



## Press Release

**United Facilities and Logistics Private Limited**

**November 06, 2020**

### **Ratings**

| <b>Sl. No.</b> | <b>Instrument/Facility</b>                        | <b>Amount (Rs. Crore)</b> | <b>Rating Assigned</b>   |
|----------------|---|---------------------------|--|
| 1              | Bank Facilities- Long Term                        | 3.50                      | IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook)                           |
| 2              | Bank Facilities- Long Term /Short Term (Proposed) | 10.50                     | IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook)/IVR A4+ (IVR A Four Plus) |
|                | <b>Total</b>                                      | <b>14.00</b>              |  |

**Details of Facilities are in Annexure 1**

### **Detailed Rationale**

The aforesaid rating assigned to the long term & short term facilities of United Facilities and Logistics Private Limited (UFLPL) derives comfort from its extensive experience of the promoters, diversified revenue model, reputed clientele, moderate revenue growth and healthy margins. These rating strengths are partially offset by its below-average financial risk profile, asset intensive business model, profitability exposed to fluctuations in input costs and exposure to regulatory risks

### **Key Rating Sensitivities**

#### **Upward Factor**

- Substantial & sustained improvement in the company's revenue and profitability along with improvement in the debt protection indicators.

#### **Downward Factor**

- Any decline in scale of operations, profitability and/or liquidity profile of the company
- Withdrawal of existing level of unsecured loans from the business.

### **Detailed Description of Key Rating Drivers**

**Extensive experience of the promoters**



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The promoters' experience of over two decades, strong understanding of local market dynamics, and healthy relationships with customers and suppliers should continue to support the business. Both of the promoters are involved into day to day operations of the company.

### **Diversified revenue model**

United Facilities & Logistics Private Limited (UFL) is primarily involved into passenger transport business to various IT, ITES and BPO companies with its own fleet of more than 600 cars and 50 buses. Beside this, more than 2200 cars and buses are dedicatedly associated with UFL in lease basis. Further in FY2018-19, the company has started providing gas tanker on rent to IOCL, BPCL and HPCL. Recently, UFL has started a new operations in the field of Waste Management and set up separate unit consisting of manufacturing of Waste management Equipment which are selling in the market and also used for the Set up own plant for providing the services of waste management unit in the name of "Swachhta" at Ghaziabad Dist.(UP). This diversified business model safeguards the business from ant downfall in the certain industry.

### **Reputed clientele**

United Facilities & Logistics Private Limited is an ISO 9001:2015 Certified Company, specialized in passenger transport business to various IT, ITES and BPO companies The Corporate and Head office of the company is located in Delhi and its branch offices are located in different cities/state of India -- Noida (UP), Gurugram (Haryana), Chennai (Tamil Nadu), Hyderabad (Andhra Pradesh) and Bengaluru (Karnataka). The company provides Employee transfer (ETS/SPOT rental) on Pan India with reputed MNC's like (Exl, Amdocs, R1, American Express, BT, BMW , Emerson, Adobe, Sitel, IHS Market, Ericsson, Airtel etc). Further, United Facilities & Logistics Private Limited (UFL) is providing the facilities of Logistics of Gas Tanker and given own Tankers on hire (rent) to IOCL, BPCL and HPCL. On the account of association with reputed clientele, the company reduces the counterparty default risk.

### **Moderate revenue growth; margins remain healthy**

In FY2019 and FY2020, the company experienced a healthy revenue growth of 28.36% and 13.81%, respectively owing to improvement in realisation in passenger transportation



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businesses due to additional of new customer and timely renewal of contracts which leads to increase in transport volumes. The operating profitability remained healthy due to the presence in the passenger transportation businesses segment for corporate employees.

### **B. Key Rating Weaknesses**

#### **Below-average financial risk profile**

Gearing ratio and total outside liabilities to tangible net worth (Adjusted) ratio remained high at 2.83 times and 3.82 times, respectively, as on March 31, 2020, because of small net worth (Adjusted) of Rs.12.48 crore.

#### **Asset intensive business model**

The Company primarily operates through a fleet of owned vehicles of 600 cars and 50 buses as against 2200 cars and buses dedicatedly associated with UFL. Also, the company's capital intensive model of business requires significant investments in terms of regular capital expenditure. However, it offers advantages in terms of better operating profitability and better control over quality and reliability of services. Although, there are lower margins associated with hired vehicles as against owned vehicles.

#### **Profitability exposed to fluctuations in input costs**

Externalities such as increase in fuel costs, bridge and toll charges and labour expenses which the company may not be able to pass on to customers in the entirety could have an adverse impact on profit margins.

#### **Exposure to regulatory risks**

The Company, by virtue of its presence in the passenger transport industry, is exposed to regulatory risks (with respect to licenses and taxation). Also, restriction on older (commercial diesel) vehicles in few cities and scrappage policy could result in replacement capex and higher costs.

**Analytical Approach:** Standalone

#### **Applicable Criteria:**

Rating methodology for manufacturing companies

Financial ratios and Interpretation (Non-Financial Sector)

**Liquidity: Adequate**



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The liquidity of UFL remains adequate marked by generation of sufficient cash accruals as against its debt payment obligations for FY2020. Although, Accrual is expected at Rs 11-14 crore per fiscal over the medium term against debt obligation of Rs 6.91-7.16 crore. Furthermore, the average utilisation of its fund-based working capital limits remained low at ~58.00%, which provides additional room for liquidity. Operating cycle remains satisfactory at 22 days during FY20, due to efficient working capital management and reduces dependency upon the external working capital debt. UFL receives ~Rs.11 crore of monthly payments from top 10 customers and its gas tanker segment, which also supports the liquidity. Prudent working capital management will remain key monitorable going forward.

### **About the Company**

Incorporated in 2016, United Facilities & Logistics Private Limited (UFL) is an ISO 9001:2015 Certified Company, specialized in passenger transport business to various IT, ITES and BPO companies with its own fleet of more than 600 cars and 50 buses in the National Capital Region. Besides this, more than 2200 cars and buses are dedicatedly associated with UFL in lease basis. The Corporate and Head office of United Facilities & Logistics Private Limited is located in Delhi and its branch offices are located in different cities/state of India -- Noida (UP), Gurugram (Haryana), Chennai (Tamil Nadu), Hyderabad (Andhra Pradesh) and Bengaluru (Karnataka).

### **Financials (Standalone Basis)**

| For the year ended / As On   | (Rs. crore)             |                             |
|------------------------------|-------------------------|-----------------------------|
|                              | 31-03-2019<br>(Audited) | 31-03-2020<br>(Provisional) |
| Total Operating Income       | 116.77                  | 133.16                      |
| EBITDA                       | 16.76                   | 19.01                       |
| PAT                          | 3.13                    | 3.98                        |
| Total Debt                   | 30.20                   | 38.50                       |
| Tangible Networth (Adjusted) | 6.01                    | 12.48                       |
| EBITDA Margin (%)            | 14.35                   | 14.28                       |
| PAT Margin (%)               | 2.67                    | 2.98                        |
| Overall Gearing Ratio (x)    | 5.02                    | 2.83                        |

**Status of non-cooperation with previous CRA:** None



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Any other information: N.A

Rating History for last three years:

| S. No. | Name of Instrument/Facilities                                       | Current Rating (Year 2020-21) |                                |                                  | Rating History for the past 3 years     |   |   |
|--------|---|-------------------------------|--------------------------------|----------------------------------|---|---|---|
|        |   | Type                          | Amount outstanding (Rs. crore) | Rating                           | Date(s) & Rating(s) assigned in 2019-20 | Date(s) & Rating(s) assigned in 2018-19 | Date(s) & Rating(s) assigned in 2017-18 |
| 1.     | Long term – Fund Based Bank Facilities                              | Long Term                     | 3.50                           | IVR BB+/Stable Outlook           | -                                       | -                                       | -                                       |
| 2.     | Proposed Long Term /Short Term- Fund/Non Fund Based Bank Facilities | Long Term /Short Term         | 10.50                          | IVR BB+/Stable Outlook & IVR A4+ | -                                       | -                                       | -                                       |

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

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**About Infomerics:**

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine tune its product offerings to best suit the market.



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### Annexure 1: Details of Facilities

| Name of Facility                               | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Crore) | Rating Assigned/ Outlook       |
|--|------------------|------------------|---------------|------------------------------|--------------------------------|
| Long term Bank Facilities                      | -                | -                | -             | 3.50                         | IVR BB+/Stable Outlook         |
| Proposed Long Term /Short Term Bank Facilities | -                | -                | -             | 10.50                        | IVR BB+/Stable Outlook/IVR A4+ |