



## Rating Rationale

AJSG Motors Pvt Ltd

25Apr2018

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**Brickwork Ratings assigns the following ratings for the Bank Loan Facilities of ₹ 5.40 Crores of AJSG Motors Pvt Ltd. (hereafter referred as “AJSGMPL” or the “Company”)**

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### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund Based Cash Credit	5.00	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
Fund Based Term Loan	0.40		
<b>Total</b>	<b>5.40</b>	<b>INR Five Crores and Forty Lakhs Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon projected financials of the firm from FY19 upto FY23, publicly available information, and information/clarification provided by the management.

The rating, inter alia, reflects experience of the promoters in the similar line of business, association with a reputed brand, sole dealership of BharatBenz in the region, comfortable debt protection metrics and financial support from Directors.

However, the rating is constrained by small scale of operation during initial years, low Tangible Net Worth over projected period, high gearing with need for working capital funding, low profitability margins, and possible competition from other established brands.

Going forward, the ability of the Company to successfully start and streamline operations, keep overhead costs under control, improve the scale of operations and manage the working capital efficiently would be the key rating sensitivities.

### Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).



### Rating Outlook: Stable

BWR believes the **AJSG Motors Pvt Ltd** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenue, profit, and gearing show sustained improvement. The rating outlook may be revised to 'Negative' if the revenue goes down, profit margins show lower than expected figures, and gearing level increases.

### About the Company

AJSG Motors Pvt. Ltd. is a private limited company incorporated on 22.01.2018. It has got the authorised dealership in Bareilly, UP to sell BharatBenz trucks. In addition to that, it will also sell spares & accessories and provide workshop services for this brand of vehicles. The Company is the sole dealer of BharatBenz trucks in the region. Mr. Jitendra Pal Singh Gujral, Mrs. Kamal Jeet Kaur Gujral, and Mr. Balkirat Singh Gujral are the promoters and Directors of the Company having stakes of 34%, 33%, and 33% respectively. Mr. Jitendra Pal Singh Gujral has extensive experience of over 25 years in the similar line of business.

The Gujral family runs other businesses through their associate firms: A.J. Sons (BPCL petrol pump), Darshan Fuels (BPCL petrol pump), Gujral Brothers (truck fleet), Gurukripa Associates (stone crushers), and AJS Riders Pvt Ltd (Royal Enfield dealership).

### Project Details

The Company is establishing a showroom-cum-workshop for its BharatBenz dealership in Bareilly. The planned project cost is Rs. 7.40 Crs. which is funded by promoters' contribution of Rs 2 Crs. and bank loans of Rs. 5.40 Crs. As per the projections provided by the company, the Company expects to achieve revenue of Rs. 35.91 Crs. and PAT of Rs. 1.40 Crs. in FY19 which is its first financial year of operation.

### Rating History for the last three years

S.No.	Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based Cash Credit	Long Term	5.00	<b>BWR B+</b> Outlook: Stable	N.A.	N.A.	N.A.
2.	Fund Based Term Loan		0.40				
	<b>Total</b>		<b>5.40</b>	<b>₹ Five Crores and Forty Lakhs Only</b>			



Status of non-cooperation with previous CRA (if applicable)-NA

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Infrastructure Sector](#)
- [Short Term Debt](#)

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**For print and digital media**

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.



**DISCLAIMER**

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