

Press Release

Torq 03 Sports And Adventures Private Limited

D-U-N-S® Number: 86-019-0207

January 22, 2019

Rating Assigned



Total Bank Facilities Rated*	Rs. 16.00 Cr.
Long Term Rating	ACUITE BB- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuite has assigned long-term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) to the Rs. 16.00 crore bank facilities of Torq 03 Sports And Adventures Private Limited (TSPL). The outlook is '**Stable**'.

TSPL, incorporated in 2008, is based at Bengaluru (Karnataka). The company runs Entertainment center based in Bengaluru which includes Go karting, 10 Pin Bowling, Simulator Cricket, Laser Tag, Kids Play Zone and a variety of arcade games. TSPL is also equipped with an in House Sports Bar and a Multicuisine Restaurant. From last few years, the company is running only go karting activity and other eight activities has started from July 2018.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of TSPL to arrive at the rating.

Key Rating Drivers

Strengths

• Experienced management

The company is promoted by Mr. Sree Harsha S D, Mr. Sharas chandra and Mr. Mahesh A P. The promoters possess more than a decade of experience in service sector which includes running amusement center and providing car rental services for corporates. The extensive promoters experience and network has helped successful establishment of entertainment center and a Multicuisine Restaurant in Bengaluru.

• Location advantage and continuous funding support from promoters

The Entertainment center is located in prime locality of marathahalli, surrounded by many corporates and residents. The location is well connected with national highway and spread across 2 acres 34 guntas of land. The company benefits from the continuous funding support in the form of unsecured loan of Rs. 16.50 crore as on 31 March, 2018 and Rs.10.02 crore 31 March, 2017 from the promoters. The funds have been used for the purpose of funding capital expenditure plans and incremental working capital requirement of the company.

Weaknesses

• Modest scale of operations

The scale of operations stood modest marked by operating revenue of Rs. 3.11 crore in FY2018 and Rs. 2.13 crore for FY2017. The company had only Go karting activity which was active. However, the company has commenced operations for other activities such as 10 Pin Bowling, Simulator Cricket, Laser Tag, Kids Play Zone and a variety of arcade games from July 2018. The company has also started restaurant and has booked revenue of Rs.3.56 crore till November 2018. Acuite expects, going forward, the company's ability to scale up its operations based on starting of new activities will remain critical.

• Seasonal nature of operations

TSPL operations are seasonal in nature and based on number of footfalls of the customers. The major business of the company comes during vacation and holiday periods. However, the company follows strategy of providing customised packages to attract corporates customers which ensures in maintaining steady business risk profile.

Outlook: Stable

Acuite believes that the TSPL will maintain a 'Stable' outlook over the medium term on account of the extensive industry experience of the promoters. The outlook may be revised to 'Positive' in case of significant growth in revenues and profitability while effectively managing its operating cycle and liquidity position. Conversely, the outlook may be revised to 'Negative' if the company is not able to scale up its operations or further deterioration in financial risk profile owing to higher than expected working capital requirements.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	3.11	2.13	1.73
EBITDA	Rs. Cr.	1.60	0.97	0.79
PAT	Rs. Cr.	-1.18	0.54	0.13
EBITDA Margin	(%)	51.42	45.69	45.43
PAT Margin	(%)	-37.98	25.54	7.30
ROCE	(%)	2.74	5.25	6.54
Total Debt/Tangible Net Worth	Times	0.41	0.22	0.06
PBDIT/Interest	Times	3.84	11.93	15.83
Total Debt/PBDIT	Times	5.20	3.35	0.51
Gross Current Assets (Days)	Days	1317	1546	593

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE BB- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE BB- / Stable
Overdraft	Not Applicable	Not Applicable	Not Applicable	2.50	ACUITE BB- / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	5.50	ACUITE BB- / Stable

Contacts

Analytical	Rating Desk
<p>Aditya Gupta Head - Corporate and Infrastructure Sector Ratings Tel: 022-49294041 aditya.gupta@acuite.in</p> <p>Rupesh Patel Analyst - Rating Operations Tel: 022-49294032 rupesh.patel@acuiteratings.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in</p>

About Acuité Ratings & Research:

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