

October 15, 2025

Air India SATS Airport Services Private Limited: [ICRA]AA-(Stable)/[ICRA]A1+; assigned

Summary of rating action

Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Long Term – Fund based – Working capital facilities	50.00	[ICRA] AA- (Stable); assigned
Long term – Interchangeable- Others	(30.00)	[ICRA] AA- (Stable); assigned
Short term – Interchangeable-Others	(5.00)	[ICRA] A1+; assigned
Total	50.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings assigned to Air India SATS Airport Services Private Limited (AISATS) factors in its established position as an airport ground handler and its strong parentage as a 50:50 joint venture (JV) between Air India Limited and SATS Limited, which provides it with exceptional financial flexibility, in addition to strong operational and technical benefits. The company has over 15 years of experience in offering airport ground handling services, with presence across five airports and a healthy market share, providing services to all the Air India Group flights in the airports it is present in, in addition to other major domestic and international airlines. The company reported an operating income of Rs. 1,432.1 crore in FY2025, registering a YoY growth of 45.7%, aided by an increase in flights handled, addition of new contracts, as well as notional revenues related to the cargo business. The operating margins of the company have been healthy at over 17% in the recent years, supported by favourable pricing, operating leverage benefits and focus on cost control by the company.

The company is expanding its presence by diversifying into cargo handling and logistics park business, which has already commenced through commercialisation of a logistics park at Bengaluru airport from May 2025. Further, the company is undertaking significant debt-funded investments under build-operate-transfer contract for an integrated cargo terminal (ICT) and integrated warehouse and logistics zone (IWLZ), at the upcoming Noida International Airport, through two separate wholly-owned subsidiaries. ICT and IWLZ projects, together, are projected to cost around Rs. 1,500 crore, which is being funded through a 3:1 mix of debt and equity. While a significant portion of the capex related to the ICT project has been undertaken, with expectation of commercialisation from April 2026, IWLZ-related investments are largely to be incurred over FY2026-FY2027, with expected commercialisation from April 2027. Accordingly, the company has large debt-funded capex plans of around Rs. 800 crore over FY2026-FY2028. While the sizeable debt-funded capex is expected to moderate the debt metrics over the medium term, the longer ballooning repayment tenure of the debt, AISATS' adequate liquidity position and steady cash flows from the ground handling operations are expected to support the overall financial position. Moreover, long tenure of the concession agreements with Yamuna International Airport Private Limited (YIAPL; operator of the Noida International Airport) for 20 years (extendable by 17 years) provides a longer runway for generating returns from the projects. Nonetheless, the company's ability to complete these projects in a timely manner, without major cost overrun, and timely ramp-up of operations will be critical credit monitorables. The ratings also factor in that airport ground handling and cargo handling businesses are subject to various regulations and susceptible to change in regulations; accordingly, developments in this front would be monitored.

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 flows from ground handling operations and strong parentage despite ongoing significant debt-funded capex.

Key rating drivers and their description

Credit strengths

Strong parentage with Air India Limited and SATS Limited as JV partners in the company – AISATS was formed as a 50:50 JV between Air India Limited and SATS Limited in 2010. Subsequently, when the Government of India disinvested 100% of its stake in Air India Limited in 2022, the airline was acquired by the Tata Group. Air India Group is a major player in the Indian aviation industry, with around 29% domestic market share, supporting the company's business prospects. AISATS is strategically important to Air India Limited and being a part of the Tata Group further provides it with exceptional financial flexibility. The company also receives considerable operational support from SATS Limited, which is a leading air cargo handler and airline caterer globally.

Established presence in airport ground handling business – The company has extensive experience of over 15 years and currently provides ground handling operations across five airports in India, namely New Delhi, Bengaluru, Hyderabad, Thiruvananthapuram and Mangaluru. All the Air India Group contracts are with AISATS in these airports, in addition to sizeable share of business with other domestic and international airlines. The regulation on prices and capping on the number of ground handlers at airports reduces the risk of competition. The company is expected to expand its presence through entry into new airports and increase in scope of services offered to existing customers. The company is expanding its presence into cargo handling segment as well, to reduce dependence on ground handling revenues.

Comfortable financial profile – The company reported an operating income of Rs. 1,432.1 crore in FY2025, registering a YoY growth of 45.7%, aided by an increase in flights handled, addition of new contracts, and notional revenues from the cargo business. The operating margin for the company has been healthy at over 17% in the past four years, and stood at 20.6% in FY2025, supported by pricing, favourable operating leverage and cost saving initiatives adopted by the company. Along with limited reliance on external borrowings, the credit metrics have remained comfortable with an interest cover of 11.6 times and debt service coverage ratio (DSCR) of 2.7 times in FY2025. Although these are likely to moderate to some extent, given the ongoing significant debt-funded capex for cargo services at the upcoming Noida International Airport, the expected steady cash flows from the ground handling operations and adequate liquidity position are expected to support the overall financial position, in addition to the elongated payment terms of debt, as well as the longer tenure of the contract (20 years, extendable by 17 years) with YIAPL.

Credit challenges

Ongoing large debt-funded capex to increase leverage and moderate coverage indicators over medium term – The company, through its subsidiaries, AISATS Noida Cargo Terminal Private Limited and AISATS Noida Logistics Park Private Limited, is undertaking significant debt-funded capex under build-operate-transfer contract towards an integrated cargo terminal and integrated warehouse and logistics zone, at the upcoming Noida International Airport. ICT and IWLZ projects, together, are projected to cost around Rs. 1,500 crore, which is being funded through a 3:1 mix of debt and equity. Significant investments in the ICT project have been completed, with expectation of commercialisation by April 2026, while IWLZ is expected to be operational from April 2027. The company plans to incur Rs. 800 crore of capex over FY2026-FY2028, out of which around Rs. 600 crore would be debt funded, in addition to the Rs. 750 crore capex incurred in these projects till March 2025. Sizeable debt-funded capex is expected to moderate the debt metrics over the medium term, however, longer tenure of the contract for 20 years (extendable by 17 years) is expected to provide return over the contract period. Besides, longer ballooning repayment tenure and steady cash flows from the ground handling operations are expected to support the overall financial position.

Investments in Noida airport exposed to project execution risk – The company is expanding its presence by diversifying into cargo handling and logistics park businesses by setting up ICT and IWLZ at the upcoming Noida International Airport, which are expected to be operational from April 2026 and April 2027, respectively. Significant capex related to ICT has been completed and accordingly exposure to further time and cost overrun remains low. However, the ramp-up of operations remains

dependent on commencement of operations at the Noida International Airport, which is slated for the end of October 2025. The operations are likely to gradually ramp up in H2 FY2026. The IWLZ project on the other hand, remains exposed to risks of both cost and time overrun, in addition to timely ramp-up of operations once commissioned. A timely scale up in operations will be critical credit monitorable.

Susceptible to regulatory changes – Airport ground handling and cargo handling businesses are regulated by Airport Economic Regulatory Authority of India (AERA), which sets various guidelines to be followed by the company and other airport service providers. The regulations include price capping and the number of service providers per airport, among others.

Liquidity position: Adequate

AISATS' liquidity position is adequate with cash flows from operations of around Rs. 300 crore annually, cash and bank balances of Rs. 192.9 crore and undrawn working capital lines of Rs. 89 crore as of March 31, 2025. Additionally, the company has undrawn term loans related to capex for the Noida projects. The company is incurring significant capex of around Rs. 800 crore over FY2026-FY2028 towards the projects in Noida, beyond Rs. 100 crore annual maintenance/upgradation capex in the standalone business. The capex is partially debt-funded, while the rest would be met from internal accruals. The debt repayments are ballooning, and the company has scheduled repayments of Rs. 20-30 crore annually over FY2026-FY2028 as per the existing terms of debt tied up for the projects in Noida.

Rating sensitivities

Positive factors – The company's long-term rating can be upgraded if the company is able to demonstrate a successful ramp up in operations at the Noida facilities without major time/cost overruns, while generating steady earnings from existing ground handling operations. Specific metrics that could support a rating upgrade includes DSCR of more than 2.5 times on a sustained basis.

Negative factors – A sharp deterioration in revenues, profitability or liquidity position, or any significant cost/time overrun in commercialising and ramping up the Noida facilities, resulting in a deterioration in the credit metrics on a sustained basis can exert pressure on the ratings.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Consolidated

About the company

Air India SATS Airport Services Private Limited was incorporated on April 20, 2010. The company is a 50:50 joint venture between Air India Limited (formerly known as National Aviation Company of India Limited or AIL) and Singapore Airport Terminal Services (SATS), incorporated to carry out ground handling services at Bengaluru and Hyderabad airports and to eventually carry out business of ground handling services, cargo handling and other related activities at various airports of India. The company provides ground handling services at Bengaluru, Hyderabad, Mangalore, Trivandrum and Delhi airports and cargo handling services at Ranchi and Raipur airports. The company also provides courier handling services at Bengaluru airport. The company has logistics park operations at Bengaluru airport since May 2025. Additionally, the company is setting up an Integrated Cargo Terminal and Integrated Warehousing and Logistics Zone in close proximity to the upcoming Noida airport.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	982.9	1,432.1
PAT	71.5	121.5
OPBDIT/OI	18.6%	20.6%
PAT/OI	7.3%	8.5%
Total outside liabilities/Tangible net worth (times)	1.3	1.7
Total debt/OPBDIT (times)	4.2	3.8
Interest coverage (times)	13.9	11.6

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 amortisation

Status of non-cooperation with previous CRA – Not Applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
		Amount Rated (Rs. crore)	FY2026		FY2025		FY2024		FY2023	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Working capital facilities	Long Term	50.00	October 15, 2025	[ICRA] AA-(Stable)	-	-	-	-	-	-
Interchangeable- Others	Long term	(30.00)	October 15, 2025	[ICRA] AA-(Stable)	-	-	-	-	-	-
Interchangeable- Others	Short Term	(5.00)	October 15, 2025	[ICRA] A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term – Fund based – Working capital facilities	Simple
Long term – Interchangeable- Others	Simple
Short term – Interchangeable- Others	Simple

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	Long Term – Fund based – Working capital facilities	NA	NA	NA	50.00	[ICRA] AA- (Stable)
NA	Long term – Interchangeable- Others	NA	NA	NA	(30.00)	[ICRA] AA- (Stable)
NA	Short term – Interchangeable- Others	NA	NA	NA	(5.00)	[ICRA] A1+

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
Subsidiaries		
AISATS Noida Cargo Terminal Private Limited	100.00%	Full Consolidation
AISATS Noida Logistics Park Private Limited	100.00%	Full Consolidation
AISATS Ranchi Cargo Services Private Limited	100.00%	Full Consolidation
AISATS Raipur Cargo Services Private Limited	100.00%	Full Consolidation

Source: Company

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