



Press Release
Airports Authority of India
June 10, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	3400.00	ACUITE AAA Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	3400.00	-	-

Rating Rationale

ACUITE has reaffirmed its long term rating of '**ACUITE AAA**' (read as **ACUITE t riple A**) on the RS 3,400 Cr. bank facilities of Airports Authority of India (AAI). The outlook is '**Stable**'.

Rationale for rating

The rating is primarily driven by the strategic importance of Airports Authority of India to Government of India (GoI) for operating, maintaining and developing the aviation infrastructure and controlling the civil aviation traffic. AAI controls and manages the Indian airspace & adjoining oceanic areas and is the sole entity providing Communication, Navigation, Surveillance and Air Traffic Management (CNS/ATM) services in the country. The rating also factors in the healthy financial risk profile and the improvement in operating conditions in FY 23 and further in FY24 supported by improvement in aircraft and passenger movement, revision in tariff and resumption of revenue sharing by Delhi International Airport Limited (DIAL) in FY23. The rating further factors in the strong financial risk profile of the company coupled with strong liquidity position.

The above-mentioned rating strengths are partly offset by the vulnerability of operations to fluctuations in aircraft and passenger movement. Further, the revenue stream is also impacted by the privatization of revenue generating airports. However, to mitigate the same going forward, AAI has planned to tag a small/non-revenue generating airports with revenue generating airports under PPP model.

About the Company

Airports Authority of India (AAI) was constituted by an Act of Parliament and came into being on 1st April 1995 by merging erstwhile National Airports Authority and International Airports Authority of India. The merger brought into existence a single Organization entrusted with the responsibility of creating, upgrading, maintaining and managing civil aviation infrastructure both on the ground and air space in the country.

It is a Government of India owned organisation. The corporate office is in New Delhi and the organisation is currently being managed by its chairman Mr. Sanjeev Kumar.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profile of AAI while arriving at the rating.

Key Rating Drivers

Strengths

Strategic Importance to Gol

AAI is a strategically important to Gol as it is the only entity who controls, manages and develops the aviation infrastructure in India. AAI is a sole entity providing Communication Navigation Surveillance/Air Traffic Management (CNS/ATM) services in the country and controls the entire airspaces of the India and adjoining oceanic areas. AAI is having JVC for DIAL and MIAL with GMR Group and Adani Enterprises Limited. Further, the AAI has awarded six airports namely Ahmedabad, Jaipur, Lucknow, Guwahati, Thiruvanthapuram and Mangalore to Adani Enterprises Ltd under Public Private Partnership (PPP).

AAI manages a total of 133 airports which include 23 International airports (3 Civil Enclaves), 10 Custom Airports (4 Civil Enclaves) and 100 Domestic airports (22 Civil Enclaves). AAI provides air navigation services over 2.8 million square nautical miles of air space. Acuite believes AAI will continue to benefit from its strategic position in the civil aviation space.

Augmentation in Business Risk Profile

The revenue of the Airports Authority of India (AAI) increased substantially by 80.38% in FY 2023 to Rs 12172.35 Cr. against Rs 6841.29 Cr. in FY 2022 almost reaching the pre-covid operating income of Rs 12,837.46 Cr. in FY 2020. The growth in revenue is emanating from the growth in passenger traffic and aircraft operations. Further the revenue of the company has seen northward march in FY24 wherein the company has registered a revenue of Rs. 15979 Cr. i.e. a growth of 39.86%. The revenue growth is a combined effect of passenger traffic and revised tariff. The profitability position of the company has improved significantly as can be seen from the EBITDA and PAT margin which stood at 45.38% and 26.01% respectively in FY23 as compared to 14.82% and 0.14% respectively in FY22. The margin is expected to further improve in FY24 on the back of better revenue and better absorption of fixed cost.

Strong Financial Risk Profile

The financial risk profile of AAI is strong with healthy network, low gearing and strong debt protection metrics. The network of the company stood at Rs 15772.43 Cr. in FY 2023 as against Rs 12,231.47 Cr. in FY2022. The improvement in network in FY 23 is due to accretion of profit to reserves. The total debt stood at Rs 4504.25 Cr. as on March 31, 2023 and constitutes of Rs 2353.70 Cr. in long-term debt, Rs 31.59 Cr. from USL from Directors/Promoters and CPLTD of Rs. 2118.96 Cr. The AAI follows a conservative financial policy reflected by its low gearing ratios with debt-equity at 0.29 times in FY 2023 as against 0.28 times in FY 2022 and Total Outside liabilities to Tangible Network at 1.38 times in FY 2023 as against 1.77 times in FY 2022. Further, debt protection metrics remains above average with DSCR at 34.81 times and ICR at 55.12 times in FY 2023. ACUITE believes that the financial risk profile of the company will remain strong in coming years.

Weaknesses

Vulnerability to the fluctuations in aircraft and passenger movement

The revenue of the AAI are vulnerable to fluctuations in aircraft and passenger movements. Further, the revenue are also affected by the privatization of revenue generating airports. However, to mitigate the said risk AAI is planning to tag 7 small/non-revenue generating airports to its 5 revenue generating airports which are proposed to be awarded under PPP going forward.

Rating Sensitivities

Fluctuations in Aircraft and passenger movements

Liquidity Position

Strong

The liquidity position of AAI is strong, with unencumbered cash and bank balance of around Rs 4450.57 Cr as on FY 2023. And also the AAI has generated a net cash accruals of Rs 4855.18 Cr in FY 2023 against the maturing debt and lease obligation of Rs 34.55 Cr during the same tenure. Further, they are expected to generate a net cash accruals of Rs 8899.25-10000 Cr during FY24-26 against the maturing debt obligation of Rs 2118.96 Cr. during the same tenure. The regular capex funding of AAI with respect to development of existing airports, infrastructure requirement of new airports, etc of Rs 4,500-5,000 Cr are funded through the Combination of bank finance, internal resources and grants. Further, the capex in FY2023-24 of Rs 5335 Crores (prov.) is funded as Rs 4715 Cr from Internal sources & remaining through

schemes and grants. Further, any liquidity or funding needs of AAI are also funded by GoI through grants.

Outlook: Stable

Acuité believes the company's outlook will remain 'Stable' over the medium term on account of its strategic importance to GoI, fully operation airports and strong liquidity and healthy financial risk profile. The outlook may be revised to 'Negative' in case of significant decline in air-taffic movement affecting operations of the AAI.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	11424.90	6333.72
PAT	Rs. Cr.	2972.05	8.76
PAT Margin	(%)	26.01	0.14
Total Debt/Tangible Net Worth	Times	0.29	0.28
PBDIT/Interest	Times	55.12	26.87

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 Mar 2023	External Commercial Borrowing	Long Term	1050.00	ACUITE AAA Stable (Assigned)
	Term Loan	Long Term	2350.00	ACUITE AAA Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	External Commercial Borrowing	07 Jun 2022	Not avl. / Not appl.	21 Mar 2026	Simple	414.35	ACUITE AAA Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	External Commercial Borrowing	Not avl. / Not appl.	Not avl. / Not appl.	05 Jul 2025	Simple	375.00	ACUITE AAA Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	1085.65	ACUITE AAA Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 May 2025	Simple	625.00	ACUITE AAA Stable Reaffirmed
State Bank of India	Not avl. / Not appl.	Term Loan	07 Jun 2022	Not avl. / Not appl.	15 Dec 2025	Simple	900.00	ACUITE AAA Stable Reaffirmed

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About Acuité Ratings & Research

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