



Press Release
Infants Travels Private Limited
May 24, 2023
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	123.00	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	18.00	ACUITE BB+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	141.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs.18.00 Cr bank facilities of Infants Travels Private Limited (ITPL).

Further, Acuité has assigned its long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs.123.00 Cr bank facilities of Infants Travels Private Limited (ITPL)

The outlook is '**Stable**'.

Rationale for Rating

The rating draws comfort from extensive experience of the promoters of over two decades in the fleet management services and its established track record within Bengaluru city. The company also has plans to expand further in Tamil Nadu and Andhra Pradesh and accordingly has started operations in Nellore and Chennai. Further, the rating considers ITPL's reputed clientele base including corporate giants like J P Morgan, Siemens etc. Furthermore, the rating is driven by the revival in the business performance of ITPL marked by post-covid improved working environment in corporates and schools being back to normalcy. The revival in the performance is reflected in the improved revenues during FY2023 (Prov.) which stood at Rs. 173 Cr. against Rs. 39 Cr in FY2022. However, these strengths are partially offset by below-average financial risk profile, marked by high gearing and susceptibility of profitability to hike in fuel prices and exposure to intense competition.

About the Company

Bengaluru-based, ITPL was initially established as a proprietorship firm in 1993 and later converted to a private limited company in 2002. The company is promoted by Mr. John Louis Joseph along with his family members - Mr. Arulraj Joseph, Mrs. Malathy John Louis and Mr. John Roshan Louis. The company provides fleet services to corporates, schools, and hospitality industry. Currently, the company has a mix of around 1000+ buses with capacity ranging from 19-seater up to 45-seater. The company predominantly serves within entire Bengaluru city and has recently also expanded in Tamil Nadu and Andhra Pradesh.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of ITPL to arrive at the rating.

Key Rating Drivers

Long track record of operations with experienced management and established relationship with corporate giants

ITPL is promoted by Mr. John Louis Joseph who has been engaged in the fleet management industry for more than two decades. The extensive experience of the promoters is reflected in Press Release INFANTS TRAVELS PRIVATE LIMITED Rating Assigned and Reaffirmed through the established relationship with its reputed customers like J P Morgan, Tech Mahindra, Siemens, Samsung, SAP Labs, Ryan International School among others. The revenue profile is supported by regular capital expenditure on vehicles. Acuité believes that ITPL's business risk profile is expected to improve further supported by the company's experienced management and established relation with its elite and growing clientele.

Revival in revenues during FY2023 after significant impact of Covid-19 pandemic on the operating performance.

ITPL's business profile was severely impacted during the Covid-19 phase (FY2021 & FY2022) when most of the corporates and schools opted for work from home options (WFH). The company reported revenues of Rs. 39.69 Cr in FY2022 and Rs. 43 Cr in FY2021 against Rs. 153 Cr in FY2020. The profitability turned negative owing to the negative operational environment during the covid phase. The company reported losses of Rs. (8.11 Cr.) in FY2022 and Rs. (9.40 Cr.) in FY2021. However, during FY2023 with gradual reduction in travel restrictions and improvement in the working environment, ITPL reported significant growth in its revenues. The company has reported revenues to the tune of Rs. 173 Cr. during the FY2023 (Prov.) and surpassed its pre-covid revenue levels. Further, ITPL has its contracts with reputed corporate giants like J P Morgan Services (I) Pvt. Ltd, Siemens Technology, Samsung India Software Operations, Tech Mahindra Ltd., Ryan International School etc. to name a few. Operations of ITPL are majorly concentrated in Bengaluru but also gradually expanding in Tamil Nadu & Andhra Pradesh. It has also received an order from Siemens for its Gamesa Nellore and Chennai offices. Further, the company has been recording significant growth starting June-22 with an increase in its monthly billing from Rs. 8 Cr in the previous months to currently at Rs. 16.51 Cr. Acuité believes that ITPL's scale of operations is expected to improve further marked by its expansion plans and long-term contracts being received from its elite clientele.

Weaknesses

Below average financial risk profile

ITPL's financial risk profile is below average, marked by low net worth, high gearing, and moderate debt protection metrics. Due to net losses reported during the last two consecutive years, ITPL's net worth has experienced severe erosion and stood at Rs. 15.90 Cr as on March 31, 2022. However, during FY2023 (Prov.) the net worth levels have seen improvement owing to accretions during the same year. The tangible net worth as on March 31, 2023 (Prov.) stood at Rs. 25.48 Cr. However, the nature of business being capital intensive, ITPL needs to continuously undertake capex, majorly debt-funded in order to add buses and vehicles. This has resulted in a highly leveraged capital structure marked by gearing (debt-to-equity) of 5.08 times as on March 31, 2023 (Prov.) against 4.05 times as on March 31, 2022. The total debt increased during FY2023 and stood at around Rs. 130 Cr. against Rs. 64.33 Cr in FY2022. Further, the TOL/TNW stood high at 5.22 times, as on March 31, 2023, against 4.18 times respectively as on March 31, 2021. Debt protection metrics are moderate, reflected in its adequate DSCR and net cash accrual to total debt ratio (NCA/TD) of 1.47 times and 0.31 times, respectively, in FY2023 (Prov.) Acuité believes that gradual and steady improvement in the financial risk profile will remain critical for overall business growth of ITPL.

Highly competitive industry and profitability susceptible to regulatory risks

Adding new drivers and retaining them remains challenging till date for the ride-hailing industry given the unorganised and competitive market. Moreover, operations of ITPL are largely concentrated in Bengaluru and exposed to intense competition; both from large fleet cab operators and other regional players having a longstanding association with customers, thereby, restricting the company's growth in scale of operation and bargaining power. However, in order to reduce geographical concentration, the company has recently started its operations in Tamil Nadu and soon plans to take off in Andhra Pradesh as well. Further, the operations of the industry are price sensitive and highly susceptible to fuel prices and other inflation inputs which exposes the company to regulatory risks.

Rating Sensitivities

- Slower than expected growth in the revenue & profitability margins
- Further deterioration in capital structure and financial risk profile

Material covenants

None

Liquidity Position

Adequate

ITPL's liquidity is currently adequate marked by sufficient cushion between the net cash accruals and maturing debt obligations. The maturing debt obligations stood at Rs. 25 Cr. against the NCA of Rs. 39 Cr for FY2023 (Prov.). Going forward with improvement in the revenues the company is expected to record cash accruals of around Rs. 45 Cr–Rs. 50 Cr during FY2024 and FY2025 respectively. The obligations against the same are expected at around Rs. 35 Cr.–Rs.40 Cr. ITPL's working capital operations are intensive dominated by the debtor days of around 68 during FY2023(Prov.). The debtor days are generally high owing to extending longer credit period of around 30-45 days to its clients. ITPL raises billing until 10th of every month for the previous month's services, while it needs to make payments by 10th of every month for the previous month's hire charges usage. However, hire charges only being around 10-12% the company has kept moderate reliance on working capital borrowings, with cash credit limits utilized at ~40 per cent during the last 7 months period ended March 2023. ITPL maintains unencumbered cash and bank balances of Rs.10.42 Cr. as on March 31, 2023 (Prov.)which includes FDR of Rs. 9.51 Cr. 2022. Acuité believes that going forward the liquidity of ITPL is likely to remain adequate over the medium term on account of expected growth in net cash accruals and efficient utilisation of its bank lines over the medium term.

Outlook: Stable

Acuité believes the ITPL will maintain 'Stable' outlook over the medium term on account of working environment being back to normalcy, promoters' extensive experience and healthy relationships with customers. The outlook may be revised to 'Positive' if significant ramp-up in operations and fleet optimisation leads to a sustainable increase in profitability and improved capital structure. Conversely, the outlook may be revised to 'Negative' if lower-thanexpected revenue and profitability or lower-than-expected cash generation, or any further stretch in the liquidity profile is recorded.

Other Factors affecting Rating

Not Applicable

Key Financials

Particulars	Unit	FY 23 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	172.93	39.69
PAT	Rs. Cr.	9.55	(8.41)
PAT Margin	(%)	5.52	(21.18)
Total Debt/Tangible Net Worth	Times	5.08	4.05
PBDIT/Interest	Times	6.38	2.12

Status of non-cooperation with previous CRA (if applicable)

ICRA vide its press release dated 5.09.2022, had reaffirmed the company to ICRA B+/Stable ; INC

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
17 Feb 2023	Cash Credit	Long Term	8.00	ACUITE BB+ Stable (Upgraded from ACUITE BB)
	Proposed Bank Facility	Long Term	5.00	ACUITE BB+ Stable (Upgraded from ACUITE BB)
	Secured Overdraft	Long Term	5.00	ACUITE BB+ Stable (Upgraded from ACUITE BB)
23 Jun 2022	Secured Overdraft	Long Term	5.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Cash Credit	Long Term	8.00	ACUITE BB (Downgraded and Issuer not co-operating*)
	Proposed Bank Facility	Long Term	5.00	ACUITE BB (Downgraded and Issuer not co-operating*)
01 Apr 2021	Secured Overdraft	Long Term	5.00	ACUITE BB+ Negative (Reaffirmed)
	Proposed Bank Facility	Long Term	5.00	ACUITE BB+ Negative (Reaffirmed)
	Cash Credit	Long Term	8.00	ACUITE BB+ Negative (Reaffirmed)
22 Jan 2020	Cash Credit	Long Term	18.00	ACUITE BB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
ICICI Bank Ltd	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	8.00	ACUITE BB+ Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE BB+ Stable Reaffirmed
ICICI Bank Ltd	Not Applicable	Secured Overdraft	Not Applicable	Not Applicable	Not Applicable	Simple	5.00	ACUITE BB+ Stable Reaffirmed
Axis Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	7.62	ACUITE BB+ Stable Assigned
Bank of Baroda	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	22.26	ACUITE BB+ Stable Assigned
Cholamandalam Investment Finance Company Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	9.43	ACUITE BB+ Stable Assigned
Equitas Small Finance Bank Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	15.80	ACUITE BB+ Stable Assigned
HDFC Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	8.48	ACUITE BB+ Stable Assigned
IDFC First Bank Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.48	ACUITE BB+ Stable Assigned
Indusind Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.82	ACUITE BB+ Stable Assigned
Kotak Mahindra Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	8.10	ACUITE BB+ Stable Assigned
Mahindra & Mahindra Financial Services Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	6.07	ACUITE BB+ Stable Assigned
Sundaram Finance Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	8.75	ACUITE BB+ Stable

								Assigned
Suryoday Small Finance Bank Limited	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	4.58	ACUITE BB+ Stable Assigned
Toyota Financial Services India Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	0.62	ACUITE BB+ Stable Assigned
Tata Motors Finance Solutions Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	8.56	ACUITE BB+ Stable Assigned
Yes Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	6.91	ACUITE BB+ Stable Assigned
ICICI Bank Ltd	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	8.39	ACUITE BB+ Stable Assigned
MERCEDES-BENZ FINANCIAL SERVICES INDIA PRIVATE LIMITED (ERSTWHILE DAIMLER FINANCIAL SERVICES INDIA PRIVATE LIMITED)	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	1.13	ACUITE BB+ Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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