

No. CARE/HO/RL/2021-22/2186

Shri Mr. Ramachandran C.G.
Vice President
Autoriders International Limited
4/A, Vikas Centre, S.V. Road
Santacruz (W)
Mumbai
Maharashtra 400054

September 02, 2021

Confidential

Dear Sir,

Credit rating for bank facilities

On the basis of recent developments including operational and financial performance of your Company for FY21 (Audited) and Q1FY22 (Unaudited), and the possible impact of the same on the credit profile of your company, our Rating Committee has reviewed the following ratings:

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	8.50	CARE BB-; Stable (Double B Minus; Outlook: Stable)	Revised from CARE BB; Stable (Double B; Outlook: Stable)
Total Facilities	8.50 (Rs. Eight Crore and Fifty Lakhs Only)		

2. Refer Annexure 1 for details of rated facilities.

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

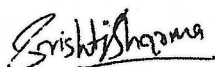
3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure 2. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by September 06, 2021, we will proceed on the basis that you have no any comments to offer.
4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. CARE ratings do not take into account the sovereign risk, if any, attached to the foreign currency loans, and the ratings are applicable only to the rupee equivalent of these loans.
7. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.
8. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

9. CARE ratings are **not** recommendations to sanction, renew, disburse or recall the concerned bank facilities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



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Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

Annexure 1

Details of Rated Facilities

1. Long Term Facilities

1.A. Fund Based Limits

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)
1.	Karur Vysya Bank Ltd.	4.00
	Total	4.00

1.B. Fund Based Limits

Sr. No.	Name of Bank / Lender	Rated Amount (Rs. crore)
1.	Proposed	4.50
	Total	4.50

Total Long Term Facilities : Rs.8.50 crore

Total Facilities (1.A+1.B) : Rs.8.50 crore

Annexure 2

Press Release

Autoriders International Limited

September xx, 2021

Ratings

Facilities	Amount (Rs. crore)	Rating ²	Rating Action
Long Term Bank Facilities	8.50	CARE BB-; Stable (Double B Minus; Outlook: Stable)	Revised from CARE BB; Stable (Double B; Outlook: Stable)
Total Bank Facilities	8.50 (Rs. Eight Crore and Fifty Lakhs 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 coupled with significant deterioration in topline due to covid-19 pandemic, loss on PAT level, subsequent erosion of net worth, elongated operating cycle, moderately leveraged capital structure, and moderately working capital intensive nature of operations. The rating 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, satisfactory operating margin, and moderately diversified & reputed customer base.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Increase in the scale of operations with a total operating income exceeding Rs. 60 crore with tangible network 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 respectively on a sustained basis

Negative Factors- Factors that could lead to negative rating action/downgrade:

- 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
- Deterioration in working capital cycle beyond 90 days on a sustained basis.

Detailed description of the key rating drivers

Key rating Weakness

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

²Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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.

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

Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings

CARE's Policy on Default Recognition

Financial ratios – Non-Financial Sector

Rating Methodology - Service Sector Companies

Liquidity Analysis of Non-Financial Sector Entities

Complexity Levels of Rated Instruments

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 (Rs. crore)	FY20 (A)	FY21 (A)
Total operating income	58.83	20.17
PBILDT	9.78	3.45
PAT	2.12	-2.01
Overall gearing (times)	1.37	1.13
Interest coverage (times)	5.73	2.69

A: Audited

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 for this company: Annexure 4

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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Cash Credit	LT	4.00	CARE BB-; Stable	-	1)CARE BB; Stable (24-Sep-20)	1)CARE BB; Stable (23-Aug-19)	1)CARE BB; Stable (21-Sep-18)
2.	Fund-based - LT-Proposed fund based limits	LT	4.50	CARE BB-; Stable	-	1)CARE BB; Stable (24-Sep-20)	1)CARE BB; Stable (23-Aug-19)	1)CARE BB; Stable (21-Sep-18)

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: Not applicable**Annexure 4: Complexity level of various instruments rated for this company**

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.

Annexure 5: Bank Lender Details for this Company

[Click here to view Bank Lender Details](#)

Contact us

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

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