

AUGUST 09, 2016

**CARE ASSIGNS 'CARE BBB' AND 'CARE A3' RATING TO BANK FACILITIES OF
TEK TRAVELS PRIVATE LIMITED**

Ratings

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long term Bank Facilities	8.50	CARE BBB (Triple B)	Assigned
Long/Short term Bank Facilities	113.50	CARE BBB/ CARE A3 (Triple B/ A Three)	Assigned
Total Facilities	122.00 (Rs. One hundred and twenty two crore only)		

Rating Rationale

The ratings assigned to the bank facilities of Tek Travels Private Limited (TTPL) derive strength from the experience of the promoters and management team, well established market position in the airline ticketing and hotel segment backed by a comprehensive product portfolio, continuous increase in scale of operations, healthy capital structure with no long term debt and low working capital utilization.

However, the ratings are constrained by the moderate profitability margins, geographical concentration of revenue, operations in a cyclical industry and highly competitive and fragmented nature of tourism industry leading to intense competition.

Going forward, the ability of the company to profitably improve its scale of operations along with maintenance of capital structure will be the key rating sensitivities.

Background

Tek Travels Pvt Ltd (TTPL), founded in 2006 by Mr. Ankush Nijhawan and Mr. Gaurav Bhatnagar, operates online platform, Travelboutiqueonline.com (TBO), which allows travel agents to search and book travel content - airlines, hotels, rail, and travel insurance. The company offers services in the business-to-business (B2B) segment. The company is an International Air Transport Association (IATA) registered ticketing agency.

TTPL has two subsidiaries in Dubai (started in 2012) and Brazil (started in 2016) respectively. These companies run online hotel portal. TTPL group currently provides service to over 21,000 travel agents across more than 50 countries. The group has physical presence in 15 countries. In India, TTPL has physical presence in 45 cities and agent base in more than 330 cities.

During FY15 (refers to the period April 1 to March 31), on a standalone basis, TTPL registered a total operating income of Rs.138.09 crore (P.Y: Rs.102.33 crore) with PAT of Rs.10.97 crore (P.Y: loss of Rs.7.16 crore). During FY16 (refers to the period April 1 to March 31- provisional financials), on a standalone basis, TTPL achieved a total income of Rs.177.33 crore with PAT of Rs.7.23 crore and PBT of Rs 12.30 crore (P.Y: Rs 9.22 crore).

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

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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