

May 28, 2026

## Bangalore International Airport Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Non-convertible debentures (NCDs)	9,000.00	9,000.00	[ICRA] AAA (Stable); reaffirmed
<b>Total</b>	<b>9,000.00</b>	<b>9,000.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating reaffirmation for Bangalore International Airport Limited (BIAL) factors in its strong monopolistic position as the operator of Kempegowda International Airport (KIA), Bangalore, healthy cash flow position resulting from the regulated aeronautical revenues and strong growth in non-aeronautical revenues and the long concession period providing exceptional financial flexibility. KIA, Bangalore, is the third largest airport in the country and the largest in South India, with a passenger handling capacity of 51.5 million passengers per annum (mppa). The passenger traffic at BIAL increased by 6.2% to 44.5 million in FY2026 compared to 41.9 million in FY2025, with strong growth in international traffic (by 23.9% YoY), which was partially offset by moderate domestic growth (3.3%) impacted by supply-side constraints, including fleet availability issues arising from regulatory flying hour norms (FDTL) and temporary capacity disruptions due to additional maintenance checks following the Air India aircraft incident. The rating considers the healthy improvement in scale of operations to around Rs. 4,239 crore in FY2026 from Rs. 3,699 crore in FY2025 (+15% YoY), supported by growth in passenger traffic, higher international mix, healthy traction in both aeronautical as well as non-aeronautical revenues.

Going forward, the passenger traffic is expected to increase moderately to around 46-47 million in FY2027, albeit with near-term sensitivity to West Asia-related geopolitical disruptions likely impacting the international traffic, particularly on Gulf routes. The growth in operating income (OI) is likely to moderate in FY2027 owing to lower passenger traffic, and marginal decline in aeronautical tariffs under the fourth control period (CP4, applicable from April 01, 2026 to March 31, 2031), despite continued growth in non-aeronautical revenues, aided by expansion in retail and F&B offerings, higher concessionaire revenues, increasing spend per passenger and scaling up of commercial assets. Going forward, aeronautical revenues are expected to be supported by the significant planned capex in CP4, sustained traffic growth, and the presence of true-up mechanism. Further, operating margins continued to remain robust at around 72% in FY2026 and are expected to be supported by stable aeronautical tariffs, higher non-aeronautical and real estate revenues. Moreover, the long debt tenure, strong operational profile of BIAL and healthy cash flow from operations are expected to keep the debt coverage metrics (DSCR) healthy at more than 1.50 times over the debt tenure.

The rating is supported by BIAL's competitive position amid the favourable demographics of the city, presence of a large information technology (IT) base, future city expansion and strong business travel prospects. The rating derives strength from the regulatory framework, which allows an efficient cost recovery from user tariffs. However, the company remains exposed to asset concentration risk and variation in passenger traffic due to economic cycles and external shocks (such as geopolitical disruptions impacting airline operations and supply-side constraints), which could lead to temporary moderation in traffic. Nevertheless, this is mitigated by the true-up framework, wherein any shortfall in returns in a given control period is recoverable in subsequent periods, albeit with a lag.

The rating factors in the cash flow ring-fencing and the restrictive debt covenants for making any dividend payments. The joint ownership of BIAL by the Airports Authority of India (AAI) and Government of Karnataka (GoK), and the presence of nominees from both entities on the company's board lends comfort. Further, the strong parentage of BIAL, in the form of the Fairfax

Group holding 74% in the entity, coupled with the long concession period provides exceptional financial flexibility. The modest revenue sharing terms with the Government of India (GoI) is another comforting factor.

BIAL received a confirmation letter from the Ministry of Civil Aviation (MoCA) extending the term of the concession agreement for operating KIA until May 24, 2068. The extension in concession period resulted in a long tail period improving the company's financial flexibility and refinancing ability. Further, no new airport can commence operations within an aerial distance of 150 km of the airport before the twenty-fifth anniversary of the airport opening date, which ends in 2033, supporting its credit profile. While a second airport in Bangalore is likely to come up only post 2033, BIAL is expected to reach its saturation capacity by the time the new airport ramps up their operations, providing comfort. Further, the regulated nature of aeronautical revenues, which assures definitive return on regulatory asset base (RAB), will compensate for reduction in passenger traffic, if any, by increasing the aeronautical tariffs, and limits the revenue risk in case of any cannibalisation of passenger traffic to a large extent, albeit with a delay.

BIAL has completed the Phase-2 capex of Rs. 11,403 crore, including the construction of new terminal (T2), second runway and the associated infrastructure (apron, forecourt and other landside developments), which has increased its passenger handling capacity to 51.5 mppa from 26.5 mppa. Of the total incurred capex for Phase-2, Airports Economic Regulatory Authority (AERA) had approved 90% of the capex in the earlier tariff orders. ICRA expects the balance capex to be included as a part of the RAB in tariff determination for CP4. BIAL is now undertaking a Phase-2 expansion capex with an outlay of around Rs. 21,000 crore (including interest during construction (IDC) and sustaining capex), which is higher than the earlier estimate of around Rs. 16,000 crore with an extended completion timelines (vs earlier completion timeline of FY2029). The increase in capex is largely attributed to the additional projects planned to be undertaken by BIAL as part of master plan update and finalisation of cost estimates by the consultant as compared to earlier internal cost estimates. The expansion programme is expected to increase the passenger handling capacity to 75-80 million per annum along with airside capacity additions. The expansion capex is likely to include Terminal-2 expansion, Terminal-1 upgrade, construction of west cross field taxiway, eastern connectivity tunnel, parking stands, metro stations and sustaining capex, among others. The capex is expected to be funded by debt to equity ratio of 80:20. However, majority of these expansion works will be undertaken only after securing the necessary approvals from AERA and concerned stakeholders and authorities. Hence, timely completion of the expansion capex within the budgeted costs with no material disallowance by the AERA remain the key monitorables going forward. While the large debt-funded capex is likely to moderate the leverage metrics in the near to medium term, the debt coverage metrics are expected to remain healthy.

BIAL has already refinanced its Phase-2 term loan through issuance of long-tenor NCDs (Rs. 9,000 crore) in FY2026, improving its debt maturity profile and liquidity position. The company's liquidity position remains strong, with unencumbered cash balances of around Rs. 3,600 crore as of March 31, 2026, providing adequate cushion against short-term disruptions and funding requirements.

The Stable outlook on the rating reflects ICRA's opinion that BIAL's credit profile will be supported by its strong competitive position, robust growth in OI and healthy debt coverage metrics.

## Key rating drivers and their description

### Credit strengths

**Strong competitive position and monopoly in its region of operations** – Kempegowda International Airport, operated by BIAL, is the third largest airport in the country and the largest in South India, with a passenger handling capacity of 51.5 mppa. It is the major international airport in Karnataka and has a monopoly position in its area of operations. BIAL is competitively placed with favourable demographics of the city, presence of large IT base, future city expansion and strong business travel prospects. The rating derives strength from the regulatory framework, which allows an efficient cost recovery from the user tariff. However, the company remains exposed to asset concentration risk and the variation in passenger traffic resulting from economic cycles, which could lead to a temporary decline in traffic. Nevertheless, this is offset by true-up framework, wherein the shortfall in returns in any given control period are recovered in the subsequent regulatory period, albeit with a lag.

**Healthy increase in passenger traffic and revenues resulted in improved cash flow position** – The passenger traffic at BIAL increased by 6.2% to 44.5 million in FY2026 compared to 41.9 million in FY2025, driven by strong growth in international passenger traffic (around 23.9% YoY). The passenger traffic was partially offset by moderate domestic growth impacted by supply-side constraints, including fleet availability issues arising from regulatory flying hour norms (FDTL) and temporary capacity disruptions due to additional maintenance checks following the Air India aircraft incident. Going forward, the passenger traffic is expected to increase moderately to around 46-47 million in FY2027, albeit with near-term sensitivity to West Asia-related geopolitical disruptions likely affecting international traffic, particularly on Gulf routes. BIAL's OI increased by 14.6% YoY to around Rs. 4,239 crore in FY2026 from Rs. 3,699 crore in FY2025 (+15% YoY), supported by growth in passenger traffic, higher international mix, healthy traction in both aeronautical and non-aeronautical revenues and higher land monetisation income. The growth in aeronautical revenues was driven by increase in passenger and aircraft traffic, higher international operations and improvement in yields (including landing and parking charges) under the third control period (CP3). Further, the non-aero revenues grew by 20% in FY2026, aided by higher passenger traffic, expansion in retail and F&B offerings, higher concessionaire revenues, increase in leasable area post commissioning of Terminal-2 and improvement in spend per passenger, particularly from international travellers. Going forward, aeronautical revenues are expected to be supported by the significant planned capex in CP4, sustained traffic growth, and the presence of true-up mechanism. Further, operating margins continued to remain robust at around 72% in FY2026 and are expected to be supported by stable aeronautical tariffs, higher non-aeronautical and real estate revenues. Moreover, the long debt tenure, strong operational profile of BIAL and healthy cash flow from operations are expected to keep the debt coverage metrics (DSCR) healthy at more than 1.50 times over the debt tenure.

**Extension in concession period resulted in long tail period which provides financial flexibility** – BIAL received a confirmation letter from the MoCA, extending the term of the concession agreement for operating KIA, until May 24, 2068. The extension in concession period resulted in a long tail period improving the company's financial flexibility and refinancing ability. Further, no new airport can commence operations within an aerial distance of 150 km of the airport before the twenty-fifth anniversary of the airport opening date, which ends in 2033, supporting its credit profile. While a second airport in Bangalore is likely to come up only post 2033, BIAL is expected to reach the saturation capacity by the time the new airport ramps up their operations. Further, the regulated nature of aeronautical revenues, which assures definitive return on RAB, will compensate for reduction in passenger traffic, if any, by increasing the aeronautical tariffs, and limit the revenue risk in case of any cannibalisation of passenger traffic to a large extent, albeit with a delay.

**Cash flow ring-fencing and modest revenue sharing** – The cash flow ring-fencing and the restrictive debt covenants for making dividend payments supports BIAL's credit profile. The joint ownership of BIAL by the AAI and GoK, and the presence of nominees from both entities on the company's board lends comfort. Further, the strong parentage of BIAL, in the form of the Fairfax Group holding 74% in the entity, coupled with the long concession period provides it with exceptional financial flexibility. The modest revenue sharing terms with the GoI is another comforting factor.

### Credit challenges

**Exposure to risks associated with large debt-funded capex** – BIAL is undertaking Phase-2 expansion capex with an outlay of around Rs. 21,000 crore (including interest during construction (IDC) and sustaining capex), which is higher than the earlier estimate of around Rs. 16,000 crore with an extended completion timelines (vs earlier completion timeline of FY2029). The increase in capex is largely attributed to the additional projects planned to be undertaken by BIAL as part of master plan update and finalisation of cost estimates by the consultant as compared to earlier internal cost estimates. The expansion programme is expected to increase the passenger handling capacity to 75-80 million per annum along with airside capacity additions. The expansion capex is likely to include Terminal-2 expansion, Terminal-1 upgrade, construction of west cross field taxiway, eastern connectivity tunnel, parking stands, metro stations and sustaining capex, among others. The capex is expected to be funded by debt to equity ratio of 80:20. However, majority of these expansion works will be undertaken only after securing the necessary approvals from AERA and concerned stakeholders and authorities. Hence, timely completion of the expansion capex within the budgeted costs with no material disallowance by the AERA remain the key monitorables going forward. While the

large debt-funded capex is likely to moderate the leverage metrics in the near to medium term, the debt coverage metrics are expected to remain healthy.

**Regulatory risks associated with disallowance of capex and tariff determination** – BIAL has completed the Phase-2 capex, which has increased its passenger handling capacity to 51.5 mppa from 26.5 mppa. Of the total incurred capex for Phase-2, AERA had approved 90% of the capex in the earlier tariff orders and ICRA expects the balance capex to be included as a part of the RAB in tariff determination for CP4. Notwithstanding this, the projected cash flows and debt service metrics are likely to remain healthy.

### Liquidity position: Strong

The company's liquidity position is strong, with unencumbered cash balance of Rs. 3,603.3 crore and encumbered bank balances (debt service reserve (DSR) and margin money) of Rs. 459 crore as on March 31, 2026. It maintains two quarters of DSR for the rated NCD facility, supporting the liquidity profile. Further, the cash flow from operations would be sufficient to service the scheduled debt repayment obligations (standalone) of around Rs. 200 crore in FY2027 and Rs. 331 crore in FY2028. BIAL is expected to incur a capex of around Rs. 21,000 crore over the medium term, which is likely to be funded by debt to equity ratio of 80:20. The company's strong liquidity position and estimated cash accruals provide adequate cushion for funding the capex.

### Rating sensitivities

**Positive factors** – NA

**Negative factors** – Pressure on BIAL's rating could arise if there is a material decline in passenger traffic or non-aero revenues adversely impacting its debt coverage metrics on a sustained basis. Further, larger-than-anticipated debt levels or material disallowance of capex impacting its debt protection metrics and liquidity position will be a credit negative. Specific metrics for rating downgrade include cumulative DSCR falling below 1.40 times on a sustained basis.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Airports</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the rating, ICRA has consolidated the financials of BIAL and its 100% owned subsidiary Bangalore Airport Hotel Limited (BAHL). BIAL has provided a corporate guarantee for the full tenure of the loans availed by BAHL. Further, ICRA has done limited consolidation of Bengaluru Airport City Limited (BACL) and Bengaluru Airport Services Limited (BASL) factoring in the equity commitments and support towards meeting any cash flow mismatches.

### About the company

BIAL is a special purpose vehicle held by FIH Mauritius Investments Limited and Anchorage Infrastructure Investment Holding Limited (Fairfax Companies, holding 74% together), Airports Authority of India (AAI, 13%), and Karnataka State Industrial and Infrastructure Development Corporation Limited (KSIIDC, 13%), which was formed to set up a greenfield international airport on a build-operate-transfer (BOT) basis at Devanahalli, near Bangalore. The airport commenced operations on May 24, 2008. In 2021, BIAL has received an extension in concession period till May 2068.

**Key financial indicators (audited)**

<b>BIAL Consolidated</b>	<b>FY2024</b>	<b>FY2025</b>
Operating income	2,749.3	3,994.5
PAT	-56.8	584.0
OPBDIT/OI	63.6%	68.1%
PAT/OI	-2.1%	14.6%
Total outside liabilities/Tangible net worth (times)	4.9	4.0
Total debt/OPBDIT (times)	6.6	4.1
Interest coverage (times)	1.9	2.5

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 amortisation

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

**Any other information: None**

**Rating history for past three years**

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	May 28 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Non-convertible debentures	Long-term	9,000.0	[ICRA]AAA (Stable)	May 05, 2026	[ICRA]AAA (Stable)	September 24, 2024	[ICRA]AAA (Stable)	-	-

**Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026**

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated February 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
Non-convertible debentures	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 II: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE888G07113	Non-convertible debentures	July 25, 2025	Variable - Index Linked	July 25, 2040	9,000.0	[ICRA]AAA (Stable)

Source: Company

**Annexure III: List of entities considered for consolidated analysis**

Company Name	BIAL Ownership	Consolidation Approach
Bangalore Airport Hotel Limited	100.00%	Full Consolidation
Bengaluru Airport City Limited	100.00%	Limited Consolidation
Bengaluru Airport Services Limited	100.00%	Limited Consolidation

Source: BIAL, ICRA Research

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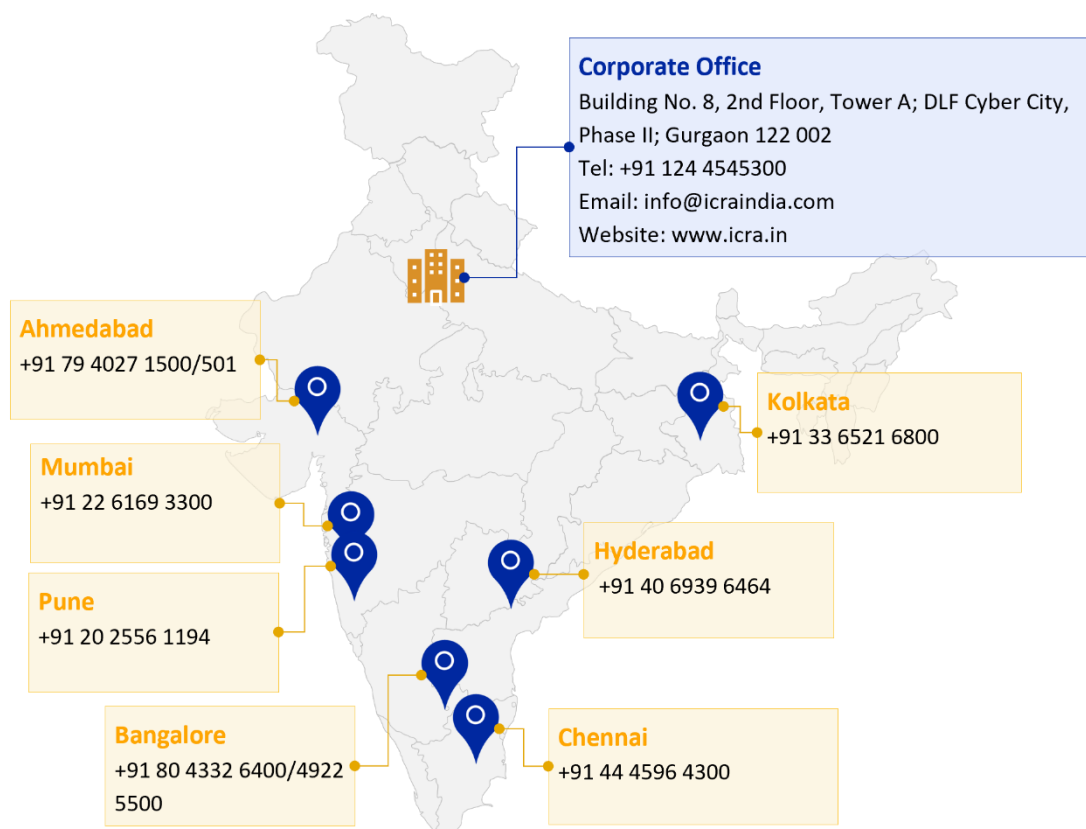
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