

March 22, 2016

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>8.00</b>	<b>SMERA B-/Stable (Assigned)</b>
<b>Proposed Facility</b>	<b>0.29</b>	<b>SMERA B-/Stable (Assigned)</b>
<b>Bank Guarantee</b>	<b>1.21</b>	<b>SMERA A4 (Assigned)</b>

SMERA has assigned long-term rating of '**SMERA B-**' (**read as SMERA B minus**) and short-term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.9.50 crore bank facilities of Trade Wings Limited (TWL). The outlook is '**Stable**'.

The ratings are constrained by modest profitability and below average financial risk profile marked by high gearing and low coverage indicators. The ratings are further constrained by the support given to group companies by way of loans/advances and corporate guarantee and intense market competition. However, the ratings draw comfort from the extensive experience of the promoters in the travel and tourism industry, wide distribution network and accreditation with International Air Transport Association (IATA).

### Rating Sensitivity Factors

- Substantial and sustainable growth in revenues or operating margins
- Efficient working capital management
- Future capex and its funding mix thereof
- Foreign exchange fluctuations

### Outlook: Stable

SMERA believes that TWL will continue to maintain a stable outlook in the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the company generates substantial and sustainable revenues or operating margins enabling improvement in the existing business risk profile especially operating profitability. Conversely, the outlook may be revised to 'Negative' if the working capital cycle further elongates resulting in weakening of the existing financial risk profile particularly liquidity.

### About the Company

Incorporated in 1949, the Mumbai-based TWL, promoted by Mittal Brothers provides travel related services comprising airline ticket booking, visa processing, and car renting among others. The company has over 52 offices spread across the country with more than 200 employees. The day-to-day operations are managed by Mr. Shailendra Mittal, Mr. Vinayak S Ubhayakar, Mr. R. Vaidhyanathan and others who possess more than three decades of experience in the industry.

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For FY2014-15 (refers to the financial year, April 1 to March 31), TWL registered loss of Rs.0.13 crore on total revenues of Rs.17.78 crore as compared with profit after tax of Rs.0.12 crore on total revenues of Rs.17.20 crore in the previous year.

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