

City Lifeline Travels Private Limited

May 21, 2024.

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	5.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BBB-; Stable;
Short Term Bank Facilities	20.00	CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE A3;

Details of instruments/facilities in Annexure-1.

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

Rationale and key rating drivers

Care has reviewed and revised the rating assigned to the bank facilities of City Lifeline Travels Private Limited (CLTPL) to CARE BB+; Stable ;Issuer Not Cooperating / CARE A4+; Issuer Not Cooperating. The rating has been revised as City Lifeline Travels Private Limited has failed to provide information for monitoring of the rating exercise as agreed to in its rating agreement. In line with the extant SEBI guidelines, CARE has reviewed the rating based on the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on City Lifeline Travels Private Limited now be denoted as CARE BB+; Stable; Issuer Not Cooperating /CARE A4+; 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 rating has been revised on account of non-availability of requisite information due to non-cooperation by CLTPL with CARE Ratings Ltd.'s efforts to undertake a review of the rating outstanding. CARE Ratings Ltd. views information availability risk as a key factor in its assessment of credit risk. Further, the rating assigned to the bank facilities of CLTPL remains constrained on account of elongated collection period, moderate scale of operations, significant exposure by way of investment, loan & advances to associate/ group concerns and risk associated with tender- based orders. The rating is, however, derives comfort from experiences promoters, growth in scale and revenue model with medium to long term revenue visibility and healthy profitability margins, comfortable debt protection matrix, comfortable operating cycle and comfortable capital structure.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Consistent increase in scale of operations as marked by total operating income of above Rs. 230.00 crore.
- Improvement in the profitability margins as marked by PBILDT and PAT margins of above 24.00% and 13.00% respectively in sustained basis.

Negative factors

- Deterioration in the capital structure as marked by overall gearing ratio above 1.00 times on sustained basis.
- Increase in loans and advances beyond the current level

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

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

Key weakness

Elongated collection period:

The major clients of the company are local municipal corporation, wherein due to shortage of cash there is elongation of receivable period. Although with some corporation it receives the payment in 1-2 months. Also, the company has receivable of Rs. 44.71 Crore as on March 31, 2023 as compared to total operating income of Rs. 210.72 crore as on 31 March, 2023.

Moderate though growing scale of operations:

The scale of operations improved in FY23 to Rs.210.72 crore as against Rs.159.73 crore during FY22. The company operates under segments namely- water transportation, passenger services, staff transportation and cleaning of sewers. Furthermore, the net worth base also continues to remain moderate at Rs. 130.09 crore as on March 31, 2023. This limits the company's financial flexibility in times of stress and deprives it from scale benefits. Though the risk is partially mitigated by the fact that the scale of operations has been growing continuously on y-o-y basis for the past five financial years (FY19-FY23).

Significant exposure to associate concerns:

CLTPL's total exposure to its group companies by way of investments, loans and advances increased to Rs. 43.17 crore (~33% of net worth) as on March 31, 2023, as against Rs. 39.62 crore (~39% of net worth) as on March 31, 2022. Any adverse impact on the financial risk profile of CLTPL on account of exposure to the group companies would continue to be crucial from credit perspective. Furthermore, any additional investment/loan and advances in the group associates would also be the key rating monitorable.

Competitive industry and risks associated with tender-based orders:

CLTPL faces direct competition from various players in the market. Furthermore, the company majorly undertakes government projects, which are awarded through the tender-based system. The growth of the business depends on its ability to successfully bid for tenders and emerge as the lowest bidder. This apart, any changes in the government policy or government spending on projects are likely to affect the revenues and profits of the company.

Key strengths

Experienced promoter coupled with long track record of operations:

Mr. Gurpal Singh (Director) and Mr. Jaideep Singh Dhamija (Director) look after the day-to-day operations of the company. Both of them are postgraduates by qualification and hold nearly 14 years and 10 years of experience respectively in logistics service industry. Further, the promoter and directors have been operational in the industry through this entity and other associates and parent company, which has enabled the company to establish strong footmark in the industry. In addition, the operations of the company are smoothly carried out by a team of managers and professionals who have requisite experience in their respective fields.

Stable revenue model providing long term revenue visibility:

The company's business risk profile continues to remain stable on the back of regular revenue model by rendering services to Delhi Jal Board (DJB) for supplying water to pre-specified locations via water tanker. Also, Thane Municipal Transport Undertaking, Mumbai has awarded contract for maintenance and operations of 190 buses till 2029. Further, company has been awarded a new contract from Nashik Municipal Corporation in September 2019 to run and operate the 100 buses for 11 years. These projects provide stable revenue model for the company in the long run.

Comfortable operating cycle:

The company maintains minimal inventory of spares and consumables. Operating cycle of company stands at 63 days in FY23. The company normally receives payment in 2-3 months from its client (government entities). However, company has elongated average collection period at 72 days for FY23. Therefore, any elongation in realization of receivables would have an impact on liquidity position of the company. However, the company maintains sufficient cash flows to meet any short-term requirement.

Satisfactory Financial Profile:

- **Healthy profitability margins and comfortable debt coverage indicators:**
The profitability margins of the company remained healthy as marked by PBILDT and PAT margin of 21.03% and 12.93% in FY23 as against 21.70% and 13.39% respectively in FY22. There is increase in revenue generated by the company as against stable interest and depreciation cost incurred by the company.
- **Comfortable capital structure:**
The stagnant interest cost and growing revenue has improved the interest coverage ratio at 21.41x for FY23 as against 14.06x for FY22. Furthermore, due to decreasing debt level the total debt to GCA reduced to 0.56x in FY23 as against 0.89 x in FY22.

Liquidity: Adequate

Liquidity is marked by sufficient accruals of Rs 33.77 crore and cash reserves of Rs. 29.58 crore as on March 31, 2023. With an adjusted gearing of 0.16 times as of March 31, 2023, the issuer has sufficient gearing headroom, to raise additional debt for its capex. The current ratio and quick ratio of the company stood at 4.54 x and 4.54 x as on March 31, 2023.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks : Not Applicable

Applicable criteria
[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[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

Macro Economic Indicator	Sector	Industry	Basic Industry
Services	Services	Transport Services	Road Transport

New Delhi based City Lifeline Travels Private Limited (CLTPL), was incorporated in January 2001, and is currently managed by Mr. Gurpal Singh and Mr. Jaideep Singh Dhamija. The company is engaged in the business of logistics (Public Transport Buses), water management (supply of water tanker), sanitation and sewage management (collecting garbage) in Delhi/NCR region and Thane & Nashik city of Maharashtra state through the contracts awarded by respective authorities.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	159.73	210.72	NA
PBILDT	34.66	44.31	NA
PAT	21.40	27.25	NA
Overall gearing (times)	0.23	0.15	NA
Interest coverage (times)	14.06	21.41	NA

A: Audited UA: Unaudited NA: Not Available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various 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 along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	5.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	20.00	CARE A4+; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for the 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-Cash Credit	LT	5.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	-	1)CARE BBB-; Stable; ISSUER NOT COOPERATING* (28-Nov-23) 2)CARE BBB; Stable (04-Apr-23)	-	1)CARE BBB-; Stable (17-Mar-22)

2	Non-fund-based - ST-Bank Guarantee	ST	20.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A3; ISSUER NOT COOPERATING* (28-Nov-23) 2)CARE A3+ (04-Apr-23)	-	1)CARE A3 (17-Mar- 22)
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*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term;

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

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About us:

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Disclaimer:

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