

Press Release

Trade Wings Limited

June 15, 2018

Rating Upgraded and Reaffirmed



Total Bank Facilities Rated*	Rs. 13.21 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable (Upgraded)
Short Term Rating	ACUITE A4 (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuite has upgraded the long-term rating to '**ACUITE B+**' (read as **ACUITE B plus**) from '**ACUITE B-**' (read as **ACUITE B minus**) on the 10.00 crore bank facilities and reaffirmed the short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.3.21 crore bank facilities of Trade Wings Limited (TWL). The outlook is '**Stable**'.

Incorporate in 1949, the Mumbai-based Trade Wings Limited (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, and Mr. Vaidhyanathan amongst others.

The upgrade is in view of the steady growth in revenue supported by healthy profitability margins. Acuite believes that going ahead, the company will sustain the growth in revenues and profitability margins over the medium term.

Key Rating Drivers

Strengths

- **Long track record of operations and experienced management**

Trade Wings Limited (TWL) was incorporated in 1949, promoted by Mittal Brothers. TWL has a well-qualified and experienced management team comprising Dr. Shailendra Mittal as Chairman and Managing Director, while Mr. R. Vaidhyanathan and Mr. Rajan N. Dani are Directors. The directors have experience of more than three decades in travel service industry.

- **IATA accreditation**

The IATA accreditation enables TWL achieve a wide reach to airlines and air traffic. The accreditation provides a platform to book the tickets on behalf of nearly 250 airlines registered with IATA and also provides access to the billing platform popularly known as BSP (Billing and Settlement Plan), which acts as an interface for invoicing and payment between the agent, airlines and transport providers.

Weaknesses

- **Average financial risk profile**

The financial risk profile of TWL is average marked by net worth of Rs. 6.80 crore as on 31 March, 2018 as against Rs.6.55 crore as on 31 March, 2017. The gearing (debt-equity) stood at 2.68 times 31 March, 2018 as against 2.77 times 31 March, 2017. Interest Coverage Ratio (ICR) stood at 1.38 times for FY2018 as against 1.47 times in the previous year. Total outside liability to tangible net worth stood

high at 5.02 times as on 31 March, 2018 as compared to 5.14 times 31 March, 2017.

• **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 TWL to arrive at this rating.

Outlook: Stable

Acuite believes TWL will maintain a 'Stable' business risk profile over the medium term on the back its experienced management. The outlook may be revised to 'Positive' in case the company maintains strong growth in revenues and profit margins while attaining a comfortable capital structure. Conversely, the outlook may be revised to 'Negative' in case of deterioration in its capital structure and profitability of the company.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	19.70	18.78	17.05
EBITDA	Rs. Cr.	2.14	1.86	1.83
PAT	Rs. Cr.	0.25	0.34	0.50
EBITDA Margin	(%)	10.85	9.91	10.74
PAT Margin	(%)	1.25	1.83	2.96
ROCE	(%)	11.70	10.75	11.77
Total Debt/Tangible Net Worth	Times	2.68	2.77	2.65
PBDIT/Interest	Times	1.38	1.47	1.48
Total Debt/PBDIT	Times	5.19	5.74	5.28
Gross Current Assets (Days)	Days	NA	NA	NA

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>
- Service Entities - <http://acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/criteria-fin-ratios.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. Crore)	Ratings/Outlook
22-Mar-16	Cash Credit	Long Term	8.00	ACUITE B- / Stable (Assigned)
	Proposed Facility	Long Term	0.29	ACUITE B- / Stable (Assigned)
	Bank Guarantee	Short Term	1.21	ACUITE A4 (Assigned)

*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	10.00	ACUITE B+ / Stable (Upgraded)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	3.21	ACUITE A4 (Reaffirmed)

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About Acuité Ratings & Research:

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