

Bharath International Travels (Mysore) Private Limited

February 24, 2020

Ratings

Facilities	Amount (Rs. Crore)	Ratings ¹	Rating Action
Long –term Bank Facilities	4.35	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable Issuer Not cooperating)	Issuer Not Cooperating; Revised from CARE BB-; Stable (Double B Minus; Outlook; Stable) Based on best available information*
Short-term Bank Facilities	1.00	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING)	Issuer Not Cooperating; Based on best available information*
Total Facilities	5.35 (Five Crore and thirty five lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Bharath International Travels (MYSORE) Private Limited (BITPL) to monitor the rating vide e-mail communications/ letters dated November, 2019 to February, 2020 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the rating. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of best available information which however, in CARE's opinion is not sufficient to arrive at fair rating. The rating on BITPL bank facilities will now be denoted as **CARE B+;Stable /CARE A4; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

Detailed Rationale & Key Rating Drivers

At the time of last rating on December 05, 2018 the following were the rating strengths and weaknesses

Key Rating Weaknesses

Key Rating Weaknesses

Small scale of operations with low net worth base

Despite continues improvement over the last 4 years, the scale of operations of the company remained small marked by TOI of Rs 9.04 crore in FY18 and Rs 7.57 crore in FY17. The net worth of the company remained low at Rs 3.45 crore.

Deterioration in capital structure and debt coverage indicators

The overall gearing ratio of the company deteriorated and stood at 1.67x as on March 31, 2018 as compared to 0.90x and 0.71x as on March 31, 2017 and March 31, 2016 respectively. The deterioration is on account of new term loans availed for purchase of new vehicles and increased working capital utilizations. The debt coverage ratios marked by TD/GCA and interest coverage ratios declined since FY16 due to increased debt levels and interest costs. TD/GCA stood at 4.33x in FY18 as compared to 2.50x and 1.40x in FY17 and FY16 respectively while interest coverage ratio stood at 3.52x in FY18 as compared to 1.91x and 5.57x in FY17 and FY16 respectively.

The TD/CFO increased and stood at 21x as on March 31, 2018 as compared to 2.x as on March 31, 2017 mainly on account of increase in total debt and repayment to creditors. Despite an improvement in the trade receivables for less than 6 months in FY18 as compared to FY17, it continued to be weak.

Decline in profit margins

The PBILD margin declined in FY17, however, it later improved in FY18. It stood at 20.69% and 13.52% in FY18 and FY17 respectively as compared to 27.14% in FY16. The sharp decline in the PBILD margin was mainly on account of increase in employee costs (major cost factor) in FY17 and FY18. It however improved in FY18 due to growth in the commissions received.

The PAT margins also declined in FY17 and FY18 standing at 2.18% and 2.04% respectively as compared to FY16 which stood at 12.38%. The decline in net profit margins is attributed to increase in depreciation costs with addition of new vehicles and interest and finance charges due to the new vehicle loans taken and increased working capital utilizations to meet the daily working needs of the company.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Key Rating Strengths

Long track record of the entity and experience of the promoters for more than two decades in travel agency industry

BITPL was incorporated in the year 1990 by Mrs. Y. M .Salian (Managing Director), Mr. M. R. Salian (Director) and Mr. Manish Salian (Director). Mrs. Y. M. Salian and Mr. M. R. Salian are graduates by qualification and both have more than two decades of experience in travel agency industry. Mr. Manish Salian is Engineer by qualification and has more than eight years of experience in the same industry. The promoters also have an associate concern viz. BIT Air Travels Private Limited engaged in similar nature of business operations.

Increase in total operating income

The total operating income of the company has been increasing year on year standing at Rs.9.05 crore in FY18 as compared to Rs. 7.57 crore and Rs 7.19 crore in FY17 and FY16 respectively on back of increase in booking orders received from the addition of new clients like A T & S India Private Limited, Asian Paints Limited and The West Coast Paper Mills Limited.

Improvement in Operating Cycle days

The operating cycle days of the company improved and stood comfortable at 50 days in FY18. The high collection and creditor days are mainly on account of high receivables and payables amount in absolute terms during the closing date of March 31, 2018 and March 31, 2017. As on March 31, 2018, the total receivables stood at Rs 7.55 crore as compared to Rs 9.37 crore as on March 31, 2017.

Moderate industry outlook and growth prospects

The travel and tourism industry has emerged as one of the largest and fastest growing economic sectors globally .The Indian travel and tourism industry, set to grow at 12% CAGR over the next three years, is the second fastest growing market, following China, which is growing at 16%. With more than 1.1 billion inhabitants and GDP increasing by more than seven percent every year, India offers enormous potential for future growth in outbound travel. Whether it is to meet a relative settled abroad, a shopping trip, a global sport event or just for leisure, Indians are increasingly travelling abroad. Personal and Official Travel for holiday/ leisure, business and MICE tourism are the most significant contributors for growing outbound travel

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning Outlook to Credit ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology - Service Sector Companies](#)

About the Company

Bharath International Travels (MYSORE) Private Limited (BITPL), was incorporated in the year 1990 by Mr. Y. M. Salian, Mr. M.R. Salian and Mr. Manish Salian at Lakshmiipuram, Mysore, Karnataka. The company is engaged in travel agency services like air international/domestic bookings, train/bus bookings, car/bus rentals, hotel reservations, foreign tours, visa assistance, international and domestic tours and packaged tours among others. The company is an ISO 9001:2000 certified company. BITPL is an IATA (International Air Transport Association) accredited agency and affiliated to the Uniglobe network. The company has reputed clientele like Infosys Limited, Wipro Limited, and LG Electronics India Private Limited among others. The company has 200 vehicles in total, containing buses, cars and taxis among others.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	7.57	9.04
PBILDT	1.02	1.87
PAT	0.17	0.18
Overall gearing (times)	0.90	1.67
Interest coverage (times)	1.91	3.52

A: Audited,

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Bank Overdraft	-	-	-	3.85	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information
Fund-based - LT-Cash Credit	-	-	-	0.50	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	1.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

*Issuer not cooperating; based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Bank Overdraft	LT	3.85	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information	-	1)CARE BB-; Stable (05-Dec-18)	1)CARE BB-; Stable (03-Oct-17)	-
2.	Fund-based - LT-Cash Credit	LT	0.50	CARE B+; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB-; Stable on the basis of best available information	-	1)CARE BB-; Stable (05-Dec-18)	1)CARE BB-; Stable (03-Oct-17)	-
3.	Non-fund-based - ST-Bank Guarantees	ST	1.00	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE A4 (05-Dec-18)	1)CARE A4 (03-Oct-17)	-

*Issuer not cooperating; based on best available information

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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