

## Autoriders International Limited

September 26, 2022

### Ratings

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	8.50	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
<b>Total Bank Facilities</b>	<b>8.50</b> <b>(₹ Eight Crore and Fifty Lakhs Only)</b>		

Details of instruments/facilities in Annexure-1.

### Detailed rationale and key rating drivers

Autoriders International Limited (AIL) has not provided information to carry out the surveillance exercise despite repeated requests dated September 7, 2022, September 5, 2022, August 30, 2022, August 3, 2022, July 19, 2022 and July 8, 2022. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on AIL's bank facilities will now be denoted as **CARE BB-; Stable; ISSUER NOT COOPERATING\***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

### Detailed description of the key rating drivers

At the time of last rating on September 07, 2021, the following were the rating strengths and weaknesses:

#### Key rating weaknesses

**Modest scale of operations and further deterioration in FY21:** AIL has modest scale of operations marked by a Total Operating Income (TOI) of Rs.58.83 crore in FY20 (vis-à-vis Rs.66.44 crore in FY19). This has been primarily due to service driven nature of business whereby the company is mainly booking rental income. This limits the company's financial flexibility in times of stress and deprives it from economies of scale benefits. Additionally, in FY21, TOI fell by ~66% to Rs. 20.17 crore due to decline in operations and decrease in demand from customers during the year on account sporadic lockdowns imposed by the government to restrict COVID-19 pandemic. In Q1 FY22, company has registered a TOI of Rs. 4.00 crore, which is marginally lower than TOI of Rs. 4.17 crore reported in Q1 FY21.

**Loss on PAT level; erosion of net worth:** Due to disruption in operations during pandemic, AIL has incurred loss of Rs. 2.01 crore as on March 31, 2021 as compared to profit of Rs. 2.12 crore as on March 31, 2020 and consequently its net worth has deteriorated from Rs. 15.33 crore as on March 31, 2020 to Rs. 13.23 crore as on March 31, 2021.

**Moderately leveraged capital structure and effect of low cash accruals:** The capital structure of the company remained moderately leveraged with overall gearing at 1.13x as on March 31, 2021 (vis-à-vis 1.37x as on March 31, 2020) owing to scheduled debt repayment of Rs. 4.63 crore in FY21. Although, Total Debt/GCA (TDGCA) has significantly deteriorated to 5.03x as on March 31, 2021 (vis-à-vis 2.45x as on March 31, 2020). This was due to low gross cash accruals of Rs. 2.99 crore as on March 31, 2021 (vis-à-vis Rs. 8.56 crore as on March 31, 2020), which is quite low as compared to total debt repayment of Rs. 6.69 crore in FY22. Due to reduced PBILDT, interest coverage indicator (PBILDT/interest) has also declined from 5.73x in FY20 to 2.69x in FY21.

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

**Moderately working capital intensive nature of operations:** The operations of the company continue to remain working capital intensive in nature due to funds blocked in the debtors. The collection period increased to 149 days in FY21, which already stood high at 75 days in FY20. Consequently, operating cycle of the company has also elongated to 78 days in FY21 as compared to 35 days during FY20.

**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 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 rating Strengths**

**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.

**Moderately diversified and reputed customer base:** The customer profile of the company primarily includes reputed customers across various industries viz. banks, travelling agencies, corporates etc. Moreover, the customer base also remained geographically diversified across various regions of India.

**Satisfactory operating margin:** The profit margins of the company remained on the satisfactory level owing to service nature of industry. The PBILDT margin increased marginally from 16.63% in FY20 to 17.10% in FY21.

### **Liquidity:** Stretched

The liquidity position is characterized by low free cash balance of Rs. 0.66 crore as on March 31, 2021, which has marginally improved to Rs. 0.79 crore as on July 30, 2021. Also, its working capital limit (Rs. 4.00 crore) during past 12 months ended July 2021 has remained unutilized, which provides liquidity backup. Further, the current ratio stood at comfortable level of 1.25x as on March 31, 2021.

Although, AIL has total debt repayment of Rs. 6.69 crore in FY22, which is quite high as compared to gross cash accruals of Rs. 2.99 crore as on March 31, 2021.

**Analytical approach:** Standalone

### **Applicable criteria**

[Policy in respect of Non-cooperation by issuer](#)

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Service Sector Companies](#)

### **About the company**

Autoriders International Limited (AIL) was established in 1994 to offer premium cars rental services. The directors of the company are Mr. Tapan Mukesh Patel, Mrs. Maneka Mulchandani, Mr. Gokulsingh Rajput and Mr. Shailendra Agarwal, and Mr. Ramachandran C. G. is the Chief Financial Officer of the company, each having good amount of experience in the industry. The company primarily deals in self-drive as well as chauffeur drive car rental services along with domestic and outbound tour

management services to individuals as well as institutions. Currently company has around 243 cars in its fleet includes different type of cars viz. hatchback, sedan, SUVs etc. The company operates through its corporate office at Santacruz, Mumbai with branch offices located in Ahmedabad, Bangalore, Delhi, Chennai, Gurgaon, Hyderabad, Pune and Kolkata.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	Q1FY23 (UA)
Total operating income	20.04	33.42	15.91
PBILDT	3.31	9.62	4.83
PAT	-2.01	2.94	2.71
Overall gearing (times)	1.13	1.27	N/A
Interest coverage (times)	2.58	6.65	10.28

A: Audited; UA: Unaudited

**Status of non-cooperation with previous CRA:** Not applicable

**Any other information:** Not applicable

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

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

**Complexity level of various instruments rated for this company:** Annexure-4

#### 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; ISSUER NOT COOPERATING*
Fund-based - LT-Proposed fund-based limits		-	-	-	4.50	CARE BB-; Stable; ISSUER NOT COOPERATING*

#### 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 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Cash Credit	LT	4.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (07-Sep-21)	1)CARE BB; Stable (24-Sep-20)	1)CARE BB; Stable (23-Aug-19)
2	Fund-based - LT-Proposed fund-based limits	LT	4.50	CARE BB-; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB-; Stable (07-Sep-21)	1)CARE BB; Stable (24-Sep-20)	1)CARE BB; Stable (23-Aug-19)

\*Long term/Short term.

**Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of various instruments rated for this company**

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

**Annexure-5: Bank lender details for this company**

To view the lender wise details of bank facilities please [HYPERLINK](https://www.careratings.com/Bankdetails.aspx?Id=mFMhOvX6btwPF4cJMaxJdQ==)  
["https://www.careratings.com/Bankdetails.aspx?Id=mFMhOvX6btwPF4cJMaxJdQ=="](https://www.careratings.com/Bankdetails.aspx?Id=mFMhOvX6btwPF4cJMaxJdQ==) \o "PR Weblink9" [click here](#)

**Note on 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](mailto:care@careedge.in) for any clarifications.

**Contact us**

**Media contact**

Name: Mradul Mishra  
 Phone: +91-22-6754 3596  
 E-mail: [mradul.mishra@careedge.in](mailto:mradul.mishra@careedge.in)

**Analyst contact**

Name: Soumya Dasgupta  
 Phone: 022- 6754 3456  
 E-mail: [soumya.dasgupta@careedge.in](mailto:soumya.dasgupta@careedge.in)

**Relationship contact**

Name: Saikat Roy  
 Phone: +91-98209 98779  
 E-mail: [saikat.roy@careedge.in](mailto:saikat.roy@careedge.in)

**About us:**

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