TBO Tek Limited

April 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	35.50	CARE A-; Stable	Reaffirmed
Long-term / Short-term bank facilities	405.00	CARE A-; Stable / CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of TBO Tek Limited (TTL) continue to derive strength from experienced promoters and management team and well-established market position in air ticketing and hotel segment, with comprehensive product portfolio. Ratings also continue to take comfort from the healthy capital structure of the company as reflected by comfortable overall gearing, which further improved by proceeds from initial public offer (IPO) in May 2024. Ratings also take cognisance of sustained growth in scale of operations and healthy profitability margins in FY24 (refers to April 01, 2023, to March 31, 2024) and 9MFY25 (refers to April 01, 2024, to December 31, 2024) largely driven by increasing gross transaction value (GTV), led by growth in international hotel business – owing to the inorganic growth through strategic acquisitions and focus on increasing sales force internationally. However, ratings continue to remain constrained due to cyclical and fragmented nature of the tour and travel industry, and margins susceptible to volatility in foreign exchange (forex) currency risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained growth in scale of operations as envisaged, and sustaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 18% while maintaining moderate non-fund-based and fund-based utilisation levels.
- Improvement in total outside liabilities to tangible net worth (TOL/TNW) metric below 3x on a sustained basis.

Negative factors

- Increased competition resulting in squeeze in overall take rate below 3.5%.
- Any higher-than-envisaged debt-funded capital expenditure (capex) or acquisition resulting in overall gearing above 0.75x on a sustained basis.
- Materialisation of contingent liability arising out of the adverse final outcome of the show cause notice received for certain non-compliances under Foreign Exchange Management Act (FEMA).

Analytical approach: Consolidated

CARE Ratings Limited (CARE Ratings) has taken a 'consolidated' approach for analytical purpose since TTL and its subsidiaries (collectively referred to as 'group') are engaged in similar line of business and have common management. The list of entities consolidated is given in **Annexure-6**.

Outlook: Stable

The stable outlook reflects CARE Ratings' opinion that the group shall maintain its growth momentum with healthy profitability and comfortable financial risk profile over the medium term.

Detailed description of key rating drivers

Key strengths

Experienced promoters and management team

Ankush Nijhawan (co-founder of TTL) has graduated from Boston University, US, with major in marketing and psychology. Gaurav Bhatnagar (co-founder of TTL) is a computer science graduate from IIT (Indian Institute of Technology) Delhi. Promoters' extensive experience in tour and travel industry and IT (Information technology) companies has helped the group to ramp up its operations profitably.

Well-established market position in the airline ticketing and hotel segment and presence in several countries

The group has a well-established market position in the airline ticketing and hotel business segments. It currently services over 28,000 travel agents and has tie up with over 7 lakh hotels across over 100 countries. In FY24, the group earned ~56% (PY: ~60%) of its consolidated GTV from operations in India, while GTV from international operations, contributed balance 44% in FY24 (PY: 40%). Other than India, the group also has presence in other countries including, Europe, Kingdom of Saudi Arabia, United Arab Emirates, Kuwait, Qatar, Brazil, Egypt, China, and the US.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Diversified revenues from different lines of business

The group has a diversified revenue base with majority revenues being generated from hotel and allied services. The group earns net commission fees from airlines which remains low at ~2%-3%, whereas in case of hotels, it either receives commission fees or receives net rates from hotels on which it charges mark up. Fees/mark up in hotels remains at 6%-8%.

Sustained growth in scale of operations with healthy profitability margins

The group's has reported sustained growth in scale of operations in FY24, with topline growth of ~30% year-on-year (y-o-y) to ₹1,393 crore (PY: ₹1,070 crore); with GTV growing by ~19% y-o-y to ₹26,535 crore (PY: ₹22,324 crore). The growth in scale and GTV is largely driven by growing hotel and ancillary business, while sustaining airlines business. Growth in hotel and ancillary business is underpinned by inorganic growth through strategic acquisitions such as Jumbonline. In 9MFY25, the group's total operating income (TOI) grew by ~26% y-o-y to ₹1,291 crore (PY: ₹1,024 crore), with GTV of ₹23,045 crore. The share of hotel and international operations in GTV increased to 59% (FY24: 50%) and 53% (FY24: 44%), respectively in 9MFY25. In terms of profitability, PBILDT margin of the group remained largely stable at 19.52% in FY24 (PY: 20.06%). However, PBILDT margin dipped marginally in 9MFY25 to 16.53% (PY: 18.68%). Going forward, CARE Ratings expects the PBILDT margin to remain in the range of ~18%-19%.

Comfortable financial risk profile

The group's capital structure stood comfortable, as marked by overall gearing of 0.76x as on March 31, 2024 (PY: 0.26x). The group had taken a term loan of ₹135 crore in FY24, to partially fund the acquisition cost of ~₹227 crore for Jumbonline. The group has lease liabilities as part of its total debt. In addition, the group has off-balance sheet exposure in form of bank guarantee, which are provided to International Air Transport Association (IATA) and hoteliers for procuring air tickets and in lieu of the hotel booking, respectively. The group continues to have negative operating cycle. Moreover, interest coverage and total debt to gross cash accrual (TDGCA) stood comfortable at 15.04x (PY: 15.75x) and 0.89x (PY: 0.42x), respectively, in FY24. In 9MFY25, overall gearing of the company further improved to 0.24x as on December 31, 2024, largely considering equity infusion of ~₹400.00 crore through IPO and accretion of profits to net worth.

Key weaknesses

Exposure to cyclicality, seasonality and regulatory risks

Tour and travel industry is cyclical in nature being sensitive to overall economic conditions. There is seasonality involved in the group's operations, mainly with the hotel business of recently acquired Jumbonline, where revenue gets booked much earlier (mainly Q3 and Q4) than the check-ins (in Q1 and Q2), because in Europe, a large number of people are booking their summer holidays much in advance. Moreover, the group's international operations are subject to risks that are specific to each country and region in which it operates, and risks associated with international operations, in general. These risks include complying with changes in foreign laws, regulations and policies. Countries in which direct and indirect subsidiaries are located may experience economic instability, political uncertainty, inflation, and exchange control restrictions. The industry is also vulnerable to adverse regulatory changes in terms of travel restrictions as seen in the pandemic.

Foreign exchange currency risk

The group had nearly 50% of the business (GTV) from hotel and allied services in FY24 and balance from air ticketing business. The group reported loss owing to foreign currency fluctuation to the tune of ₹5.62 crore in FY24 (PY: forex gain of ₹4.76 crore). The payment for air ticketing is generally made in Indian rupee to IATA and airlines. For the business originating from India for the international hotels, nearly 25% of the payment is done in Indian rupee and balance is done in different currencies. For hedging of the foreign currency risks in India, the group enters forward contracts and levies forex currency mark-ups on travel agents. For hotels business outside of India, while there is natural hedge as group is buying and selling in different currencies, but group has also started hedging where there is a gap in receipts and payments in different currencies. The hedge ratio of the group usually remains between 70% and 100%. There exists a contingency that may arise out of adverse final outcome of the show cause notice received for certain non-compliances under FEMA. The post facto approval for regularisation of transactions is awaited from Reserve Bank of India (RBI), post which TTL shall file for fresh compounding application with RBI.

Highly competitive and fragmented nature of tourism industry leading to intense competition

Indian tours and travel industry is highly fragmented, with large number of small un-organised tour operators and established players, MakemyTrip, Expedia, among others resulting in intense competition within the tourism space. With advent of newer forms of booking travel tickets (smart phones, internet, and social media), the group's ability to garner higher sales is critical owing to intense competition prevalent in the industry. However, comfort can be derived from the well-experienced management and established brand presence of TBO.

Liquidity: Strong

The group has a strong liquidity position as characterised by adjusted free cash and liquid investments of ~₹544 crore as on December 31, 2024. The sanctioned working capital limits remains unutilised for trailing 12 months ended February 28, 2025. Average utilisation of non-fund-based BG limits stood moderate at ~77% for trailing 12 months ending January 31, 2025. The group has not made any firm commitment for any new acquisition at this point of time.

Environment, social, and governance (ESG) risks

Environmental: The group is engaged in providing tech-enabled services facilitating tour and travel. As such, its operations do not directly impact the environment at large. However, the group is committed to implementing practices that minimise environmental impact and contribute to a more sustainable future for all stakeholders. Such practises include supporting and funding renewal energy research at educational institutions, and cleanliness drives, among others.
Social: In FY24, the group expended ₹0.92 crore on Corporate Social Responsibility (CSR) activities such as funding school development projects, providing scholarships, sponsoring toilet block enhancements and water tank construction at educational institutions, and training programmes enabling women empowerment, among others.
Governance: TTL's senior leadership comprises four independent directors. The Board of directors, through its committees, oversees the ESG initiatives and performance. They are also responsible for ensuring that the company adheres to the statutory and regulatory compliances as applicable.

Applicable criteria

Consolidation
Definition of Default
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Short Term Instruments
Service Sector Companies

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Consumer services	Leisure services	Tour, travel related services

TTL (formerly TBO Tek Private Limited and Tek Travels Private Limited), was founded in 2006 by Ankush Nijhawan and Gaurav Bhatnagar. It operates online platform, Travelboutiqueonline.com (TBO), and has diverse product offerings which include airline reservation, hotel reservation, holiday package deal, rail travel, and travel insurance. It provides an online platform to travel agents globally, which allows them to search and book travel supply worldwide. The platform acts as a bridge between travel suppliers such as airlines, hotels, car rental providers, sightseeing providers on one side and travel buyers such as travel agencies, online travel agencies (OTAs), and to operators on the other side.

Brief Financials (₹ crore) Consolidated	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA) *
Total operating income	1069.35	1392.82	1291.34
PBILDT	214.49	271.85	213.50
PAT	148.49	200.57	170.98
Overall gearing (times)	0.26	0.76	0.24
Interest coverage (times)	15.75	15.04	11.98

A: Audited, UA: Unaudited, Note: these are latest available financial results.;*refers to April 01, 2024, to December 31, 2024.

Brief Financials (₹ crore) Standalone	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA) *
Total operating income	476.76	543.56	429.90
PBILDT	101.83	97.77	54.39
PAT	51.70	47.18	48.23
Overall gearing (times)	0.25	0.24	NA
Interest coverage (times)	10.01	8.42	9.89

A: Audited, UA: Unaudited, NA: Not available, Note: these are latest available financial results; *refers to April 01, 2024, to December 31, 2024.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Working Capital Limits		-	-	-	35.50	CARE A-; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	405.00	CARE A-; Stable / CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	405.00	CARE A-; Stable / CARE A2+	1)CARE A-; Stable / CARE A2+ (02-Apr-24)	-	1)CARE A-; Stable / CARE A2+ (27-Mar-23) 2)CARE BBB+; Stable / CARE A2 (01-Apr-22)	-
2	Fund-based - LT-Working Capital Limits	LT	35.50	CARE A-; Stable	1)CARE A-; Stable (02-Apr-24)	-	1)CARE A-; Stable (27-Mar-23) 2)CARE BBB+; Stable (01-Apr-22)	-

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Working Capital Limits	Simple
2	Non-fund-based - LT/ ST-Bank Guarantee	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Name of companies/entities	Extent of consolidation	Rationale for consolidation
Tek Travels DMCC	Full	Wholly owned Subsidiary
TBO Cargo Private Limited	Full	Wholly owned Subsidiary
TBO Holidays Brasil Agencia De Viagens E Reservas Ltda	Full	Step-down Subsidiary*
TBO Holidays Europe B.V.	Full	Step-down Subsidiary*
TBO Holidays Hongkong Limited	Full	Step-down Subsidiary*
TBO Holidays Pte Limited	Full	Step-down Subsidiary*
TBO Holidays Malaysia Sdn. Bhd.	Full	Step-down Subsidiary*
Travel Boutique Online S.A. De C.V	Full	Step-down Subsidiary*
TBO Technology Services DMCC	Full	Step-down Subsidiary*
TBO Technology Consulting Shanghai Co., Limited	Full	Step-down Subsidiary*
Tek Travels Arabia Company for Travel and Tourism	Full	Step-down Subsidiary*
TBO LLC	Full	Step-down Subsidiary*
United Experts for Information Systems technology Co. (LLC)	Full	Step-down Subsidiary*
BookaBed AG	Full	Step-down Subsidiary*
TBO Tek Ireland Limited	Full	Step-down Subsidiary*
JUMBONLINE ACCOMMODATIONS & SERVICES, S.L.U.	Full	Step-down Subsidiary*

*Subsidiary of Tek Travels DMCC

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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