

Taneja Aerospace and Aviation Limited
 November 22, 2018

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating action
Long Term Bank Facilities	36.10 (enhanced from 35.09)	CARE D (Single D)	Reaffirmed
Short Term Bank Facilities	12.19 (reduced from 29.12)	CARE D (Single D)	Reaffirmed
Total Facilities	48.29 (Rupees Forty Eight crores and twenty nine lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Taneja Aerospace and Aviation Limited (TAAL) takes into account ongoing delays in servicing its debt obligation.

Timely repayment of debt going forward is the key rating sensitivity.

Detailed description of the key rating drivers**Key Rating Weaknesses****Delays in debt servicing**

Due to stressed liquidity there have been delays in debt servicing. Timely receipt of rental income and thus timely repayment of debt is key rating monitorable. Low cash flow generation as compared to the debt servicing obligation is leading to stressed liquidity for the company.

Analytical Approach: Standalone**Applicable Criteria:**

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[CARE's methodology for manufacturing companies](#)

[CARE's methodology for financial ratios- Non Financial Sector](#)

About the Company

TAAL headquartered in Bangalore, was established on July 22, 1988 as a private limited company. The company was converted into a public company in April 1994, and got listed on the Pune Stock Exchange (PSE) with its maiden public issue of equity shares. Thereafter, the company was listed on the Bombay Stock Exchange (BSE) on January 15, 2001. TAAL is a part of Indian Seamless Metals & Tubes Ltd. (ISMT, IND D, withdrawn in December 2016)) group engaged in the manufacturing of alloy and non-alloy rods and billets, tubes and hollows.

The company currently operates under two business segments within the aviation space, and trading division. The business include: 1) Aircraft Manufacturing and Maintenance Division (AMM) - deals with the designing and manufacturing of tailor made aero components, aero structures, aircraft modifications, maintenance and upgrades. 2) Airfield Division - The company owns an airfield, comprising an airstrip, with night landing and hangar facilities, which is leased out to Airworks India (Engg) Pvt Ltd (AWIPL), at Hosur, near Bangalore. 3) Trading in electrical goods.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	37.55	31.90
PBILD	8.15	7.65
PAT	0.71	0.15
Overall gearing (times)	0.41	0.41
Interest coverage (times)	1.41	1.53

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	August,2023	29.20	CARE D
Fund-based - LT-Cash Credit	-	-	-	6.90	CARE D
Non-fund-based - ST-BG/LC	-	-	-	12.19	CARE D

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016
1.	Fund-based - LT-Term Loan	LT	29.20	CARE D	-	1)CARE D (20-Mar-18) 2)CARE D (08-Dec-17) 3)CARE BB-; Stable (14-Apr-17)	1)CARE BB- (29-Apr-16)	1)CARE BB (09-Apr-15)
2.	Fund-based - LT-Cash Credit	LT	6.90	CARE D	-	1)CARE D (20-Mar-18) 2)CARE D (08-Dec-17) 3)CARE BB-; Stable (14-Apr-17)	1)CARE BB- (29-Apr-16)	1)CARE BB (09-Apr-15)
3.	Non-fund-based - ST-BG/LC	ST	12.19	CARE D	-	1)CARE D (20-Mar-18) 2)CARE D (08-Dec-17) 3)CARE A4 (14-Apr-17)	1)CARE A4 (29-Apr-16)	1)CARE A4 (09-Apr-15)

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