



Rating Rationale

Airmid Aviation Services Ltd

15 March 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 271.00 Crores of Airmid Aviation Services Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (December, 2016)	Present
Fund based Term Loan Buyer's Credit	41.00 245.00	36.00 235.00	Long Term	BWR BBB (SO) Outlook: (Stable)	BWR BBB (SO) Outlook: (Stable)
Total	286.00	271.00	INR Two Hundred and Seventy One Crore Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financials of Airmid Aviation Services Limited (AASL) up to FY17, projected financials up to FY19 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 (IREL)(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.



Description of Key Rating Drivers

- **Credit Strengths:**
- **Experienced management-** The company has established track record in non-scheduled chartered aviation industry. The company over the years has developed strong relationship with its customers.
- **Revenue visibility in the near future-** The company has lease rental agreements with reputed clients which gives revenue visibility over the medium term.
- **Credit enhancement-** The bank borrowings of the company are backed by letter of comfort issued by Indiabulls Real Estate Limited (Rated BWR AA-(Stable) in favour of Airmid Aviation Services Ltd.

- **Credit Risks:**
- **Intense competition-** The company faces intense competition from other non-scheduled operators.
- **Highly leveraged capital structure-** The company has highly leveraged capital structure due to negative net worth.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: *Stable*

BWR believes the **Airmid Aviation Services Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

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.

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).



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.

Company Financial Performance

In FY17, the company achieved total operating income of Rs. 34.11 Cr as against Rs. 48.27 Cr in FY16. The operating profit margin has declined to 0.19% in FY17 from 20.92% in FY16. AASL reported a net loss of Rs. 51.57 Cr in FY17 as compared to a net loss of Rs. 47.68 Cr in FY16. This is mainly due to increased finance costs in FY16 & FY17. The company currently has negative net worth of Rs. 115.79 Cr.

Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	December 2016	2015	2014
	Fund Based	Long Term	271.00	BBB(SO) (Outlook:Stable)	BBB(SO) (Outlook: Stable)	BBB(SO) (Outlook:Stable)	NA
	Total		271.00	₹ Two Hundred and Seventy One Crore Only			

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type			
Operating Revenue	Crore	34.11	48.27
EBITDA	Crore	0.06	10.10
PAT	Crore	(51.57)	(47.68)
Tangible Net worth	Crore	(115.79)	(64.22)



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Manjunatha</i> <i>Director-Ratings</i>	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.



BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

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.