

Autoriders International Limited

October 30, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	8.50	CARE BB; Stable	Rating removed from ISSUER NOT COOPERATING category and Revised from CARE BB-; Stable;

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to long-term bank facilities of Autoriders International Limited (AIL) is constrained by its moderate scale of operations with smaller fleet in comparison with established peers, moderately leveraged capital structure and presence in highly competitive industry. The ratings, however, continues to derive strength from reputed and diversified customer base, improvement in profitability margin which stood above pre covid levels, experienced management, and long track record of operations. It also factors in sustainable improvement in the operational profile as per FY23 numbers.

Further CARE has removed Rating from ISSUER NOT COOPERATING category on account of receipt of full information required from CARE.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in the scale of operations with a total operating income exceeding Rs. 100 crore with tangible network base exceeding Rs.25 crore on a sustained basis.
- Improvement in the capital structure with the overall gearing below 1.00x on a sustained basis

Negative factors

- Deterioration in profit margins with PBILDT and PAT margin lower than 12% and 3% respectively on a sustained basis
- Deterioration in the debt coverage indicators with interest coverage ratio below 2x with total debt to GCA exceeding 5x on a sustained basis.
- Deterioration in working capital cycle beyond 90 days on a sustained basis

Analytical approach: Standalone

CARE Rating has considered the standalone business and financial risk profiles of AIL.

Outlook: Stable

CARE Rating believes AIL will continue to benefit from established relations with clients and the extensive experience of the promoters.

Detailed description of the key rating drivers:

Key weaknesses

Modest scale of operations with smaller fleets

AIL operates on a modest scale, with a Total Operating Income (TOI) of Rs.70.56 crore in FY23 (FY22: Rs.33.42 crore). The modest scale is mostly owing to the service-driven nature of the firm, in which the company predominantly books rental income. This reduces the company's financial flexibility in times of stress and prevents it from benefiting from economies of scale. Furthermore, TOI declined to Rs. 20.17 crore in FY21 due to a drop in operations during the year as a result of periodic lockdowns imposed by the government to limit the COVID-19 epidemic. As the economy has recovered following the lockdown, AIL's business has grown, resulting in higher income compared with FY22, as part of its revenue is generated from usage of the cars by corporate clients.

Moderately leveraged capital structure

The capital structure of the company remained moderately leveraged with overall gearing at 1.37x as on March 31, 2022 (FY22: 1.27x) owing to scheduled debt repayment of Rs. 10.23 crores in FY23. Although, Total Debt/Gross Cash Accruals (TDGCA) has improved to 2.04x as on March 31, 2023 (FY22: 2.45x). This was on account to improvement in gross cash accruals due to improved profitability post lockdown.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Highly competitive nature of industry characterized by intense competition

Car rental business in India is currently dominated by the unorganized sector and the same is also penetrated by the organized players like Ola, Uber in recent years. AIL operates in highly competitive market marked by the presence of numerous players catering to the same market which has limited the bargaining power of the company. Hence, going forward, due to increasing level of competition and competitive rates, the profits margins are likely to be under pressure in the medium term.

Key strengths

Reputed and moderately diversified customer base

The company's customer base consists mostly of reputable corporates from various industries, such as banks, travel agencies, and corporations. Furthermore, due to the company's operations in eight cities across India (Ahmedabad, Bangalore, Delhi, Chennai, Hyderabad, Pune, Gurgaon, and Kolkata), the customer base has remained diverse across all areas. AIL has long standing relationship of 10 -15 years with its customers, and in FY23 top 5 customers of AIL contributed 31% to its total revenue from operation.

Improved operational performance leading to satisfactory profitability:

AIL's performance in FY21 was affected due to lockdown imposed by the government due to the COVID pandemic. The company reported PAT loss in FY21, while gradual recovery in revenue is seen in FY 2023 as lockdown norms have been removed, the ramp up in profitability remains moderate with PAT Margins at 9.61% in FY 23 (FY22: 8.80%), but the PBILDT margin has improved significantly to 27.72% in FY23 (FY21: 16.54%). Healthy increase in profitability remains a key monitorable going forward.

Experienced management and long track record of operations

AIL was established in 1994 and has a track record of more than two decades in car rental business. The company has experienced and qualified management to carry out day-to-day operations having around 20 years of experience in this Industry. On account of long track record of operations and experience of the promoters, the company has gained a reputation and has established good relationships with its customers.

Liquidity: Stretched

The liquidity position is characterized by low free cash balance of Rs. 1.07 crore as on March 31, 2023, which has improved from Rs. 0.43 crore as on March 31, 2022. Also, the Average working capital utilization limit (Rs. 4.00 crore) during past 12 months ended September 2023 was 66%. Further, the current ratio deteriorated to 0.81x in FY23 (FY22: 0.82x). The operating cycle has improved from 78 days FY21 to 25 days FY23 due reduced collection period.

Although, AIL has total debt repayment of Rs. 10.23 crore in FY23, which is manageable with gross cash accruals of Rs. 15.42 crore as on March 31, 2023.

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Service Sector Companies](#)

[Policy on Withdrawal of Ratings](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Services	Services	Transport Services	Road Transport

Autoriders International Limited (AIL) was founded in 1994 with the goal of offering luxury car rental services. Mr. Tapan Patel (Managing Director & CEO), Mrs. Maneka Mulchandani (Director), Mr. Vinay Yeshwant Rane (Independent Director), and Mr. Anil Shankar Kulkarni (Independent Director) serve on the company's Board of Directors.

The company primarily provides self-drive and chauffeur-driven automobile rental services to individuals and institutions, as well as local and international tour management services. As of June 30, 2023, the company's fleet consisted of 414 vehicles, which included hatchbacks, sedans, SUVs, and a few premium vehicles. The company is headquartered in Santacruz, Mumbai, and has eight branch offices in Ahmedabad, Bangalore, Delhi, Chennai, Hyderabad, Pune, Gurgaon, and Kolkata.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	Q1 FY24 (UA)
Total operating income	33.42	70.56	19.81
PBILDT	9.62	19.56	6.02
PAT	2.94	6.78	2.99
Overall gearing (times)	1.27	1.37	NA
Interest coverage (times)	6.65	8.97	8.11

A: Audited UA: Unaudited NA: Not Available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	4.00	CARE BB; Stable
Fund-based - LT-Proposed fund based limits		-	-	-	4.50	CARE BB; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Cash Credit	LT	4.00	CARE BB; Stable	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (12-Sep-23)	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (26-Sep-22)	1)CARE BB-; Stable (07-Sep-21)	1)CARE BB; Stable (24-Sep-20)
2	Fund-based - LT-Proposed fund based limits	LT	4.50	CARE BB; Stable	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (12-Sep-23)	1)CARE BB-; Stable; ISSUER NOT COOPERATING * (26-Sep-22)	1)CARE BB-; Stable (07-Sep-21)	1)CARE BB; Stable (24-Sep-20)

*Long term/Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of the various instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Proposed fund based limits	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

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About us:

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