# Press Release

**Sai Bonvoyage Travels**

March 25, 2017

**Rating Assigned**

| | |
|---|---|
| **Total Bank Facilities Rated*** | Rs. 10.30 Cr. |
| **Long Term Rating** | SMERA B / Outlook: Stable |

** Refer Annexure for details*

**Rating Rationale**

SMERA has assigned long-term rating of '**SMERA B**' **(read as SMERA B )** on the Rs. 10.30 crore bank facilities of Sai Bonvoyage Travels. The outlook is **'Stable'**.

Sai Bonvoyage Travels (SBT) incorporated in 2010 is a Hyderabad-based IATA (International Air Transport Association) accredited travel agency promoted by Mr. K. Ravichandra Vara Prasad, Mr. K. Bose and Mr. Ramchandra Prabhu. The firm offers travel related services such as ticket bookings, tour packages, foreign exchange and money transfer.

## Key Rating Drivers

### Strengths

- **Experienced management**
  The partners, Mr. K.R.C.A.V. Prasad (Manging Partner), Mr. K. Bose and Mr. A. Ramachandra Prabhu having experience of over two decades in the tours and travels industry.

- **Healthy revenue growth rate**
  SBT registered healthy operating income growth at a CAGR of ~13 percent for the period FY2014 to FY2016 on account of increase in volume of air ticket sales of about 10-15 percent every year. The operating income stood at Rs.86.73 cr in FY2016 as compared to Rs.78.13 cr in FY2015. As per 11MFY2017 Provisionals, the operating income stood at Rs.89.00 cr.

### Weaknesses

- **Stretched liquidity profile**
  SBT's liquidity profile is stretched due to high debtor levels of 79 days against creditor levels of 7 days leading to full utilisation and over drawings in its working capital limit.

- **Moderate financial risk profile**
  SBT's financial risk profile is moderate marked by moderate net worth of Rs.9.70 cr as on 31 March 2016. The gearing stood at 1.09 times as on 31 March 2016 as compared to 0.99 times as on 31 March 2015. The ICR stood at 1.75 times for FY2016 as compared to 1.80 times for FY2015.

- **Low profitability**
  The operating margins stood at 2.43 percent in FY2016 as against 2.28 percent in FY2015. The PAT margins stood at 0.70 percent for FY2016 as compared to 0.68 percent in FY2015. The margins are thin due to heavy discounts offered on tickets to beat competition in the sector.

### Analytical Approach

SMERA has considered the standalone business and financial risk profiles of Sai Bonvoyage Travels.

### Outlook: Stable

SMERA believes that SBT will continue to maintain a stable outlook over the medium term owing to its long track record of operations and experienced management. The outlook may be revised to 'Positive' if the firm's scale of operations increases substantially, while maintaining operating profitability. Conversely, the outlook may be revised to 'Negative' if the firm fails to achieve profitability or if the financial risk profile deteriorates owing to more than envisaged working capital borrowings.

### About the Rated Entity - Key Financials

For FY2015-16, the firm reported profit after tax (PAT) of Rs.0.19 cr on operating income of Rs.47.86 cr, as compared to PAT of Rs.0.12 cr on operating income of Rs.36.42 cr in the previous year. The net worth stood at Rs 6.23 cr as on March 31, 2016 against Rs. 5.05 cr a year earlier.

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

None

### Any other information

None

**Applicable Criteria**

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

**Note on complexity levels of the rated instrument**
https://www.smera.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 |
|---|---|---|---|---|---|
| Cash Credit | Not Applicable | Not Applicable | Not Applicable | 8.00 | SMERA B / Stable |
| Ad-hoc limits (Fund Based) | Not Applicable | Not Applicable | Not Applicable | 2.30 | SMERA B / Stable |

### Contacts



| Analytical | Rating Desk |
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**ABOUT SMERA**

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