September 10, 2026

SNV Aviation Private Limited (d.b.a Akasa Air): Ratings continue to be on Watch with Negative Implications; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long term - Working Capital Term Loan^	-	740.00	[ICRA] BBB-; Rating Watch with Negative Implications; assigned	RBI
Short term - Fund Based – Working Capital	-	175.00	[ICRA]A3; Rating Watch with Negative Implications; assigned	RBI
Long term - Bank Guarantee	-	(25.00)	[ICRA] BBB-; Rating Watch with Negative Implications; assigned	RBI
Short-term Fund-based Short-term Loan	10.00	10.00	[ICRA]A3; continues on Rating Watch with Negative Implications	RBI
Short-term Unallocated Limits	0.50	0.50	[ICRA]A3; continues on Rating Watch with Negative Implications	RBI
Short-term - Non-fund based - Loan Equivalent Risk	0.50	0.50	[ICRA]A3; continues on Rating Watch with Negative Implications	RBI
Short-term - Non-fund based - SBLC	215.00	215.00	[ICRA]A3; continues on Rating Watch with Negative Implications	RBI
Short-term Interchangeable Limits	(10.00)	(10.00)	[ICRA]A3; continues on Rating Watch with Negative Implications	RBI
Short-term Interchangeable Limits	(313.00)	(313.00)	[ICRA]A3; continues on Rating Watch with Negative Implications	RBI
Short-term Fund-based Overdraft	1.00	1.00	[ICRA]A3; continues on Rating Watch with Negative Implications	RBI
Short-term Interchangeable limits-Overdraft	(1.00)	(1.00)	[ICRA]A3; continues on Rating Watch with Negative Implications	RBI
Short-term Interchangeable limits-Overdraft	(1.00)	(1.00)	[ICRA]A3; continues on Rating Watch with Negative Implications	RBI
Short-term Non-fund based Bank Guarantee	125.00	125.00	[ICRA]A3; continues on Rating Watch with Negative Implications	RBI
Long-term Non-fund based Bank Guarantee	223.00	223.00	[ICRA]BBB-; continues on Rating Watch with Negative Implications	RBI
Total	**575.00**	**1,490.00**		

**Instrument details are provided in Annexure I, ^ Emergency Credit Line Guarantee Scheme (ECLGS)*

#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 ratings of SNV Aviation Private Limited (d.b.a Akasa Air) continue to be on Watch with Negative Implications, reflecting the uncertainty surrounding the potential impact of a prolonged West Asia conflict on the company's operating performance, profitability and liquidity position.

The disruptions have resulted in selective curtailment of international routes. For Akasa Air, international operations form a relatively modest share of overall capacity, with West Asian routes accounting for a limited share of its total flights. Further, Akasa Air does not operate long-haul international services, which limits its exposure to prolonged rerouting-related inefficiencies compared to some larger peers. An expected resumption of operations and additional flight deployment on select international routes in the near term are likely to augment the company's revenues and strengthen its natural forex hedge, to an extent.

The key source of earnings pressure on the company stems from the sharp increase in aviation turbine fuel (ATF) prices, besides the depreciation of the INR against the USD. Brent crude prices have increased sharply following the conflict, leading to heightened fuel cost pressure. As fuel constitutes a significant portion of the aviation industry's, including Akasa Air's, operating costs, and a sizeable share of expenses is denominated in dollar terms, sustained elevated crude oil prices, coupled with the depreciation of the INR against the USD, have resulted in heightened earnings pressure. While the company has already levied a fuel surcharge and may need to undertake further pricing and network optimisation measures, its ability to fully pass on incremental cost increases remains constrained in a competitive environment, especially during seasonally weaker periods. However, certain supportive measures by the Government of India, including the reduction in VAT on ATF in some key states and lower airport tariffs, including landing and parking charges, provide partial relief.

Despite the above challenges, ICRA takes comfort from Akasa Air's adequate liquidity position, supported by fresh capital infusion in FY2026, continued gains from aircraft sale and leaseback (SLB) transactions and the sanction of Rs. 740 crore bank lines under the ECLGS scheme in H1 FY2027. The company continues to incur cash losses despite remaining in a growth phase. Such losses have largely been funded through SLB inflows, providing liquidity support. Nevertheless, it has demonstrated healthy passenger and revenue growth, given its smaller base and network expansion strategy. The company has maintained PLF levels above 85% in 4M FY2027, which compare favourably with industry peers. ICRA notes that the company reported higher-than-expected net losses in FY2026; however, a part of the net loss was on account of foreign exchange (forex) fluctuations, albeit with a major portion of the forex losses being notional in nature. The company does not formally hedge its forex exposure currently, however, SLB inflows and revenues from international operations provide a partial natural hedge. The extent of losses in FY2027 owing to the impact of the currently challenging operating environment is a key monitorable. Nevertheless, the liquidity position remains supported by adequate existing cash and bank balances, expected SLB proceeds and recently availed Emergency Credit Line Guarantee Scheme (ECLGS) support. These will help the company meet its fixed expenses in FY2027 comfortably. ICRA notes that the company's liquidity position remains dependent on the timely delivery of aircraft from Boeing, as the realisation of SLB proceeds is directly linked to aircraft inductions, making this a key rating monitorable.

Key rating drivers and their description

Credit strengths

Extensive experience of key management personnel in the Indian aviation industry – Akasa Air leverages the extensive expertise of its key management personnel, including Mr. Vinay Dube, Mr. Ankur Goel and Mr. Aditya Ghosh. These individuals have nearly three decades of experience in the aviation industry, having held significant leadership roles in various other airlines. Their deep understanding of the sector and proven track record in managing airline operations provide Akasa Air with a strong foundation.

Adequate liquidity position – Akasa Air has received equity infusion in FY2026 from a consortium of investors, including Premji Invest, funds managed by 360 ONE Asset, Claypond Capital and the Jhunjhunwala family. The infusion supported the company's liquidity position and funded its ongoing expansion. In addition, the company has continued to benefit from cash inflows through aircraft sale-and-leaseback (SLB) transactions, which remain a key source of funding, given its growth stage and continued operating losses. Further, the company has availed liquidity support under the Government's ECLGS scheme of Rs. 740 crore and an enhancement in working capital facilities of Rs. 95.0 crore, which, along with existing funding lines, provides adequate liquidity headroom. Overall, these factors provide a buffer to the company's liquidity against near-term operational volatility while supporting its planned scale-up.

Efficient fleet utilisation levels – The company commenced operations only four years ago; however, it has successfully maintained healthy PLF levels of 88-90% over the last three fiscals. Despite the West Asia conflict since the end of February 2026, the company has been able to maintain healthy PLF levels (above 85% in Q1 FY2027). The company has steadily expanded its capacity and currently operates 43 aircraft, with an order book of 183 additional aircraft as of August 31, 2026. These deliveries are scheduled to take place till 2032. This gradual addition to the fleet is expected to support the maintenance of a healthy passenger load factor (PLF), driven by robust demand and the increasing penetration of domestic air travel in

India. Additionally, the anticipated increase in the number of aircraft and routes, along with the expansion of international operations, will be critical factors to monitor.

Credit challenges

Weak leverage and coverage indicators – Akasa Air has weak financial leverage and coverage indicators, given the nascent stage of its operations, with the company reporting operating and cash losses over the last four years due to the long gestation period inherent to the aviation industry. These cash losses have primarily been funded through gains on aircraft sale and leaseback at the time of delivery of aircraft, which have also supported its liquidity position. Thus, Akasa Air is highly reliant on the timely delivery of aircraft from Boeing to maintain its adequate liquidity position, and this remains a key rating monitorable. While the company's operating performance is expected to improve gradually in future, supported by the scale-up of operations, improvement in RASK and better cost absorption, continuing geopolitical tensions in West Asia are likely to exert additional pressure on the company's financial profile unless the disruptions subside. Elevated aviation fuel costs and currency volatility are expected to weigh on margins and delay the pace of improvement in cash flows and coverage metrics. As a result, the company is expected to continue reporting cash losses over the medium term, with the trajectory of improvement now subject to the evolution of external factors, including fuel prices, currency movements and operational disruptions.

Exposed to volatility in crude oil prices and fluctuations in exchange rates – In line with the industry, Akasa Air's profitability is highly vulnerable to volatility in fuel prices and forex rates. Fuel costs account for 35-40% of its expenses, which remain linked to movements in volatile crude oil prices and foreign exchange rates. Besides fuel costs for international routes, the airline also has other operating expenses, such as lease liabilities and aircraft and engine maintenance expenses, denominated in USD. Overall, the company's profitability remains exposed to adverse movements in fuel prices and exchange rates, particularly in the currently volatile macroeconomic environment. While ATF prices witnessed moderation in FY2024 and FY2025 and during most of FY2026, the escalation of geopolitical tensions in West Asia has led to a sharp increase in crude oil prices since March 2026, thereby exerting pressure on the company's cost structure. Easing of geopolitical tensions and moderation in crude oil prices are key to alleviating cost pressures for the industry. ICRA notes that the company's inflows in foreign currency, through international flights, sale and lease credits, etc., mitigate its forex risk to an extent.

Intense competition in industry; price-sensitive nature of domestic aviation market may restrict pricing power – As a mid-sized player, Akasa Air faces limitations in commanding a pricing premium due to the price-sensitive nature of the market and intense competition. However, the gradual addition of new aircraft and subsequent expansion into international routes are expected to increase the airline's yield. Scaling up operations while maintaining healthy yield levels, coupled with effective cost management, will be crucial for achieving sustainable profitability.

Liquidity position: Adequate

While Akasa Air's operations are yet to turn profitable, its existing cash balances, inflows from the SLB transactions, the fund infusion from investors in FY2026 and the sanction of Rs. 740 crore bank lines under the ECLGS scheme in the current fiscal are estimated to be adequate to fund its business losses and repayment obligations (against lease payments) over the near term.

Rating sensitivities

Positive factors – The rating watch could be favourably resolved if geopolitical risks subside, leading to moderation in fuel prices and easing of airspace restrictions, thereby improving visibility and providing greater comfort around the airline's operational and financial performance. A demonstrated track record of a sustainable increase in the company's scale of operations and profitability indicators, while maintaining an adequate liquidity profile, could lead to an improvement in ratings.

Negative factors – The ratings could be revised downward if geopolitical tensions persist or intensify, resulting in sustained elevated fuel prices, prolonged airspace restrictions and a consequent material weakening of the airline's operating performance, cash flow metrics and liquidity buffers. Delays in aircraft deliveries and, hence, lower SLB gains, resulting in a weakening of the liquidity position, could also exert pressure on the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials SNV Aviation Private Limited (d.b.a Akasa Air). As on March 31, 2026, the company had one wholly owned subsidiary, Wingworld Ground Services Private Limited.

About the company

SNV Aviation Private Limited (d.b.a Akasa Air), operating as Akasa Air, is a private airline company incorporated on November 24, 2020. It follows a low-cost carrier business model, serving both domestic and international markets. The airline began its commercial operations on August 7, 2022. As of August 31, 2026, Akasa Air had a fleet of 43 leased aircraft. The airline currently covers 33 destinations, comprising 26 domestic and seven international locations. The Jhunjhunwala and Dube families, along with Premji Invest, Claypond Capital and funds managed by 360 ONE Asset, are the major shareholders of the company.

Key financial indicators (audited)

Consolidated	FY2025	FY2026
Operating income	4,582.7	6,167.9
PAT	-1,983.5	-2,716.0
OPBDIT/OI	-23.0%	-25.6%
PAT/OI	-43.3%	-44.0%
Total outside liabilities/Tangible net worth (times)	-2.2	-2.4
Total debt/OPBDIT (times)	-6.4	-6.5
Interest coverage (times)	-2.0	-2.0

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

Current (FY2027)				Chronology of rating history for the past 3 years							
				FY2027		FY2026		FY2025		FY2024	
Instrument	**Type**	**Amount rated (Rs. crore)**	**Sep 10, 2026**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**	**Date**	**Rating**
Working Capital Term Loan	Long term	740.00	[ICRA]BBB-; Rating Watch with Negative Implications	-	-	-	-	-	-	-	-
Fund based limits – Working Capital	Short term	175.00	[ICRA]A3; Rating Watch with Negative Implications	-	-	-	-	-	-	-	-
Interchangeable limits- Bank Guarantee	Long term	(25.00)	[ICRA]BBB-; Rating Watch with Negative Implications	-	-	-	-	-	-	-	-
Term Loan	Short term	10.00	[ICRA]A3; Rating Watch with Negative Implications	June 12, 2026	[ICRA]A3; Rating Watch with Negative Implications	-	-	-	-	-	-
Unallocated Limits	Short term	0.50	[ICRA]A3; Rating Watch with Negative Implications	June 12, 2026	[ICRA]A3; Rating Watch with Negative Implications	Mar 23, 2026	[ICRA]A3; Rating watch with negative implications	-	-	-	-
			-	-	-	May 12, 2025	[ICRA]A3	-	-	-	-
Loan Equivalent Risk	Short term	0.50	[ICRA]A3; Rating Watch with Negative Implications	June 12, 2026	[ICRA]A3; Rating Watch with Negative Implications	Mar 23, 2026	[ICRA]A3; Rating watch with negative implications	-	-	-	-
			-	-	-	May 12, 2025	[ICRA]A3	-	-	-	-
SLBC	Short term	215.00	[ICRA]A3; Rating Watch with Negative Implications	June 12, 2026	[ICRA]A3; Rating Watch with Negative Implications	Mar 23, 2026	[ICRA]A3; Rating watch with negative implications	-	-	-	-
			-	-	-	May 12, 2025	[ICRA]A3	-	-	-	-
Interchangeable Limits	Short term	(10.00)	[ICRA]A3; Rating Watch with Negative Implications	June 12, 2026	[ICRA]A3; Rating Watch with Negative Implications	-	-	-	-	-	-
Interchangeable Limits	Short term	(313.00)	[ICRA]A3; Rating Watch with Negative Implications	June 12, 2026	[ICRA]A3; Rating Watch with Negative Implications	Mar 23, 2026	[ICRA]A3; Rating watch with negative implications	-	-	-	-
			-	-	-	May 12, 2025	[ICRA]A3	-	-	-	-

Overdraft	Short term	1.00	[ICRA]A3; Rating Watch with Negative Implications	June 12, 2026	[ICRA]A3; Rating Watch with Negative Implications	Mar 23, 2026	[ICRA]A3; Rating watch with negative implications	-	-	-	-
			-	-	-	May 12, 2025	[ICRA]A3	-	-	-	-
Overdraft	Short term	(1.00)	[ICRA]A3; Rating Watch with Negative Implications	June 12, 2026	[ICRA]A3; Rating Watch with Negative Implications	-	-	-	-	-	-
Interchangeable limits-Overdraft	Short term	(1.00)	[ICRA]A3; Rating Watch with Negative Implications	June 12, 2026	[ICRA]A3; Rating Watch with Negative Implications	Mar 23, 2026	[ICRA]A3; Rating watch with negative implications	-	-	-	-
			-	-	-	May 12, 2025	[ICRA]A3	-	-	-	-
Bank Guarantee	Short term	125.00	[ICRA]A3; Rating Watch with Negative Implications	June 12, 2026	[ICRA]A3; Rating Watch with Negative Implications	Mar 23, 2026	[ICRA]A3; Rating watch with negative implications	-	-	-	-
			-	-	-	May 12, 2025	[ICRA]A3	-	-	-	-
Bank Guarantee	Long term	223.00	[ICRA]BBB-; Rating Watch with Negative Implications	June 12, 2026	[ICRA]BBB-; Rating Watch with Negative Implications	Mar 23, 2026	[ICRA]BBB-; Rating watch with negative implications	-	-	-	-
			-	-	-	May 12, 2025	[ICRA]BBB- (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Working Capital Term Loan	Simple
Short term - Fund Based – Working Capital	Simple
Long term - Interchangeable limits - Bank Guarantee	Simple
Short-term Fund-based Short-term loan	Simple
Short-term Unallocated limits	NA
Short-term - Non-fund based - Others	Simple
Short-term - Interchangeable limits	Simple
Short-term - Fund-based - Overdraft	Simple
Short-term - Interchangeable limits - Overdraft	Simple
Short-term - Non-fund based - Bank Guarantee	Simple
Long-term - Non-fund based - Bank Guarantee	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	Financial Sector Regulator#
NA	Working Capital Term Loan^	FY2027	NA	FY2034	740.00	[ICRA]BBB-; Rating Watch with Negative Implications	RBI
NA	Fund based limits	NA	NA	NA	175.00	[ICRA]A3; Rating Watch with Negative Implications	RBI
NA	Interchangeable limits-Bank Guarantee	NA	NA	NA	(25.00)	[ICRA]BBB-; Rating Watch with Negative Implications	RBI
NA	Term loan	NA	NA	NA	10.00	[ICRA]A3; Rating Watch with Negative Implications	RBI
NA	Unallocated limits	NA	NA	NA	0.50	[ICRA]A3; Rating Watch with Negative Implications	RBI
NA	Loan equivalent risk	NA	NA	NA	0.50	[ICRA]A3; Rating Watch with Negative Implications	RBI
NA	SLBC	NA	NA	NA	215.00	[ICRA]A3; Rating Watch with Negative Implications	RBI
NA	Interchangeable limits	NA	NA	NA	(10.00)	[ICRA]A3; Rating Watch with Negative Implications	RBI
NA	Interchangeable limits	NA	NA	NA	(313.00)	[ICRA]A3; Rating Watch with Negative Implications	RBI
NA	Overdraft	NA	NA	NA	1.00	[ICRA]A3; Rating Watch with Negative Implications	RBI
NA	Overdraft	NA	NA	NA	(1.00)	[ICRA]A3; Rating Watch with Negative Implications	RBI
NA	Interchangeable limits-Overdraft	NA	NA	NA	(1.00)	[ICRA]A3; Rating Watch with Negative Implications	RBI
NA	Bank guarantee	NA	NA	NA	125.00	[ICRA]A3; Rating Watch with Negative Implications	RBI
NA	Bank guarantee	NA	NA	NA	223.00	[ICRA]BBB-; Rating Watch with Negative Implications	RBI

Source: Company, ^ECLGS

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Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Wingworld Ground Services Private Limited	100.00%	Full consolidation
Akasa Air Leasing IFSC Private Limited	100.00%	Full consolidation

Source: Company

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