Mumbai International Airport Ltd's rating reaffirmed at 'CareEdge BBB+/Stable'

USD 800 million foreign currency bonds	CareEdge BBB+/Stable (reaffirmed)

CareEdge Global Ratings has reaffirmed its **'CareEdge BBB+/Stable'** rating for the USD 800 million foreign currency bonds of Mumbai International Airport Limited (MIAL).

Rationale

The rating affirmation is driven by MIAL's established position as the operator of India's second busiest airport - Chhatrapati Shivaji Maharaj International Airport (CSMIA), the high predictability of regulated returns from the aeronautical (aero) segment, an increase in aero revenue in FY26 following a tariff hike, and sizeable share of non-aerorevenue given the catchment area's demographics. MIAL handled 55.3 million passengers in FY26, a marginal increase from 55.1 million in the previous year. Its financial profile also remains adequate with comfortable leverage and debt coverage metrics, significant improvement in the capital structure post completion of a Rs 32.4 billion rights issue in June 2025. The rating is further supported by a well-defined cashflow waterfall structure, which prioritises bond servicing coupled with a distribution lock-up mechanism.

These strengths are partially offset by the regulator-approved capital expenditure (capex) programme of Rs 98 billion for the fourth control period (CP; FY25-FY29), including Rs 35 billion on an incurrence basis. MIAL has already spent Rs 25 billion in the past two fiscals and the remaining Rs 46 billion is planned for FY27-FY29. This capex is projected to be largely funded through internal accruals based on specific assumptions for passenger traffic growth and spending on airport services. Consequently, cash flow risk would arise in the interim if actual passenger traffic falls short of projections. Nonetheless, the capex, being part of a regulated business, is fully recoverable in subsequent years by way of tariff adjustments. MIAL is exposed to foreign exchange (forex) risk since hedging of the USD 800 million foreign currency debt, which is typically rolled over on an annual basis. MIAL is exposed to refinancing risk as well owing to this debt being non-amortising with a bullet repayment in July 2029. The refinancing risk is mitigated to some extent by the long tail available till concession expiry. CareEdge Global also notes the dismissal of the indictment proceedings against the promoters of Adani Group by the United States Department of Justice (US DOJ). This removes uncertainty regarding the Adani Group's ability to access global capital markets for funding and refinancing purposes.

Outlook

The stable outlook reflects CareEdge Global's expectation that MIAL's business and financial profile will continue to be driven by its strong market position and stable cash flows in the near to medium term.

Rating sensitivities

Upward factors

- Higher-than-projected revenues from the non-aero segment
- Sustained improvement in FFO to debt to above 22% and debt to EBITDA below 3x
- Upward revision in India's credit rating (rated, 'CareEdge BBB+/ Stable Unsolicited') or rating outlook

Downward factors

- Significant decline in passenger traffic/ share of non-aero revenue impacting MIAL's cash flows, or higher than expected debt-funded capex impacting MIAL's financial metrics with debt to EBITDA over 5x on a sustained basis
- Non-maintenance of adequate liquidity position and/ or forex risk arising on account of unfavorable market rates during roll-over at expiry of hedge instruments
- Downward revision in India's credit rating or rating outlook

Analytical approach

CareEdge Global has analysed MIAL's business and financial risk profiles on a standalone basis owing to the regulated nature of its business and ring-fenced cash flows. The debt and financials of its 74% subsidiary, Navi Mumbai International Airport Ltd (NMIAL), have not been consolidated since its funding requirements are expected to be directly supported by Adani Airport Holdings Ltd (AAHL)/ Adani Enterprises Ltd (AEL). This analytical treatment is in-line with MIAL's bond documents.

Key Rating Drivers

Strengths

Robust market position and strong passenger traffic as the operator of India's second- busiest airport

MIAL operates India's second busiest airport, CSMIA, handling 55.3 million passengers (pax) in FY26. Strategically located in Mumbai – one of the world's most densely populated cities and India's financial capital – the airport benefits from strong demand with limited competition for international travel within its catchment area. While MIAL's traffic it fully recovered in last two fiscals, recovering from pandemic-induced disruptions, it remains constrained by its airside capacity owing to a single runway infrastructure. CSMIA, India's second busiest airport, 14th busiest in Asia and 31st in the world, is a leading international gateway to India, accounting for 13.2% of India's air passenger traffic in FY26. Further, MIAL handled 0.92 million tonne of cargo in fiscal 2026 (23% of India's total air cargo), underscoring its significance as a major logistics hub.

However, going forward, MIAL's business interests will intertwine with those of its subsidiary NMIAL, which commenced commercial operations in December 2025. NMIAL's airport lies only ~35 km from that of MIAL and both airports will cater to the unmet demand of the Mumbai Metropolitan Region while maintaining healthy levels of traffic and capacity utilisation. Though common ownership (to the extent of 74% in NMIAL) shall ensure synergy benefits and optimal coordination, MIAL's ability to minimise operational disruptions and align stakeholders, such as airlines, cargo operators, employees, etc., would be crucial. Both these airports may not face demand risk since the market is in short supply.

Regulated business ensures a fair rate of return

MIAL's aero segment is regulated by the Airport Economic Regulatory Authority of India (AERA). Hence, MIAL is entitled to a fair rate of return (FRoR) on the incurred capital, computed for a CP of five years, along with the provision of true-up/ true-down post the CP to compensate for deviation from FRoR of 12.74%. While the actual cash flows during a CP could be lesser in case of lower-than-projected passenger traffic, this is fully compensated by way of tariff revision in the subsequent CP by the regulator. This framework ensures the FRoR is realised over a longer period notwithstanding interim periods of lower cash flows or capital return.

MIAL operates on a hybrid till model, wherein 30% of the non-aero revenue (duty-free, cargo, retail space, food & beverages, etc.) is also considered in the computation of FRoR along with the aero revenue. The share of the non-aero segment has remained ~60% over the past five years (FY26: 59%). Diversified revenue mix and cross-subsidy reduce aero charges, making it more competitive. Generally, returns on the non-aero segment are higher than the aero segment, incentivising the operators to optimise the airport operations and increase efficiency. MIAL's emphasis on increasing non-aero and city-side development (CSD) revenue is expected to strengthen its revenue mix further.

Well-defined cashflow waterfall mechanism; cash flows ring-fenced from NMIAL

MIAL has a well-defined cashflow waterfall and protection mechanism for bondholders in the form of graded distribution of surplus cash linked to the debt service coverage ratio (DSCR) and the maintenance of financial covenants. The rated bonds cap net debt to EBITDA at 5.0x and require a minimum DSCR of 1.10x. As per bond documents, testing is done every six months, and 100% of distributable surplus is available for distribution only if DSCR exceeds 1.55x. In case of DSCR falling below 1.55x, the maximum distribution allowed is restricted to 75% of funds in the distribution account, further declining to 50% at DSCR below 1.40x and nil at DSCR below 1.20x. Also, bond documents stipulate maintenance of the DSRA equivalent of six months of ensuing debt obligations and six months of capex reserve along with a provision to maintain hedge reserve. The credit profile of bonds benefits because of these structural features. MIAL's cash flows are ring-fenced from NMIAL, and any support to NMIAL is expected to be provided by AEL. We have provided a one-notch uplift to the core credit profile on account of these legal and structural features.

Comfortable financial risk

MIAL completed the rights issue of Rs 32.4 billion in June 2025, in which AAI also participated and infused Rs 8.4 billion of fresh capital. Consequently, MIAL's financial risk profile and capital structure improved significantly. As of date, MIAL's external debt comprises of notes of USD 800 million with bullet repayment in June 2029. While the company's coverage and leverage metrics have improved in the past three years, it is expected to moderate owing to higher planned capex raising the debt level. Net debt to EBITDA was comfortable at 3.8x in FY26 (PY: 3.6x). The rated bonds have a covenant to cap net debt to EBITDA at 5.0x, and CareEdge Global expects it to remain within the threshold over the medium term.

The company reported contingent liabilities of Rs 15.6 billion as of March 31, 2026, mostly related to income / indirect tax disputes, capex for passenger service fee and other operational disputes. The company's financial position may get impacted in case of crystallisation of these liabilities.

Weaknesses

Exposure to refinancing and forex risk

MIAL's rated external debt has a bullet repayment in July 2029 which exposes it to refinancing risk. There is a tail period of around seven years, considering the expiry of OMDA in 2036, which is extendable by another 30 years till 2066. However, the risk of non-extension of OMDA is limited, considering the company's consistent operating metrics and high economic incentive to AAI. MIAL is also exposed to the forex risk as most of its revenue is in Indian rupee while debt is USD-denominated. The company enters into one-year foreign-currency swaps for hedging its debt.

Typically, hedge instruments in India are available for up to five years and need to be rolled over. The hedge roll-over premiums and availability are market-linked. The current hedging cost has increased to ~3.5% owing to forex volatility, which is closer to our stress case scenario. CareEdge Global views forex risk as moderate and has accorded a negative modifier of 1-notch on account of the currency risk, given the operational intensity and risks related to ensure fully hedged protection over the entire tenure of the instrument.

Sizeable capex exposes MIAL to cashflow risk associated with passenger traffic

MIAL has planned significant capex in the fourth CP (FY25–29), exposing it to risks associated with lower-than-projected passenger traffic. AERA approved a capex of ~Rs 62.6 billion for the fourth CP plus a capex of ~Rs 35 billion on an incurrence basis. This capex is expected to be funded with a mix of equity / internal accruals and debt. Of this, MIAL has already spent Rs 25 billion in the last two fiscals, and Rs 46 billion of capex planned over FY27-FY29, including parallel taxiway development, underground tunnel connecting both the terminals and additional capacity enhancement at terminal 2 (T2).

The previously envisaged moderation in passenger traffic due to the refurbishment of terminal 1 (T1) having capacity of 15 million passengers per annum (mppa) being deferred to the next CP. Accordingly, passenger volumes are expected to remain steady over the medium term, with continued operation of T1. Passenger traffic is expected to decline during FY30-33 owing to phase-wise refurbishment plan of T1. During this period, the volume of international traffic is likely to be impacted, which in turn could affect MIAL's cash flows in the aero as well as non-aero segments. T2 is expected to absorb seven to eight mppa of additional traffic during this period. Large debt-funded capex coupled with lower-than-expected accruals, could adversely impact MIAL's financial risk profile in the interim and till the time such impact is addressed by the regulator by way of revised tariff order in the next CP (as evident in the current CP wherein the yield per passenger increased from Rs 280 to Rs 333 per pax). MIAL mitigates such risk by maintaining liquidity buffer which remains a monitorable.

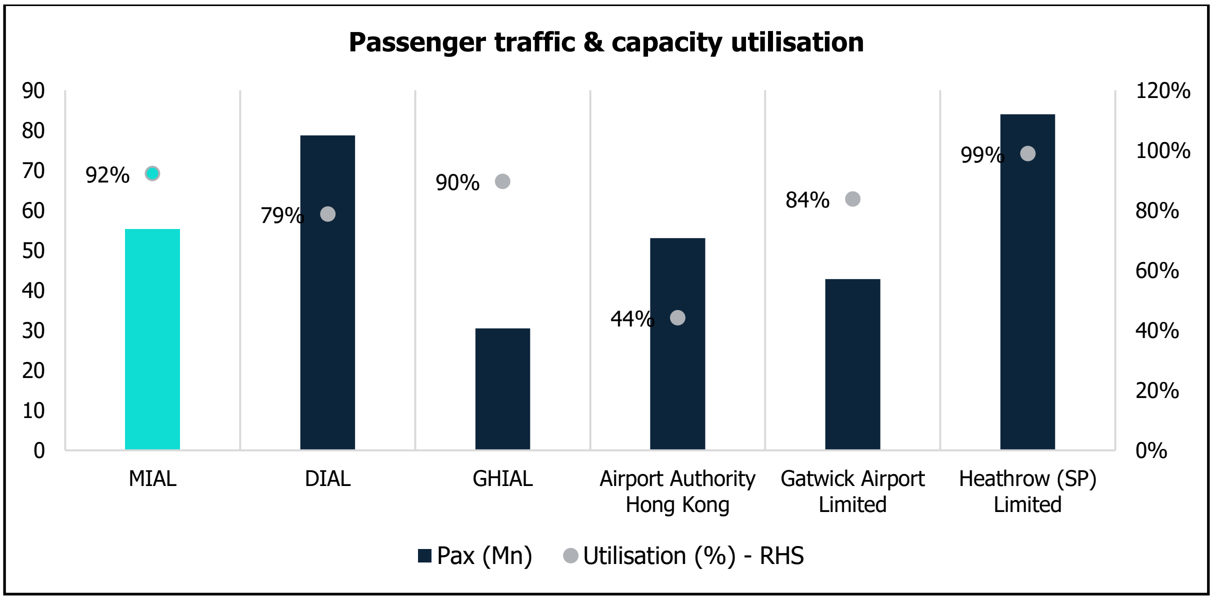
Exposure to regulatory risk

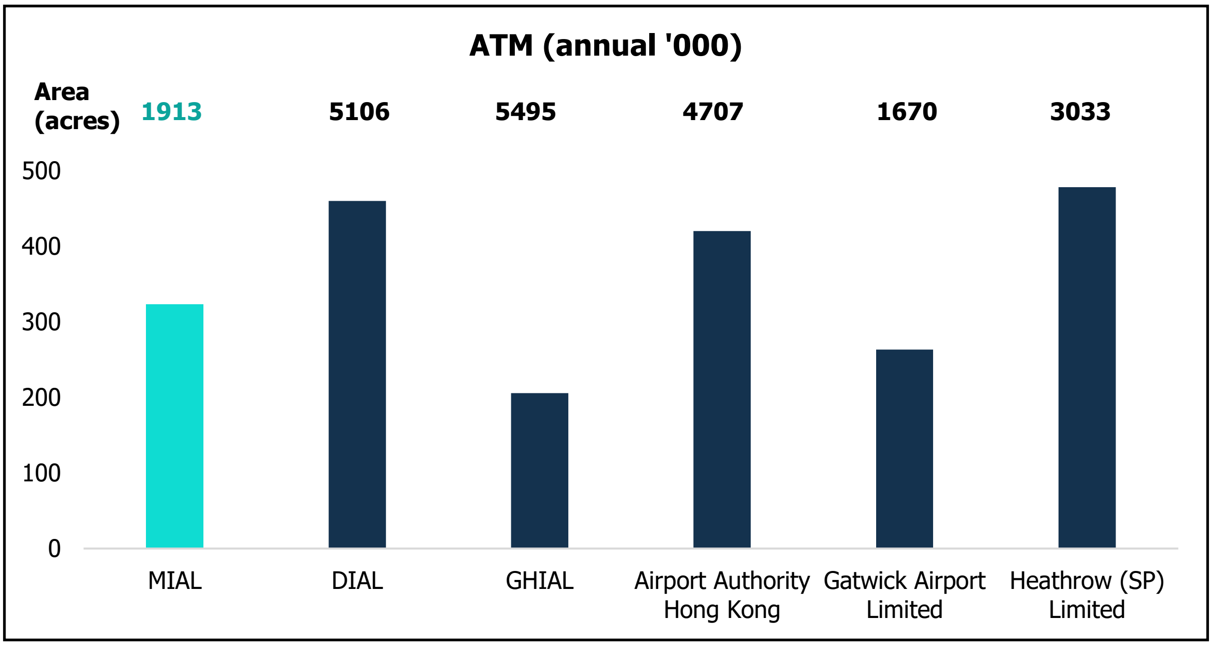
While India has a well-balanced regulatory framework for airport operators, it has not fully evolved compared with global standards. Therefore, MIAL remains exposed to regulatory risks – primarily pertaining to delays in the issuance of tariff orders and variations in admissibility of capex under the aero segment. Airport operators in India have seen the introduction of the hybrid-till model for tariff calculation during their concession, underscoring the regulatory risk. Similarly, issue pertaining to authority of regulator over the imposition of tariff for non-aero services are currently sub-judice, indicating uncertainty on this matter. Therefore, Indian airport operators are exposed to major regulatory changes in the policy or approach.

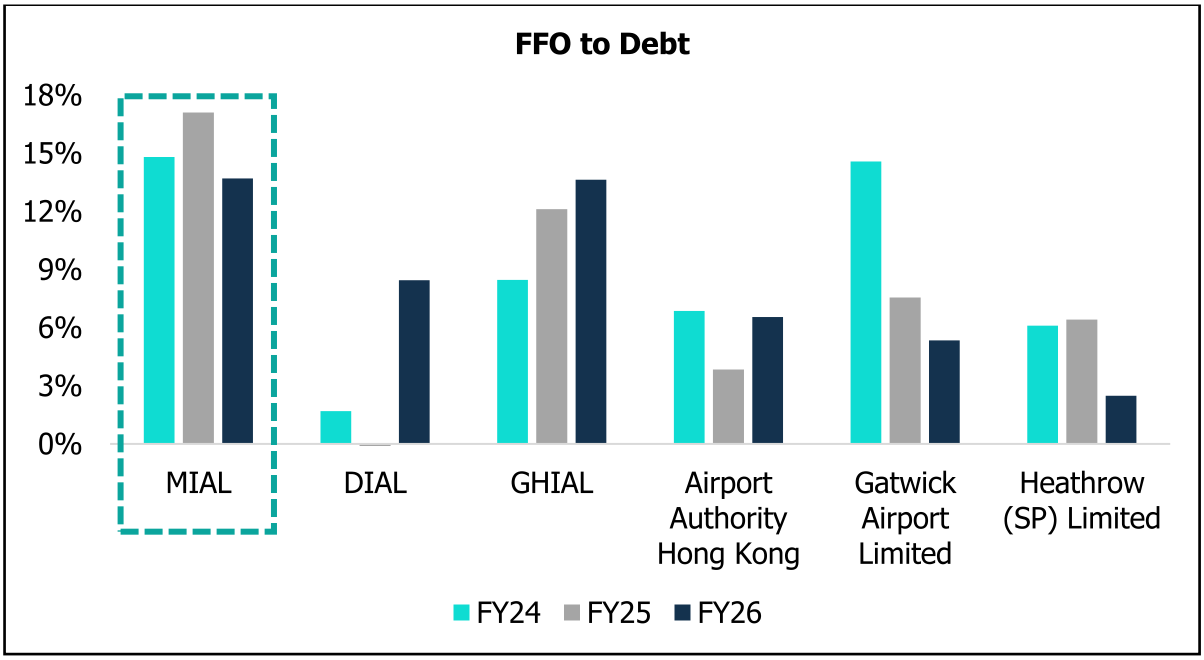
Liquidity

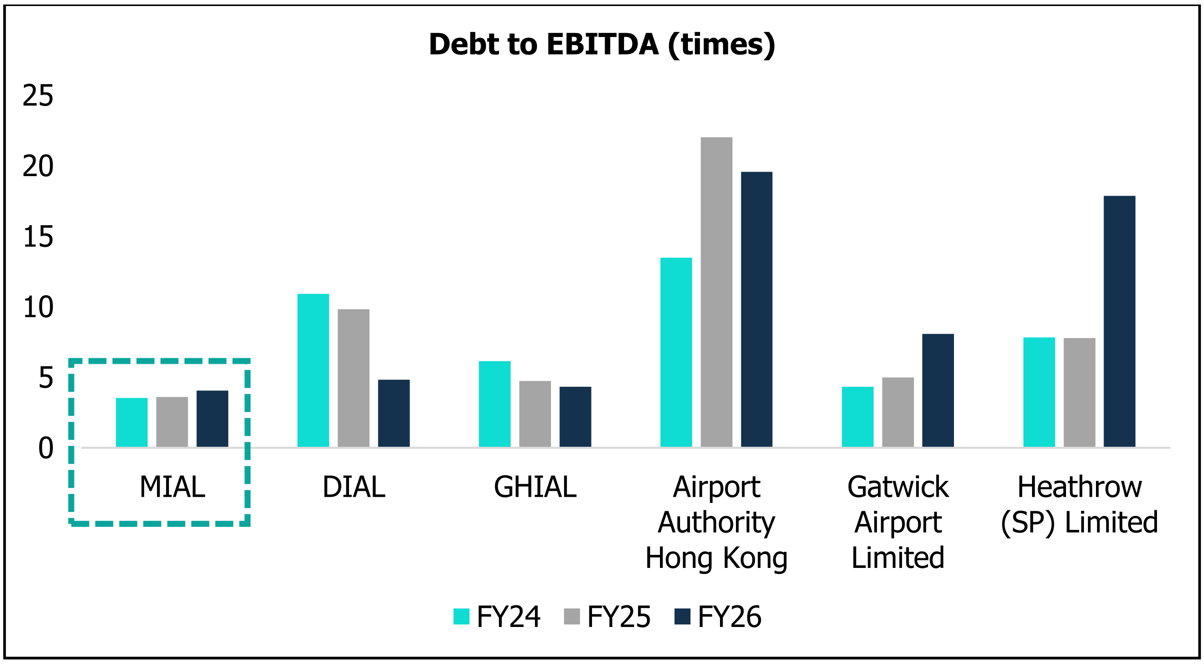
MIAL's liquidity position is adequate with total cash and cash equivalents of Rs 14.5 billion as of June 30, 2026, against no major principal payments (bonds have a bullet payment with only interest servicing in the interim). The unencumbered cash and bank balances amounted to Rs 4.8 billion as of June 30, 2026. The company has created interest servicing reserve and capex reserve of six months each as per the bond documents. Maintaining adequate liquidity going forward is important from a credit perspective owing to the risk associated with non-aero revenue, a large part of the cost structure being fixed in nature and a sizeable capex planned over the fourth CP to be largely funded by internal accruals.

Comparison with other airports









DIAL: Delhi International Airport Ltd
GHIAL: GMR Hyderabad International Airport Ltd
Airport Authority Hong Kong manages the Hong Kong International Airport
FY represents period ending in December of previous calendar year or Interim June 2026 for Gatwick Airport Ltd & Heathrow (SP) Ltd.

Environmental, social and governance (ESG) considerations

CSMIA has established a robust ESG framework centred on sustainability, governance, and social impact. Terminal 2 is certified Platinum by the Indian Green Building Council, reflecting its commitment to green infrastructure. The airport currently sources 5% of its energy from rooftop solar, with plans to further expand renewable energy usage. CSMIA enforces a 100% single-use plastic-free policy and achieves zero water discharge by recycling treated water for non-potable uses. Energy efficiency measures include LED lighting, HVAC system optimisation, and the use of smart sensors. Waste is systemically segregated, composted, and managed through initiatives such as reverse vending machines for plastic recycling.

On the social front, CSMIA actively supports initiatives in education, healthcare, and environmental conservation programmes, with a strong emphasis on gender equality and cultural preservation. Governance is upheld through a well-structured board comprising independent and AAI-nominated directors.

About the company

MIAL was established in 2006 as a public-private partnership (PPP) between AAI and GVK Group. In 2021, AAHL acquired a 74% stake in MIAL from GVK Group and other shareholders, with AAI retaining the remaining 26% stake. MIAL operates under the regulatory oversight of AERA. MIAL has been granted rights to operate, manage and develop the airport under the OMDA, which was signed with AAI. Under OMDA, MIAL shares 38.7% of its gross revenue with AAI annually.

MIAL is the second busiest airport in India, 14th in Asia and 31st globally by passenger tariff. It serves more than 65 domestic and international airlines. AAHL, as India's largest airport operator, manages eight airports and handles 23% of the country's passenger traffic and 29% of its cargo volume.

Key summary financial metrics

Particulars	Unit	March 31, 2024	March 31, 2025	March 31, 2026
Revenue	Rs billion	40.2	45.2	45.5
EBITDA	Rs billion	17.0	18.1	18.6
PAT	Rs billion	(6.1)	(0.4)	1.9
Total Debt	Rs billion	62.6	65.9	75.5
FFO to Debt	%	16.3%	17.1%	13.7%
Interest Cover	%	2.4	2.5	2.1

Solicitation status

These ratings are solicited. The management has provided information to and held meetings with the CareEdge Global analytical team for the rating.

Details of instruments

Instrument	ISIN	Date of issuance	Coupon rate (%)	Maturity date	Issue size	Rating
Foreign Currency Bonds	XS3088218469	June 20, 2025	6.95%	July 30, 2029	USD 750 million	CareEdge BBB+/Stable
Foreign Currency Bonds	XS3088625424	-	6.95%	July 30, 2029	USD 50 million	CareEdge BBB+/Stable

Rating history

Instrument	Type	Rating	Date
Foreign Currency Bonds	Long-Term Foreign Currency (Solicited)	CareEdge BBB+/Stable	August 13, 2026
Foreign Currency Bonds	Long-Term Foreign Currency (Solicited)	CareEdge BBB+/Stable	September 19, 2025
Foreign Currency Bonds	Long-Term Foreign Currency (Solicited)	CareEdge BBB+/Stable	August 13, 2025

Criteria applied

CareEdge Global's Corporate Sector Rating Methodology

Analytical contacts
Ankit Kedia
ankit.kedia@careedgeglobal.com

Abhilash Dash
abhilash.dash@careedgeglobal.com

Shriya Chhaparwal
shriya.chhaparwal@careedgeglobal.com

Media Contact
Mradul Mishra
mradul.mishra@careedge.in

About Us
CareEdge Global IFSC Limited (CareEdge Global) is a full-service Credit Rating Agency (CRA) with a mission of **Empowering Global Capital Market Participants Through Unrivalled Insights and Expertise.** As the first CRA registered and authorized by the International Financial Services Centres Authority (India), CareEdge Global is uniquely positioned to provide comprehensive ratings on a global scale. A part of the CareEdge Group, which is a knowledge-based analytical organisation offering a wide range of services in Credit Ratings, Analytics, Consulting, and Sustainability. Established in 1993, our parent company, **CARE Ratings Limited (CareEdge Ratings)**, stands as India's second-largest rating agency.

Disclaimer
This disclaimer applies to each credit rating report and/ or credit rating rationale ('report') that is provided by CareEdge Global IFSC Limited ('CareEdge Global').

Ratings from CareEdge Global are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/ instruments or to make any investment decisions. The report is not a solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CareEdge Global assumes no obligation to update its opinions following publication in any form or format although CareEdge Global may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the investor, user, its management, employees, advisors and/ or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. Therefore, the report is not intended to and does not constitute an investment advice. The report should not be the sole or primary basis for any investment decision. CareEdge Global is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CareEdge Global. CareEdge Global does not act as a fiduciary by providing the rating.

Any unsolicited ratings assigned by CareEdge Global are based on publicly available information as CareEdge Global may or may not have access to documents / information or participation from management of such issuers. While CareEdge Global has obtained information from sources it believes to be reliable, CareEdge Global does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/ or relies on in its reports. CareEdge Global ratings are subject to a periodic review, which may lead to revision in ratings. CareEdge Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CareEdge Global has in place a ratings code of conduct and policies for managing conflict of interest.

Neither CareEdge Global nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents guarantee the accuracy, completeness or adequacy of the report, and shall not have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. CareEdge Global DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CareEdge Global or its associated entities or persons be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

This report does not constitute an offer of services. This report is solely for use in the jurisdiction of IFSCA, GIFT City in Gandhinagar. Without limiting the generality of the foregoing, nothing in the report is to be construed as CareEdge Global providing or intending to provide any services in jurisdictions where CareEdge Global does not have the necessary licenses and/ or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CareEdge Global and the user.

For latest rating information on any instrument of any company rated by CareEdge Global, you may visit our website www.careedgeglobal.com.

CareEdge Global IFSC Limited
501, FlexOne, GIFT SEZ, Block 15, Gandhinagar, Gujarat – 382050, India. Phone: +91-79-6519 0701 l www.careedgeglobal.com
CIN-U66190GJ2024PLC151103