

January 28, 2026<sup>(Revised)</sup>

## AI Assets Holding Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-Convertible Debenture (NCD) Programme	14,985.00	14,985.00	[ICRA]AAA (CE) (Stable); reaffirmed
<b>Total</b>	<b>14,985.00</b>	<b>14,985.00</b>	

### Rating Without Explicit Credit Enhancement

[ICRA]BB

\*Instrument details are provided in Annexure-I

Note 1: The (CE) suffix mentioned alongside the rating symbol indicates that the rated instrument/facility is backed by some form of explicit credit enhancement. This rating is specific to the rated instrument/facility, its terms and its structure and does not represent ICRA's opinion on the general credit quality of the entity concerned. The last row in the table above also captures ICRA's opinion on the rating without factoring in the explicit credit enhancement.

### Rationale

The rating reaffirmation for the non-convertible debenture (NCD) programmes of AI Assets Holding Limited (AIAHL) continues to factor in the irrevocable and unconditional guarantee from the Government of India (GoI) through the Ministry of Civil Aviation, which would cover all obligations that may arise on the rated NCDs. The rating also factors in the payment mechanism designed to ensure payment on the rated NCDs, as per the terms of the transaction. ICRA notes the demonstrated track record of funding support from the GoI so far, with respect to servicing the coupon payments and redemption of NCDs. Further, the repayment of principal and interest payment for these borrowings would be made by the GoI, by making suitable provisions in the budget of the Ministry of Civil Aviation. The Stable outlook on this rating reflects ICRA's outlook on the rating of the guarantor, GoI.

### Adequacy of credit enhancement

The rating of the instrument is based on the credit substitution approach whereby the rating of the guarantor has been translated into the rating of the said instrument. The guarantee is legally enforceable, irrevocable and unconditional, and covers the entire amount and tenure of the rated instrument and has a pre-defined invocation and payment mechanism. Given these attributes, the guarantee provided by the GoI is adequately strong to result in an enhancement in the rating of the said instrument to [ICRA]AAA (CE) against the unsupported rating of [ICRA]BB.

### Salient covenants of the rated facility

- A no lien designated account to be maintained, to be exclusively used for servicing the liability towards the rated NCDs.
- Defined payment mechanism (including guarantee invocation mechanism) is a part of the terms to ensure that dues of the NCDs are paid in a timely manner.
- GoI to continue to hold 100% stake of AIAHL during the tenure of the NCDs.

## Key rating drivers and their description

### Credit strengths

**Guarantee from the GoI** – The rating for the Rs. 14,985-crore NCDs is based on the strength of the unconditional and irrevocable guarantee from the GoI and the fact that repayment of principal and interest payment for these borrowings will be made by the GoI, by making suitable provisions in the budget of the Ministry of Civil Aviation.

The GoI made provisions for Rs. 1,025.51 crore in the FY2026 Budget (Budget Estimates) for AIAHL towards coupon payments. A trustee-monitored payment mechanism is in place to ensure timely payment of interest and principal obligations on the Rs. 14,985-crore NCD programme

### Payment mechanism for the Rs. 14,985-crore NCD programme trigger date

Trigger Date	Action Points
<b>T-45</b>	The Trustee shall within 45 days before each Due Date inform the Company in writing regarding the Due Date and adequate funds which shall mean such amounts in the Designated Account as may be required for the full repayment of principal and interest due on the relevant due date in terms of the repayment schedule in the Information Memorandum (IM) and such adequate funds shall include any amounts derived from the Air India Monetisation Escrow account and/ or the GoI through Ministry of Finance (MoF) in terms of the letter of assurance dated June 18, 2019. The Company shall ensure that the Adequate Funds are available in the Designated Account latest by 30 calendar days before the Due Date.
<b>T-30</b>	If the Designated Account does not have Adequate Funds on or before 30 days prior to the Due Date, it shall constitute an Event of Default.
<b>T-29</b>	Trustee shall intimate the GOI about the Event of Default. However, any failure on the part of the Trustee to send intimation to GOI shall not prejudice the right of the Trustee to invoke the Guarantee
<b>T-8 working days</b>	If default continues up to eight working days before the Due Date, the Trustee shall invoke the Guarantee by sending a Notice to GOI. Upon receipt of Notice from the Trustee, GOI shall transfer into the Designated Account by the Guarantor's Payment Date (means a date not later than seven working days from the date of Notice or atleast one working day prior to Due Date, whichever is earlier), Adequate Funds as notified by the Trustee in the Notice.
<b>T-1 working day</b>	GOI has to fund the Designated Account for payment of interest and/or Principal.
<b>T</b>	Due Date for Payment of Interest/Principal

### Credit challenges

Not applicable

### Liquidity position

#### GoI (the Guarantor): Superior

The rating for the Rs. 14,985-crore NCD is based on the unconditional, irrevocable and continuing guarantee from the GoI that would cover all the repayment obligations to the NCD holders. ICRA expects servicing of debt through budgetary provision and the trustee-controlled payment mechanism such that adequate funds are made available by the GoI to service debt obligations in a timely manner.

#### AIAHL: Adequate

The company receives/ is expected to receive timely grants/infusion for servicing interest and principal obligations from the GoI, apart from its rental income from properties identified to be transferred to AIAHL. As the grants/infusion are matched with the debt obligations falling due, the liquidity profile remains adequate for the entity.

## Rating sensitivities

**Positive factors** – Not applicable

**Negative factors** – For the [ICRA]AAA(CE) (Stable) rating on the Rs. 14,985-crore NCD programme: Pressure on AIAHL's rating could arise in case of failure of relevant stakeholders to adhere to the NCD structure.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Rating Approach - Explicit third-party support</a>
Parent/Group support	The rating for the Rs. 14,985-crore NCD is based on the unconditional, irrevocable and continuing guarantee from the GoI that would cover all the repayment obligations to the NCD holders.
Consolidation/Standalone	The rating is based on the standalone financial profile of the company.

## About the company

AI Assets Holding Limited was incorporated with 100% shareholding by the Government of India. The entity is a special purpose vehicle (SPV) formed for acquiring the following from Air India Limited (AIL):

- Shares held in AI Airport Services Limited (AIASL), Alliance Air Aviation Limited (AAAL), AI Engineering Services Limited (AIESL) and Hotel Corporation of India Limited (HCI). HCI, AIASL, AAAL and AIESL were transferred to AIAHL in FY2022 and are now wholly-owned subsidiaries of the company;
- Paintings, artefacts and other non-operational assets, as may be decided by AIL and the GoI;
- Non-core assets, as may be decided by AIL and the GoI;
- Immoveable properties whether leasehold or freehold;
- Accumulated working capital loans not backed by any asset; and
- Other assets/liabilities or its subsidiaries, as may be decided by AIL/ GoI.

Based on the meeting held on May 30, 2019, by the Ministry of Finance, it was decided that the SPV would raise finances in the following manner to refinance the identified debt of AIL amounting to Rs. 29,464.0 crore:

- NCD of Rs. 7,400.0 crore to be novated to AIAHL against the GoI guarantee
- Issue of GoI fully serviced bonds for Rs. 7,000.0 crore against Letter of Assurance
- Issue of bonds worth Rs. 15,064.0 crore with full Government guarantee for the payment of interest and principal thereof

Accordingly, AIAHL had raised funds through bonds of Rs. 21,985.0 crore to repay the working capital and aircraft loans of AIL. The above NCD amounting to Rs.7,400.0 crore was redeemed at a premium in FY2022. Further, the GoI fully serviced bonds for Rs. 7,000.0 crore were redeemed at par on maturity in FY2023.

## Key financial indicators

AIAHL Standalone	FY2024	FY2025	H1FY2026
Operating income <sup>^</sup>	887.1	1,063.8	667.0
PAT	484.7	257.2	39.4
OPBDIT/OI	75.9%	84.6%	89.2%
PAT/OI	54.6%	24.2%	5.9%
Total outside liabilities/Tangible net worth (times)	15.2	11.6	11.3
Total debt/OPBDIT (times)	22.3	16.7	12.6
Interest coverage (times)	0.6	0.8	1.1

Source: Company, PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs. crore

<sup>^</sup> Operating income includes Government Grants and Rental income as the company is a SPV having no commercial activities

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current year (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Jan 28, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>NCD Programme</b>	Long term	14,985.0	[ICRA]AAA (CE) (Stable)	Jan 29, 2025	[ICRA]AAA (CE) (Stable)	Jan 31, 2024	[ICRA]AAA (CE) (Stable)	Jan 31, 2023	[ICRA]AAA (CE) (Stable)
<b>GoI Fully Serviced Bonds</b>	Long term	-	-	-	-	-	-	Jan 31, 2023	[ICRA]AAA (Stable); Withdrawn

### Complexity level of the rated instruments

Instrument	Complexity Indicator
<b>Non-Convertible Debenture (NCD) Programme</b>	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
INE0AED08029	NCD	Oct 14, 2019	7.39%	Oct 12, 2029	7,000.00	[ICRA]AAA(CE) (Stable)
INE0AED08037	NCD	Oct 22, 2019	7.39%	Oct 22, 2029	7,985.00	[ICRA]AAA(CE) (Stable)

Source: Company

### Annexure II: List of entities considered for consolidated analysis – Not applicable

### Corrigendum

'Profit After Tax' (PAT) numbers revised in 'Key financial indicators' section for FY2024 and FY2025.

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