

Autoriders International Limited

October 01, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	14.00 (Enhanced from 8.50)	CARE BB+; Stable	Upgraded from CARE BB; Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings upgrade factors in the consistent growth in revenue recorded by Autoriders International Limited's (AIL) while maintaining healthy profit margins due to their long association with reputed customers and recent expansion of services to new cities translating into improvement in capital structure. AIL's revenue from operations grew by 18% YoY to ₹ 83.41crores in FY24 with its profit before interest, lease rentals, depreciation and taxation (PBILDT) margin sustaining at 28.56%. The better cash accruals and limited incremental borrowing led to improvement in AIL's capital structure as indicated by overall gearing and total outside liabilities to tangible net worth (TOL/TNW) of 0.89x and 1.11x, respectively, as on March 31, 2024 against 1.25x and 1.73x, respectively, as on March 31, 2023. AIL's interest coverage ratio remains comfortable at 8.39x in FY24 (compared to 8.97x in FY23). Going forward, CARE Ratings Limited (CARE Ratings) expects the company's revenue to grow by ~10% p.a. over the next two years with PBILDT margin sustaining above 25% p.a. driven by focus on boarding new clients and expansion of own operations in tier 2 cities.

The ratings derive comfort from the company's established market position, reputed client base with a history of repeat orders, and promoters' extensive experience. The strengths of AIL are partially offset by intense competition in the industry with presence of both organized and unorganized players, modest scale of operations, and relatively low net worth base.

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 while sustaining healthy PBILDT margins
- Resolution of contingent liabilities without any material financial implication for the company

Negative factors

- Decline in revenue and/or deterioration in PBILDT margin below 18% on a sustained basis
- Deterioration in the debt coverage indicators with interest coverage ratio below 3.5x and 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

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

Outlook: Stable

The Stable outlook reflects CARE Ratings' expectation that AIL will continue to benefit from established relations with reputed clients and the extensive experience of the promoters.

Detailed description of key rating drivers:

Key weaknesses

Modest scale of operation with lean operating cycle

AIL currently has a fleet of 422 cars and plans to increase its fleet to ~500 cars by the year end due to healthy traction from new customers and planned expansion of services in tier 2 cities such as Indore, Vizag, Lucknow, Baruch, Coimbatore Jaipur, Vadodara, Surat, & Cochin. The modest scale is mostly owing to the service-driven nature of the firm, in which the company predominantly books rental income from corporate travels. This reduces the company's financial flexibility in times of stress and prevents it from

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

benefiting from economies of scale. The ability of the company to increase its revenue base while maintaining healthy profitability is a key monitorable. Nevertheless, the company has a favourable operating cycle of 25 days which supports its cash flows.

Improvement in capital structure, the net worth base remains relatively low:

The company's capital structure recorded an improvement with overall gearing at 0.89x in FY24 (down from 1.37x in FY23) and TOL/TNW at 1.11x in FY24 (down from 1.73x in FY23). Additionally, Total Debt/Gross Cash Accruals (TDGCA) improved to 1.53x in FY24 (from 2.04x in FY23), driven by enhanced gross cash accruals. AIL's interest coverage ratio remains healthy at 8.39x in FY24. With the planned fleet expansion, AIL is expected to incur a capex of ~Rs. 10 crores p.a. in the next 2 years partly financed through vehicle loans. Nevertheless, with expectations of healthy business accruals, the capital structure is expected to sustain at current levels.

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. Further, 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 FY24 top 10 customers of AIL contributed ~51% to its total revenue from operation.

Steady revenue growth while maintaining healthy profit margin

AIL's revenue from operations grew by ~18% YoY to ₹ 83.41crores in FY24 with its profit before interest, lease rentals, depreciation and taxation (PBILDT) margin at 28.56% and improvement in PAT margin by around 170 bps YoY to 11.33%. AIL's revenue was impacted in FY21 due to covid lockdowns, subsequently the revenue has shown a steady uptick from FY23. The company is in process of onboarding large clients and expanding its own operations in tier 2 cities, which is expected to support medium term growth.

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, which is reflected from stickiness of the clients.

Liquidity: Stretched

The company is expected to generate gross cash accruals of more than Rs. 20 crores p.a. over the next 2 years against debt repayment obligations of Rs. 11.75 crore in FY25 and Rs. 10.80 crores in FY26. The average working capital utilization stood at 23% in the 12-months period ending July 2024. The operating cycle continues to remain lean at 25 days FY24. AIL had free cash and bank balances of Rs. 2.63 crore as on March 31, 2024, which provides some buffer.

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Services	Road Transport

Autoriders International Limited (AIL) was founded in 1994 for offering luxury car rental services. The company provides chauffeur-driven automobile rental services to individuals and institutions as well as local and international tour management services. As of June 30, 2024, the company's fleet comprised 422 vehicles including hatchbacks, sedans, SUVs, etc. The company is headquartered in Mumbai and has eight branch offices in Ahmedabad, Bangalore, Delhi, Chennai, Hyderabad, Pune, Gurgaon, and Kolkata.

AIL is managed by Mr. Chintan Patel (Managing Director & CEO) along with Mrs. Maneka Mulchandani (Director), Mr. Janak Patel, Mr. Pranav Salil Kapur, Mr. Prankil Amin and Mr. Anil Shankar Kulkarni who serve on the company's Board of Directors.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	Q1 FY25 (UA)
Total operating income	70.56	83.41	19.87
PBILDT	19.56	23.82	5.10
PAT	6.78	9.45	1.39
Overall gearing (times)	1.37	0.89	NA
Interest coverage (times)	8.97	8.39	8.23

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	4.00	CARE BB+; Stable
Fund-based - LT-Proposed fund based limits		-	-	-	10.00	CARE BB+; Stable

Annexure-2: Rating history for 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 2024-2025	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
1	Fund-based - LT-Cash Credit	LT	4.00	CARE BB+; Stable	-	1)CARE BB; Stable (30-Oct-23) 2)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)
2	Fund-based - LT-Proposed fund based limits	LT	10.00	CARE BB+; Stable	-	1)CARE BB; Stable (30-Oct-23) 2)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)

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of 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 complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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