

RATING RATIONALE

07 Jan 2020

Akbar Travels Of India Pvt. Ltd

Brickwork Ratings assigns ratings for the Bank Loan Facilities of ₹. 263.00 Crores of Akbar Travels Of India Pvt. Ltd (ATIPL or “The Company”)

Particulars

Facility/ Instrument	Amount (₹ Cr)	Tenure	Rating*
Fund based	223.00	Long Term	BWR BBB- Stable
Non Fund Based	40.00	Short Term	BWR A3
Total	263.00	INR Two Hundred and Sixty Three Crores Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

* Details of Bank facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

BWR has essentially relied upon the company’s audited financial results upto FY19, projections upto FY21 as well as publicly available information and the information/clarifications provided by the company.

The rating has factored, inter alia, financial profile, experience and track record of the promoters of ATIPL and the company’s diversified operations. However the rating is constrained by working capital intensive nature of operations and fragmented nature of the travel industry.

BWR believes Akbar Travels Of India Pvt. Ltd business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term.

KEY RATING DRIVERS

Credit Strengths

- The company has registered a net profit (standalone) of Rs. 18.94 Cr on a revenue (standalone) of Rs. 166.45 Cr for FY19 with an operating margin of ~34%. Company’s net worth (standalone) as on 31.03.2019 is Rs. 231.08 Cr as against Rs. 213.12 Cr as on 31.03.2018. There has been a decrease in revenue and profit in FY 19 vis-a-vis FY 18 on account of the closure of Jet Airways. However the company has diversified its operations by acquiring new clientele and is expected to improve the revenue and profitability in the near term. The company has clocked a revenue (standalone) of Rs. 116.25 Cr in the first eight months of FY 19-20 ended on 30.11.2019 as against Rs. 112.45 Cr in the first eight months of FY 18-19 ended on 30.11.2018.

- The promoters of the company has an experience of more than four decades in the travel industry, and this has enabled them to develop healthy business relationships with corporate customers and airlines.
- Company has diversified operations in travel-related segments such as foreign exchange services, car rental services, holiday packages, visa services, and Hajj packages.

Credit Risks:

- The company has substantial working capital requirements as it has to make weekly payments to airlines against credit of 60-90 days given to corporate customers. Timely realisation of sales from customers is a key rating sensitivity factor.
- The travel industry is fragmented and is also tied to economic cycles. During economic slowdown, people and businesses tend to cut back on travel. Also, any weakening in the financial health of corporate customers and decline in their spending could have an adverse effect on the company's revenue.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has assessed the standalone/consolidated financials of Akbar Travels Of India Pvt. Ltd and has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Positive: Substantial scale up in operations, improvement in profitability and debt protection metrics

Negative: Deterioration in profitability and/or working capital cycle.

LIQUIDITY POSITION

The liquidity position of the company in relation to its scale of operation is adequate. Repayment obligation for FY 19-20 is Rs. 2.28 Cr. As on 31.03.2019 company has cash and bank balance of Rs. 33.19 Cr (other than Rs. 51.85 Cr fixed deposits kept as margin money in the form of fixed deposits with banks). Current ratio as on 31.03.2019 is 1.28 times.

COMPANY PROFILE

Akbar Travels was incorporated in 1978 as a proprietorship concern by Mr. K V Abdul Nazar. Later on in the year 2001 it was converted into private limited company i.e. Akbar Travels of India Pvt. Ltd. (ATIPL).

ATIPL is engaged in the business of International & Domestic Air Ticketing, Foreign Exchange [FFMC], Hotel Bookings, Visa Servicing, Haj & Umrah Services, Travel Insurance, Car Rental Services, Cruise and Railway bookings and Holiday Packages.

Presently the company is managed by Mr. K V Abdul Nazar and his wife Mrs. Noorjahan Abdul Nazar in the capacity of directors.

ATIPL's head office is located at Near Crawford Market in Mumbai and has a pan India

presence with offices located in cities like Mangalore, Cochin, Trivandrum, Chennai, Delhi, Kolkata, Jalandhar, Ahmedabad, Bangalore, Lucknow, among others. Further post establishing itself in India, ATIPL have set up its offices across the country in the Middle East and U.S.A.

KEY FINANCIAL INDICATORS

Standlaone

Key Parameters	Units	FY18	FY19	Apr-Nov FY19*	Apr-Nov FY20*
Result Type		Aud.	Aud.	Un-Aud.	Un-Aud.
Operating Revenue	Rs. Cr	194.98	166.45	112.45	116.25
OPBITDA	Rs. Cr	91.65	56.99	-	-
PAT	Rs. Cr	23.47	18.94	14.47	17.49
Tangible Net worth	Rs. Cr	213.12	231.08	-	-
Total Debt/Tangible Net worth	Times	1.17	1.06	-	-
Current Ratio	Times	1.28	1.28	-	-
*Apr-Nov Financials as certified by management					

Consolidated

Key Parameters	Units	FY17	FY18
Result Type		Audited	Audited
Operating Revenue	Rs. Cr	184.47	214.99
OPBITDA	Rs. Cr	64.90	94.04
PAT	Rs. Cr	22.82	23.59
Tangible Net worth	Rs. Cr	195.63	218.97
Total Debt/Tangible Net worth	Times	1.09	1.20
Current Ratio	Times	1.28	1.25
Company has subsidiaries outside India out of which a company follow Jan-Dec financial calendar. Consolidated financials of FY 18-19 is not yet ready.			

Standalone Financials for consolidated Entities (In Rs. Cr)*

	Revenue		PAT		TNW	
	FY18	FY19	FY18	FY19	FY 18	FY19
Akbar Travels of India & Partners LLC (Oman)	7.32	27.82	0.85	3.83	6.59	10.95
Akbar Travels of India Ltd (USA)^	4.71	10.63	0.13	0.90	-0.34	0.55
Akbar Travels of India Ltd (UK)	15.25	18.60	-2.88	-2.80	-0.84	-3.48
Akbar Travels of India Co WLL (Qatar)	11.29	9.92	3.05	1.07	15.09	17.15
Akbar Travels of India Pvt LLC (UAE)	77.64	79.16	0.02	0.15	4.82	5.29
Akbar Travels of India SDN.BHD (Malaysia)	0.89	1.17	0.06	0.00	0.54	0.55
Akbar Travels of India WLL (Kuwait)	25.29	32.56	0.79	1.14	3.33	4.87
Akbar Group International DMCC	0.27	0.14	0.18	0.04	1.85	2.01
*As certified by management						
^Akbar Travels of India Ltd (USA) follows Jan - Dec Financial calendar. Hence the figures are as of FY 17 (instead of FY18) & FY18 (instead of FY19) .						

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED - NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY - Ratings migrated to 'IND BB+(Stable)/A4+ Issuer not cooperating' from 'IND BBB-(Stable)/A3' on 09.09.2019

RATING HISTORY

Instrument	Current Rating			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	2019	2018	2017
Fund Based	Long Term	223.00	BWR BBB- Stable	-	-	-
Non Fund Based	Short Term	40.00	BWR A3	-	-	-
Total		263.00	INR Two Hundred and Sixty Three Crores Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

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Akbar Travels Of India Pvt. Ltd

**ANNEXURE I
Details of Bank Facilities rated by BWR**

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term ₹ Cr	Total ₹ Cr
1	Bank of Baroda	Cash Credit Overdraft Inland Guarantee	135.00 15.00	40.00	190.00
2	South Indian Bank	Term Loan	0.48		0.48
3	Federal Bank	Overdraft	4.25		4.25
4	Union Bank	Corporate Credit Card Cash Credit	50.00 (50.00)		50.00
5	Axis Bank	Cash Credit WCDL	17.50 (16.00)		17.50
6	TBD	Proposed Fund Based	0.77		0.77
TOTAL					263.00

ANNEXURE II

List of entities consolidated as of 31-March-2018:

S.No.	Name of the company	Shareholding %	Consolidation %
1	Akbar Travels of India & Partners LLC (Oman)	55%	100% to the extent of shareholding
2	Akbar Travels of India Ltd (USA)	100%	
3	Akbar Travels of India Ltd (UK)	100%	
4	Akbar Travels of India Co WLL (Qatar)	49%	
5	Akbar Travels of India Pvt LLC (UAE)	49%	
6	Akbar Travels of India SDN.BHD (Malaysia)	30%	
7	Akbar Travels of India WLL (Kuwait)	49%	
8	Akbar Group International DMCC	100%	



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