December 22, 2025

Airports Authority of India: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loan	1,000.00	1,000.00	[ICRA]AAA (Stable); reaffirmed
Short-term – Working capital facilities	1,500.00	1,500.00	[ICRA]A1+; reaffirmed
Total	**2,500.00**	**2,500.00**	

**Instrument details are provided in Annexure I*

Rationale

The reaffirmation of the ratings factors in the Airports Authority of India's (AAI) strategic importance to the Government of India (GoI), given its role as the sole provider of air traffic management services and communication, navigation, and surveillance (CNS) infrastructure across the country. AAI owns and operates a significant portion of India's aviation infrastructure and manages the entire Indian airspace, including adjoining oceanic regions. As an autonomous body under the Ministry of Civil Aviation (MoCA), governed by the AAI Act, 1994, AAI is entrusted with critical functions such as airport management, aeronautical communication and infrastructure development, reinforcing its position as a strategically vital entity for the nation's aviation sector.

The ratings also consider AAI's healthy growth in revenue and profitability in FY2025, supported by diversified revenue streams comprising aeronautical services at its owned and managed airports, CNS services for all airports across the country, non-aeronautical services at its airports, and revenue share from JV/PPP airports. The authority's financial risk profile significantly improved in FY2025, aided by healthy growth in passenger and aircraft traffic as well as in aeronautical revenues amid an increase in aeronautical tariffs at some of the AAI-operated airports and an upsurge in revenues from JV[1]/PPP[2] airports. AAI's operating income grew by 30% to Rs. 19,473 crore in FY2025 from Rs. 14,963 crore in FY2024, while operating margins improved to a robust 58.8% (from 52.7% in FY2024), aided by one-time income of Rs. 2,232 crore from PPP airports (under-recovery up to COD). Adjusted for the one-time revenue, operating margins are expected to sustain at current levels, driven by continued improvement in revenue-sharing payments from JV/PPP airports. AAI's leverage and coverage metrics, as well as its liquidity position, remain strong, supported by healthy operating profits, comfortable debt levels, and robust financial flexibility owing to its high strategic importance to the GoI.

However, AAI has significant capex plans of Rs. 9,000-10,000 crore during FY2026-FY2027 for developing greenfield airports, expansion of existing airports, and reviving non-operational airports under the Regional Connectivity Scheme (RCS). These RCS projects typically have relatively limited revenue potential and long gestation periods, which could moderate AAI's profitability and return indicators. Additionally, the privatisation of existing revenue-generating airports may lead to lower revenues and profitability; however, this impact is expected to be partly offset by compensation in the form of revenue sharing or per-passenger fees from the privatised airports. The planned capex is expected to be funded through a mix of existing cash balances, GoI grants, internal accruals, and debt, if required. Further, AAI's revenues remain exposed to volatility in aviation traffic, as witnessed during the Covid-19 pandemic. Moreover, the limited number of profitable airports in its portfolio further intensifies the vulnerability, resulting in dependence on the performance of these profitable airports and revenue-sharing payments from JV/PPP airports. This risk is partly mitigated by AAI's diversified revenue streams, strong financial flexibility and its strategic importance to the GoI.

1 Joint venture airports refer to Delhi International Airport Limited (DIAL) and Mumbai International Airport Limited (MIAL)

2 PPP airports refer to the concession agreement signed by AAI with Adani group for operations, management and development of six airports including Ahmedabad, Mangalore, Lucknow, Jaipur, Guwahati and Thiruvananthapuram for a period of 50 years

The ratings also factor in the arbitration cases of AAI with Delhi International Airport Limited (DIAL) and Mumbai International Airport Limited (MIAL) regarding minimum annual fee (MAF) and excess annual fee payments between 2006 and 2016, wherein the arbitration tribunal has given a verdict in favour of DIAL and MIAL in both cases. However, AAI has challenged both the awards before the Hon'ble Delhi High Court. Subsequently, the court has granted a stay on the arbitral tribunal's order on MAF until further notice, subject to AAI depositing the claim amount. In the interim, AAI has deposited Rs. 471 crore and Rs. 1,159 crore towards MAF payments for DIAL and MIAL, respectively, with the court in May 2024. While the court has dismissed both the petitions under Section 34, AAI has filed appeals in both matters under Section 37 of the Arbitration & Conciliation Act, 1996 before the Hon'ble Delhi High Court, and the matter remains sub judice. Any material negative outcome that constrains the company's liquidity position is a key rating monitorable.

The Stable outlook reflects ICRA's opinion that AAI will benefit from its strategic importance to the Indian aviation sector and expected strong revenue growth with robust margins, leading to healthy cash flows and strong debt coverage metrics.

Key rating drivers and their description

Credit strengths

Strategic importance to the GoI; monopoly in providing CNS services – AAI occupies strategic importance to GoI, given its role as the sole provider of air traffic management services and CNS infrastructure across the country. The authority owns and operates a significant portion of India's aviation infrastructure, manages the entire Indian airspace including adjoining oceanic regions, and is the sole service provider offering communication, navigation, and surveillance (CNS) services. As an autonomous body under the Ministry of Civil Aviation (MoCA), governed by the AAI Act, 1994, AAI is entrusted with critical functions such as airport management, aeronautical communication, and infrastructure development, reinforcing its position as a strategically vital entity for the nation's aviation sector.

Healthy growth in revenue and profitability in FY2025 – AAI benefits from its diversified revenue streams, comprising aeronautical services at its owned and managed airports, CNS services for all airports across the country, non-aeronautical services at its airports, and revenue share from JV/PPP airports. The authority's financial risk profile witnessed a significant improvement in FY2025, aided by healthy growth in passenger and aircraft traffic, strong growth in aeronautical revenues amid an increase in aeronautical tariffs at some of the AAI-operated airports, and an increase in revenues from JV/PPP airports. AAI's operating income grew by 30% to Rs. 19,473 crore in FY2025 from Rs. 14,963 crore in FY2024, while operating margins improved to a robust 58.8% (from 52.7% in FY2024), aided by one-time income of Rs. 2,232 crore from PPP airports (under-recovery up to COD). Adjusted for the one-time revenue, operating margins are expected to sustain at current levels, driven by continued improvement in revenue-sharing payments from JV/PPP airports.

Strong debt coverage indicators and liquidity position – AAI's debt coverage indicators are expected to remain strong over the medium term, supported by healthy growth in operating profits and comfortable debt levels. The authority enjoys robust financial flexibility owing to its high strategic importance to the GoI. Its liquidity position is strong, as reflected by free cash balances of more than Rs. 7,700 crore and undrawn working capital limits as on November 30, 2025, against limited debt repayment obligations in FY2026 and FY2027.

Credit challenges

Sizeable capex plans; long gestation period of greenfield/RCS airports will keep return metrics under check – AAI has significant capex plans of Rs. 9,000-10,000 crore during FY2026-FY2027 for developing greenfield airports, expansion of existing airports and reviving non-operational airports under the Regional Connectivity Scheme (RCS). These RCS projects typically have relatively limited revenue potential and long gestation periods, which could moderate AAI's profitability and return indicators. Additionally, the privatisation of existing revenue-generating airports may lead to lower revenues and profitability; however, this impact is expected to be partly offset by compensation in the form of revenue sharing or per-passenger fees from the privatised airports. The planned capex is expected to be funded through a mix of existing cash balances, GoI grants, internal accruals, and debt, if required.

Exposed to volatility in aviation traffic – AAI's revenues remain exposed to fluctuations in aviation traffic in the country, as witnessed during the Covid-19 pandemic. The limited number of profitable airports in its portfolio further intensifies the vulnerability, resulting in dependence on the performance of these profitable airports and revenue sharing payments from JV/PPP airports. However, this risk is partly mitigated by AAI's diversified revenue streams, strong financial flexibility, and its strategic importance to the GoI.

Liquidity position: Strong

The company's liquidity position is strong, as reflected by free cash balances of more than Rs. 7,700 crore and undrawn working capital facilities as on November 30, 2025. It has low debt repayment obligations of Rs. 247.5 crore in FY2026. AAI is likely to incur capex of Rs. 9,000 - 10,000 crore over the next two years (FY2026-FY2027), which is expected to be funded through its existing cash balances, grants from the GoI, internal accruals and debt, if required.

Rating sensitivities

Positive factors – NA

Negative factors – Pressure on the ratings could arise if there is a dilution of AAI's strategic importance to the GoI. A significant increase in debt along with sustained pressure on earnings could also trigger a downgrade in the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Airports
Parent/Group support	Parent: Government of India The assigned rating factors in the strategic importance of AAI to the GoI and access to need-based support from the GoI in a timely manner.
Consolidation/Standalone	Standalone

About the company

AAI is a Government organisation responsible for creating, upgrading, maintaining and managing civil aviation infrastructure both on the ground and in the airspace across the country. It was constituted by an Act of Parliament and came into being on April 1, 1995, through the merger of the erstwhile National Airports Authority (NAA) and the International Airports Authority of India (IAAI) to create a centralised organisation that could effectively manage both international and domestic airports.

AAI owns and maintains 133 airports in the country, which include 100 domestic airports, 23 international airports, and 10 customs airports. It provides air traffic management services over the entire Indian airspace and adjoining oceanic areas, with ground installations at all airports and various other locations to ensure the safety of aircraft operations. AAI continues to perform navigational functions at all airports (including privatised airports) and collects the RNFC and TNLC[3] charges for the same.

3 Route Navigation Facilitation Charge (RNFC) and Terminal Navigation and Landing Charges (TNLC)

Key financial indicators (audited)

AAI Standalone	FY2024	FY2025
Operating income	14,963	19,473
PAT	4,651	7,233
OPBDIT/OI	52.7%	58.8%
PAT/OI	31.1%	37.1%
Total outside liabilities/Tangible net worth (times)	1.2	1.1
Total debt/OPBDIT (times)	0.3	0.2
Interest coverage (times)	80.9	80.9

Source: Company; Amount in Rs. crore; All ratios as per ICRA's calculations

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	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs. crore)	December 22, 2025	Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	1,000.00	[ICRA]AAA (Stable)	September 27, 2024	[ICRA]AAA (Stable)	June 30, 2023	[ICRA]AAA (Stable)	-	-
Working capital facilities	Short term	1,500.00	[ICRA]A1+	September 27, 2024	[ICRA]A1+	June 30, 2023	[ICRA]A1+	-	-
Term loan	Long term	-	-	-	-	June 30, 2023	[ICRA]AAA (Stable) reaffirmed and withdrawn	-	-
Working capital facilities	Long term/ Short term	-	-	-	-	June 30, 2023	[ICRA]AAA (Stable)/ [ICRA]A1+	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple
Short-term – Working capital facilities	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	**Term loan**	December 2021	NA	November 2031	1,000.00	[ICRA]AAA (Stable)
NA	**Short-term – Working capital facilities**	NA	NA	NA	1,500.00	[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 - Not Applicable

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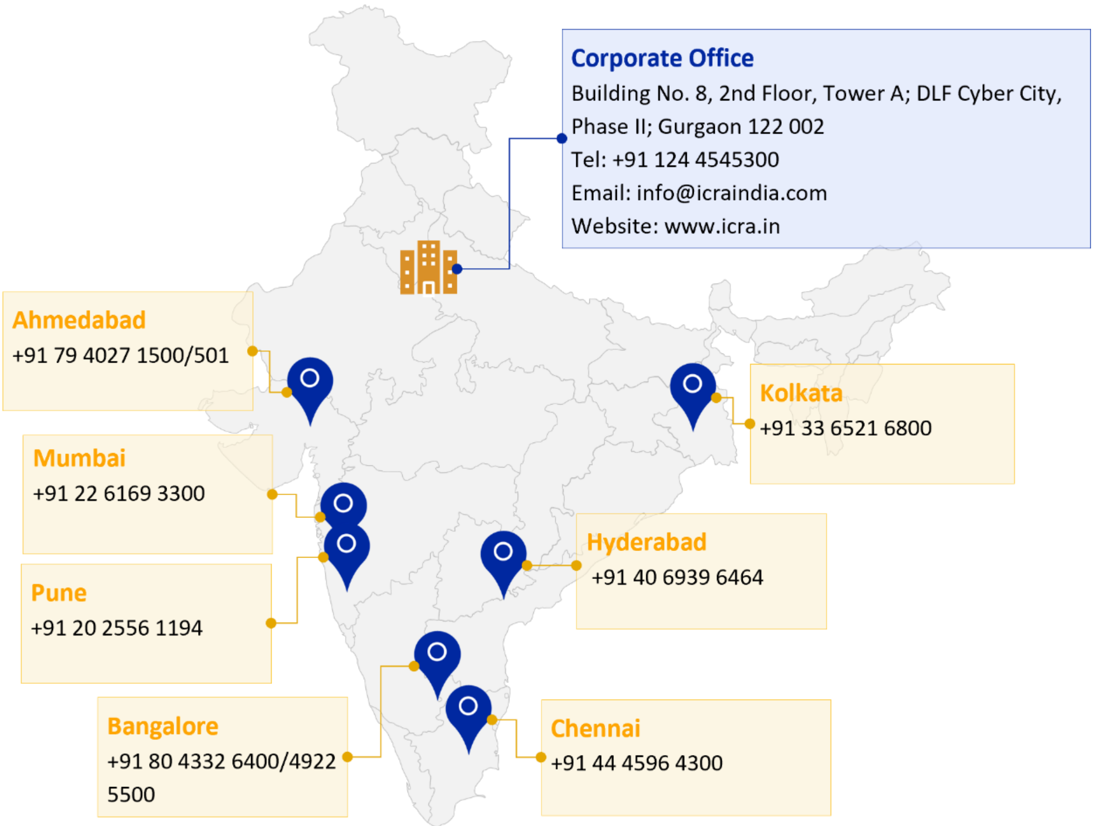

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