

## Tejinder Kaur

### January 24, 2020

#### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long term Bank Facilities	8.72	CARE BB-; Stable; ISSUER NOT COOPERATING* (Double B Minus; Outlook: Stable; ISSUER NOT COOPERATING*)	Issuer Not Cooperating; 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
<b>Total</b>	<b>9.02</b> <b>(Rupees Nine crore and Two lakh only)</b>		

*Details of facilities in Annexure-1*

#### Detailed Rationale & Key Rating Drivers

CARE has been seeking information from **Tejinder Kaur (TK)** 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 TK'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.***

#### Detailed description of the key rating drivers

At the time of last rating in December 25, 2018 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.7.41 crore with a PAT of Rs.0.27 crore in FY18 Further, the total capital employed was also low at Rs.6.31 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:** TK, 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:** TK 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 TK, the risk of default is very minimal.

**Leveraged capital structure:** The capital structure of TK deteriorated but remained leveraged marked by debt equity ratio of 10.04x (FY17: 5.48x) and overall gearing ratio of 15.57x (FY17: 7.45x) 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.

<sup>1</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications

\*Issuer not cooperating, based on best available information

### 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 and satisfactory debt coverage indicators:** The profitability margins of the firm remained healthy marked by PBILDT margin of 29.40% (FY17: 34.31%) and PAT margin of 3.16% (FY17: 4.16%) in FY17. Further, the debt coverage indicators also remained moderate marked by interest coverage of 3.25x (FY17: 3.29x) and total debt to GCA of 4.22x (FY17: 3.77x) in FY18.

**Analytical approach:** Standalone

### Applicable Criteria

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

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

[Criteria for Short Term Instruments](#)

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

### About the Entity

Howrah (West Bengal) based, M/S Tejinder Kaur (TK) 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.

Currently TK is managed by two partners namely, Mr. Bhupinder Singh Gujral and Mrs. Tejinder Kaur. Since its inception, the firm is engaged in transportation of LPG tankers. The firm participates in tenders floated by various oil companies and executes orders mainly for BPCL, HPCL and BPCL. Currently the firm has work 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)	FY17 (A)	FY18 (A)
Total operating income	8.01	7.41
PBILDT	2.75	2.18
PAT	0.33	0.27
Overall gearing (times)	7.45	15.57
Interest coverage (times)	3.29	3.25

A: Audited

**Status of non-cooperation with previous CRA:** India ratings placed its ratings under non-cooperation as per press release dated November 20, 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	-	-	March 2021	1.66	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Bank Overdraft	-	-	-	7.06	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on 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	1.66	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE BB-; Stable (25-Dec-18)	1)CARE BB-; Stable (20-Dec-17)	-
2.	Fund-based - LT-Bank Overdraft	LT	7.06	CARE BB-; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Based on 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](http://www.careratings.com). Investors/market intermediaries/regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.

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### About CARE Ratings:

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