



**Press Release**  
**UMSL LIMITED**  
**June 20, 2025**  
**Rating Assigned and Downgraded**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	95.00	ACUITE BBB-   Negative   Downgraded   Stable to Negative	-
Bank Loan Ratings	100.00	-	ACUITE A3+   Assigned
Bank Loan Ratings	178.00	-	ACUITE A3+   Downgraded
<b>Total Outstanding Quantum (Rs. Cr)</b>	373.00	-	-
<b>Total Withdrawn Quantum (Rs. Cr)</b>	0.00	-	-

**Rating Rationale**

Acuite has downgraded its long-term rating to '**ACUITE BBB-**' (read as **ACUITE triple B minus**) from '**ACUITE BBB**' (read as **ACUITE triple Ba**) and a short-term rating to '**ACUITE A3+**' (read as **ACUITE A three plus**) from '**ACUITE A2**' (read as **ACUITE A two**) on the Rs.273.00 Cr. bank facilities of UMSL Limited. The outlook revised to '**Negative**' from '**Stable**'.

Acuite has assigned its short-term rating of '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs.100.00 Cr. bank facilities of UMSL Limited.

**Rationale for the rating**

The rating action factors the company's declining operating performance as reflected by dip in operating income to Rs. 358.03 Cr. in FY25 (prov.) against Rs. 480.36 Cr. in FY24 and Rs. 493.01 Cr. in FY23. This has mainly been due to delay in booking revenues by the Company and slow down in execution of orders due to Central & State Elections. Furthermore, the current order book of Rs. 539.77 Crore approximately as on 28th May 2025 provides lower revenue visibility over the medium term with an OB/OI of 1.51 times. The operating profitability declined to 6.63 per cent in FY2025 (prov.) as against 7.67 per cent in FY2024 largely since fixed costs could not be absorbed fully. The ratings also factor in company's intensive working capital operations. However, the rating get comfort from the healthy financial risk profile and experience of the promoters in the business since decades.

**About the Company**

Incorporated in 1991, UMSL Limited is engaged in infrastructure development like construction of road, highways, bridges, pipelines, etc with its geographical span extending to Odisha, Jharkhand, Chhattisgarh and Maharashtra. The company was initially involved in providing specialised logistics solutions to various companies, however, since 2012, the company diversified into infrastructure construction segment which has been contributing a large share of the revenues over the past few years. The company also provides logistics services, which contributes a miniscule percentage of the total revenue, majorly to its group companies.

**Unsupported Rating**

Not applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of UMSL Limited to arrive at the rating.

## **Key Rating Drivers**

### **Strengths**

Long track record of operations and experienced management

The company has a long operational track record of around three decades in the road transportation of minerals and metal products and more than one decade of experience in executing EPC contracts like construction of road, bridges, buildings, canals, etc. It also caters to the logistics requirements of its Group company, Indian Metal & Ferro Alloys Limited (IMFA), which is India's largest fully integrated producer of ferro alloys. Further, the Whole time Director and Vice Chairperson, Ms. Paramita Panda has over 2 decades of professional expertise and has served as Director on the Board of Indian Metals and Ferro Alloys Limited (IMFA). UMSL Limited has hired renowned professionals from the industry in the recent years at various leadership positions across business verticals and project divisions, which augur well for the future growth prospects of the company. Acuite believes that the long operational track record and highly experienced professionals on the Board shall support the business risk profile of the company to an extent.

### **Healthy Financial Risk Profile albeit decline in debt protection metrics**

The financial risk profile of the company is healthy albeit decline in net-worth of Rs. 371.54 Crore as on 31st March 2025 (prov.) against Rs. 373.81 Crore as on 31st March 2024 due to company incurring losses in FY25(prov.). Further, the total debt of the company stood at Rs. 145.88 Crore as on 31st March 2025 (prov.) against Rs. 135.02 Crore as on 31st March 2024. The capital structure of the company is comfortable marked by gearing ratio of the company which stood at 0.39 times as on 31st March 2025 (prov.) against 0.36 times as on 31st March 2024. However, the coverage indicators of the company reflected by interest coverage ratio and debt service coverage ratio of the company which stood at 1.14 times and 0.82 times respectively as on 31st March 2025 (prov.) against 1.66 times and 1.02 times respectively as on 31st March 2024 due to lower profits. The debts have been repaid from earlier cash reserves of the Company. The TOL/TNW ratio of the company stood at 0.89 times as on 31st March 2025 (prov.) against 0.84 times as on 31st March 2024 and DEBT-EBITDA of the company stood at 6.14 times as on 31st March 2025 (prov.) against 3.73 times as on 31st March 2024 as the Company has borrowed both working capital loans and equipment finance loans albeit low EBDITA. Acuite believes that going forward the financial risk profile of the company is a key monitorable.

### **Weaknesses**

#### **Decline in scale of operations**

The company witnessed a decline in its scale of operations marked by an operating income of Rs. 358.03 Cr. in FY2025 (prov.) as against Rs. 480.36 Cr in FY2024 due to slowdown in execution of order book due to the Central & State Election. The Company had an order book of Rs. 539.77 Crore approximately as on 28th May 2025, with an OB/OI of 1.51 times, which provides it lower revenue visibility over the medium term. Going forward, the ability of the company to bag new orders and timely execution of the existing orders will remain a key rating monitorable. The EBITDA margin of the company stood at 6.63 per cent in FY2025 (prov.) as against 7.67 per cent in FY2024 due to higher fixed costs. The PAT margin of the company stood at (0.65) per cent in FY2025 (prov.) against 0.79 per cent in FY2024 due to high interest cost. Acuite believes that going forward the company's ability to ramp up operations alongwith improvement in profitability will remain a key monitorable.

#### **Intensive Working Capital Operations**

Company has intensive working capital operations as evident from gross current assets (GCA) of 320 days in FY2025 (prov.) as compared to 229 days in FY2024. Intensiveness of Working capital is on account of high Receivable Days. Debtor days stood at 252 days in FY2025 (prov.) as against 155 days in FY2024 due to delay in the release of fund by the Government departments and build up of unbilled revenue which increased to Rs. 184.57 Cr. in FY25 (prov.) from Rs. 132.06 Cr. in FY24. Inventory days stood at 31 days in FY25 (prov.) against 29 days in FY24 whereas, creditor days stood at 184 days in FY2025 (prov.) against 113 days in FY2024. Acuite believes that the working capital operations of the company will remain intensive over the medium term.

#### **Susceptibility to tender-based operations**

Revenue and profitability entirely depend on the ability of civil construction companies to win tenders. Also, intense competition among civil contractors prompts players to bid aggressively to bag contracts and thus, restricts the operating margin. Amidst cyclicity inherent in the construction industry, ability to maintain the margin through operating efficiency becomes critical.

### **Rating Sensitivities**

- Movement of the scale of operations and margins
- Timely execution of order book and ability to bag new orders
- Movement of working capital operations
- Movement in debt protection metrics

### **Liquidity Position**

#### **Stretched**

The liquidity profile of the company is stretched. The net cash accruals of company stood at Rs. 3.01 Cr. in FY25 (prov.) against the CPLTD of Rs. 8.38 Cr. for the same period. The repayments were met out of cash

reserves of the Company. The company is undertaking debt funded capex for funding equipment. The company has cash & bank position of Rs. 0.88 Cr. and current ratio stood at 1.27 times for FY25 (prov.). The average fund based bank limit utilization is at ~91.25% and non-fund based bank limit utilization is at ~82.92% for the 9 months' period ending March 2025. Acuite believes that the liquidity of the company will remain key monitorable over the medium term reflected by low accruals versus repayments and expectation of high dependence on bank lines to fund working capital requirements.

**Outlook: Negative**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	358.03	480.36
PAT	Rs. Cr.	(2.32)	3.81
PAT Margin	(%)	(0.65)	0.79
Total Debt/Tangible Net Worth	Times	0.39	0.36
PBDIT/Interest	Times	1.14	1.66

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

Not applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.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](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
22 Mar 2024	Bank Guarantee (BLR)	Short Term	63.00	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A2 (Assigned)
	Bank Guarantee (BLR)	Short Term	35.00	ACUITE A2 (Assigned)
	Cash Credit	Long Term	30.00	ACUITE BBB   Stable (Assigned)
	Cash Credit	Long Term	15.00	ACUITE BBB   Stable (Assigned)
	Cash Credit	Long Term	30.00	ACUITE BBB   Stable (Assigned)
	Cash Credit	Long Term	20.00	ACUITE BBB   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	63.00	Simple	ACUITE A3+   Downgraded ( from ACUITE A2 )
IDBI Bank Ltd.	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A3+   Downgraded ( from ACUITE A2 )
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A3+   Downgraded ( from ACUITE A2 )
Indian Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE A3+   Downgraded ( from ACUITE A2 )
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB-   Negative   Downgraded   Stable to Negative ( from ACUITE BBB )
IDBI Bank Ltd.	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	18.00	Simple	ACUITE BBB-   Negative   Downgraded   Stable to Negative ( from ACUITE BBB )
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE BBB-   Negative   Downgraded   Stable to Negative ( from ACUITE BBB )
Indian Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB-   Negative   Downgraded   Stable to Negative ( from ACUITE BBB )
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A3+   Assigned
Not Applicable	Not avl. / Not appl.	Proposed Bank Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	75.00	Simple	ACUITE A3+   Assigned
IDBI Bank Ltd.	Not avl. / Not appl.	Working Capital Demand Loan (WC DL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BBB-   Negative   Downgraded   Stable to Negative ( from ACUITE BBB )

## Contacts

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### About Acuité Ratings & Research

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