

KTC (India) Limited

March 02, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.00	CARE BBB; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The ratings assigned to the bank facilities of KTC (India) Limited (KTC) factor in an established track record of operations in the car rental business for decades, experienced and resourceful promoters, a wide network with vendors, and a diversified and reputed clientele. The ratings derive strength from the company's sustained growth in its scale of operations and healthy profitability margins. The ratings also derive comfort from the ability of the company to profitably scale up its operations in the economy segment post Covid-19 and the adequate liquidity position of the company. However, these rating strengths are constrained by a moderate capital structure marked by moderate overall gearing and debt coverage indicators and the company's presence in a highly competitive industry. The rating also remains constrained by risks arising from the fleet's residual value at the time of disposal and the risk associated with accidental repair and maintenance cost.

The company's ability to grow rental volume at competitive pricing, while maintaining service quality and retaining manpower amidst intense competition and managing fleet costs without adversely impacting the capital structure will remain a key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in its scale of operations with TOI above ₹400 crore while maintaining its PBILDT margins above 20%.
- Improvement in overall gearing to below 0.70x on a sustained basis.
- Consistent improvement in total debt to GCA on a sustained basis.

Negative factors

- Decline in its scale of operations below ₹200 crore with moderation in its PBILDT margin below 10% on a sustained basis impacting the credit profile of the company.
- Deterioration in overall gearing of the company above 1x on a sustained basis.
- Deterioration in total debt to GCA of the company above 1.50x on a sustained basis.

Analytical approach: Consolidated

A consolidated approach has been adopted on account of common management, operational and financial linkages between the company and its subsidiary Starlines (India) Private Limited. Subsidiary considered for consolidation are given in Annexure-6.

Outlook: Stable

Stable outlook reflects CARE Ratings Limited (CareEdge Ratings)'s expectation that the company will continue to get benefits from its growing fleet and its focus on the economy segment which is expected to maintain stable growth in total income and profitability.

Detailed description of key rating drivers:

Key strengths

Sustained growth in scale of operations with healthy profitability margins

The total operating income of the company improved to ₹280.45 crore in FY25 compared to ₹257.05 crore in FY24, mainly because the company shifted its focus on the economy segment post Covid-19 considering an uptick in demand in the domestic market. The company was earlier in the luxury and premium segment catering to diplomats and event-based business, which was changed to the economy segment post Covid-19. The company increased the number of its vehicles from 446 in FY24 to 517 in FY25 to

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

705 vehicles as on January 2026 mainly in the economy segment from 153 vehicles in FY25 to 416 vehicles as of January 2026 and increased its workforce from 680 employees in FY24 to 849 in FY25 to 959 as of December 2025 to manage its growing scale of operations. The company also shifted its focus on corporate clients to provide employee transportation services and corporate car rental services, contributing ~60-65% of the total revenue of the company.

The profit before interest, lease rentals, depreciation and taxation (PBILDT) margin of the company slightly moderated though remained healthy at 16.49% in FY25 compared to 20.39% in FY24, owing to an increase in employee expenses to manage the growing scale of operations. The employee cost increased to ₹46.11 crore in FY25 from ₹35.44 crore in FY24. The company recorded profit after tax (PAT) and gross cash accruals (GCA) of ₹21.28 crore and ₹35.46 crore respectively in FY25 (PY: ₹27.40 crore and ₹39.79 crore respectively). In 7MFY26 (refers to April 01, 2025 to October 31, 2025), the company achieved total income of ₹185.29 crore and a PBILDT margin of 16.49%.

Experienced and resourceful Promoters

KTC (India) Limited (KTC) is promoted by Sarab Jit Singh, who joined the family business in 1971. KTC (India) Limited was a proprietorship firm founded by the late Deshraj Singh in 1943. The firm was converted into a Private Limited company on October 07, 1985, by Sarab Jit Singh. In 2024, the company was converted into an unlisted public limited company. Over the years, Sarab Jit Singh has contributed to several transformative initiatives within the travel industry. Gurudev Singh Ahluwalia, a director of the company and a graduate of the London School of Economics, brings extensive experience in ground transportation and the travel sector. The board of directors also includes Ravindra Kaur, Rajeev Kukreja, Sandeep Kumar Srivastava, Amit Singhania, and Rishab Chanana, each contributing to the strategic leadership of the organisation. The promoters are resourceful and will infuse funds into the business when required.

Reputed and diversified clientele

KTC (India) Limited (KTC) has a diversified clientele, with the top fifteen customers contributing ~38% of the total revenue in FY25. Some of the company's renowned clients include Apollo Tyres Limited, Aviva Life Insurance, Bain and Company, Board of Control for Cricket in India (BCCI), BMW India, EY and Samsung. The company's established relationship with reputed customers and yearly agreements helps the company obtain repeat business, which provides revenue visibility over the medium term.

Key weaknesses

Moderate Capital Structure of the company

The capital structure of the company stood moderate in FY25. The long-term debt to equity ratio and overall gearing ratio stood at 0.98x and 0.98x in FY25 compared to 1.25x and 1.37x in FY24. The total debt of the company increased to ₹55.13 crore in FY25 compared to ₹47.62 crore in FY24 considering the increase in vehicle loans to add new fleet and support the scale of operations. The debt coverage indicators also stood moderate as reflected by total debt to gross cash accruals (GCA) and interest coverage ratio of 1.55x and 8.24x in FY25 compared to 1.20x and 10.63x in FY24. The net worth of the company increased to ₹56.16 crore in FY25 (PY: ₹34.81 crore). The capital structure is expected to improve considering scheduled repayment of term debts from internal accruals.

Fleet's residual value risk at time of disposal

KTC (India) Limited (KTC) remains exposed to the risk of residual value of cars in the fleet at the time of their disposal, which is the book value of assets after the termination of operating leases. However, given its established market position and vast experience in local and global markets, the company has considerable experience in disposing of old vehicles and pricing them at values that have not resulted in losses on asset sales in the last five years. The risk is also partially mitigated by the company charging its customers for extra kilometres run in the contracted value, as this could impact the residual value. Since the company's average fleet age is 60-72 months, it also remains a critical source of part funding the new fleet annually. The fleet vehicles are subject to risks associated with accidental repair and maintenance cost.

Exposure to intense competition

Apart from unorganised players, KTC (India) Limited (KTC) faces competition from organised players including Avis India, Carzonrent, Orix-RAC, and Eco-RAC in the car rental segment, and the entry of new players such as Uber and Ola. Although competition has impacted the car rental business, KTC has built a healthy clientele in the previous three to four years in the corporate segment and has invested in technology and customer acquisition to address competition.

Liquidity: Adequate

Adequate liquidity is characterised by a comfortable cushion in expected cash accruals of ~₹51.49 crore compared to repayment obligation of ₹20.47 crore. Its fund-based bank limits are utilised at ~32% in the 12 months ended January 2026. The company's operating cycle is comfortable and stood at 34 days in FY25 mainly driven by a collection period of 80 days. Against this, the company makes payment in 46 days to its creditors. The company has a free cash balance of ~₹5.95 crore as on January 19, 2026.

Applicable criteria

[Policy on Default Recognition](#)

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

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Financial Ratios – Non financial Sector](#)

[Services Sector](#)

[Consolidation & Combined Approach](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Transport Services	Transport Related Services

KTC (India) Limited (KIL), headquartered in Delhi, was incorporated originally as a private limited company on October 7, 1985, by Mr. Sarab Jit Singh. In 2024, the company was converted into an unlisted public limited company. KIL offers luxury and executive car rental services, end-to-end travel solutions, domestic and international tour packages, and event-related transportation services. The company currently operates a fleet of 705 vehicles.

Brief Financials (₹ crore)- Consolidated	March 31, 2024 (A)	March 31, 2025 (A)	7M FY26 (UA)
Total operating income	257.05	280.45	185.29
PBILDT*	52.41	46.23	30.56
Profit after tax (PAT)	27.40	21.28	14.70
Overall gearing (x)	1.37	0.98	-
Interest coverage (x)	10.63	8.24	11.49

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax.

Status of non-cooperation with previous CRA: NA

Any other information: NA

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Bank Overdraft		-	-	-	10.00	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 2025-2026	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
1	Fund-based - LT-Bank Overdraft	LT	10.00	CARE BBB; Stable				

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: NA

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6 List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	Starlines (India) Private Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge 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.

Contact us

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About us:

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