy at 24.6% in FY2025 and 23.4% in H1 FY2026, aided by operating leverage benefits and sustenance of TSACL's cost optimisation initiatives. The company has remained conservative with respect to debt, with no long-term debt and minimal short-term borrowings, thus supporting a comfortable capital structure and coverage metrics. ICRA expects TSACL's financial profile to remain strong, going forward as well.

The ratings also draw comfort from TSACL's strong parentage in The Indian Hotels Company Limited (IHCL; rated [ICRA]AA+ (Stable)/[ICRA]A1+, holding a 51% stake), with sustained market leadership in the air catering industry in India across domestic and international routes, with a market share of 56% (in terms of number of meals catered to) as of September 2025. Moreover, TSACL receives considerable operational support from SATS Limited, the other shareholder (with a 49% stake), which has extensive experience in international air catering.

The company has high customer concentration risk, although its established relationship with its customers mitigates the risk to an extent. Also, the company has been periodically adding customers and exploring new avenues for undertaking catering supplies for quick service restaurants (QSR), corporates, educational institutions and hospitals. This is expected to aid in customer diversification over the medium-to-long term. TSACL remains exposed to competition, resulting in pricing pressure. Nevertheless, consolidation in the industry, the company's healthy market share, benefits from operating leverage and its cost optimisation measures will continue to support its operating income and margins, mitigating the risks to an extent.

The Stable outlook on the long-term rating reflects ICRA's expectation that the company will be able to sustain its credit profile, supported by its healthy market position, cash accruals and strong liquidity position, amid favourable outlook for the industry.

Key rating drivers and their description

Credit strengths

Benefits arising from strong parentage – IHCL owns a 51% stake in TSACL, and its representatives are a part of TSACL's board of directors. Apart from the ownership, the company has strong financial linkages with IHCL, including access to IHCL's central treasury, lending temporary liquidity support, as and when required. TSACL is strategically important to IHCL and enjoys strong

financial flexibility and lender/investor comfort, with IHCL being a majority shareholder. Further, IHCL is expected to extend timely and adequate financial support to TSACL, if required. The company also receives considerable operational support from SATS Limited, the other shareholder, which is a leading provider of gateway services and food solutions as well as an established ground-handling and in-flight service provider at Singapore Changi Airport.

Sustained market leadership in air catering industry in India – Strong brand reputation and its established presence of more than four decades in the airline catering industry have enabled TSACL in sustaining its leadership position in air catering services in India, with a market share of 56% (in terms of number of meals catered to) in September 2025 across domestic and international routes. Expected addition of customers from Navi Mumbai and Noida airports, going forward, is expected to aid in sustaining the market share, going forward.

Strong financial profile – TSACL reported an operating income of Rs. 1,032.5 crore in FY2025 and Rs. 568.9 crore in H1 FY2026, registering a YoY growth of 16.3% and 16.8%, respectively, aided by improvement in airline passenger traffic and customer additions. TSACL's operating margins remained healthy at 24.6% in FY2025 (24.5% in FY2024) and 23.4% in H1 FY2026, aided by operating leverage benefits and sustenance of TSACL's cost optimisation initiatives. The company has remained conservative on debt, with no long-term debt and minimal short-term borrowings, thus supporting a comfortable capital structure and coverage metrics. ICRA expects TSACL's financial profile to remain strong, going forward.

Credit challenges

Exposed to customer concentration risk – The company is exposed to risks arising from customer concentration, with its top five customers accounting for around 71% of its operating income in FY2025. Nevertheless, established relationships with these customers mitigate the risk to an extent. Also, TSACL has been periodically adding new customers and is exploring new avenues for undertaking catering including, among others, to QSRs, corporates, educational institutions and hospitals, which are expected to aid in customer diversification over the medium-to-long term.

Moderate scale of operations; intense competition in the industry – TSACL's scale is expected to remain moderate, despite a healthy operating income growth. Moreover, TSACL remains exposed to competition, resulting in pricing pressure. Nevertheless, consolidation in the industry, the company's healthy market share, benefits from operating leverage and cost-optimisation measures would continue to support its operating income and margins, mitigating the risk to an extent.

Liquidity position: Strong

TSACL's liquidity position is strong, supported by its healthy anticipated cash flow from operations of Rs. 175-200 crore annually, unencumbered cash and liquid investments of Rs. 80.9 crore and undrawn lines of credit of Rs. 41.5 crore as on September 30, 2025. Against these sources of cash, the company has no debt repayment obligation owing to the absence of long-term loans on its books. TSACL has planned growth capex of Rs. 80-100 crore in FY2026, which is expected to be funded through internal accruals. Overall, ICRA expects TSACL to be able to meet its near-term commitments through internal sources of cash and yet be left with healthy cash/liquid investments surplus.

Rating sensitivities

Positive factors – Significant improvement in TSACL's scale and accruals, while maintaining its conservative debt metrics, and improvement in IHCL's credit profile could accelerate the transition to a higher long-term rating.

Negative factors – Pressure on TSACL's rating could emerge with a deterioration in the credit profile of the parent (IHCL, rated [ICRA]AA+ (Stable)/[ICRA]A1+) or weakening of TSACL's operational/financial linkages with the parent. Further, a sharp deterioration in TSACL's earnings or a significant rise in debt or significant dividend payouts, resulting in a deterioration in the credit metrics on a sustained basis also could result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent Company: The Indian Hotels Company Limited (IHCL). IHCL (rated [ICRA]AA+ (Stable)/[ICRA]A1+) is expected to extend timely and adequate financial support to TSACL, if required
Consolidation/Standalone	The ratings are based on the company's consolidated financial profile

About the company

Taj SATS Air Catering Limited (TSACL) was set up in 2002, following the acquisition of the air catering business (on a slump sale basis) from IHCL and its affiliates on October 1, 2001. TSACL is a 51:49 joint venture (JV) between IHCL and SATS Limited, both of which have an established experience in the hospitality and international air catering industries, respectively. IHCL and its subsidiaries have 268 operational hotels with 28,273 rooms (as on September 30, 2025). Further, a portfolio of 167 hotels and 22,000 rooms are under development. IHCL's operations are spread across four continents, 13 countries and over 150 cities. SATS Limited is a leading provider of gateway services and food solutions and is the chief ground-handling and in-flight service provider at the Singapore Changi Airport. Besides catering to the aviation sector, SATS caters to other businesses in hospitality, food, healthcare, freight and logistics segments.

TSACL derived 90% of its revenues in FY2025 from the airline segment, wherein it provides in-flight catering services to domestic, international airlines and charter flights, besides undertaking other maintenance services such as laundry and aircraft cleaning. The company also undertakes institutional, outdoor and coffee chain catering, which together accounted for 10% of its operating revenues in FY2025. TSACL's facilities are located in Mumbai, Delhi, Bangalore, Kolkata, Chennai, Goa and Amritsar.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	887.5	1,038.9
PAT	156.3	170.2
OPBDIT/OI	24.5%	24.3%
PAT/OI	17.6%	16.4%
Total outside liabilities/Tangible net worth (times)	0.6	0.7
Total debt/OPBDIT (times)	0.4	0.9
Interest coverage (times)	93.4	25.5

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortization

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current ratings (FY2026)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2025		FY2024		FY2023		
			Jan 06, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based/ CC	Long term	10.00	[ICRA]AA (Stable)	Nov 06, 2024	[ICRA]AA (Stable)	Sep 08, 2023	[ICRA]AA- (Positive)	Nov 11, 2022	[ICRA]AA- (Stable)
Non-Fund-based Limits	Short term	5.00	[ICRA]A1+	Nov 06, 2024	[ICRA]A1+	Sep 08, 2023	[ICRA]A1+	Nov 11, 2022	[ICRA]A1+
Interchangeable (sub limit)	Long term and Short term	(5.00)	[ICRA]AA (Stable)/ [ICRA]A1+	Nov 06, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	Sep 08, 2023	[ICRA]AA- (Positive)/ [ICRA]A1+	Nov 11, 2022	[ICRA]AA- (Stable)/ [ICRA]A1+
Unallocated	Long term	4.00	[ICRA]AA (Stable)	Nov 06, 2024	[ICRA]AA (Stable)	Sep 08, 2023	[ICRA]AA- (Positive)	Nov 11, 2022	[ICRA]AA- (Stable)

Complexity level of the rated instrument

Instrument	Complexity indicator
Long-term - Fund based/ CC	Simple
Short-term – Non fund based	Simple
Long-term/ Short-term – Interchangeable (sublimit)	Simple
Long-term – Unallocated	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based/ CC	NA	NA	NA	10.00	[ICRA]AA (Stable)
NA	Non-Fund-based Limits	NA	NA	NA	5.00	[ICRA]A1+
NA	Interchangeable (sub limit)	NA	NA	NA	(5.00)	[ICRA]AA (Stable)/ [ICRA]A1+
NA	Unallocated	NA	NA	NA	4.00	[ICRA]AA (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Nekta Food Solutions Limited	100.0%	Full Consolidation

Source: Annual report

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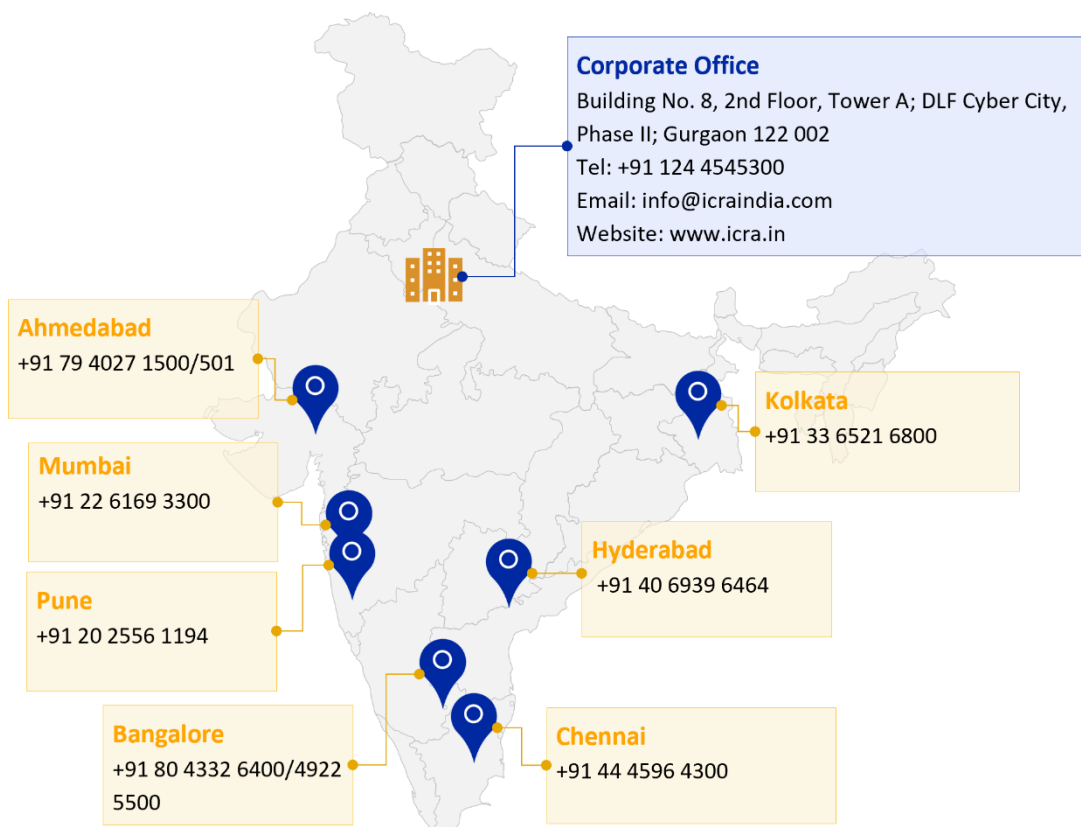
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