CARE Ratings
Professional Risk Opinion

Tek Travels Pvt. Ltd.

November 10, 2017

Ratings

Facilities	**Amount (Rs. crore)**	**Rating[1]**	**Rating Action**
Long-term/Short-term Bank Facilities	125.00 (enhanced from 113.50)	**CARE BBB+; Stable/CARE A3+ (Triple B Plus; Outlook: Stable/ A Three Plus)**	Revised from CARE BBB; Stable/CARE A3 (Triple B; Outlook: Stable/ A Three)
Long-term Bank Facilities	15.50 (enhanced from 8.50)	**CARE BBB+; Stable (Triple B Plus; Outlook: Stable)**	Revised from CARE BBB; Stable (Triple B; Outlook: Stable)
Total Facilities	**140.50 (Rupees One Hundred and forty crore and fifty Lacs only)**		

[1]*Details of instruments/facilities in Annexure-1*

Detailed Rationale& Key Rating Drivers

The revision in the ratings assigned to the bank facilities of Tek Travels Private Limited (TTPL) takes into account growth in scale of operation, expansion in profit margins and the company's comfortable financial risk profile marked by comfortable debt coverage indicators as well as healthy liquidity position. The ratings continue to derive strength from the experienced promoters and management team, well established market position in the airline ticketing and hotel segment with a diverse product portfolio & increasing geographical presence. However, the ratings are constrained by cyclical nature of business and highly competitive and fragmented nature of tourism industry leading to intense competition.

Going forward, the ability of the company to report envisaged growth in scale of operations, sustain moderate profitability margins and maintain a healthy capital structure shall be the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Growth in scale of operations and expansion in profitability margins:TTPL registered a y-o-y increase of 25.46% in consolidated Gross Merchandise Value (GMV) during FY17 led by growth in both air and non-air segment business. As a result, the company's consolidated total operating income grew by 34% to Rs.285.29 crore during FY17 (PY: Rs.213.64 crore). Its consolidated PBILDT and PAT Margins improved to 15.84% (PY: 10.30%) and 10.13% (PY: 7.52%) respectively in FY17 largely backed by increase in business from the hotel-segment.

Comfortable financial risk profile:TTPL has a healthy capital structure with limited reliance on borrowings and strong net-worth. The interest and finance charges marginally declined to Rs.2.85 crore in FY17 (PY: Rs. 2.89 crore). As a result, its Interest coverage ratio improved to 15.86x for FY17 (PY: 7.61x). The bank guarantees issued by TTPL stood at Rs.54.11 crore as on September 30, 2017. The BG utilization has reduced on account of credit insurance of Rs. 48 crore taken from Iffco-Tokio General Insurance Company by IATA on TTPL.

Experienced promoters and management team:MIH India Holdings Ltd and LAP Travel Pvt. Ltd. holds 51.85% and 24.07% stake in TTPL, respectively. MIH India Holdings Ltd. is a subsidiary of South African media conglomerate-Naspers. Naspers has other investments in online travel businesses such as MakeMyTrip, Goibibo and Redbus among others. Nijhawan group has invested in TTPL through LAP Travel Pvt. Ltd. Nijhawan Group has over 38 years of experience in this field.

Well-established market position in the airline ticketing and hotel segment:TTPL group has a well-established market position in the airline ticketing segment and hotel segment as the company has physical presence in 45 cities and agent base in more than 330 cities in India. It currently services over 34000 travel agents across more than 50 countries. The company has physical presence in 21 countries.

Increasing geographical presence & diversified revenue base:TTPL Group has to some extent diversified its geographic presence across MENA countries, however, India still contributed 85.35% (PY: 87.17%) of the GMV in FY17. During FY17, MENA & other countries (mainly Saudi Arabia, UAE, Kuwait, Qatar, Iran, Egypt) contributed 14.64% (PY: 12.83%) of GMV. TTPL group realized major portion of its revenues from commission income from airline ticketing business and hotel reservation business. Also, the group realized some of its revenues from rendering technical services like portal services etc.

Key Rating Weaknesses

Highly competitive and fragmented nature of tourism industry leading to intense competition:The Indian tours and travels industry is highly fragmented, with a large number of small unorganized tour operators as well as established players, ie, MakemyTrip, Thomas Cook, Cox & Kings among others resulting in intense competition within the tourism space. However, comfort can be derived from the well-experienced management and established brand presence of TTPL.

Analytical approach:*Consolidated*

Since, TTPL and its wholly owned subsidiaries are into similar line of business with a common management, a consolidated approach has been considered in credit risk assessment.

Applicable Criteria

Criteria on assigning Outlook to Credit Ratings
Factoring Linkages in Ratings
CARE's Policy on Default Recognition
Criteria for Short Term Instruments
Rating Methodology-Service Sector Companies
Financial ratios – Non-Financial Sector

About the Company

Tek Travels Pvt Ltd (TTPL), founded in 2006 by Mr. Ankush Nijhawan and Mr. Gaurav Bhatnagar, operates online platforms- Travelboutiqueonline.com (TBO) has diverse product offerings which include airline reservation, hotel reservation, holiday package deal, rail travel and travel insurance. The company offers services in business to business (B2B) segment. It is an International Air Transport Association (IATA) registered ticketing agency. Travel Boutique Online (TBO) portal earns majority of the revenue from airline and hotel reservation. TTPL has two subsidiaries in Dubai (started in 2012) and Brazil (started in 2016). These companies run online hotel portal. The total Gross Merchandise Value (GMV) earned by TTPL from Indian entity in FY17 was Rs. 4,696.52 crore (PY: Rs. 3,822.90 crore) and from Dubai subsidiary was Rs 805.50 crore (Rs. 562.50 crore).

Brief Financials (Rs. crore)	FY16 (A)	FY17 (A)
Total operating income	213.64	285.29
PBILDT	22.00	45.18
PAT	16.08	28.91
Overall gearing (times)	-	-
Interest coverage (times)	7.61	15.86

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

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.*

Analyst Contact:
Name: Ajay Dhaka
Tel: +91-11-45333218
Mobile: +91-8826868795
Email: ajay.dhaka@careratings.com

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

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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
Non-fund-based - LT/ ST-Bank Guarantees	-	-	-	125.00	CARE BBB+; Stable / CARE A3+
Fund-based - LT-Bank Overdraft	-	-	-	15.50	CARE BBB+; Stable

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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Non-fund-based - LT/ ST-Bank Guarantees	LT/ST	125.00	CARE BBB+; Stable / CARE A3+	1)CARE BBB; Stable / CARE A3 (28-Apr-17)	1)CARE BBB / CARE A3 (09-Aug-16)	-	-
2.	Fund-based - LT-Bank Overdraft	LT	15.50	CARE BBB+; Stable	1)CARE BBB; Stable (28-Apr-17)	1)CARE BBB (09-Aug-16)	-	-

CONTACT

Head Office Mumbai

Ms. Meenal Sikchi
Cell: + 9198190 09839
E-mail: meenal.sikchi@careratings.com

Mr. Ankur Sachdeva
Cell: + 9198196 98985
E-mail: ankur.sachdeva@careratings.com

Ms.Rashmi Narvankar
Cell: + 9199675 70636
E-mail: rashmi.narvankar@careratings.com

Mr. Saikat Roy
Cell: + 9198209 98779
E-mail: saikat.roy@careratings.com

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Ltd.)

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com

AHMEDABAD
Mr. Deepak Prajapati
32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015
Cell: +91-9099028864
Tel: +91-79-4026 5656
E-mail: deepak.prajapati@careratings.com

BENGALURU
Mr. V Pradeep Kumar
Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.
Cell: +91 98407 54521
Tel: +91-80-4115 0445, 4165 4529
Email: pradeep.kumar@careratings.com

CHANDIGARH
Mr. Anand Jha
SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh
Cell: +91 85111-53511/99251-42264
Tel: +91-0172-490-4000/01
Email: anand.jha@careratings.com

CHENNAI
Mr. V Pradeep Kumar
Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.
Cell: +91 98407 54521
Tel: +91-44-2849 7812 / 0811
Email: pradeep.kumar@careratings.com

COIMBATORE
Mr. V Pradeep Kumar
T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.
Tel: +91-422-4332399 / 4502399
Email: pradeep.kumar@careratings.com

HYDERABAD
Mr. Ramesh Bob
401, Ashoka Scintilla, 3-6-502, Himayat Nagar,
Hyderabad - 500 029.
Cell : + 91 90520 00521
Tel: +91-40-4010 2030
E-mail: ramesh.bob@careratings.com

JAIPUR
Mr. Nikhil Soni
304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.
Cell: +91 – 95490 33222
Tel: +91-141-402 0213 / 14
E-mail: nikhil.soni@careratings.com

KOLKATA
Ms. Priti Agarwal
3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.
Cell: +91-98319 67110
Tel: +91-33- 4018 1600
E-mail: priti.agarwal@careratings.com

NEW DELHI
Ms. Swati Agrawal
13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.
Cell: +91-98117 45677
Tel: +91-11-4533 3200
E-mail: swati.agrawal@careratings.com

PUNE
Mr.Pratim Banerjee
9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.
Cell: +91-98361 07331
Tel: +91-20- 4000 9000
E-mail:pratim.banerjee@careratings.com

CIN - L67190MH1993PLC071691