

Press Release

14 June, 2017

Traveltime Car Rental Private Limited (TCRPL)

Rating Upgraded



Total Bank Facilities Rated *	Rs. 29.55 Cr
Long Term Rating	SMERA BBB-/ Outlook: Stable

Refer Annexure for details

Rating Rationale

SMERA has upgraded the long-term rating on the Rs. 29.55 crore bank facility of Traveltime Car Rental Private Limited (TCRPL) from **SMERA BB+ (read as SMERA double B plus)** to **'SMERA BBB-' (read as SMERA triple B minus)**. The outlook is **'Stable'**.

TCRPL is a Pune-based travel company that offers bus transportation, car rentals and radio cab services for individuals and corporates. The company has a fleet of around 250 cars, 240 buses and also hires vehicles as per requirement.

Key Rating Drivers

Strengths

- Experienced management**

TCRPL was established in 2006 by Mr. Deorao S. Kalkar and Mr. Vivek S. Kalkar who possess experience of over a decade in the travel industry.

- Healthy revenue growth**

The revenue has grown at a CAGR of 25 per cent from FY2012 to FY2016. The revenue for FY2016 stood at Rs.129.53 crore compared to Rs.106.16 crore for FY2015. Further, in FY2017, TCRPL booked revenue of around Rs.148.42 crore. The increase in revenue is on account of contracts bagged from Pune Mahanagar Parivahan Mahamandal Limited (PMPML) with assurance of certain number of kilometres per month. Further, SMERA believes that contracts from Nagpur Transportation and Maharashtra State Road Transport Corporation (MSRTC) will further increase revenue in FY2018 and FY2019.

- Healthy interest coverage ratio and net cash accruals**

The interest coverage ratio stood healthy at 4.58 times for FY2016 as compared to 4.58 times for FY2015. The networth stood at Rs.18.54 crore as on 31 March, 2016 as compared to Rs.17.02 as on 31 March, 2015. Further, the Net Cash Accruals to total debt (NCA/TD) stood at 0.43 times for FY2016 as compared to 0.36 times for FY2015.

- Efficient working capital management**

The gross current asset (GCA) days stood at 73 in FY2015-16 against 106 in FY2014-15. The working capital cycle improved from 47 days in FY2014-15 to 17 days in FY2015-16. The comfortable GCA emanates from debtor days of 38 for FY2016 as compared to 70 for FY2015 and creditor days of 12 for FY2016 as compared to 14 for FY2015.

Weaknesses

- **Moderate gearing and debt-service coverage ratio**

The gearing stood high at 2.75 times as on 31 March, 2016 compared to 2.64 times as on 31 March, 2015 due to increase in total debt. The DSCR stood moderate at 1.50 times for FY2016 as against 1.60 times in FY2015.

- **Muted profits**

The net profit margin has decreased from 4.72 percent in FY2014 to 1.17 percent in FY2016. Further, TCRPL incurred net loss of Rs. 0.02 crore in FY2015. The decrease in profit margin is on account of high depreciation on vehicles bought by TCRPL in FY2016. Further, SMERA believes that the company may report muted profits in FY2016-17 on account of high depreciation.

- **Intense competition**

The company faces intense competition from other travel companies which may impact operating performance and profitability.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company to arrive at the rating.

Outlook: Stable

SMERA believes that TCRPL will continue to maintain a stable outlook and benefit over the medium term owing to its promoters extensive experience in the transportation business and established clientele. The outlook may be revised to 'Positive' if the net cash accruals increase substantially with improvement in capital structure. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability and liquidity or the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded expansion and working capital requirements.

About the Rated Entity - Key Financials

The company reported Profit after Tax (PAT) of Rs. 1.51 crore on operating income of Rs. 129.53 crore in FY2015-16 compared with net loss of Rs. 0.02 crore on operating income of Rs. 106.16 crore in FY2014-15. The net worth stood at Rs. 18.54 crore as on 31 March, 2016 as against Rs. 17.02 crore as on 31 March, 2015.

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

CRISIL, vide release dated November 15, 2013 suspended the ratings of Traveltime Car Rental Private Limited on account of non-cooperation from the company.

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Services Entities - <https://www.smera.in/criteria-services.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)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
19-Feb-2016	Term Loan I	Long Term	INR 26.47	SMERA BB+ / Stable (Reaffirmed)
	Cash Credit	Long Term	INR 1.78	SMERA BB+ / Stable (Reaffirmed)
	Term Loan II	Long Term	INR 1.30	SMERA BB+ / Stable (Withdrawn)
15-Jan-2015	Term Loan	Long Term	INR 27.77	SMERA BB+ / Stable (Assigned)
	Cash Credit	Long Term	INR 1.78	SMERA BB+ / Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	Not Applicable	26.47	SMERA BBB- / Stable (Upgraded)
Proposed Facility	Not Applicable	Not Applicable	Not Applicable	3.08	SMERA BBB- / Stable (Upgraded)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.78	SMERA BBB- / Stable (Withdrawn)

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ABOUT SMERA

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