

Autoriders International Limited (Revised)

September 24, 2020

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 moderately working capital intensive nature of operations. The rating is further continues to be constrained by highly competitive nature of the industry characterized by intense competition.

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

Rating Sensitivities**Positive Factors**

- Increase in the scale of operations with a total operating income exceeding Rs.100 crore with tangible networth base exceeding Rs.20 crore on a sustained basis
- Improvement in the capital structure with the overall gearing below 1.00x on a sustained basis
- Improvement in the collection period below 60 days on a sustained basis

Negative Factors

- Deterioration in profit margins with PBILDT and PAT margin lower than 12% and 1% 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

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 remained in the range of Rs.60.96 crore to Rs. 58.83 crore during FY17-FY20. Further, TOI has decreased to Rs.58.83 crore in FY20 (vis-à-vis Rs.66.44 crore in FY19) due to decrease in demand of fleets during Q4FY20 due to COVID – 19 pandemic situation aroused in the country and subsequent nationwide lockdown announced by the government. On account of the same, the TOI has significantly decreased to Rs.4.17 crore during Q1FY21. Moreover, tangible networth base has also remained moderate at Rs.15.33 crore as on March 31, 2020 which limits the financial flexibility of the company to meet any exigency.

Moderately leveraged capital structure: The capital structure of the company remained moderately leveraged with overall gearing stood at 1.53x as on March 31, 2020 (vis-à-vis 1.46x as on March 31, 2019) owing to high dependence on external borrowings to support the operations. Further the same has marginally deteriorated on y-o-y basis on account of increase in total debt exposure during the year on the back of avilament of the new vehicle loans and loans & advances from related parties.

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 stood high at 75 days in FY20 (vis-à-vis 76 days in FY19). However, operating cycle of the company stood moderate at 35 days during FY20 due to extended creditors period of 40 days in FY20 (vis-à-vis 44 days in 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.

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

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 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 with top 5 customers contributed 33.18% of TOI for FY20.

Moderate profit margins: 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%-16.63% during FY17-FY20. Further, PAT margin has also remained fluctuating in the range of 0.58%-3.61% during said periods. The PAT margin stood relatively low due to higher interest and depreciation cost incurred during the said periods.

Comfortable debt protection metrics: Owing to moderate profitability leading to higher gross cash accruals, the coverage indicators stood comfortable with interest coverage ratio of 5.73x in FY20 (vis-à-vis 5.52x in FY19) and total debt to GCA of 2.75x in FY20 (vis-à-vis 3.00x in FY19).

Liquidity analysis: Adequate

The liquidity position remained adequate characterized by sufficient cushion in accruals vis-à-vis repayment obligations and moderate free cash balance of Rs.5.21 crore as on March 31, 2020. The company has not planned for any capex in near future. The average utilization of its working capital limits during past 12 months ended August 2020 stood at 46.88%. Further, the current ratio and quick ratio stood moderate at 1.19 times as on March 31, 2020. The net cash flow from operating activities stood positive at Rs.7.72 crore in FY20. The company had not availed moratorium against interest payment of cash credit facility. However it had availed for moratorium against repayment of vehicle loans availed from various banks/financial institutions provided the moratorium scheme provided by RBI under COVID-19 pandemic during the period March 1, 2020 to August 31, 2020 and the same were approved by the lenders.

Analytical approach: Standalone

Applicable Criteria

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

[Criteria on assigning 'outlook' and 'credit watch' 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 250 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)	FY19 (A)	FY20 (A)
Total operating income	66.73	58.83
PBILDT	9.47	9.78
PAT	1.03	2.12
Overall gearing (times)	1.46	1.53
Interest coverage (times)	5.52	5.73

A: Audited

Current year performance: During Q1FY21, the company has achieved TOI of Rs.4.17 crore and incurred net loss of Rs.0.44 crore.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History (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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Cash Credit	LT	4.00	CARE BB; Stable	-	1)CARE BB; Stable (23-Aug-19)	1)CARE BB; Stable (21-Sep-18)	1)CARE BB; Stable (26-Oct-17)
2.	Fund-based - LT-Proposed fund based limits	LT	4.50	CARE BB; Stable	-	1)CARE BB; Stable (23-Aug-19)	1)CARE BB; Stable (21-Sep-18)	1)CARE BB; Stable (26-Oct-17)

Annexure 3: Complexity level of various instruments rated for this company/firm

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

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

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About CARE Ratings:

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