

Metro Waste Handling Private Limited

May 21, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	10.00	CARE BB+; Stable; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BBB-; Stable;
Long Term / Short Term Bank Facilities	5.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING*	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BBB-; Stable / CARE A3;
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 Metro Waste Handling Private Limited (MWHPL) to CARE BB+; Stable; Issuer Not Cooperating / CARE A4+; Issuer Not Cooperating. The rating has been revised as Metro Waste Handling 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 Metro Waste Handling 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 MWHPL 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 MWHPL remains constrained on account of elongated collection period, moderate scale of operations, significant exposure by way of investment, loan & advances to wholly-owned subsidiaries and associate concerns and risks associated with tender-based orders. The rating is, however, derives comfort from experiences promoters and stable revenue model with providing medium to long term revenue visibility, moderate debt protection metrics 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. 370.00 crore.
- Improvement in the realization of receivables as marked by collection period of below 90 days on sustained basis.

Negative factors

- Continuous downward trend in profitability margins as marked by PBILDT and PAT margin below 19.50% and 14.00% respectively.
- Deterioration in the coverage indicators as marked by interest coverage ratio below 8.00x and total debt to GCA above 2.50x.
- Increase in loan & advances to group concerns beyond 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 weaknesses

Significant exposure to wholly-owned subsidiaries and associate concerns:

MWHL's total exposure to its group companies by way of investments, loans and advances was Rs.60.51 crore as on March 31, 2023 as against Rs. 33.45 crore as on March 31, 2022. The exposure to group companies have increased in FY23 as compared to previous year. However, any adverse impact on the financial risk profile of MWHL on account of exposure to the group companies would continue to be crucial from credit perspective. Furthermore, any additional investment to the group or associates would also be key monitorable.

Risks associated with tender-based orders:

The company majorly undertakes government projects, which are awarded through the tender-based system. The company is exposed to the risk associated with the tender-based business, which is characterized by intense competition. 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.

Elongated collection period:

The collection period of the company continues to remain elongated at 174 days for FY23 as against 125 days for FY22. The collection period continues to remain elongated on account of dealings of the company with government entities. Further, in few contracts the company realizes payment in around 6-7 months owing to procedural clearances.

Key strengths

Experienced promoter coupled with long track record of operations:

Mr. Gurpal Singh (Director) and Mr. Jaideep Singh Dhamija (Director) looks after the day to day operations of the company. Both of them are post graduates by qualification and holds nearly 14 years and 10 years of experience respectively in logistics service industry through their association with MWPL. 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.

Reputed client base with stable revenue model providing long term revenue visibility:

The company derives sales from the collection, segregation, transportation and disposal of municipal solid waste. The company has multiple long-term contracts with New Delhi Municipal Council (NDMC). The company was awarded new contract in FY20 from East Delhi Municipal Corporation which has started in October 2020. MWHL also has contracts ending in September 2026 with Pimpri Chinchwad Municipal Corporation for cleaning of sewer lines and manhole chambers. Additionally, the company has entered into contract with Delhi Jal Board (DJB) and NDMC for Sanitation & Sewage Management through recycler jetting cum suction sewer cleaning machines till March 2025. The company has been awarded new contract in Dec 2021 from Delhi Municipal Corporation till January 2032. The company has further entered into contracts with Thane Municipal Corporation (TMC) for collection, transportation, and dumping of construction & demolition (C&D) waste and for construction of modern transport station for transportation of solid waste in scientific way in TMC area till 2036. Long term contracts ensure revenue visibility for the company. The company currently operates more than 700 Special Purpose Vehicles (SPV) for the operations.

Consistent operational performance:

Total operating income and GCA of the company has increased to Rs. 359.48 crore and Rs. 128.68 crore for FY23 respectively as against Rs. 349.52 crore and 80.22 crore for FY22 respectively owing to the increase in revenue generated by the company due to execution of more contracts of waste handled coupled with better price

realization. The profitability margins of the company continue to remain healthy as marked by PBILDT and PAT margin of 32.01% and 26.90% respectively in FY23 as against 25.74 % and 14.14 % in FY22. The debt coverage of the company improved as marked by interest coverage ratio of 30.67x and total debt to GCA of 0.32x in FY23 as against 20.07x and 0.50x respectively in FY22. The improvement in the coverage indicators was owing to higher profitability levels of the company.

Comfortable capital structure:

The capital structure of the company continues to remain comfortable as marked by overall gearing and debt equity ratio of 0.13x and 0.13x respectively as on March 31, 2023, as against 0.19x and 0.19x as on March 31, 2022. Coverage indicators of the company are also comfortable as reflected by interest coverage ratio of 30.67x as on March 31, 2023, and 20.07x as on March 31, 2022.

Liquidity: Adequate

Liquidity is marked by sufficient gross cash accruals of Rs. 128.68 crore and going forward it expected to be in similar range. Further free cash & bank balances of Rs. 9.49 crores on March 31, 2023. With an adjusted gearing of 0.13 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 improved to the level of 3.94x and 3.80x respectively as on March 31, 2023, as against 2.74x and 2.73x as on March 31, 2022.

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
Utilities	Utilities	Other Utilities	Water Supply & Management

New Delhi based, Metro Waste Handling Private Limited (MWHPL) is a subsidiary of M/s City Lifeline Travels Pvt Ltd. The company was incorporated in November 2004 and is currently managed by Mr. Gurpal Singh and Mr. Jaideep Singh Dhamija. MWHPL is engaged in collection and transportation of municipal solid waste & mechanical sweeping of roads for New Delhi Municipal Council (NDMC), North Delhi Municipal Corporation. Also, the company undertakes contracts of Delhi Jal Board (DJB) for Sanitation & Sewage Management through recycler jetting cum suction sewer cleaning machines.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	349.52	359.48	NA
PBILDT	89.96	115.07	NA
PAT	49.42	96.70	NA
Overall gearing (times)	0.19	0.13	NA
Interest coverage (times)	20.07	30.67	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	-	-	-	-	10.00	CARE BB+; Stable; ISSUER NOT COOPERATING*
Fund-based/Non-fund-based-LT/ST	-	-	-	-	5.00	CARE BB+; Stable / CARE A4+; 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	10.00	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)
3	Fund-based/Non-fund-based-LT/ST	LT/ST	5.00	CARE BB+; Stable / CARE A4+; ISSUER NOT COOPERATING *	-	1)CARE BBB-; Stable / CARE A3; ISSUER NOT COOPERATING * (28-Nov-23) 2)CARE BBB; Stable / CARE A3+ (04-Apr-23)	-	1)CARE BBB; Stable / CARE A3+ (17-Mar-22)

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

LT: Long term; ST: Short term; LT/ST: Long term/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	Fund-based/Non-fund-based-LT/ST	Simple
3	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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