

Press Release

R S Travel And Tours India Private Limited

June 22, 2017



Rating Assigned

| | |
|-------------------------------------|----------------------------|
| Total Bank Facilities Rated* | Rs. 8.50 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 plus**) on the Rs. 8.50 crore bank facilities of R S Travel And Tours India Private Limited. The outlook is '**Stable**'.

The New Delhi-based R S Travel & Tours India Private Limited (RSTPL) was incorporated in 2007 by Mr. Krishan Kumar Jain and Mrs. Nisha Jain. The company, an authorised IATA (International Air Transport Association) agent, books travel tickets apart from offering holiday packages and providing visa processing services.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters have more than a decades experience in the said line of business which has helped develop long term relations with clients.

- **Well established market presence**

RSTPL has a well established presence in the industry with ~300 agents and about 20 distributors for air ticket services. The company sold 183939 air tickets in FY2016-17 (Provisional) against 152961 in FY2015-16. The gross operating income stood at Rs.113.66 crore and net operating income at Rs.6.80 crore in FY2016-17 (Provisional) against gross operating income of Rs.100.12 crore and net operating income of Rs.5.68 crore in FY2015-16.

Weaknesses

- **Modest financial risk profile**

RSTPL has modest financial risk profile marked by moderate gearing, interest coverage ratio and networth. The gearing stood at 1.90 times in FY2016-17 (Provisional) against 2.03 times in FY2015-16. Moreover, the interest coverage ratio stood at 1.43 times in FY2016-17 (Provisional) against 1.37 times in FY2015-16. The networth has been low at Rs.5.50 crore as on 31 March, 2017 (Provisional) against Rs.4.44 crore a year earlier. The tangible networth includes unsecured loan of Rs.1.14 crore in FY2016-17 (Provisional) against Rs.0.97 crore in FY2015-16 treated as quasi equity which is fully subordinated to bank debt. This has transformed into improvement in capital structure. The net cash accrual (NCA)/ Total debt (TD) stood at 0.06 times in FY2016-17 (Provisional) and FY2015-16.

- **Intense competition**

The company faces intense competition from other players in India and overseas which is likely to 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 RSTPL will maintain a stable outlook over the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company registers substantial growth in revenues and profitability while maintaining its debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its financial risk profile or working capital management.

About the Rated Entity - Key Financials

For FY2016-17 (Provisional), the company reported profit after tax (PAT) of Rs.0.58 crore on gross operating income of Rs.113.66 crore, as compared with PAT of Rs.0.49 crore on gross operating income of Rs.100.12 crore in FY2015-16. The net worth stood at Rs.5.50 crore as on 31 March, 2017 (Provisional) against Rs.4.44 crore 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 | 8.50 | SMERA B+ / Stable |

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