



Press Release

ATHENA CARS AND TOURS PRIVATE LIMITED

D-U-N-S® Number: 65-068-8695

February 26, 2019

Rating Assigned

Total Bank Facilities Rated*	Rs. 55.00 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 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

Acuite 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 matrices. The net worth stood at Rs.14.62 crore as on 31 March, 2018 which has increase 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

Acuite 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

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About Acuité Ratings & Research:

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