

Shree Azad Transport Company Pvt Ltd

April 6, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long-term Bank Facilities	7.50	CARE BB-; ISSUER NOT COOPERATING (Double B Minus; ISSUER NOT COOPERATING)	Issuer not cooperating; Based on best available information
Total	7.50 (Rupees Seven crore and Fifty lakh only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE has been seeking information from Shree Azad Transport Company Pvt Ltd to monitor the rating(s) vide e-mail communications dated March 03, 2017, January 10, 2017, November 18, 2017 / letters dated March 10, 2017, and numerous phone calls. However, despite our repeated requests, the company 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 Shree Azad Transport Company Pvt Ltd's bank facilities and will now be denoted as **CARE BB-; 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).

Detailed description of the key rating drivers

At the time of last rating on November 24, 2015, the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies)

Key Rating Strengths

Wide experience of promoters in logistics industry:

Mr Raj Kumar Tekriwal, Managing Director, has three decades of experience in logistic industry through his association with the company since inception. While Mr Saurav Tekriwal, who has more than a decade experience in logistic industry. They both handle the overall operations of the company.

Growing scale of operations, comfortable operating cycle:

The company has achieved total operating income of Rs.111.46 crore in FY16 (refers to the period April 1 to March 31) as compared with Rs.101.35 crore in FY15. The operating cycle of the company continued to remain comfortable and negative at 3 days in FY16. STPL operates as logistic service provider where in it receives advance payment from its clients for transportation of goods.

Key Rating Weaknesses

Thin profitability margins and leveraged capital structure:

The company's operating profitability margins have been historically on the lower side owing to the intense market competition given the highly fragmented nature of the industry. Furthermore, the PBIDLT margin of the company has been declining y-o-y basis over the last three FY14 - FY16.

Highly fragmented and competitive nature of the industry

The logistics industry is highly fragmented and competitive industry. The entry barriers in the business are low, thus allowing a large number of small and unorganized players to compete in the market. However, the smaller players typically restrict themselves to certain segments of the logistics business and resort to unhealthy under-cutting of prices.

Analytical approach: Standalone

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

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)
[Criteria on assigning Outlook to Credit Ratings](#)
[Rating Methodology-Manufacturing Companies](#)
[CARE's Policy on Default Recognition](#)
[Financial ratios – Non-Financial Sector](#)

About the company

Delhi-based Shree Azad Transportation Company Private Limited (STPL) was incorporated on April 20, 1993 by Mr Raj Kumar Tekriwal. The company has succeeded an erstwhile partnership firm M/s Azad Transport Agency in which Mr Raj Kumar Tekriwal and his family members were partners. With the increase in turnover, the said firm was converted into private limited company. The company is a logistics service provider and is engaged in providing transportation and carrier services mainly in Jharkhand, Bihar and Uttar Pradesh. STPL has 60 branches across India. The company owns 20 warehouses in U.P., Bihar, Delhi, and Gujarat and has taken 40 warehouses on lease in Bihar, Jharkhand and U.P.

Status of non-cooperation with previous CRA: NA

Any other information: Not Applicable

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

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.

Analyst Contact:

Name: Mr Manek Narang
Tel: 011-45333233
Mobile: 9810596225
Email: manek.narang@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.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 credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. 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.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is 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.

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	-	-	Nov-2025	7.50	CARE BB-; ISSUER NOT COOPERATING

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 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	7.50	CARE BB-; ISSUER NOT COOPERATING	-	1)CARE BB-(13-Apr-16)	-	-

CONTACT
Head Office Mumbai**Mr. Amod Khanorkar**

Mobile: + 91 98190 84000

E-mail: amod.khanorkar@careratings.com**Mr. Saikat Roy**

Mobile: + 91 98209 98779

E-mail: saikat.roy@careratings.com**CREDIT ANALYSIS & RESEARCH LIMITED**

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: care@careratings.com**AHMEDABAD****Mr. Mehul Pandya**32, Titanium, Prahaladnagar Corporate Road,
Satellite, Ahmedabad - 380 015

Cell: +91-98242 56265

Tel: +91-79-4026 5656

E-mail: mehul.pandya@careratings.com

Hyderabad - 500 029.

Cell : + 91 90520 00521

Tel: +91-40-4010 2030

E-mail: ramesh.bob@careratings.com**BENGALURU****Mr. Deepak Prajapati**Unit No. 1101-1102, 11th Floor, Prestige Meridian II,
No. 30, M.G. Road, Bangalore - 560 001.

Cell: +91-9099028864

Tel: +91-80-4115 0445, 4165 4529

E-mail: deepak.prajapati@careratings.com**JAIPUR****Mr. Nikhil Soni**304, Pashupati Akshat Heights, Plot No. D-91,
Madho Singh Road, Near Collectorate Circle,
Bani Park, Jaipur - 302 016.

Cell: +91 – 95490 33222

Tel: +91-141-402 0213 / 14

E-mail: nikhil.soni@careratings.com**CHANDIGARH****Mr. Sajan Goyal**SCF No. 54-55,
First Floor, Phase 11,
Sector 65, Mohali - 160062
Chandigarh

Cell: +91 99888 05650

Tel: +91-172-5171 100 / 09

Email: sajan.goyal@careratings.com**KOLKATA****Ms. Priti Agarwal**3rd Floor, Prasad Chambers, (Shagun Mall Bldg.)
10A, Shakespeare Sarani, Kolkata - 700 071.

Cell: +91-98319 67110

Tel: +91-33- 4018 1600

E-mail: priti.agarwal@careratings.com**CHENNAI****Mr. V Pradeep Kumar**Unit No. O-509/C, Spencer Plaza, 5th Floor,
No. 769, Anna Salai, Chennai - 600 002.

Cell: +91 98407 54521

Tel: +91-44-2849 7812 / 0811

Email: pradeep.kumar@careratings.com**NEW DELHI****Ms. Swati Agrawal**13th Floor, E-1 Block, Videocon Tower,
Jhandewalan Extension, New Delhi - 110 055.

Cell: +91-98117 45677

Tel: +91-11-4533 3200

E-mail: swati.agrawal@careratings.com**COIMBATORE****Mr. V Pradeep Kumar**T-3, 3rd Floor, Manchester Square
Puliakulam Road, Coimbatore - 641 037.

Tel: +91-422-4332399 / 4502399

Email: pradeep.kumar@careratings.com**PUNE****Mr. Pratim Banerjee**9th Floor, Pride Kumar Senate,
Plot No. 970, Bhamburda, Senapati Bapat Road,
Shivaji Nagar, Pune - 411 015.

Cell: +91-98361 07331

Tel: +91-20- 4000 9000

E-mail: pratim.banerjee@careratings.com**HYDERABAD****Mr. Ramesh Bob**

401, Ashoka Scintilla, 3-6-502, Himayat Nagar,

CIN - L67190MH1993PLC071691