

January 15, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	27.77	SMERA BB+/Stable (Assigned)
Cash Credit	1.78	SMERA BB+/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the abovementioned bank facilities of Traveltime Car Rental Private Limited (TCRPL). The outlook is '**Stable**'. The rating is supported by the company's experienced management and reputed clientele. The rating also draws comfort from the company's healthy revenue growth, sound liquidity position and comfortable coverage indicators. However, the rating is constrained by the company's high gearing (debt-equity ratio). The rating is also constrained by the debt-funded capex planned by the company. The rating notes that the company's profit margins are susceptible to increase in fuel prices and maintenance costs.

TCRPL, incorporated in 2006, is a Pune-based company engaged in providing travel solutions such as bus transportation services, car rentals and radio cab services. TCRPL benefits from its experienced management. The promoters of the company have around ten years of experience in transportation business. TCRPL also benefits from its established relations with several reputed clients such as Cognizant, Credit Suisse, Infosys, eClerx and Wipro.

In December 2013, TCRPL launched its bus transportation division, which includes a fleet of 110 buses to service Pune Mahanagar Parivahan Mahamandal Limited (PMPML). TCRPL's revenues subsequently increased from Rs.62.71 crore in FY2012-13 to Rs.77.83 crore in FY2013-14. The company's sound liquidity position is evidenced by healthy net cash accruals to total debt (NCA/TD) ratio of 0.32 times in FY2013-14. TCRPL's comfortable coverage indicators are reflected in interest coverage ratio (ICR) of 8.55 times and debt service coverage ratio (DSCR) of 2.02 times in FY2013-14.

TCRPL's gearing (debt-equity ratio) is high at 1.98 times as on March 31, 2014. SMERA believes the company's gearing levels are likely to increase marginally on account of debt-funded capex (purchase of 44 buses) planned in FY2014-15. TCRPL's business profile is highly susceptible to increase in fuel prices and maintenance costs. SMERA believes TCRPL may report muted profits in FY2014-15 on account of high depreciation charge on 154 buses in the bus transportation division.

Outlook: Stable

SMERA believes TCRPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established relations with clients. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and profitability while achieving substantial improvement in capital structure. Conversely, the outlook may be revised to 'Negative' in case the company fails to achieve the projected scalability in revenues and profitability, or in case of deterioration in the company's financial risk profile on account of higher-than-expected increase in debt-funded capex and working capital requirements. Timely collection of dues from PMPML is a key rating sensitivity.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the company

TCRPL, incorporated in 2006, is a Pune-based company promoted by Mr. Vivek Kalkar and Mr. Deorao Kalkar. TCRPL provides travel solutions for individuals and corporate entities. The company's service profile includes bus transportation services, car rentals and radio cab services.

For FY2013-14, TCRPL reported profit after tax (PAT) of Rs.3.68 crore on operating income of Rs.77.83 crore, as compared with PAT of Rs.1.93 crore on operating income of Rs.62.71 crore in FY2012-13. The company's net worth stood at Rs.17.04 crore as on March 31, 2014, as compared with Rs.5.88 crore a year earlier.

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