

17 February 2014
CMP: Rs.27.0

Industry: Travel support services

BSE group/index: S&P BSE SME

Promoters

Raju Jashwantlal Choksi and family

Year of incorporation

2013

Registered office

 F- 22-23-24, Jolly Arcade,
 Ghod Dod Road,
 Surat- 395007
 Gujarat

Company website
<http://www.ace1world.com/>
Key Data (as on 17 Feb'14)

BSE	536492	ISIN	INE926001019
Face Value	10.0	Mkt Cap (Rs.mn)	340
Current P/E	Not available	Current P/BV	Not available
52 week high-low	47.2-19.5	30 day daily trading volume (nos.)	Nil
Equity capital (Rs.mn)	70.2	Net worth (Rs.mn)	71.9

Company business

Ace Tours Worldwide Ltd ('Ace Tours') provides travel and leisure services to corporate and individual customers in India. The company offers international and domestic individual and group tours, meetings and incentives, cruise tours and other specially planned trips. It also provides online travel bookings, including railway tickets, air tickets and worldwide hotel bookings.

The company was founded in 1996 and is headquartered in Surat, India.

Ace Tours launched IPO on 9 September 2013 with an issue size of 5 mn equity shares of face value Rs.10. The shares were issued at a premium of Rs.6.0 per share. The company raised a sum of Rs.80.0 mn net of the issue related expenses. The shares were listed under BSE on 26 September 2013.

Peer group analysis – Standalone financials
Financials - Standalone

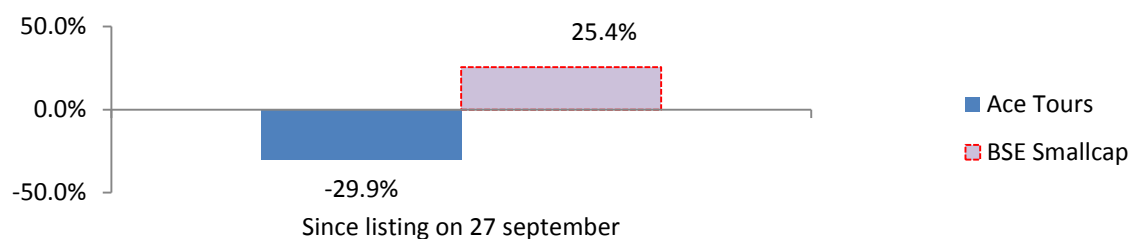
FY12, Rs.mn	Ace Tours ¹	Trade Wings ²	Intl Travel House ²
Total income	195.6	178.6	1665.0
EBIDTA	15.7	24.6	384.6
EBIDTA margin	8.0%	13.8%	23.1%
PBT	2.4	6.1	278.0
PAT	1.6	3.9	190.6
PAT margin	0.8%	2.2%	11.4%
EPS	0.2	1.3	23.8
Cash accruals	7.5	5.8	296.7
BV/share	11.5	21.6	129.5
Debt/EBIDTA	3.9	3.5	0.0
Debt/Equity	0.7	1.34	0.00
ROANW	8.2%	6.2%	32.2%
ROACE	4.7%	2.3%	31.9%
P/E	-	92.4	7.5
P/BV	-	5.6	1.4
Face value	10.0	10.0	10.0

Source: Moneycontrol, Company

^{1,2} In absence of data the financial of peer companies are taken for FY12. The financial of Ace tours is for FY13.

Write to us at:
equity.research@outlook.com

Price Performance



Public shareholders with >1% shareholding

Sl. No.	Name of the Shareholder	No. of Shares held (mn)	Shares as % of Total No. of Shares
1	Benett Coleman & Company Ltd	0.76	5.96
2	Alps Motor Finance Ltd	0.66	5.20
3	Amit Kumar Saxena	0.46	3.66
4	Vishvas Projects Ltd	0.40	3.16
5	Rajeev Kumar	0.40	3.16
6	Vishal Yadav	0.39	3.09
7	Gajender Kumar Tyagi	0.39	3.09
8	Lalit Kumar	0.26	2.08
9	Aavia Buildtech Pvt Ltd	0.25	1.96
10	Sunflower Broking Pvt Ltd	0.25	1.96
11	Sunila Rai Verma	0.25	1.96
12	Raj Kumar	0.25	1.96
13	Mahadushi International Trade Ltd	0.14	1.14
14	Anuriti Multy Broking Pvt Ltd	0.18	1.45
	Total	5.04	39.84

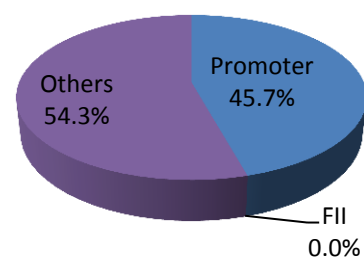
Source: BSE

Change in Shareholding Pattern (%)

Year	Promoter	DII	FII	Others
Sep-13	45.7	0.0	0.0	54.3

Source: BSE

Shareholding Pattern (%)



Source: BSE, as at 30 Sept 2013

Key strength

Integrated provider

The company is an integrated provider of travel and travel related services such as travel management, airline ticket and hotel booking, package tours and travel insurance services to domestic and foreign tourists and business travelers. The cross selling of products facilitates the customers and therefore the company has an unique selling proposition.

Established customer base

The company provides travel and related services to leading corporates of India. The company has gained experience in servicing institutional as well as individual clients. The company serves the institutional customers such as: LIC of India, Motilal Oswal, Asian Paints, JM Financial Services, LIC Mutual Fund, Siemens, Torrent Pharmaceuticals and others.

Key concerns

Dependency on other business associates

The company is largely dependent on various business associates, both in India and abroad for travel bookings and other related services. Any failure on their part to honor commitments may have adverse effect on the company's business.

Competitive environment

The company operates in a highly competitive market. Many Indian and foreign players have entered the market both in online and offline space. There is high competition in the organized and unorganized sectors adversely impacting the operation and profitability of the company.

Industry overview

Market size

The total market size of tourism and hospitality industry in India stood at USD 117.7 bn and is estimated to touch USD 418.9 bn by 2022. Indian medical tourism industry is estimated to grow at a CAGR of ~20% during 2013-2015.

Seasonal business

Revenues from the travel and tourism industry segment are affected by seasonality and depend on various factors such as school and public holidays, weather conditions and the law and order situation in the travel destinations.

Industry dependent on large networks

The travel industry largely operates through associate networks. Any delay on the part of network partners impact on the profitability of business.

The industry helps to generate employment

Tourism industry is directly driven by growth in GDP. The tourism industry contributed 6.2% to the national GDP, and provides total of 8.8% employment generation.

Government policy

The government has allowed 100% foreign investment under the automatic route in the hotel and tourism related industry. FDI inflows in hotel and tourism sector during April-November 2013 stood at USD 6.8 bn.

Company fundamentals

Launched IPO, Increased equity capital in FY11

Ace Tours launched IPO on 9 September 2013 with an issue size of 5 mn equity shares of face value Rs.10. The shares were issued at a premium of Rs.6.0 per share. The company raised a sum of Rs.80.0 mn net of the issue related expenses. The shares were listed under BSE on 26 September 2013.

Key financial indicators

The FY12 financial data are not disclosed by the company. The company has not published annual report.

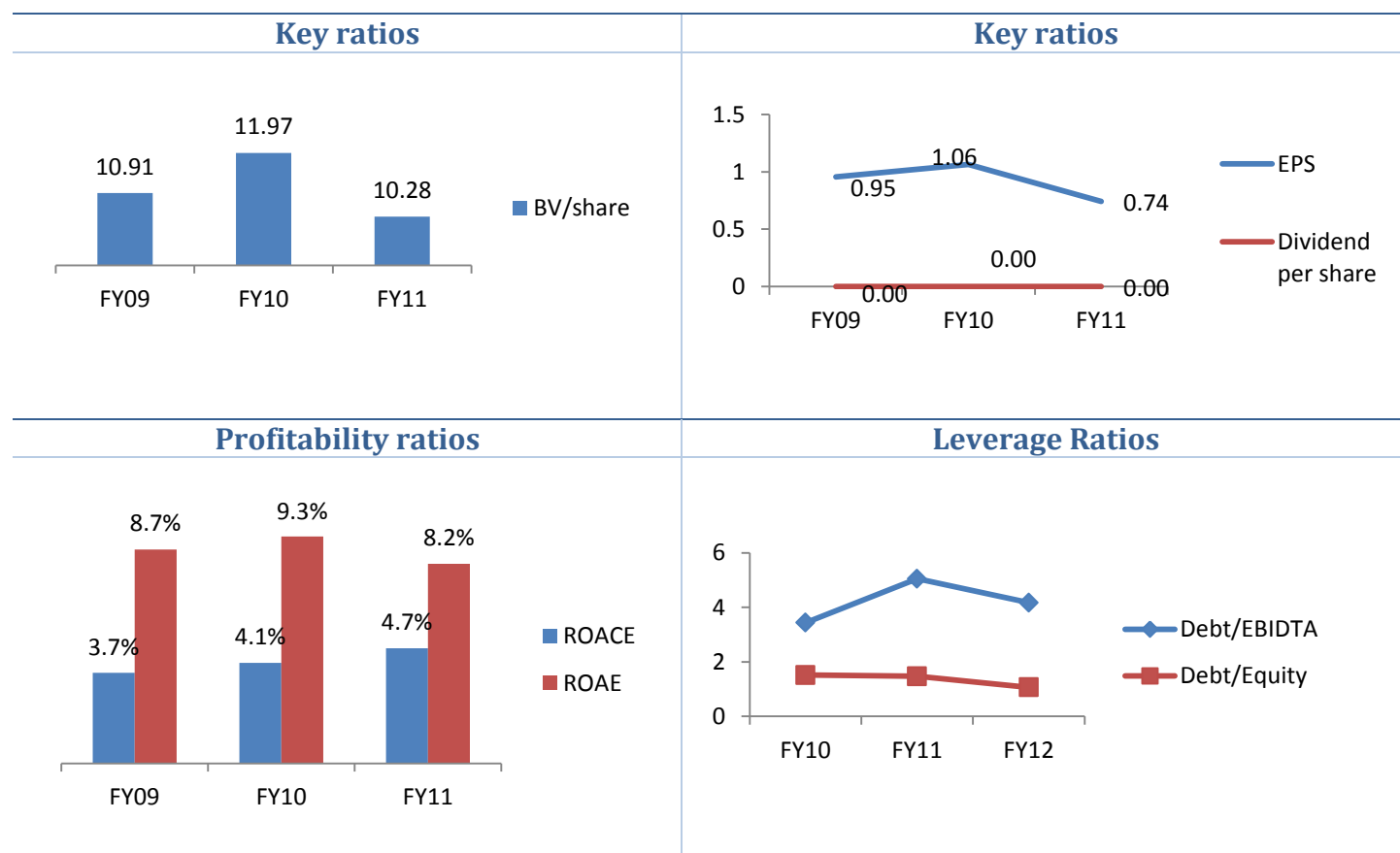
Financial performance

The company's total income in FY13 decreased to Rs.196.5 mn from Rs.223.4 mn in FY11.

EBIDTA declined to Rs.15.6 mn in FY13 from Rs.18.4 mn in FY11.

PAT declined to Rs.1.6 mn in FY13 v/s Rs.5.2 mn in FY11.

Quarterly data of the company are not available. The company was listed under BSE with effect from 26 September 2013.



Financials

P&L (Rs. mn)	FY10	FY11	FY13	Balance Sheet (Rs. mn)	FY09	FY10	FY11
Total income	218.6	223.4	196.5	Share Capital	46.1	46.1	70.2
EBIDTA	16.1	18.4	15.6	Reserves & Surplus	4.2	9.1	2.0
EBIDTA margin	7.4%	8.2%	7.9%	Net worth	50.3	55.2	72.2
Depreciation	6.8	5.9	4.1	Borrowings	76.2	81.2	76.7
EBIT	9.3	12.5	11.5	Current Liabilities & Provisions	21.6	23.0	23.2
Interest	4.2	6.4	9.2	Total Liabilities	148.1	159.4	172.1
PBT	5.1	6.1	2.3	Net fixed assets	28.9	26.6	23.7
Tax	0.2	0.9	0.7	Other non-current assets			
PAT	4.9	5.2	1.6	Loans and advances	83.1	80.9	76.9
PAT margin	2.2%	2.3%	0.8%	Cash and Balances	6.5	14.9	22.2
Cash Accruals	11.7	11.1	5.7	Current Assets	29.6	37.0	49.3
Dividend	0	0	0	Total Assets	148.1	159.4	172.1

Cash Flow (Rs.mn)	FY09	FY10	FY11
PBT	9.3	5.1	6.1
CF from Operation	9.4	11.9	9.2
CF from Investment	-15.5	-4.2	-2.9
CF from Financing	6	0.7	0.9
Inc/(dec) Cash	-0.1	8.4	7.2
Closing Balance	6.6	14.9	22.2

***The company has not furnished the FY12 financials. Also FY13 balance sheet details are not available**

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