

Press Release

Athena Cars and Tours Private Limited

March 18, 2020



Rating Downgraded

Total Bank Facilities Rated	Rs.55.00 crore
Long Term Rating	ACUITE D (Downgraded from ACUITE BB+/Stable)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded the long-term rating to '**ACUITE D' (read as ACUITE D)**' from '**'ACUITE BB+' (read as ACUITE double B plus)**' on the Rs.55.00 crore bank facilities of Athena Cars and Tours Private Limited (ACTPL)

Reason for downgrade

The company avails cash credit facility of Rs.15 crore where Acuité observes continuous overdrawals for a period exceeding 30 days between the period December 2019 to March 2020.

Athena Cars and Tours Private Limited (ACTPL), a Bangalore based company was incorporated in 2008. The company is promoted by Mr. Sree Harsha S D and Mrs. Apeksha Sree Harsha. The company is engaged in providing car rentals and cab services for corporate employees and guest transport for premium hotels including Taj and Shangri-La. The company has 959 cars as on 29th February, 2020. All the cars are completely equipped with Global Positioning System (GPS) and real time Internet Cab Booking System. The company caters to about 19 MNCs in Bangalore including State Street Services India Private Limited, Oracle, Goldman Sachs (India), Microsoft India, Morgan Stanley and Honeywell.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of ACTPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced Management and long track record of operations**

ACTPL was established in 2008. The company has presence of over a decade in providing car rentals and cab services for corporate employees and tourists. Mr. Sree Harsha S D and Mrs. Apeksha Sree Harsha possess more than a decade experience in providing car rentals and cab services. The promoter's extensive experience has helped company to maintain longstanding relationships with reputed clients and retain existing contracts in the company.

Weaknesses

Overutilisation of cash credit facility

ACTPL has been facing significant liquidity pressure as there has been overutilization of the cash credit facility for a period exceeding 30 days which is confirmed from their bank statements.

Highly competitive industry

The company is part of travel industry which consists of large number of organized and unorganized players. They face intense competition from other travel companies such as Ola and Uber which may impact their profitability metrics.

Material Covenants

None

Liquidity Profile

ACTPL liquidity is currently stretched as the company has overdrawn the cash credit facility. Acuité expects the company's liquidity profile to remain stretched for over the medium term backed by continuous overutilization of working capital limits.

About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)
Operating Income	Rs. Cr.	108.09	86.76
PAT	Rs. Cr.	5.80	3.12
PAT Margin	(%)	5.37	3.59
Total Debt/Tangible Net Worth	Times	5.43	4.36
PBDIT/Interest	Times	4.60	4.57

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

Not applicable

Any other information

Not Applicable

Applicable Criteria

- Service Entities - <https://www.acuite.in/view-rating-criteria-8.htm>
- Application of Financial Ratios and Adjustments- <https://www.acuite.in/view-rating-criteria-20.htm>
- Default Recognition - <https://www.acuite.in/criteria-default.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
18-Feb-2019	Cash Credit	Long Term	15.00	ACUITE BB+ (Assigned)
	Term Loan	Long Term	19.88	ACUITE BB+ (Assigned)
	Term Loan	Long Term	15.39	ACUITE BB+ (Assigned)
	Proposed Term Loan	Long Term	4.73	ACUITE BB+ (Assigned)

***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 D
Term Loan	June 2018	Not Applicable	June 2023	23.00	ACUITE D
Term Loan	June 2018	Not Applicable	June 2028	17.00	ACUITE D

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About Acuité Ratings & Research:

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