

Autoriders International Limited

August 23, 2019

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	8.50	CARE BB; Stable (Double B; Outlook: Stable)	Reaffirmed
Total Facilities	8.50 (Rupees Eight crore and Fifty lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the long bank facilities of Autoriders International Limited (AIL) continues to be constrained by modest scale of operations, moderately leveraged capital structure and working capital intensive nature of operations. The rating is further constrained by highly competitive nature of the industry characterized by intense competition.

The rating, however, derives benefit from the experienced management, long track record of operations, moderate profit margins, comfortable debt protection metrics and moderately diversified & reputed customer base.

The ability of AIL to increase its scale of operations and improve its profitability and capital structure amidst intense competition and efficient working capital management are the key rating sensitivities.

Detailed description of the key rating drivers

Key rating Weakness

Modest scale of operations: The overall scale of operations of the company remained modest with total operating income (TOI) of the company has increased in the range of Rs.60.96 crore to Rs.66.73 crore during FY17-FY19. Moreover, tangible networth base has also remained moderate at Rs.13.54 crore as on March 31, 2019 which limits the financial flexibility of the company to meet any exigency.

Moderately leveraged capital structure: The capital structure of the company remained moderately comfortable with overall gearing stood at 1.46x as on March 31, 2019 owing to high dependence on external borrowings to support the operations. Further the same has marginally improved on y-o-y basis on account of increase in networth on the back of increase in cash accruals during the year.

Working capital intensive nature of operations: The operations of the company continue to remain working capital intensive in nature due to elongated collection period. The liquidity position remained weak marked by current ratio which remained below unity as on March 31, 2019 on account of higher utilization of working capital borrowings. However, operating cycle of the company stood moderate at 32 days during FY19.

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 directors of the company are Mr. Tapan Mukesh Patel, Mrs. Maneka Mulchandani, Mr. Gokulsingh Rajput and Mr. Shailendra Agarwal having good amount of experience in this industry. Further, the company have experienced and qualified second line of 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 include reputed customer across various industries viz. banks, travelling agencies, corporates etc. Moreover, the customer base also remained geographically diversified across various regions of India with top 5 customers contributed 40.95% of TOI for FY19.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

Moderate profit margin: The profit margins of the company remained on the moderate owing to service nature of industry. The PBILDT margin remained fluctuating in the range of 13.62%-15.62% during FY17-FY19. Further, PAT margin has also remained fluctuating in the range of 0.58%-1.87% during said. The PAT margin stood relatively low due to higher interest and depreciation cost incurred during the years.

Comfortable debt protection metrics: Owing to moderate profitability leading to higher gross cash accruals, the coverage indicators stood comfortable with interest coverage ratio of 5.52x in FY19 (vis-à-vis 4.33x in FY18) and total debt to GCA of 3.00x in FY19 (vis-à-vis 3.32x in FY18).

Liquidity Analysis:

The liquidity position is marked by low current ratio and quick ratio at 0.96 times March 31, 2019 (vis-à-vis 0.94 times as on March 31, 2018). Further, cash flow from operating activities stood positive at Rs.8.18 crore as on March 31, 2019. The average fund based working capital limits remained 86.03% utilization during past 12 months ended July 2019. Moreover, free cash and bank balance was Rs.2.69 crore as on March 31, 2019 vis-à-vis Rs.2.49 crore as on March 31, 2018.

Analytical approach: Standalone

Applicable Criteria

[CARE's Policy on Default Recognition](#)

[Criteria on assigning Outlook to Credit Ratings](#)

[Rating Methodology - Service Sector Companies](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Autoriders International Limited (AIL) is a part of Autoriders Group, established in 1994 to offer premium cars rental services. The company is currently being managed by Mr. Tapan Patel, Mrs. Maneka Mulchandani, Mr. Atul Ruparel and Mr. Ramachandran C. G. 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 having around 350 fleets includes all type of cars viz. small, sedan, SUVs etc. The company operates through its corporate office at Santacruz, Mumbai with branch offices located in Ahmedabad, Bangalore, Delhi, Chennai, Hyderabad, Pune and Kolkata.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	65.09	66.73
PBILDT	8.87	9.47
PAT	0.38	1.03
Overall gearing (times)	1.53	1.46
Interest coverage (times)	4.33	5.52

A: Audited

Status of non-cooperation with previous CRA: Nil.

Any other information: Not Applicable

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. 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 of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Cash Credit	LT	4.00	CARE BB; Stable	-	1)CARE BB; Stable (21-Sep-18)	1)CARE BB; Stable (26-Oct-17)	1)CARE BB (28-Sep-16)
2.	Fund-based - LT-Proposed fund based limits	LT	4.50	CARE BB; Stable	-	1)CARE BB; Stable (21-Sep-18)	1)CARE BB; Stable (26-Oct-17)	1)CARE BB (28-Sep-16)

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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