



## Press Release

ATHENA CARS AND TOURS PRIVATE LIMITED

D-U-N-S® Number: 65-068-8695

February 26, 2019

### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 55.00 Cr.
<b>Long Term Rating</b>	ACUITE BB+ / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuité has assigned long-term rating of '**ACUITE BB+**' (**read as ACUITE double B plus**) to the Rs. 55.00 crore bank facilities of ATHENA CARS AND TOURS PRIVATE LIMITED (ACPL). The outlook is '**Stable**'.

ACPL, based at Bangalore, was established in 2006 by Mr. Sree Harsha S D and Mrs. Apeksha Sree Harsha. The company is engaged in car rentals and cab services for Corporate, Individuals and Tourists. The company has a total of 998 cars, of which 707 cars are owned by the company. All the cars are completely equipped with Global Positioning System (GPS) and real time Internet Cab Booking System. The company caters to 28+ sites and caters to more than 15 large corporates in Bangalore.

### Analytical Approach

Acuité has considered the standalone business and financial risk profiles of ACPL to arrive at the rating.

### Key Rating Drivers

#### Strengths

- **Experienced management and established track record of operations**

ACPL is in business since 2006 and has established market for its services in Bangalore. The company has presence of over a decade in providing car rentals and cab services for corporate, individuals and tourists. The company caters to sectors such as Banking and financial services, IT and Non-IT sector and Luxury segment which includes hotels. The promoters possess more than a decade of experience in providing car rentals and cab services. The promoters' extensive experience has helped the company to maintain longstanding relationships with reputed clients and retain existing contracts of the company. The company is also well supported by second line of management who has been associated with the company since inception.

- **Improving revenues and diversified reputed clientele**

The company's operating income has improved by 31.43 percent to Rs.86.76 crore in FY2018 as compared to Rs.66.01 crore in FY2017. The company has booked revenue of Rs.86.76 crore till December 2018 due to addition of new contracts from existing customers. The company caters to reputed clients including Oracle, Goldman Sachs (India), Microsoft India, Morgan Stanley and Taj - properties in Bangalore. The established and reputed clientele base ensures smooth flow of receivables and ensures low counter party risk. The company also caters to diversified clients in the region which reduces customer concentration risk.

- **Moderate financial risk profile**

The financial risk profile of ACPL is marked by moderate net worth, high gearing and comfortable debt protection metrics. The net worth stood at Rs.14.62 crore as on 31 March, 2018 which has increased from Rs.11.50 crore as on 31 March, 2017 and Rs.8.09 crore in the previous year. The net worth includes unsecured loans from promoters of Rs.3.00 crore. The gearing (debt-equity) stood high at 4.36 times as on 31 March, 2018 as compared to 3.62 times as on 31 March, 2017. Interest Coverage Ratio (ICR) stood comfortable at 4.57 times in FY2018 and 4.90 times in FY2017. DSCR

stood at 2.24 times in FY2018 and 2.13 times in FY2017.

### Weaknesses

- **Working capital intensive nature of operations**

The operations of the company are working capital intensive in nature marked by Gross Current Asset (GCA) of 116 days in FY2018 as compared to 97 days in FY2017. The moderate GCA is marked by increase in receivable days to 105 in FY2018 as compared to 83 days in FY2017. The working capital limits have also been utilised at 99.65 percent for last six month ending 31 December, 2018.

- **Highly competitive industry**

The company operates in travel industry which is marked by presence of large number of organised and unorganised players. The company faces intense competition from other travel companies which may impact the operating performance and profitability. The competition in passenger transport industry has increased in the past few years due to newer aggregators such as Uber and Ola. Other private equity-funded players have also constrained growth in revenue and profitability. However, ACPL has built an established customer base over the past decade, and has invested in technology and customer acquisition, to tide over such competition and hence, the company had a CAGR of 37.75 percent over the last three years since 2016.

### Liquidity Profile

ACPL has modest liquidity profile marked by healthy net cash accruals of Rs.22.96 crore for FY2018 and Rs.18.10 crore in FY2017. The company's operations are moderately working capital intensive as marked by gross current asset (GCA) of 116 days in FY2018 and 97 days in FY2017. This has led to moderate reliance on working capital borrowings, the cash credit limit in the company remained utilised at 99.65 percent during the last six months period ended December 2018. The company maintains low unencumbered cash and bank balances of Rs.1.09 crore as on March 31, 2018. The current ratio of the company stands modest at 1.33 times as on March 31, 2018.

### Outlook: Stable

Acuité believes that ACPL will maintain a 'Stable' outlook and benefit over the medium term owing to its promoters' extensive experience in the transportation business and established clientele. The outlook may be revised to 'Positive' if the net cash accruals increase substantially with improvement in capital structure. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve scalability and liquidity or the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded expansion and working capital requirements.

### About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	86.76	66.01	33.19
EBITDA	Rs. Cr.	30.75	23.72	17.56
PAT	Rs. Cr.	3.12	1.82	1.13
EBITDA Margin	(%)	35.45	35.94	52.89
PAT Margin	(%)	3.59	2.76	3.39
ROCE	(%)	16.77	15.28	18.46
Total Debt/Tangible Net Worth	Times	4.36	3.62	4.56
PBDIT/Interest	Times	4.57	4.90	7.14
Total Debt/PBDIT	Times	2.07	1.75	2.10
Gross Current Assets (Days)	Days	116	97	126

### 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. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BB+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	19.88	ACUITE BB+ / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	15.39	ACUITE BB+ / Stable
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	4.73	ACUITE BB+ / Stable

### Contacts

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

### About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

**Disclaimer:** An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuité ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuité ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuité.