

Press Release

AVIA XPERT PRIVATE LIMITED

21 March, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 14.00 Cr.
Long Term Rating	SMERA BB+ / Outlook: Stable
Short Term Rating	SMERA A4+

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB+**' (read as SMERA double B plus) and short term rating of '**SMERA A4+**' (read as SMERA A four plus) on the Rs. 14.00 crore bank facilities of AVIA XPERT PRIVATE LIMITED. The outlook is '**Stable**'.

Avia Xpert Private Limited (AXPL) based in Delhi, is an ISO: 9001:2008 certified company established in 2006. The company is a member of IATA ground handling council and Airport Service Association (ASA) and is led by Directors, Mr. Sushil Kumar Raina, Mr. Jitendra Agarwal and Mr. Ajay Agarwal.

AXPL provides integrated ground, ramp and baggage handling services at eight major airports in India. The company also provides PRM (Persons with Reduced mobility) assistance. The company's network spreads across eight airports in India. It caters to reputed clients including Air India, Go Air, Jet Airways, Spice Jet, Air Asia, Emirates among others.

Key rating drivers

Strengths

- **Experienced management and established track record**

AXPL benefits from the more than three decades of experience of the promoters in the aviation industry.

- **Moderate financial risk profile**

The net worth stood at Rs. 6.17 crore as on 31 March, 2017 as compared to Rs. 5.32 crore as on 31 March, 2016. The debt equity ratio stood at 1.28 times in FY2017 and 0.89 times in FY2016. The Interest Coverage Ratio stood comfortable at 5.20 times in FY2017 and 5.42 times in FY2016. The DSCR Ratio stood at 2.53 times in FY2017 and 4.06 times in FY2016.

- **Comfortable operating and profitability margins**

The operating margins of the company stood at 9.13 percent on operating income of Rs. 33.39 crore in FY2017. In FY2016 the company registered operating margin of 9.47 percent on operating income of Rs. 30.73 crore. The PAT margins improved to 2.55 percent in FY2017 from 2.52 percent in the previous year.

Weaknesses

- **Moderately small scale of operations**

Though the revenue has shown an increasing trend, it remained moderate at Rs. 33.39 crore in FY2017 as against Rs. 30.73 crore in the previous year. Also, the services provided by the company are currently restricted to eight airports in India. The company proposes to expand its services to two more airports, Bangalore and Hyderabad in the coming year.

• **Exposure to downturn in global economic cycles and government policy**

The company is exposed to economic downturn which will have direct impact on the aviation industry. Further, changes in the aviation policy can directly impact Ground Handling Agents (GHA) or slowdown in passenger traffic may adversely impact business over the medium term.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of AXPL for arriving at this rating.

Outlook- Stable

SMERA believes that AXPL will maintain a 'Stable' outlook over the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the company registers higher than expected revenue and profitability. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenue and profitability.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	33.39	30.73	24.08
EBITDA	Rs. Cr.	3.05	2.91	3.06
PAT	Rs. Cr.	0.85	0.77	0.79
EBITDA Margin	(%)	9.13	9.47	12.69
PAT Margin	(%)	2.55	2.52	3.28
ROCE	(%)	15.27	19.51	44.04
Total Debt/Tangible Net Worth	Times	1.28	0.89	0.83
PBDIT/Interest	Times	5.20	5.42	5.12
Total Debt/PBDIT	Times	2.56	1.57	1.18
Gross Current Assets (Days)	Days	123	140	98

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

None

Any other information

Not Applicable

Applicable Criteria

- Service Entity - <https://www.smera.in/criteria-services.htm>
- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA BB+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	2.63	SMERA BB+ / Stable
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	4.37	SMERA BB+ / Stable
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA A4+

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ABOUT SMERA

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