

Press Release

Urban Mass Transit Company Limited

January 13, 2023



Rating Downgraded & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	1.00	ACUITE B+ Downgraded & Withdrawn	-
Bank Loan Ratings	4.00	-	ACUITE A4 Downgraded & Withdrawn
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	5.00	-	-

Rating Rationale

Acuite has downgraded & withdrawn the long-term rating of '**ACUITE B+** ' (read as **ACUITE B plus**) and the short-term rating of '**ACUITE A 4** ' (read as **ACUITE A four**) from **ACUITE BB- (Read as ACUITE Double B minus)/ACUITE A4+ (Read as ACUITE A Four Plus)** on the Rs.5.00 Cr. bank facilities of Urban Mass Transit Company Limited (UMTC). The rating is being withdrawn on account of request received from the client and NOC received from the banker as per Acuite's withdrawal policy.

Rationale for Downgrade of rating

The rating continues to derive comfort from the extensive experience of the promoters in the line of business supported by a reputed customer profile and backed by the Promoters like Ministry of Urban Development, Government of India (25%), Government of Andhra Pradesh (17%) and Andhra Pradesh State Road Transport Corporation (8%). However, the rating has been downgraded on account of decline in revenue by about 32% in FY 22, continued stretch in working capital requirements as visible in its GCA days of 452 days in FY2022 as against 342 days in FY2021, and negative PAT of 3.26 Crore in FY 2022 followed by negative Margins. The EBITDA Margins are maintained at (19.93)% in FY 22 as compared to 2.34% in FY 21.

About the Company

Incorporated in the year 1993, Urban Mass Transit Company Limited (UMTC) is a New-Delhi based consultancy company in the field of urban mobility. The company is a public-private venture with 25 percent held by the Government of India - Ministry of Housing & Urban Affairs, 16.66 percent by Government of Andhra Pradesh, 8.33 by Andhra Pradesh State Road Transport Corporation, and 49.99 percent by IL&FS IIDC Fund. UMTC provides sustainable solutions for improving mobility through an integrated and multimodal approach encompassing the entire life cycle of the project, i.e. ideation, concept, planning and design, implementation, and operation.

Analytical Approach

Acuité has considered the standalone view of the business and financial risk profile of UMTC to arrive at the rating.

Key Rating Drivers

Strengths

Backed by strong Promoters and Experienced management:

UMTC commenced its operations in the year 2008. The company has an operational track record of over a decade in urban mobility solutions with its directors having experience of over three decades in the aforementioned line of business. The company caters to the requirements of the Ministry of Urban Development (MOUD), Urban Local Bodies (ULB), multilateral and bilateral funding agencies amongst others. The long track record of operations and experience of management has helped the company to become one of the leading consultants in the transportation industry, catering to clients such as Maharashtra Metro Rail Corporation Limited, Nagpur Municipal Corporation, Pune Municipal Corporation, Kochi Metro Rail Corporation, etc., to name a few. Acuité believes that UMTC will sustain its existing business risk profile on the back of its established track record of operations and its experienced management. UMTC is backed by strong promoters like Ministry of Urban Development, Government of India (25%), Government of Andhra Pradesh (17%) and Andhra Pradesh State Road Transport Corporation (8%)

Weaknesses

Deterioration in Financial Risk Profile

The Interest Coverage Ratio (ICR) has declined from 18.99 times in FY 21 to (78.31) times in FY 22 while the Debt Service Coverage Ratio (DSCR) also shows a downward trend from 47.17 times in FY 21 to (75.57) times in FY 22 due to negative PBDIT maintained by the company in the financial year 2022. The Net-Worth of the company has declined in FY 22 from 18.79 Crore in FY 21 to 15.49 Crore in FY 22 due to the decline in the balance of the profit & loss account from Rs. 16.10 Crore in FY 21 to Rs. 12.75 Crore in FY 22.

Deterioration in Working Capital Management

The working capital management has deteriorated that is visible from its Gross Current Assets (GCA) days increasing to 452 days in FY 22 as compared to that of 342 days in FY 21. The debtors' collection period of UMTC increased to 422 days in FY2022 as against 281 days in FY2021.

Rating Sensitivities

Not Applicable

Material covenants

None

Liquidity Position

Stretched

UMTC's Stretched liquidity position is marked by negative Net Cash Accruals (NCA) in FY 22 of Rs. (3.14) Crore as compared to Rs. 2.58 Crore in FY 21. The repayment obligations are expected to remain NIL during the period. The cash and bank balance stood at Rs. 0.59 Crore in FY 22 while that of Rs.2.05 Crore as on March 31, 2021. The current ratio stood at 1.83 times as on March 31, 2022 when compared to that of 2.34 times as on March 31, 2021 due to increase in Employees Dues under the head Other Current Liabilities in FY 22.

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 22 (Actual)	FY 21 (Actual)
Operating Income	Rs. Cr.	17.06	25.03
PAT	Rs. Cr.	(3.26)	2.29
PAT Margin	(%)	(19.13)	9.14
Total Debt/Tangible Net Worth	Times	0.00	0.00
PBDIT/Interest	Times	(78.31)	18.99

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

None

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, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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
04 Jan 2022	Proposed Bank Facility	Long Term	1.00	ACUITE BB- Stable (Reaffirmed)
	Bank Guarantee	Short Term	4.00	ACUITE A4+ (Reaffirmed)
26 Nov 2021	Proposed Bank Facility	Long Term	1.00	ACUITE BB- Stable (Reaffirmed)
	Proposed Bank Facility	Short Term	4.00	ACUITE A4+ (Reaffirmed)
18 Nov 2020	Proposed Bank Facility	Long Term	1.00	ACUITE BB- Stable (Downgraded from ACUITE BB Stable)
	Proposed Bank Facility	Short Term	4.00	ACUITE A4+ (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Yes Bank Ltd	Not Applicable	Bank Guarantee (BLR)	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	ACUITE A4 Downgraded & Withdrawn
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	1.00	ACUITE B+ Downgraded & Withdrawn

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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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