

Bhupinder Singh
April 08, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	8.72	CARE B+; Stable; ISSUER NOT COOPERATING* (Single B Plus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE BB-; Stable; (Double B Minus; Outlook: Stable)
Short Term Bank Facilities	0.30	CARE A4; ISSUER NOT COOPERATING* (A Four ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category
Total Bank Facilities	9.02 (Rs. Nine Crore and Two Lakhs Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **Bhupinder Singh (BS)** to monitor the rating vide e-mail communications/letters dated February 02, 2021, February 04, 2021 and February 11, 2021 and numerous phone calls. However, despite our repeated requests, the entity has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the publicly available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. Further, **Bhupinder Singh** has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on BS's bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING** and **CARE A4; ISSUER NOT COOPERATING***. Further due diligence with the banker and auditor could not be conducted.

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

The rating has been revised by on account non-availability of information due to non-cooperation by BS with CARE's efforts to undertake a review of the rating outstanding.

Detailed description of the key rating drivers

At the time of last rating in January 24, 2020 the following were the rating strengths and weaknesses:

Key Rating Weaknesses:

Small scale of operations: The overall scale of operations of the firm remained small marked by its total operating income of Rs.29.16 crore (FY17: Rs.31.54 crore) with a PAT of Rs.1.01 crore (FY17: Rs.1.24 crore) in FY18 Further, the total capital employed was also low at Rs.20.20 crore as on March 31, 2018.

Volatility in input prices: Fuel expenses form one of the major expenses for the transportation and allied activities. The profitability of the firm is vulnerable to diesel price fluctuations in case the actual consumption of diesel is in excess of norms allowed in the contract.

Partnership nature of constitution: BS, being a partnership firm, is exposed to inherent risk of withdrawal of capital by the partners, restricted access to funding and risk of dissolution on account of poor succession planning. Furthermore, partnership firms have restricted access to external borrowing as credit worthiness of partners would be the key factors affecting credit decision for the lenders.

Client concentration risk albeit reputed clientele: BS is engaged in transportation of LPG tankers only for the major oil companies such as BPCL, IOCL and HPCL, which reflects high level of customer concentration. However, the concentration risk is mitigated to a certain extent on account of its established relationship with the said companies as reflected by the repeated orders in the recent past. Considering the client profile of BS, the risk of default is very minimal.

Leveraged capital structure: The capital structure of BS deteriorated and remained leveraged marked by debt equity ratio of 8.94x (FY17:5.27x) and overall gearing ratio of 10.12x (FY17: 5.99x) as on March 31, 2018.

Competitive and fragmented nature of the transportation industry: The transportation industry is highly fragmented due to low entry barriers. As a result, there is high competition from the unorganized market. The highly fragmented and unorganized nature of the industry results in price competition. However, the players with superior quality of service and presence in different locations across country and clientele across various industries would enjoy competitive edge and would be able to garner more business and long-term contracts.

Key Rating Strengths

Experienced partners with moderate track record of operations: The firm started its commercial operations since 2011 and thus has moderate track record of operations. Moreover, the key partners, Mr. Bhupinder Singh Gujral and Mrs. Tejinder Kaur Gujral are having more than 26 years of experience in the transportation business, looks after the day to day operations of the firm. They are further supported by team of experienced professionals. Furthermore, due to experienced partners and moderate track record of operations, the partners have established satisfactory relationship with its clients.

Healthy profit margins with moderate debt coverage indicators: The profitability margins of the firm remained healthy marked by PBILDT margin of 20.44% (FY17: 19.76%) and PAT margin of 3.48% (FY17: 3.92%) in FY18. Further, the debt coverage indicators also remained moderate marked by interest coverage of 2.76x (FY17: 3.31x) and total debt to GCA of 5.63x (FY17: 3.85x) in FY18.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch'](#)

[Financial ratios – Non-Financial Sector](#)

[Criteria for Short Term Instruments](#)

[CARE's Policy on Default Recognition](#)

About the Entity

Howrah (West Bengal) based, M/S Bhupinder Singh (BS) was constituted as a partnership firm on June 25, 2011. The firm is an associate concern of Gujral Group of companies. The group is promoted by Mr. Bhupinder Singh Gujral and engaged in transportation of LPG tankers for the major oil companies such as Bharat Petroleum Corporation Limited (BPCL), Indian Oil Corporation Limited (IOCL) and Hindustan Petroleum Corporation Limited (HPCL) and hotel and restaurant business. The group is having 975 LPG tankers and the loading point is Haldia, West Bengal.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Total operating income	31.54	29.16
SBID	6.23	5.96
Net Surplus	1.24	1.01
Overall gearing (times)	5.99	10.12
Interest coverage (times)	3.45	2.76

A: Audited

Status of non-cooperation with previous CRA: India ratings placed its ratings under non-cooperation as per press release date November 20, 2018 due to non-submission of information by the client.

Any other information: Not Applicable

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	March 2021	1.67	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Bank Overdraft	-	-	-	7.05	CARE B+; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantees	-	-	-	0.30	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; Based on best available information

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019

1.	Fund-based - LT-Term Loan	LT	1.67	CARE B+; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (24-Jan-20)	1)CARE BB-; Stable (21-Dec-18)
2.	Fund-based - LT-Bank Overdraft	LT	7.05	CARE B+; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (24-Jan-20)	1)CARE BB-; Stable (21-Dec-18)
3.	Non-fund-based - ST-Bank Guarantees	ST	0.30	CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE A4; ISSUER NOT COOPERATING* (24-Jan-20)	1)CARE A4+ (21-Dec-18)

*Issuer did not cooperate; Based on best available information

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

Annexure 4: Complexity level of various instruments rated for this Company

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Bank Overdraft	Simple
2.	Fund-based - LT-Term Loan	Simple
3.	Non-fund-based - ST-Bank Guarantees	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Mradul Mishra

Contact no. : +91-22-6837 4424

Email ID – mradul.mishra@careratings.com

Analyst Contact:

Name: Rajesh Shaw

Contact no. : +91-033-40581911

Email: rajesh.shaw@careratings.com

Relationship Contact

Name: Sambit Das

Contact no. : +91-033 4058 1904

Email ID: sambit.das@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**