

February 19, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan I	26.47	SMERA BB+/Stable (Reaffirmed)
Cash Credit	1.78	SMERA BB+/Stable (Reaffirmed)
Term Loan II	1.30	SMERA BB+/Stable (Withdrawn)

SMERA has reaffirmed the rating of '**SMERA BB+**' (**read as SMERA double B plus**) on the above mentioned Rs. 28.25 crore bank facilities of Traveltime Car Rental Private Limited (TCRPL). The outlook is '**Stable**'. Also, SMERA has withdrawn rating of '**SMERA BB+/Stable**' assigned to the Rs.1.30 crore bank facility of TCRPL with immediate effect since the term loan has been fully paid off.

The rating continues to draw support from the company's experienced management and reputed clientele. The rating also draws comfort from the improved revenues, sound liquidity position and comfortable coverage indicators. However, the rating is constrained by the high gearing (debt-equity ratio) and low net profit. The rating notes that the company's profit margins are susceptible to increase in fuel prices and maintenance costs.

Update

TCRPL's revenues improved to Rs.106.16 crore in FY2014–15 from 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 0.36 times in FY2014–15. The company's comfortable coverage indicators are reflected in the interest coverage ratio (ICR) of 4.45 times and debt service coverage ratio (DSCR) of 1.60 times in FY2014–15. Besides, TCRPL's gearing (debt-equity ratio) is high at 2.64 times as on March 31, 2015 as against 1.98 times as on March 31, 2014 due to increased in total debt. SMERA believes TCRPL may report muted profits in FY2015–16 on account of high depreciation.

Rating Sensitivity Factors

- Sustained improvement in revenue and profitability
- Larger than envisaged debt-funded capex or working capital borrowings
- Improvement in capital structure

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' if 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 of failure to achieve the projected scalability in revenues and

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profitability, or if the financial risk profile deteriorates on account of higher-than-expected increase in debt-funded capex and working capital requirements. Also, timely collection of dues from PMPML is a key rating sensitivity.

About the Company

TCRPL, incorporated in 2006, is a Pune-based travel company promoted by Mr. Vivek Kalkar and Mr. Deorao Kalkar. The company offers bus transportation, car rentals and radio cab services for individuals and corporates.

For FY2014-15, TCRPL reported profit after tax (PAT) of Rs. (0.02) crore on operating income of Rs.106.16 crore, as compared with PAT of Rs.3.68 crore on operating income of Rs.77.78 crore in FY2013-14. The company's net worth stood at Rs.17.02 crore as on March 31, 2015, as compared with Rs.17.04 crore a year earlier.

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