



SMERA RATINGS LIMITED

Onkar International Private Limited (OIPL)

Rating Rationale

May 21, 2014

Facilities	Amount (Rs. Crore)	Ratings
Overdraft	12.00	SMERA B+/Stable (Assigned)
Bank Guarantee	1.00	SMERA A4 (Assigned)
Proposed Overdraft	2.00	SMERA B+/Stable (Assigned)

SMERA has assigned ratings of '**SMERA B+**' (read as **SMERA single B plus**) and '**SMERA A4**' (read as **SMERA A four**) to abovementioned bank facilities of Onkar International Private Limited (OIPL). The outlook is '**Stable**'. The ratings are constrained by the company's small scale of operations and weak financial risk profile in an intensely competitive segment of the travel industry. However, the ratings are supported by the company's experienced management. The ratings are also supported by the company's IATA¹ accreditation.

OIPL, established in 1981, is a Delhi-based company engaged in providing various travel management services, including passport and visa application assistance, hotel bookings and overseas travel insurance. OIPL has small-scale operations reflected in total operating income of Rs.24.83 crore in FY2012-13 (refer to financial year, April 01 to March 31). The company's weak financial risk profile is marked by high gearing (debt-to-equity ratio) of 2.98 times as on March 31, 2013 and low interest coverage ratio of 1.50 times in FY2012-13. OIPL faces intense competition from several players in the travel industry.

OIPL benefits from its experienced management. Mr. Manav Kapoor, promoter of OIPL, has around 20 years of experience in the travel industry. OIPL is an IATA accredited agent.

Outlook: Stable

SMERA believes OIPL will maintain a stable business risk profile over the medium term. The company is likely to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company achieves higher-than-expected growth in revenues and profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile on account of additional borrowings for working capital requirements, or in case of decline in the company's profit margins.

¹ The International Air Transport Association (IATA) is the trade association for the world's airlines, representing ~240 airlines or 84 per cent of total air traffic. IATA supports many areas of aviation activity and helps formulate industry policy on critical aviation issues.

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About the company

OIPL, established in 1981, is a Delhi-based company engaged in providing travel management services.

For FY2012-13, OIPL reported profit after tax (PAT) of Rs.0.83 crore on operating income of Rs.24.83 crore, as compared with PAT of Rs.0.74 crore on operating income of Rs.20.33 crore for FY2011-12. The company's net worth stood at Rs.4.49 crore as on March 31, 2013, as compared with Rs.3.66 crore a year earlier.

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