Infants Travels Private Limited

March 27, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	301.00 (Enhanced from 218.00)	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to bank facilities of Infants Travels Private Limited (ITPL) factors in improvement in the company's scale of operations in FY24, which is expected to continue in FY25, and going forward, aided by medium-to-long-term contracts entered by the company with its clients, which ensures stable revenue stream. The rating factors in high customer retention due to ITPL's long-term association with reputed clientele and continuous addition of new clients thus strengthening its clientele base and ensuring continuous income for the company. The rating positively factors in large fleet base of the company and its competitive position in the market. CARE Ratings Limited (CARE Ratings) expects sustained improving scale of operations of the company, which is expected to generate healthy cash accruals against scheduled debt repayments, translating into satisfactory debt service coverage ratio (DSCR).

However, these rating strengths are offset by the leveraged capital structure due to asset heavy model adopted, which requires ITPL to continuously purchase vehicles which are predominantly funded with debt. The company is gradually increasing its geographical reach, which will require it to increase its fleet strength, which is anticipated to keep capital structure at elevated level. The company's bus deployment is near full and are earning remunerative fares translating into satisfactory coverage indicators. The rating is also constrained by profitability margins susceptible to fuel price fluctuations and its presence in highly fragmented and competitive industry. CARE Ratings notes that the company is taking steps to reduce its fuel and other operational expenses and thus improvement in profitability margins is expected in medium term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustainably improving scale of operations above ₹400 crore, net worth base of more than ₹75 crore, while maintaining total debt/profit before depreciation, interest and tax (PBDIT) less than 2.5x.

Negative factors

- Total debt/profit before interest, lease rentals, depreciation and taxation (PBILDT) of more than 3x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that ITPL will continue to sustain its performance aided by healthy demand from its large clientele base and will continue to benefit from experience of its promoters in the transportation industry.

Detailed description of key rating drivers:

Key strengths

Robust revenue growth

Company has been witnessing y-o-y revenue growth supported by strong client base and continuously increasing clients demands for ITPL services. It serves over 80 clients across three sectors, which includes corporate, manufacturing, and schools. With only few players in the industry, ITPL has dominant market position in Bengaluru. In FY24, the company witnessed growth of ~47% to ₹254.32 crore from ₹172.9 crore in FY23. In 9MFY25, company has already reported revenue of ₹249.32 crore with earnings before interest, taxes, depreciation, and amortisation (EBIDTA) of ₹70.29 crore. CARE Ratings anticipates that the company will continue to grow its revenue levels at a compounded annual growth rate (CAGR) of ~40% supported by continuously increasing its clientele base and acquisition of enterprise division of SRS Travels Private Limited. CARE Ratings also takes note that the

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

company has been taking steps to reduce its fuel and other operational expenses, which is anticipated to keep EBIDTA margins above 30% in future.

Reputed clientele base with long association

With over two decades of experience, ITPL has established association with clients across various sectors. Its client base includes 80+ companies, including J P Morgan, Siemens, SAP labs, Tech Mahindra Ltd. and Samsung India Software Operations, among others. The company also has school clients in its portfolio including Ryan International School and Narayana Group, among others. Due to company's long-term association with clients and their operations of providing smooth fleet service, client retention is ~92-95%. The company has been growing its client base by entering agreements with clients around the Bengaluru city. The company is now expanding its geographical reach by entering Chennai market. The company is expected to receive orders from new clients based out of Chennai, which will further increase its clientele base in the medium term.

Large fleet base with almost entire fleet deployed

ITPL has large fleet size of 2,100+ buses with almost entire fleet deployed except for 10-15 buses for standby purpose. The company operates 800+ vehicles for schools and transport over 20,000 students per day. They also cater to 55,000+ employee staff transportation per day. The fleet has global positioning system (GPS) tracker and 24*7 security and tracking system CMS, which provides real-time tracking for vehicles for 95% logins, ensuring emergency arrangements. The company also offers value-added services such as alert notification through SMS and email, speeding alerts, deviation analysis and route optimisation, among others. In CARE Ratings' opinion, services offered by the company would aid the company in maintaining its high client retention ratio.

Key weaknesses

Leveraged capital structure owing to debt backed fleet financing

COVID-19 severely impacted the company's business profile in FY21 and FY22 due to which the company incurred losses resulting in decline in net worth and moderation of gearing. The company operates on asset heavy model where it purchases vehicles which are predominantly funded with debt. However, ITPL purchases vehicles once an agreement is signed between client and the company which is generally for five years, translating into stable cashflows and satisfactory total debt/ PBDIT. While CARE Ratings expects that gearing will moderate further in near-to-medium owing to continuous expansion plans of the company but owing to its business model, total debt/PBDIT is anticipated to remain less than 3x.

Highly fragmented and competitive industry

The industry is highly fragmented and competitive owing to presence of unorganised private players in the market. With high pricing power and time taken to reach destination, services by private players can attract the passengers at competitive prices against the fares charged by ITPL, which are majorly fixed in nature. This coupled with presence of some well-established cab service providers makes the industry highly competitive as owing to increasing purchasing power. However, in chartered bus service, the company owns majority market share in Bangalore against few established players. Moreover, competitors of ITPL operators in specific sector, that is, either in corporate, school, or hospitality, whereas ITPL is present in all the three sectors.

Profitability vulnerable to fuel price fluctuation

The company's major costs are fuel and employee cost. Fluctuations in fuel prices and revision in employee payments and benefits directly impact the company's profit margins. The same is expected to stay volatile considering nature of the commodity and market demand-supply scenario. The prices charged by the company are collected based on contracted terms which is fixed in nature for a year and are for the long term. Thus, the company is unable to immediately pass on increase in fuel prices to its customers. As such, the company factors such fluctuation while quoting for contracts. Fuel costs as percentage of revenue contributed ~27% in FY24. Company is taking steps to reduce its fuel and other cost and is expected to save ~8-10% of total cost in medium term, which is expected to improve the company's profitability margins.

Liquidity: Adequate

The liquidity position of the company is adequate considering growing scale of operations backed by increasing client base, which is anticipated to generate healthy cash accruals, which would sufficiently cover company's debt repayment obligations translating into satisfactory DSCR. Net cash flow from operations has been witnessing improvement and stood at ₹54 crore in FY24 when compared to ₹23.54 crore in FY23. The company's monthly average CC utilisation is also low at ~40% as on December 30, 2024.

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

ITPL was initially established as a proprietorship firm in 1993 but later converted to a Private Limited company in 2002. The company is engaged in providing fleet services to corporates, schools, and hospitality industry predominantly serving across entire Bengaluru city. The company is promoted by John Louis Joseph and is supported by his family. ITPL is holding a fleet of ~2,100+ buses with capacity ranging from 17-seater up to 60-seater.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	December 31, 2025 (UA)
Total operating income	172.91	254.32	249.32
PBILDT	46.56	78.95	70.29
PAT	9.82	11.52	NA
Overall gearing (times)	5.02	5.92	NA
Interest coverage (times)	6.30	4.45	3.83

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

Status of non-cooperation with previous CRA: ICRA has continued to place the rating of ITPL under Issuer Not Cooperating vide PR dated January 15, 2025, as the company did not cooperate in sharing the requisite information and payment of the surveillance fee.
Acuite moved the rating of ITPL to Issuer Not Cooperating vide PR dated August 13, 2024, as the company did not cooperate in sharing the requisite information.

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	18.00	CARE BBB-; Stable
Fund-based - LT-Term Loan	-	-	-	August 2033	283.00	CARE BBB-; 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-Term Loan	LT	283.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (15-Mar-24)	-	-
2	Fund-based - LT-Cash Credit	LT	18.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (15-Mar-24)	-	-

LT: Long 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-Term Loan	Simple

Annexure-5: Lender details

To view 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:
Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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