July 24, 2026

Delhi Aviation Fuel Facility Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Long-term – Fund-based – Term loans	30.00	11.00	[ICRA]AA-(Stable); reaffirmed	RBI
Long-term – Fund-based – Cash credit	40.00	50.00	[ICRA]AA-(Stable); reaffirmed	RBI
Long-term – Unallocated limits	20.00	20.00	[ICRA]AA-(Stable); reaffirmed	RBI
Total	**90.00**	**81.00**		

**Instrument details are provided in Annexure I*

#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.

Rationale

The rating reaffirmation for Delhi Aviation Fuel Facility Private Limited (DAFFPL) continues to factor in its established position as the sole service provider of aviation fuel facilities at Indira Gandhi International Airport (IGIA), New Delhi, which is the largest airport in the country (in terms of passenger handling capacity) and the long-term concession agreement with Delhi International Airport Limited (DIAL, rated at [ICRA] AA(Stable)/[ICRA]A1+) for the development, operations and maintenance of aviation fuel infrastructure facilities across all terminals at IGIA. Further, the regulated nature of its aeronautical revenues, assures definitive return on regulatory asset base (RAB) through fuel infrastructure charges (FIC) on the aeronautical capex incurred for establishing fuel storage and handling infrastructure facilities, provides comfort. The rating favourably note the substantial reduction in debt levels following the prepayment of the term loan availed for the fuel hydrant system capex, resulting in improved debt coverage metrics. Given the substantial repayment of term debt and no major capex plans in the medium term, the debt coverage metrics are expected to remain comfortable.

The rating notes the marginal decline in fuel offtake volumes in FY2026 by 0.65%, owing to geopolitical developments and aircraft supply disruptions. This follows healthy fuel offtake volume growth of 14.6% in FY2025 and 11.1% in FY2024, supported by the commencement of new hydrant system operations at Terminal 1 in December 2023. Going forward, as per ICRA's estimates, fuel offtake volumes are likely to grow by 3%-4% in FY2027 and further improve by around 5% from FY2028 onwards as traffic volumes stabilise. Nevertheless, the operating revenues are expected to increase materially from FY2027, supported by the anticipated increase in FIC rates for the fourth control period (CP4, April 01, 2026 to March 31, 2031). DAFFPL has submitted the tariff petition to Airports Economic Regulatory Authority (AERA) for the determination of CP4 tariffs, and the new tariffs are likely to be implemented from Q3 FY2026.

ICRA takes notes of DAFFPL's strong promoter profile as Indian Oil Corporation Limited (IOCL, rated [ICRA]AAA (Stable)/[ICRA]A1+) and Bharat Petroleum Corporation Limited (BPCL, rated [ICRA]AAA (Stable)) hold 37% stake each, while the remaining 26% is held by the airport operator, Delhi International Airport Limited. IOCL and BPCL have high financial flexibility, sizeable sovereign ownership and occupy strategically important positions in the Indian energy sector. Moreover, these companies are the key suppliers and customers of the fuel facility at the Delhi International Airport, which supports business stability and operational synergies for DAFFPL.

The rating, however, remains constrained by the vulnerability of DAFFPL's operations to fluctuations in aircraft traffic at Delhi Airport. Aircraft traffic volumes are inherently exposed to economic cycles, geopolitical developments, aircraft supply disruptions, and other external factors, which may result in periodic volatility in traffic levels. Nevertheless, DAFFPL benefits from the regulated business model, which provides a degree of protection against lower-than-anticipated traffic volumes during a control period. ICRA notes the commencement of operations at Noida International Airport (NIA) in June 2026, with an initial capacity of 12 million passengers, located approximately 72 km (aerial distance) from IGIA. However, the impact of NIA on DAFFPL's operations is expected to be limited, given IGIA's large and established catchment area, established passenger traffic base, superior connectivity and DAFFPL's off-take volumes are predominantly driven by international aircraft movements. These factors are likely to provide a cushion against any material decline in off-take volumes of DAFFPL in the near to medium term.

The rating factors in the regulatory risk associated with the determination of Fuel Infrastructure Charges (FIC) for CP4. In FY2024, DAFFPL commissioned a significant portion of the capital expenditure related to the fuel hydrant system in line with the CP3 tariff order. The commissioning of the CP3 capex led to a rise in the RAB, which serves as the basis for the fixed return provided by the regulator, coupled with higher operating expenses and the planned capital expenditure programme, is expected to result in an increase in FIC rates in CP4. Nevertheless, the timely issuance of the tariff order by the AERA, with no material disallowances of capital or operating expenditure, remains a key monitorable.

The Stable outlook on the rating reflects the company's established position as the sole service provider of aviation fuel facilities at the Delhi Airport, healthy profitability levels and comfortable coverage metrics.

Key rating drivers and their description

Credit strengths

Sole fuel service provider at Delhi Airport – The concession agreement with DIAL grants exclusive rights to DAFFPL to develop and maintain the aviation fuel facilities at terminals 2 and 3, along with cargo terminal of the Indira Gandhi International Airport in New Delhi. In FY2019, the scope of DAFFPL was extended to Terminal 1 as well. With completion of construction of a hydrant system and the commencement of fuel facility services at Terminal 1, DAFFPL is the sole fuel service provider at the airport, which provides it with a strong monopolistic position.

Strong promoter profile provides financial and operational flexibility – DAFFPL benefits from a strong promoter profile, with IOCL and BPCL holding 37% stake each, while the remaining 26% is held by the airport operator, i.e., DIAL. IOCL and BPCL have high financial flexibility, sizeable sovereign ownership and occupy strategically important positions in the Indian energy sector, which enhance DAFFPL's financial flexibility and strengthen its operational capabilities. Moreover, these companies are the key suppliers and customers of the fuel facility at the Delhi Airport, supporting business stability and operational synergies. In addition, DIAL's status as an airport operator and its shareholding in DAFFPL mitigate the operational risks for the company.

Healthy financial risk profile – DAFFPL had availed a term loan of Rs. 158 crore (against the sanctioned amount of Rs. 165 crore) for developing the fuel hydrant system at Terminal 1. Supported by healthy cash accruals from operations, the company has been prepaying its debt ahead of schedule, resulting in reduction of its outstanding borrowings to around Rs. 6.4 crore as on June 30, 2026, from Rs. 18.3 crore as on March 31, 2026 and Rs. 30.0 crore as on March 31, 2025. The management intends to prepay the remaining debt in full by the end of Q2 FY2027, which is expected to further strengthen the company's credit profile. With the scheduled term loan obligations largely prepaid and no significant long-term repayment commitments pending, its cash accruals are likely to support financial flexibility and maintain strong debt coverage metrics going forward.

Credit challenges

Vulnerability of operations to aircraft traffic at Delhi Airport – The company's business operations are dependent on aircraft traffic at Delhi Airport, which remains susceptible to downturns in domestic and global economic cycles, geopolitical developments, aircraft supply disruptions, and other external factors, which may result in periodic volatility in traffic levels. Any material decline in fuel offtake volumes could adversely affect the company's operations, as witnessed in FY2021 and FY2022 due to the Covid-19 pandemic, and again in FY2026 owing to geopolitical developments and aircraft supply disruptions.

However, DAFFPL's regulated business model provides a cushion against lower-than-estimated volumes during a control period.

Regulatory risk associated with determination of tariff – DAFFPL is exposed to regulatory risk associated with determination of FIC rates for CP4. In FY2024, DAFFPL commissioned a significant portion of the capital expenditure related to the fuel hydrant system in line with the CP3 tariff order. The commissioning of the CP3 capex led to a rise in the RAB, which serves as the basis for the fixed return provided by the regulator, coupled with higher operating expenses and the planned capital expenditure programme, is expected to result in an increase in FIC rates in CP4. Nevertheless, the timely issuance of the tariff order by the AERA, with no material disallowances of capital or operating expenditure, remains a key monitorable.

Liquidity position: Adequate

DAFFPL's liquidity is adequate, supported by cash balances of Rs. 6.75 crore as on March 31, 2026 and absence of any scheduled repayment obligations on its term loan in FY2027 and FY2028. The liquidity profile is further strengthened by the available cushion in fund-based working capital limits of Rs. 5.7 crore as on May 31, 2026, and no major debt-funded capex plans in the medium term. The company has capex plans of around Rs. 39 crore in CP4, which is expected to be met entirely from its internal cash accruals.

Rating sensitivities

Positive factors – The rating may be upgraded if a material increase in scale of operations and earnings results in improvement in cash flows, while maintaining strong debt coverage metrics and liquidity position, on a sustained basis.

Negative factors – The rating could be downgraded if there is a material reduction in fuel offtake volumes adversely impacting DAFFPL's credit metrics. Further, any significant upstreaming of cash flows to the parent Group (through dividends and/or loans and advances) adversely impacting DAFFPL's liquidity position could lead to pressure on the rating.

Analytical approach

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

About the company

DAFPPL has been promoted by IOCL, BPCL and DIAL to develop and maintain the aviation fuel facilities at the Indira Gandhi International Airport at Delhi. The concession was granted by DIAL to DAFFPL for 25 years, starting from July 2010 for undertaking fuel farm operations at IGIA. The aviation fuel facility comprises the infrastructure used to supply aviation turbine fuel to air carriers at the airport. Indian Oil Skytanking Ltd. (IOSL) is the operator of the fuel facility. The infrastructure charge levied by DAFFPL for use of the facility is subject to regulation by the AERA.

Key financial indicators (Audited)

As per IndAS accounting	FY2025	FY2026
Operating income	74.7	59.2
PAT	-19.6	-20.9
OPBDIT/OI	93.4%	90.7%
PAT/OI	-26.2%	-35.2%
Total outside liabilities/Tangible net worth (times)	1.5	1.5
Total debt/OPBDIT (times)	5.1	6.2
Interest coverage (times)	2.2	1.9

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; DAFFPL follows Ind AS and key financial ratios are not representative of actual cash flows

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	July 24, 2026	Date	Rating	Date	Rating	Date	Rating
Term loans	Long-term	11.00	[ICRA]AA- (Stable)	July 21, 2025	[ICRA]AA- (Stable)	Aug 06, 2024	[ICRA]A+ (Stable)	Jul 07, 2023	[ICRA]A+ (Stable)
Fund-based – Cash credit	Long-term	50.00	[ICRA]AA- (Stable)	July 21, 2025	[ICRA]AA- (Stable)	Aug 06, 2024	[ICRA]A+ (Stable)	Jul 07, 2023	[ICRA]A+ (Stable)
Unallocated limits	Long-term	20.00	[ICRA]AA- (Stable)	July 21, 2025	[ICRA]AA- (Stable)	Aug 06, 2024	[ICRA]A+ (Stable)	Jul 07, 2023	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loans	Simple
Long-term – Fund-based – Cash credit	Simple
Long-term – Unallocated limits	Not Applicable

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	Financial sector regulator#
NA	**Term loans**	Nov 2019	8.55%	Mar 2029	11.00	[ICRA]AA- (Stable)	RBI
NA	**Fund-based – Cash credit**	NA	NA	NA	50.00	[ICRA]AA- (Stable)	RBI
NA	**Unallocated limits**	NA	NA	NA	20.00	[ICRA]AA- (Stable)	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis: Not Applicable

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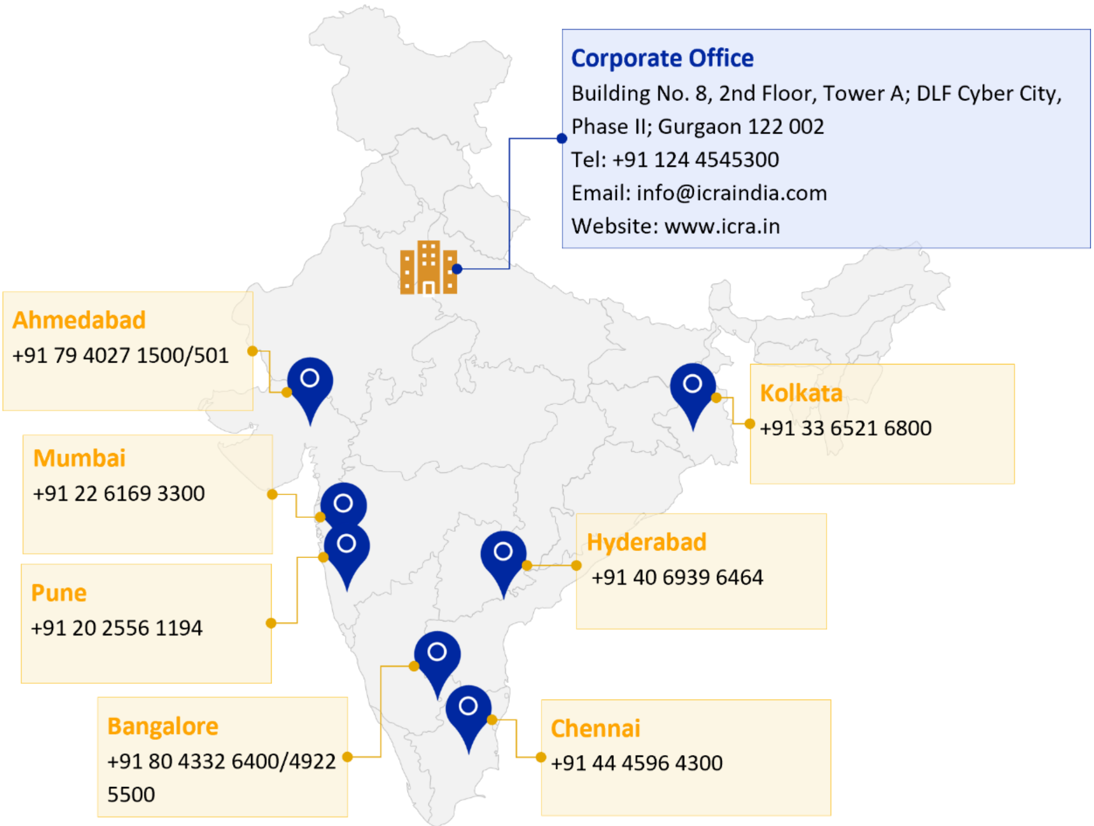

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