

## Rating Rationale

### Brickwork Ratings assigns and reaffirms ratings of ‘BWR BBB (SO)’ for the Bank Loan facility aggregating ₹ 286.00 Cr of Airmid Aviation Services Limited.

Brickwork Ratings assigns and reaffirms **Ratings<sup>1</sup>** of BWR BBB (SO) for the Bank Loan facility aggregating Rs.286.00 Cr of Airmid Aviation Services Limited (“AASL” or “the Company”).

Facilities	Previous Limits (₹ Cr)	Current Limits (₹ Cr)	Tenure	Previous Rating 07/01/2016	Current Rating
<b>Fund Based:</b>			<b>Long Term</b>	<b>BWR BBB (SO)</b> [Pronounced BWR Triple B (Structured Obligation)] <b>(Outlook – Stable)</b>	<b>BWR BBB (SO)</b> [Pronounced BWR Triple B (Structured Obligation)] <b>(Outlook – Stable)</b>
<b>Term Loan</b>	<b>56.63</b>	<b>41.00</b>			
<b>Buyer's Credit</b>	<b>-</b>	<b>245.00</b>			
<b>Total</b>	<b>56.63</b>	<b>286.00</b>	<b>(INR Two Hundred and Eighty Six Crore Only)</b>		

BWR has essentially relied upon the audited financials of Airmid Aviation Services Limited up to FY16, projected financials up to FY18, publicly available information and information/clarifications provided by the Company.

The ratings reflect the promoters’ strong industry experience, long standing relations with reputed customer base, good revenue visibility in near future due to expansion of the fleet, and promoters’ ability to infuse equity as per business requirement. The rating has additional derived comfort from letter of comfort from Indiabulls Real Estate Limited (BWR AA-) for timely repayment of debt obligations of the Company.

The ratings are, however, constrained by low fleet size, leveraged capital structure, concentrated customer portfolio, muted demand from end markets and industry characterized by severe competition from other non-scheduled aircraft operators in market.

#### Company Background:

AASL, incorporated on July 20, 2007, is a 100% subsidiary of Albasta Wholesale Services Limited, a part of Indiabulls group having interests in Real Estate, Infrastructure, Financial Services, Securities, Retail, Multiplex and Power sectors. AASL is in the business of rendering non-scheduled aircraft transportation services on request.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

The Company's fleet includes four jets (Bombardier Global 5000, Bombardier Challenger 604, Bombardier Challenger 850 and Citation Bravo 550) and one helicopter (Eurocopter EC-135).

All the aircrafts/helicopters are operated on hire basis, for short-time periods. AASL has in place the relevant certification of Directorate General Civil Aviation (DGCA), India, to operate as a non-scheduled Operator (NSOP). AASL has a dedicated team of professional administrators, pilots and air-hostesses.

### Financial Performance:

Revenues from passenger air transportation increased by 23% in FY15 to Rs. 44.42 Crs compared to Rs. 35.99 Crs in FY15. The Company witnessed overall down fall of 25.75% in total operating income in FY16, and recorded EBITDA levels of Rs. 10.10 Crs in FY16 compared to Rs. 34.41 Crs in FY15. Further AASL recorded PAT of Rs. -47.68 Crs in FY16 compared to Rs. 17.81 Crs in FY15 due to higher interest costs and substantial decline in income levels.

### Rating Outlook

The outlook is expected to be stable over the coming year. Going forward, the Company's ability to further increase its customer base and generate healthy growth in revenues from airlines operations business, maintaining profitability margins, improvement in capital structure and continued support from the promoters would be the key rating sensitivities.

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