Press Release
Travel News Services India Private Limited
May 13, 2024
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	18.00	ACUITE BB- | Stable | Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	18.00	-	-

Rating Rationale
Acuité has reaffirmed the long-term rating to **'ACUITE BB-' (read as ACUITE double B minus)** on the Rs. 18.00 Cr. bank facilities of Travel News Services India Private Limited (TNSIPL). The outlook is **'Stable'**.

Rationale for reaffirmation
The rating factors in the continuous improvement in the turnover of the company in past 3 years ending FY23. Further the working capital cycle of the company has improved as indicated by GCA days of 58 days in FY23 as compared to 95 days in FY22. The improvement is on account of lower inventory and debtor days. However, the rating is constrained by negative and eroding networth on account of losses incurred in the past resulting into weak financial risk profile and stretched liquidity position. Further, the promoter Future Retail Limited is undergoing insolvency and bankruptcy procedure and going forward the resolution of the holding entity and the effect of the resolution on the TNSI group will be a key monitorable.

About Company
The company was incorporated in 2009 and is promoted by Mr. Sunil Mantri, Mr. Ritesh Raja and Mr. Arpit Maheshwari. The main head office is located in Delhi.
Travel New Services India Private Limited (TNSIPL) is into the business of Travel Retail and operates nearly 38 Stores as on May 2024 at various airports like Delhi, Varanasi, Kolkata, Hyderabad, Cochin, Indore and Bangalore. It also has stores at various Universities like Amity and LPU. Product line includes Books, Confectionery, Food, Beverages and Travel Accessories, Journey Solutions, Gifts, Toys, Souvenirs, Handicrafts

About the Group
TNSI Group, set up in 2009, was taken over by the Future Group in 2018. FRL currently holds 100 per cent stake in TNSIPL. TNSIRPL is in turn a wholly owned subsidiary of TNSIPL. TNSIRPL is operating WH Smith stores in DMRC metro stations. TNSIPL is operating WH Smith stores at airports, university and corporate office campuses.

Unsupported Rating
Not Applicable

Analytical Approach

Extent of Consolidation
- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered the consolidated financials of TNSIPL, along with its wholly owned subsidiary TNSIRPL (together called as TNSI Group). The consolidation is also on account of common management and strong business and financial fungibility between the two entities.

Key Rating Drivers

Strengths

Experienced Management

TNSI Group, set up in 2009, was taken over by the Future Group in 2018. FRL currently holds 100 per cent stake in TNSIPL. The Board of Directors of the company comprises internal professionals and representatives from FRL. TNSI Group derives significant operating synergies by virtue of being a part of the Future Group, and it operates as the master franchise partner for WH Smith UK, in India and pays a fixed royalty for the same. Products offered for sale in these stores also include a mix of Future Groups own brand products in order to increase brand presence/visibility at vital locations such as airports and metros. Apart from the sale of products, TNSI Group also derives service income through branding and rental income by way of subleasing of store space. Thus, the management of TNSI Group is quite experienced in the retail business. Acuité believes the experience of the management and the Group’s brand value will gradually improve the Group’s operations.

Weaknesses

Weak Financial Risk Profile

Group has weak financial risk profile marked by eroded net worth on account of continuous losses reported by the entities. The group reported a negative net worth of Rs. 48.04 Cr. in FY 2023 as against Rs. 28.57 Cr. in FY 2022. . Additionally, the group is not expected to receive any financial support from the Future Group on account of subdued liquidity of FERG and significantly near term debt obligation of Future Group. Future Group is undergoing insolvency and bankruptcy proceedings. The total debt of Rs. 92.91 Cr. in FY 2023 consists of Rs. 46.52 Cr. of non-current lease liabilities, Rs. 26.30 Cr. of current lease liabilities and Rs. 20.09 Cr. of financial liabilities related to non-convertible redeemable preference shares.

Rating Sensitivities

Improvement in scale operations while maintaining profitability.

Liquidity Position

Stretched

Group has stretched liquidity position. Group generated net cash accruals of Rs. 8.94 Cr. in FY 2023 against maturing lease liabilities of Rs. 26.30 Cr. Group’s unencumbered cash and bank position stood at Rs. 1.41 Cr. in FY 2023.

Outlook: Stable

Acuité believes that the outlook on TNSIPL rated facilities will remain stable over the medium term on account of extensive promoter experience, brand value and strategy to close the loss making stores. The outlook may be revised to 'Positive' in case of sustained growth in revenue and profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial and liquidity profile most likely as a result of increase in operating expenditure and higher working capital requirements.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	292.97	83.36
PAT	Rs. Cr.	(19.21)	(4.46)
PAT Margin	(%)	(6.56)	(5.35)
Total Debt/Tangible Net Worth	Times	(1.93)	(3.99)
PBDIT/Interest	Times	1.86	2.88

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

Not Applicable

Any Other Information

None

Applicable Criteria

• Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
• Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.htm
• Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
• Trading Entities: https://www.acuite.in/view-rating-criteria-61.htm

Note on Complexity Levels of the Rated Instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite' s categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 Feb 2023	Bank Guarantee/Letter of Guarantee	Long Term	18.00	ACUITE BB- | Stable (Downgraded from ACUITE BB | Stable)
15 Nov 2021	Bank Guarantee/Letter of Guarantee	Long Term	18.00	ACUITE BB | Stable (Downgraded from ACUITE BB+)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Yes Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	17.21	ACUITE BB- | Stable | Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	0.79	ACUITE BB- | Stable | Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

1. Tnsi Retail Private Limited
2. Travel News Services India Private Limited

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.