

Press Release

R S Travel and Tours India Private Limited

August 03, 2018

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 8.50 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has reaffirmed long-term rating of '**ACUITE B+**' (read as **ACUITE 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 company R S Travel & Tours India Private Limited (RSTPL) was incorporated in 2007 by Mr. Krishan Kumar Jain and Mrs. Nisha Jain. The company is an authorized 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

Incorporated in 2007, the company is engaged in providing services of Air ticket booking, Hotel booking & holiday packages. The promoters Mr. Krishan Kumar Jain and Mrs. Nisha Jain have more than a decade of experience in travel business which has helped RSTPL develop long term relations with corporate clients like PVR Limited, Oceans Constructions (I) Private Limited, among others, walk-in clients and international 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 gross sales stood at Rs.210.86 crore to which the company reported operating revenues of Rs.6.80 crore in FY2018 (Provisional) as against the gross sale of Rs.176.98 crore and operating revenue of Rs. 6.20 crore in FY2017. Acuite believes the company will benefit from its experienced management which helps the company maintain long standing relations with its customers.

Weaknesses

• Weak Financial Risk Profile

RSTPL has weak financial risk profile marked by low net worth of Rs. 4.90 crore as on March 31, 2018 (Provisional) from Rs. 4.01 crore in the previous year. The gearing stood high at 1.77 times as on March 31, 2018 (Provisional) as against 2.48 times in the previous year. The total debt of Rs. 8.67 crore in FY2018 (Provisional) comprises of working capital borrowings to the tune of Rs. 8.44 crore and unsecured loans from promoters of Rs. 0.23 crore. The Interest Coverage Ratio (ICR) stood moderate at 1.26 times in FY2018 (Provisional) and 1.44 times in FY2017. The TOL/TNW stood high at 3.29 times as on March 31, 2018 (Provisional) as against 3.02 times as on March 31, 2017. Acuite believes the firm's ability to improve its net worth along with debt protection metrics will remain key sensitivity.

• Intense Competition

RSTPL has presence in highly fragmented and competitive industry. The company faces intense competition from various ticket booking players which includes online and offline booking agents in India which is likely to have an impact on its operating performance and profitability.

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the RSTPL to arrive at this rating.

Outlook: Stable

Acuite 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

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	6.70	6.20	6.80
EBITDA	Rs. Cr.	4.21	2.62	2.67
PAT	Rs. Cr.	0.89	0.54	0.49
EBITDA Margin	(%)	62.88	42.26	39.24
PAT Margin	(%)	13.21	8.68	7.18
ROCE	(%)	31.13	19.43	24.63
Total Debt/Tangible Net Worth	Times	1.77	2.48	2.03
PBDIT/Interest	Times	1.26	1.44	1.41
Total Debt/PBDIT	Times	2.03	3.71	3.29
Gross Current Assets (Days)	Days	32	32	51

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
22-Jun-2017	Cash Credit	Long Term	INR 8.5	ACUITE B+ / Stable

*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	ACUITE B+ / Stable

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About Acuité Ratings & Research:

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