



## Press Release

### Parveen Travels Private Limited

13 October, 2017

### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 100.00 Cr.
<b>Long Term Rating</b>	SMERA BBB- / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA BBB-**' (read as **SMERA BBB minus**) on the Rs. 100.00 crore bank facilities of Parveen Travels Private Limited. The outlook is '**Stable**'.

Parveen Travels Private Limited (PTPL), is the flagship company of the Allah Baksh (AB) group which has presence in transport services, tours & travels, hospitality, restaurants, automobile dealership among others. The company has petrol bunks with capacity of 1,50,000 litres per day via an authorised dealership of Indian Oil Corporation. The management is led by Mr. A Afzal, Chairman and Managing Director.

### Key Rating Drivers

#### Strengths

- **Established track of operations, experienced management**

The company was established in 1980. The management is led by Mr. Allah Baksh, Director and Mr. A Afzal, Chairman and Managing Director who possess more than two decades of experience in the transportation industry.

- **Moderate scale of operations**

The company operates a fleet of 100 luxury buses, 1100 ordinary buses, 85 cars and around 100 mini buses. The scale of operations is moderate as evident from the revenue of Rs. 312.91 crore for FY2016-17 out of which transportation services contributed around Rs. 200.00 crore with the balance being generated through sale of petrol. Revenue in FY2015-16 stood at Rs. 262.22 crore.

- **Moderate financial risk profile**

The financial risk profile has been moderate marked by networth of Rs. 58.55 crore as on 31 March, 2017 (Provisional) compared to Rs. 48.75 crore as on 31 March, 2016. The gearing stood at 2.68 times as on 31 March, 2017 compared to 2.55 times in the previous year. The total debt of Rs.156.64 crore as on 31 March, 2017 (Rs.124.53 crore) comprises secured term loan of Rs.92.94 crore and short term debt of Rs. 30.98 crore as unsecured loan. The coverage indicators are moderate with interest coverage ratio of 2.79 times for FY2016-17 (2.85 times for FY2015-16) and debt service coverage ratio of 1.19 times for FY2016-17 (1.20 times for FY2015-16). The net cash accruals stood at Rs. 26.87 crore for FY2016-17 as against Rs. 20.76 crore for the previous year.

- **Reputed clientele**

The transportation segment constitutes three divisions - inter city buses, corporate buses (for office transport) and tours and travels (package tours and rental services). The company caters to a reputed client base that includes Air India Limited, TATA Consultancy Services and Larsen & Toubro.

#### Weaknesses

- **Uneven operating margins**

The operating margins have been uneven from FY2014 to FY2017 owing to fluctuations in fuel prices, employee costs and expenses on vehicle maintenance. For FY2016-17, PTPL registered operating margins of 15.38 per cent (Provisional) compared to 14.90 per cent in FY2015-16 and 17.14 per cent in FY2014-15.

• **Geographic concentration risk**

The operations of PTPL are concentrated in Tamil Nadu. However, the company is in the process of expanding its operations soon and also taking its business online.

**Analytical Approach**

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

**Outlook: Stable**

SMERA believes that PTPL will maintain a stable outlook over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability, deterioration in the financial risk profile or higher than expected working capital requirements.

**About the Rated Entity - Key Financials**

For FY2016-17, PTPL reported profit after tax (PAT) of Rs. (1.20) crore on operating income of Rs.4.85 crore compared with PAT of Rs.0.03 crore on operating income of Rs.15.57 crore for FY2014-15. The net worth as on 31 March, 2016 stood at Rs.2.46 crore compared to Rs. 2.74 crore as on 31 March, 2015.

**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>
- Entities In Services Sector - <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)**

Not Applicable

**\*Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	31.00	SMERA BBB- / Stable
Term loans	Not Applicable	Not Applicable	10-Dec-2020	2.99	SMERA BBB- / Stable
Term loans	Not Applicable	Not	19-Nov-2020	1.61	SMERA BBB- /

		Applicable			Stable
Term loans	Not Applicable	Not Applicable	15-Dec-2021	6.13	SMERA BBB- / Stable
Term loans	Not Applicable	Not Applicable	5-Apr-2021	18.52	SMERA BBB- / Stable
Term loans	Not Applicable	Not Applicable	3-Aug-2020	5.50	SMERA BBB- / Stable
Term loans	Not Applicable	Not Applicable	20-Jan-2021	12.54	SMERA BBB- / Stable
Term loans	Not Applicable	Not Applicable	16-Jan-2021	11.22	SMERA BBB- / Stable
Term loans	Not Applicable	Not Applicable	17-Jul-2020	4.49	SMERA BBB- / Stable
Proposed	Not Applicable	Not Applicable	1-Jan-1953	6.00	SMERA BBB- / Stable

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## ABOUT SMERA

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