

Gujral Roadwaays Private Limited
April 15, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	9.56	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; 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	9.86 (Rs. Nine Crore and Eighty-Six Lakhs Only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **Gujral Roadwaays Private Limited (GRCL)** 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, **Gujral Roadwaays Private Limited** has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on GBETPL'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 revision in the rating takes in account the significant declined in total operating income along with decline in profit levels and cash accruals and deterioration in debt coverage indicators during FY20 (obtained from Ministry of Corporate Affairs). Moreover, the ratings continue to remain constrained by volatility in input prices, high client concentration risk albeit reputed clientele and competitive and fragmented nature of the transportation industry. However, the ratings continue to derive strength from experienced partners and healthy profit margins and moderate capital structure.

Detailed description of the key rating drivers**Key Rating Weaknesses:**

Declined in total operating income, profit levels and cash accruals: The total operating income has declined to Rs.6.10 crore in FY20 from Rs.20.24 crore in FY19. Further the PAT level and cash accruals also declined to Rs.0.27 crore and Rs.0.54 crore respectively in FY20 from Rs. 0.48 crore and Rs.2.68 crore in FY19 respectively.

Volatility in input prices: Fuel expenses form one of the major expenses for the transportation and related jobs incurred by GRPL. The profitability of the company is vulnerable to diesel price fluctuations in case the actual consumption of diesel is in excess of norms allowed in the contract.

High client concentration risk albeit reputed clientele: GRPL 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 GRPL, the risk of default is very minimal.

Deterioration in debt coverage indicators: The debt coverage indicators deteriorated and remained moderate marked by interest coverage of 1.59x (FY19: 2.59x) and total debt to GCA of 10.11x (FY19: 3.96x) in FY20.

Intense competition in the 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 promoters: The company is into transportation services since 1993 and thus has long track record of operations. Furthermore, the promoters Mr. Bhupinder Singh Gujral and Mrs. Rattan Kaur are having more than 26 years of experience in transportation business, look after the day to day operations of the company. They are further supported by a team of experienced professionals. Furthermore, due to experienced promoters and long track record of operations, the promoters have established relationship with its clients.

Healthy profit margins and moderate capital structure: The capital structure of the company remained moderate marked by debt equity ratio of 0.30x (FY19:0.39x) and overall gearing ratio of 0.54x (FY19: 1.08x) as on March 31, 2020. The profitability margins remained healthy marked by PBILDT margin of 27.79% (FY19: 24.74%) and PAT margin of 4.44% (FY19: 2.36%) during FY20.

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](#)

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

[Criteria for Short Term Instruments](#)

About the Company

Howrah (West Bengal) based, Gujral Roadwaays Private Limited (GRPL) was incorporated as a private limited company on February 05, 1993. The company 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)	FY19 (A)	FY20 (A)
Total operating income	20.24	6.10
PBILDT	5.01	1.70
PAT	0.48	0.27
Overall gearing (times)	1.08	0.54
Interest coverage (times)	2.59	1.59

A: Audited

Status of non-cooperation with previous CRA: India ratings placed its ratings under non-cooperation as per press release date November 26, 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	-	-	July 2019	0.21	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Bank Overdraft	-	-	-	9.35	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	0.21	CARE B; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (27-Jan-20)	1)CARE BB; Stable (25-Dec-18)
2.	Fund-based - LT-Bank Overdraft	LT	9.35	CARE B; Stable; ISSUER NOT COOPERATING*	-	-	1)CARE BB-; Stable; ISSUER NOT COOPERATING* (27-Jan-20)	1)CARE BB; Stable (25-Dec-18)
3.	Non-fund-based - ST-Bank Guarantees	ST	0.30	CARE A4; ISSUER NOT COOPERATING*	-	-	1)CARE A4; ISSUER NOT COOPERATING* (27-Jan-20)	1)CARE A4+ (25-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:

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