

Delhi Integrated Multi Modal Transitsystem Limited

December 20, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	5.00	CARE BBB; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BBB+; Stable and moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	20.00	CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING*	Downgraded from CARE BBB+; Stable / CARE A2 and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Delhi Integrated Multi Modal Transit System Limited (DIMTS) to monitor the ratings vide e-mail communications dated July 17, 2024, November 29, 2024, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on DIMTS' bank facilities will now be denoted as **CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of DIMTS continues to derive strength from Government of National Capital Territory of Delhi (GNCTD) ownership, experienced and professional management, and diversified service offerings. The ratings also take into cognizance of sizeable order book executable over a period of three to four years, strong business prospects driven by need of integrated transport model across the country, and comfortable financial risk profile marked by nil debt. However, these strengths are offset by continued weak operational performance during FY23 (refers to April 01 to March 31) marked by stagnant scale of operations, non-renewal of few contracts and significant provisioning with respect to overdue receivables which also led to net operating loss during FY23 and modest profitability during Q1FY24 (refers to April 1 to June 30).

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on November 06, 2023, the following were the rating strengths and weaknesses.

Key strengths

Government of National Capital Territory of Delhi ownership: DIMTS was incorporated as a Special Purpose Vehicle and in July 2007, it evolved into a joint venture company with equal equity participation from the GNCTD and IDFC Foundation. As per the directive in the JV agreement, equal participation in the directorship is mandated in the ratio of 4:4 from both GNCTD & IDFC Foundation, however, directors nominated by IDFC Foundation are yet to be approved by the Delhi Government. DIMTS plays a pivotal role in advancing the social and infrastructural responsibilities of GNCTD within Delhi's transportation sector and it is responsible for effectively managing the integrated cluster bus operations in the National Capital Region (NCR).

Experienced and Professional management team: The company's operations are overseen by a professional management team which has experience in diverse facets of the Indian transport industry. Currently, Mr. Rakesh Jain serves as the Chief Executive Officer of the organization. The leadership team is comprised of seasoned professionals with experience in various transportation and allied sectors, encompassing policy and transaction advisory services, information technology, and financial advisory with prior work experience in Government and Private sector.

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

Diversified service offerings: DIMTS offers a wide array of services to its diverse clientele, all centred around the realm of transportation. The services are broadly categorized under planning, advisory, operation and management, infrastructure development, intelligent transport systems, railway engineering and IT-related services. The company's revenue profile is predominantly divided into two key segments, namely operations (includes IM agreements) and consulting, each contributing around 50% share of the total revenue.

Healthy order book size: As on September 30, 2023, the unexecuted order book under consulting segment stood at Rs 160.60 crore which is expected to be executed by FY26. The new orders received under this segment during FY24 till September 30, 2023, were to the tune of Rs 31.83 crore. During FY23, the income from this segment was Rs 48.75 crore reporting a decline of around 4% from consulting income of Rs 50.95 crore in FY22 (refers to the period from April 01 to March 31). The order book in consultancy segment translates into 3.29x of the consultancy revenue during FY23, thereby providing adequate visibility from this segment as well. DIMTS, however, remains exposed to change in tendering norms resulting in increased competitive intensity or aggressive bidding by other players to bag the order which may lead to lower than envisaged scale and profitability. Further, orders from operations segment stood at Rs 74.38 crore as on September 30, 2023 and the income from operation segment grew by around 10% and stood at Rs 58.22 crore (PY: 52.88 crore).

Comfortable capital structure: The overall gearing of the company remained comfortable at 0.18x as on March 31, 2023 (PY: 0.21x). The debt profile of the company comprises of liability on account of finance lease (pertains to office in Shastri Park with annual payment of Rs.6.00 crore per annum) to the tune of Rs 18.51 crore as on March 31, 2023. The company had no external borrowings as on June 30, 2023.

Key weaknesses

Moderate scale of operations: The total operating income of the company remained stagnant at Rs 106.98 Cr (PY: Rs 103.83 Cr) in FY23 primarily on account of delay in order execution due to clearance and final approvals holdups. Additionally, the company reported a net loss of Rs 0.98 Cr in FY23 (PY: net loss of Rs 16.53 crore) attributed to elevated fixed expenses in the form of employee cost and higher provisioning towards doubtful debt.

Q1FY24: During Q1FY24, the total operating income of the company remained stagnant at Rs 25.42 crore (PY: Rs 26.04 crore). Further, the company reported PBILDT margin of 6.92% (PY: 4.03%). However, the company reported net loss of Rs 0.03 Cr in Q1FY24 (Q1FY23: PAT margin 0.58%).

Risk related to renewal of agreements for projects: DIMTS revenue is based on the projects it is awarded from the Department of Transportation (DoT) of Govt. of NCT of Delhi and various other state bodies and private parties. Majority of the projects awarded to the company from DoT are of long-term in nature, however, the projects other than DoT are tenure-based projects and thereby exposes the company to the risk of non-renewal of such projects. Further, any change in terms & conditions of these agreement from DoT will impact the revenue. However, the risk is mitigated to a large extent given the healthy order book size and the expertise DIMTS has developed in undertaking such projects in the transportation sector. However, company's IM agreement for Nagpur bus operations is scheduled to expire in November 2023. It contributed around Rs 13.50 Cr in FY23 (PY: 9.43 Cr). Further, the contract for Driver's license project also ended in FY22. Hence, successful extension of these critical projects remains key monitorable for revenue visibility of the company.

Elongated receivable days: The counter party risk is mitigated to a large extent as majority of the projects that DIMTS undertakes is for state governments and municipal bodies. The payments from these government bodies though assured has demonstrated some delay leading to elongated debtor days for the company. The debtor days of the company improved in FY23 and stood at 164 days (PY: 226 days) on account of receipt of Rs 38.21 crore from GNCTD towards monthly fee of "Management of Fare collection Personnel and related services" for the period October 2020 to April 2022. Further, the management of the company is taking various measures to improve their debtor position by strategically writing off debtors due for more than 1 year. The company's trade receivables reduced to Rs 67.98 crore in FY23 (as compared to Rs 104.88 crore in FY22). Further, debtors due for more than 1 year stood at Rs 39.93 crore (PY: Rs 56.87 crore) against which provisions already made for doubtful debts stood at Rs 38.46 crore as on March 31, 2023 (PY: 36.79 crore).

Industry Prospects: Integrated, multi modal transport planning is a necessity in India to achieve a healthy modal mix of transportation, which is efficient, faster, safer, import substituting, cost effective and pollution free. The Government of India has been taking various initiatives considering the criticality of this sector. DIMTS being one of the organizations with dedicated focus on better transportation is expected to benefit from various government initiatives in this sector. The company in past has been awarded assignments to conduct various studies to improve the transportation in the country. Further, it remains competitive

with oligopolistic market structure and its prospects will depend on their ability to receive orders and replicate such model in other states.

Applicable criteria

[Definition of Default](#)
[Factoring Linkages Government Support](#)
[Policy in respect of non-cooperation by issuers](#)
[Rating Outlook and Rating Watch](#)
[Financial Ratios – Non financial Sector](#)
[Service Sector Companies](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

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

Delhi Integrated Multi-Modal Transit System Limited (DIMTS) was incorporated as a Special Purpose Vehicle and thereafter the Government of National Capital Territory of Delhi (GNCTD) and Infrastructure Development Finance Company Ltd (IDFC) in July 2007 became Joint Venture Partners in the SPV. The shares of IDFC Limited were transferred to the IDFC Foundation in March 2011. DIMTS is a transport and infrastructure development company and is engaged in providing concept-to-commissioning consultancy, intelligent transport system solutions and urban transport asset management services. DIMTS is an ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007 certified company. The company operates primarily in the following seven major verticals: Transport Planning, Transportation Technology and IT Solutions, Intelligent Transport Solution, Advisory Services, Engineering, Operations & Management, Railway Engineering and Comprehensive Management of Bus Transit

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	106.98	NA
PBILDT	-2.31	NA
PAT	-0.98	NA
Overall gearing (times)	0.18	NA
Interest coverage (times)	-1.03	NA

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

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		-	-	-	5.00	CARE BBB; Stable; ISSUER NOT COOPERATING*
Non-fund-based - LT/ST-BG/LC		-	-	-	20.00	CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Bank Overdraft	LT	5.00	CARE BBB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB+; Stable (06-Nov-23)	1)CARE BBB+; Stable (06-Oct-22)	1)CARE A-; Stable (03-Jan-22)
2	Non-fund-based - LT/ST-BG/LC	LT/ST	20.00	CARE BBB; Stable / CARE A3+; ISSUER NOT COOPERATING*	-	1)CARE BBB+; Stable / CARE A2 (06-Nov-23)	1)CARE BBB+; Stable / CARE A2 (06-Oct-22)	1)CARE A-; Stable / CARE A2+ (03-Jan-22)

*Issuer did not cooperate; based on best available information.

LT: Long term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable
Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Non-fund-based - LT/ST-BG/LC	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instruments: CARE 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:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

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