

Rating Rationale

Brickwork Ratings assigns ratings of ‘BWR BBB (SO)’ for the Bank Loan Facilities aggregating ₹ 56.63 Cr of Airmid Aviation Services Limited

Brickwork Ratings (BWR) has assigned the **Rating¹** of **BWR BBB (SO)** [Pronounced BWR Triple B (Structured Obligation)] with a stable outlook for the long term Bank credit facilities of Rs.56.63 Cr of Airmid Aviation Services Limited (“AASL” or “the Company”).

Facility	Limits (₹ Cr)	Tenure	Rating*
Fund Based: Term Loan	56.63	Long Term	BWR BBB (SO) [Pronounced BWR Triple B (Structured Obligation)] (Outlook – Stable)
Total	56.63	INR Fifty Six Crore and Sixty Three Lacs only	

BWR has essentially relied upon the audited financials of Airmid Aviation Services Limited up to FY15, 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, improved profitability y-o-y, and promoter’s 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 as per the company’s extant policy.

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:

AASPL, 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. AASPL is in the business of rendering non-scheduled aircraft transportation services on request.

The company’s fleet includes three jets (Bombardier Challenger 604, Bombardier Challenger 850 and Citation Bravo 550) and one helicopter (Eurocopter EC-135).

¹ Please refer to www.brickworkratings.com for definition of the Ratings

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

Financial Performance:

Revenues from passenger air transportation increased by ~30% in FY15 to Rs. 35.99 crs compared to Rs. 27.66 crs in FY14. However, income from advisory services decreased by ~ 28% in FY15 to Rs. 29.00 crs compared to Rs. 40.6 crs in FY14. The company witnessed overall down fall of ~4% in total operating income in FY15. The company recorded EBITDA levels of Rs. 34.41 crs in FY15 compared to Rs. 34.81 crs in FY14. However PAT decreased to Rs. 17.81 crs in FY15 compared to Rs. 18.91 crs in FY14 due to higher interest cost.

Rating Outlook

The outlook is expected to be stable over the coming year. Going forward, company's ability to further increase 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.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

Disclaimer: Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.