

Gujral Roadwaays Private Limited

January 27, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Bank Facilities	9.56	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)	ISSUER NOT COOPERATING; Revised from CARE BB; Stable (Double B; Outlook: Stable); based on best available information.
Short term Bank Facilities	0.30	CARE A4; ISSUER NOT COOPERATING* (A Four; ISSUER NOT COOPERATING*)	ISSUER NOT COOPERATING; Revised from CARE A4+ (A Four Plus) based on best available information
Total	9.86 (Rupees Nine crore and Eighty Six lakh only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **Gujral Roadwaays Private Limited (GRPL)** to monitor the ratings vide e-mail communications/letters dated November 02, 2019, December 17, 2019, December 25, 2019, January 13, 2020 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. The rating on GRPL's bank facilities will now be denoted as '**CARE BB-; Stable; ISSUER NOT COOPERATING* and 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.

The revision in the ratings assigned to the bank facilities of **Gujral Roadwaays Private Limited (GRPL)** takes into account the decline in total operating income, profit levels and cash accrauls during FY19 (refers the period from April 01, to March 31). The ratings continue to remain constrained by small scale of operation, volatile input prices, high client concentration risk albeit reputed clientele, moderate capital structure, intense competition in the industry. Moreover, the rating continue to derive strength from experienced promoters and healthy profit margins with moderate debt coverage indicators.

Detailed description of the key rating drivers

Key Rating Weaknesses

Small scale of operations: The overall scale of operations remained relatively small marked by total operating income of Rs.20.24 crore (FY18: Rs.28.05 crore) with a PAT of Rs.0.28 crore (FY18: Rs.1.32 crore) during FY19.

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.

Moderate capital structure: The capital structure of the company remained moderate marked by debt equity ratio of 0.39x (FY18:1.42x) and overall gearing ratio of 1.08x (FY18: 1.88x) as on March 31, 2019.

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

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer not cooperating, based on best available information

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 with moderate debt coverage indicators: The profitability margins remained healthy marked by PBILDT margin of 24.74% (FY18: 35.92%) and PAT margin of 2.36% (FY18: 4.70%) during FY19. Furthermore, the debt coverage indicators also remained moderate marked by interest coverage of 2.59x (FY18: 3.38x) and total debt to GCA of 3.96x (FY18: 2.59x) in FY19.

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, 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.

Currently GRPL is managed by Mr. Bhupinder Singh Gujral and Mrs. Rattan Kaur. Since its inception, the company is engaged in transportation of LPG tankers. The company participates in tender for procuring works contract floated by different oil companies. Currently the firm has works orders from BPCL, IOCL and HPCL for transportation bulk LPG by road for three and a half year ended in April 2022.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	28.05	20.24
PBILDT	10.08	5.01
PAT	1.32	0.48
Overall gearing (times)	1.88	1.08
Interest coverage (times)	3.38	2.59

A: Audited

Status of non-cooperation with previous CRA: India ratings placed its ratings under non-cooperation as per press release dated November 26, 2018

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 BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information
Fund-based - LT-Bank Overdraft	-	-	-	9.35	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information
Non-fund-based - ST-Bank Guarantees	-	-	-	0.30	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4+ on the basis of 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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Term Loan	LT	0.21	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information	-	1)CARE BB; Stable (25-Dec-18)	1)CARE BB; Stable (20-Dec-17)	-
2.	Fund-based - LT-Bank Overdraft	LT	9.35	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE BB; Stable on the basis of best available information	-	1)CARE BB; Stable (25-Dec-18)	1)CARE BB; Stable (20-Dec-17)	-
3.	Non-fund-based - ST-Bank Guarantees	ST	0.30	CARE A4; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE A4+ on the basis of best available information	-	1)CARE A4+ (25-Dec-18)	1)CARE A4+ (20-Dec-17)	-

* Issuer Not Cooperating; based on best available information

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**