

March 02, 2026

## BENGALURU AIRPORT SERVICES LIMITED: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Fund-based - Term loan	165.00	165.00	[ICRA]AA-(Stable); Reaffirmed
<b>Total</b>	<b>165.00</b>	<b>165.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating reaffirmation for Bengaluru Airport Services Limited (BASL) continues to factor in its monopolistic position as the sole operator of lounges and transit hotel at Terminal 2 of Kempegowda International Airport (KIA), Bangalore. BASL reported a healthy growth in the operating revenue, increasing to Rs. 246.3 crore in FY2025 from Rs. 112.6 crore in FY2024. The same is expected to sustain in FY2026, with revenues for 9M FY2026 standing at Rs. 244.1 crore. The operating income (OI) is expected to exceed Rs. 300 crore in FY2026, supported by the commencement of the transit hotel in March 2025 and healthy penetration levels of lounges. Its operating margins improved to 29.1% in FY2025 from 23.8% in FY2024 and are expected to remain at similar levels of more than 25% in FY2026 and FY2027. Penetration levels remained healthy at around 15-17% for domestic lounges and 20-22% for international lounges in FY2025 and 9M FY2026. BASL's growth is likely to remain strong over the medium term, supported by passenger traffic growth at KIA, healthy penetration levels, and periodic lounge fee revisions.

The rating factors in the presence of long-term concession agreement signed with Bangalore International Airport Limited (BIAL, rated at [ICRA] AAA (Stable)) for a period of 15 years starting from October 01, 2024 for operating the lounges and transit hotel at Terminal 2 of KIA, Bangalore. The rating considers the strong parentage of BASL, by virtue of being 100% owned by BIAL and the close operational and financial linkages with the parent entity, given the common management and track record of timely financial support. Further, the presence of BIAL as the promoter and the concessioning authority is likely to result in operational synergies for BASL.

The rating is, however, constrained by the high revenue share to be paid to BIAL. As per the concession agreement signed with BIAL, BASL is required to pay a revenue share of 33.69% and 40.51% for the domestic and international lounges, respectively, restricting its margin expansion to an extent, though the same remains healthy. The rating is constrained by the high revenue concentration risk of aggregators (banks/card operators), given that they contribute to nearly 65-70% of the overall revenue of lounges. Any changes in the pricing negotiated with these aggregators is anticipated to impact the company's revenues and operating margins. Further, its OI is susceptible to any changes in the credit card schemes including tightening of complimentary access to lounge (based on minimum spendings by the customers) by banks/card operators. Nevertheless, the nascent stage of lounge operations in the country, coupled with the increasing penetration of credit cards, is likely to mitigate this risk to a certain extent in the medium term. Moreover, BASL's lounge services are targeted at the premium card holders, and hence the risk of tightening access to these cards is low.

The company remains exposed to variation in the passenger traffic at KIA, Bangalore, resulting from economic cycles and the inherent cyclicity, which exposes BASL's revenues to risks associated with economic slowdown and exogenous shocks. However, the expectation of healthy passenger traffic growth and variable nature of revenue share payments are likely to mitigate the impact to an extent.

The Stable outlook on the rating reflects ICRA's opinion that BASL's credit profile will remain supported by its steady operational performance, driven by passenger traffic growth, sustained penetration levels, periodic lounge fee revisions, and the presence of long-term concession arrangement, along with the strong promoter profile.

## Key rating drivers and their description

### Credit strengths

**Sole operator of lounges and transit hotel at Terminal 2 of Kempegowda International Airport** – BASL is the sole operator of lounges and transit hotel at Terminal 2 of KIA, Bangalore, and has started the domestic and international lounge operations in January 2023 and September 2023 respectively. Further, BASL has started the operations of transit hotel from March 2025. Penetration levels remained healthy at around 15–17% for domestic lounges and 20–22% for international lounges during FY2025 and 9M FY2026. BASL's growth is expected to remain strong over the medium term, supported by passenger traffic growth at KIA, healthy penetration levels, and periodic lounge fee revisions.

**Healthy growth in OI and profitability** – BASL reported a healthy growth in the operating revenue, increasing to Rs. 246.3 crore in FY2025 from Rs. 112.6 crore in FY2024 and sustained this momentum in FY2026 with revenues of Rs. 244.1 crore in 9M FY2026. The OI is expected to exceed Rs. 300 crore in FY2026 and further projected to increase by around 15% in FY2027, supported by the commencement of the transit hotel in March 2025, healthy penetration levels of lounges, passenger traffic growth and annual lounge fee revisions. Its operating margins improved to 29.1% in FY2025 from 23.8% in FY2024 and are likely to remain at similar levels of more than 25% in FY2026 and FY2027.

**Presence of long-term concession agreement with BIAL** – The company has signed a long-term concession agreement with BIAL for a period of 15 years starting from October 01, 2024 for operating the lounges and transit hotel at Terminal 2 of KIA, Bangalore. The long concession period provides the company with strong financial flexibility and refinancing ability.

**Strong promoter profile lends financial and operational flexibility** – BASL is a wholly-owned subsidiary of BIAL and has close operational and financial linkages with the parent entity, given the common management and track record of timely financial support. BIAL has extended financial aid to BASL in FY2024 in the form of loans and advances for construction of lounges as a part of the promoter's margin contribution. Further, the presence of BIAL as the promoter and the concessioning authority is likely to result in operational synergies for BASL.

### Credit challenges

**High leverage and revenue share resulting in moderate coverage metrics in medium term** – As per the concession agreement signed with BIAL, BASL is required to pay a revenue share of 33.69% and 40.51% for the domestic and international lounges, respectively, restricting margin expansion to an extent, though the same continues to remain healthy. BASL incurred a capex of Rs. 221 crore for constructing lounges and a transit hotel. The same is funded by an unsecured loan from promoters worth Rs. 56 crore and debt of Rs. 165 crore. Resultantly, the leverage metrics are likely to remain moderate in the medium term, although the coverage metrics remain comfortable, supported by the healthy improvement in revenues and profitability. However, the long concession period provides comfort. Further, the leverage metrics are expected to improve over the medium term, with growth in operating revenues and scheduled debt repayments.

**High revenue concentration risk of aggregators; risk of tightening credit card access norms to lounges** – BASL generates revenue from lounges through aggregators (banks/card operators), airlines/corporates and direct walk-ins. Revenue from aggregators contribute to nearly 65-70% of the overall revenue of lounges. Hence, the rating is constrained by the high revenue concentration risk of aggregators. Any changes in the pricing negotiated with these aggregators is anticipated to impact the company's revenues and operating margins. Further, its OI is susceptible to any changes in the credit card schemes including tightening of complimentary access to lounge (based on minimum spendings by the customers) by banks/card operators. Nevertheless, the nascent stage of lounge operations in the country, coupled with increasing penetration of credit cards, is likely to mitigate this risk to a certain extent in the medium term. Moreover, BASL's lounge services are targeted at the premium card holders, and hence the risk of tightening access to these cards is low.

**Revenues are exposed to variations in passenger traffic resulting from economic cycles** – The company is exposed to

variation in passenger traffic at KIA, Bangalore, resulting from economic cycles and inherent cyclical nature, which exposes BASL to revenue risks associated with economic slowdown and exogenous shocks. However, the expectation of healthy passenger traffic growth and variable nature of revenue share payments are likely to mitigate the impact of the same to an extent.

### Liquidity position: Adequate

BASL's liquidity position is adequate, with unencumbered cash balance of Rs. 52.35 crore as on December 31, 2025. The cash flow from operations is expected to be sufficient to meet the debt servicing obligations (P+I) of around Rs. 20.5 crore in FY2026 and Rs. 25.9 crore in FY2027. Further, the presence of debt service reserve equivalent to three months of debt obligations (P+I) provides comfort.

### Rating sensitivities

**Positive factors** – ICRA may upgrade BASL's rating upon healthy improvement in scale of operations and earnings resulting in improved debt coverage metrics and liquidity position on a sustained basis.

**Negative factors** – The rating could be downgraded if there is a significant decline in earnings leading to weakening of debt coverage metrics and liquidity position on a sustained basis. Further, ICRA could downgrade the rating if there is any deterioration in the credit profile or support philosophy or linkage to the sponsor, BIAL.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/group Support	Parent Support - BIAL The rating factors in the expected financial support from BIAL to BASL to protect its reputation from the consequence of a subsidiary's distress.
Consolidation/standalone	Standalone

### About the company

Bengaluru Airport Services Limited (BASL) is a wholly-owned subsidiary of Bangalore International Airport Limited and is incorporated in India on August 06, 2020. The entity was formerly known as Bengaluru Airport Infra Services Limited. At present, the company is operating a transit hotel and three lounges, including a domestic lounge, international lounge and a common arrival lounge at Terminal 2 of KIA, Bangalore. BASL has signed a long-term concession agreement with BIAL for a period of 15 years commencing from October 01, 2024 for operating the lounges and transit hotel at Terminal 2.

### Key financial indicators (audited)

BENGALURU AIRPORT SERVICES LIMITED (Standalone)	FY2024	FY2025
Operating income	112.6	246.3
PAT	6.2	31.7
OPBDITA/OI	23.8%	29.1%
PAT/OI	5.5%	12.9%
Total outside liabilities/tangible net worth (times)	38.8	7.3

BENGALURU AIRPORT SERVICES LIMITED (Standalone)	FY2024	FY2025
Total debt/OPBDITA (times)	0.0	3.0
Interest coverage (times)	2.9	4.5

Source: Company, ICRA Research; All ratios are as per ICRA's calculations; Amount in Rs. Crore.

PAT: Profit after tax; OPBDITA: Operating profit before depreciation, interest, taxes and amortisation

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: Not applicable**

### Rating history for past three years

Instrument	Current rating(FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	March 02, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund-based - Term loan</b>	Long-term	165.00	[ICRA]AA-(Stable)	December 09, 2024	[ICRA]AA- (Stable)	-	-	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Term loan	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 / sanction	Coupon rate	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	April 2024	NA	March 2034	165.0	[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
--------------	-----------	------------------------

Source: Company

## ANALYST CONTACTS

**Ashish Modani**

+91 22 6169 3300

[ashish.modani@icraindia.com](mailto:ashish.modani@icraindia.com)

**M Rajashekar Reddy**

+91 40 6939 6423

[m.rajashekarreddy@icraindia.com](mailto:m.rajashekarreddy@icraindia.com)

**Suprio Banerjee**

+91 22 6114 3443

[supriob@icraindia.com](mailto:supriob@icraindia.com)

**KBS Siva Krishna**

+91 40 6939 6415

[k.krishna@icraindia.com](mailto:k.krishna@icraindia.com)

## RELATIONSHIP CONTACT

**L Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited

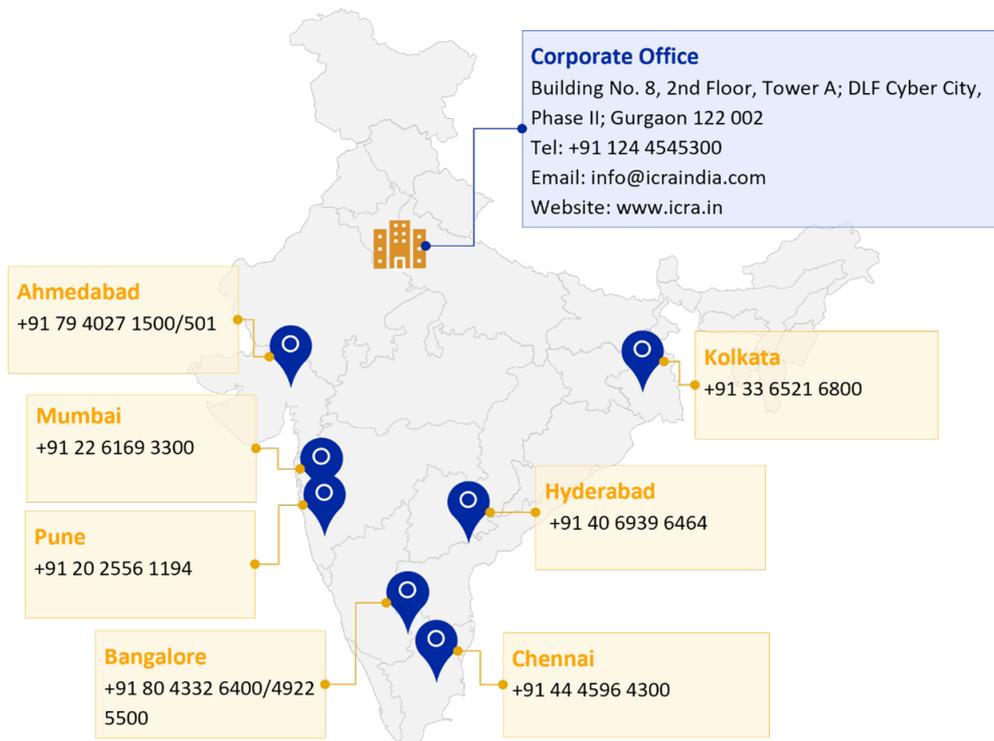


### Registered Office

B-710, Statesman House 148, Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.