

Press Release

06 March, 2017

Travel Masters India Private Limited

Rating Assigned

Total Bank Facilities Rated *	Rs.8.25 Cr
Long Term Rating	SMERA B/Stable

*Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B** (read as SMERA B) on the Rs. 8.25 crore bank facilities of Travel Masters India Private Limited. The outlook is '**Stable**'.

Travel Masters India Private Limited (TMIPL) is a Chennai-based company that provides tours and holiday packages.

Key Rating Drivers

Strengths

- **Established track record operations and experienced management**

The Chennai-based TMIPL was incorporated in 1991. The partners, Mr. Ramji Natarajan and Mrs. Soundarya Ramakrishnan possess more than two decades of experience in the said line of business.

- **IATA accreditation**

The IATA accreditation, apart from enhancing credibility and visibility helps the company gain access to almost 250 airlines worldwide and goes a long way in increasing commission.

- **Reputed clientele**

TMIPL caters to a reputed clientele including Cettinad Cements , Duroflex among others. The company also undertakes film tourism for the Hindi, Tamil and Telugu film industries commonly known as Bollywood, Kollywood and Tollywood respectively.

Weaknesses

- **Moderate scale of operations**

TMIPL operates on a moderate scale with operating income of Rs.27.99 cr in FY2016 and Rs.30.27 cr in FY2015.

- **Below average financial risk profile**

TMIPL has below average financial risk profile marked by net worth of Rs.5.92 cr and (Debt-Equity Ratio) Gearing of 1.57 times as on March 31 2016. The total debt of Rs.9.30 cr includes unsecured loan of Rs.1.05 cr. The interest coverage ratio is comfortable at 2.11 times in FY2016. Further, the company has availed of a term loan of Rs.8.25 cr in FY2015 and the repayment for the same is expected to start from September 2017.

- **Low profitability**

The operating margins declined to 3.41 percent in FY2016 from 4.42 percent in FY2015. Further, the company incurred net loss of Rs.0.14 cr in FY2016 due to increase in tour operating expenses. The PAT margins stood at 0.02 percent in FY2015.

Analytical Approach

SMERA has considered the standalone financial and business risk profiles of TMIPL.

Outlook: Stable

SMERA believes that the company will maintain a stable outlook owing to its long standing presence in the industry and experience of the management. The company's ability to expand its scale of operations without compromising on liquidity will be a key rating sensitivity. The outlook may be revised to 'Positive' if the company demonstrates resilient performance while achieving improvement in profit margins. Conversely, the outlook may be revised to 'Negative' in case of a sharp deterioration in profit margins or capital structure.

About the Rated Entity - Key Financials

Travel Masters India Private Limited (TMIPL) is a Chennai-based company that offers tours and holiday packages. The promoters, Mr. Ramji Natarajan and Mrs. Soundarya Ramakrishnan possess more than two decades of experience in the said line of business. For FY2015-16, TMIPL reported net loss of Rs.0.14 cr on operating income of Rs.27.99 cr as against net income of Rs.0.01 cr on operating income of Rs.30.27 cr in the previous year. The net worth stood at Rs. 5.92 cr as on March 31, 2016 compared to Rs.6.06 cr a year earlier

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smerra.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.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. Cr.)	Ratings/Outlook
Term Loan	Not Applicable	Not Applicable	31-Aug-2022	8.25	SMERA B / Stable

Contacts:

Analytical	Rating Desk
Vinayak Nayak, Head –Ratings Operations, SMERA Bond Ratings Tel: 022-67141190 Email: vinayak.nayak@smera.in	Varsha Bist, Sr. Executive Tel: 022-67141160 Email: varsha.bist@smera.in
Sudarson Swami Rating Analyst Tel: 022-67141179 sudarson.swami@smera.in	

ABOUT SMERA

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