



Rating Rationale

Ajmera Associates Ltd.

19 Dec 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 39.00 Crores of Ajmera Associates Ltd.

Particulars

| Facility | Amount (₹ Crs) | Tenure | Rating* |
|----------------|-------------------|------------------------------------|--|
| Fund based | 32.00 | Long Term | BWR BB (Pronounced as BWR Double B) Outlook: Stable |
| Non Fund Based | 7.00 | Short Term | BWR A4 (Pronounced as BWR A Four) |
| Total | 39.00 | INR Thirty Nine Crores Only | |

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results of the Company up to FY18 & projection upto FY 20 publicly available information/clarifications provided by the Company's management.

The rating factors, inter-alia, vast experience of Promoter in broking business and long track record, established relationship with customers and comfortable gearing ratio. However, the rating is constrained by small scale of operation, competition from other brokerage house and susceptibility of the revenues and profitability to volatility in capital markets. Going forward, ability of company to increase brokerage income, increase in number of clients, while effectively managing its proprietary investment and trading activities will remain key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:



- **Experience of Promoters:** The company was incorporated in 2001 and has an experience of over a decade in equity broking business.
- **Adequate capitalisation & Comfortable liquidity:** with continuous increase in net worth over the year the gearing remained low level and is at 0.07 times as on 31 March 2018.the company's liquidity profile continues to remain comfortable with high margins maintained with stock exchanges, investments in liquid assets and moderate utilisation of bank limits which stood at around 10 percent during the last six months.

Credit Risks:

- **Modest Scale of Operation:** The market position in the equity broking business is modest as reflected in its low market share.The company's scale of operation continuous to remain modest over the year
- **Highly Competitive Industry:** The broking industry is highly competitive and fragmented in nature. Further there is increase in competition from brokerage firm offering trading at Nil or minimal brokerage fees. Going forward, the brokerage yields are expected to remain under pressure given the competitive nature of industry.
- **Volatility in capital market :** The is exposed to inherent volatile nature of capital markets.Any loss in shares or derivative trading activities in its proprietary trading and investments book may erode profit margins

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 **Ajmera Associates 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 revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Ajmera Associates Limited is a financial services firm which was incorporated on 11th December 2001 as a Ajmera Associates Private Limited and later Company became a public limited company with effect from 28th December 2007.The Company is carrying its business operations from Mumbai, Maharashtra. Mr. Ashish Ajmera,Mr. Manish Ajmera and Ms. Charmi Ajmera are the Directors of the Company.The Company acquired the membership of Bombay Stock Exchange Ltd. (BSE) in the year 2002 and the membership of National Stock Exchange Ltd.(NSE) in the year 2006.The Company later on in the year



2008 also acquired the membership of Metropolitan Stock Exchange of India Ltd.(MSEI).Ajmera Associates Limited is a Depository Participant CDP of Central Depository Services(India) Ltd.(CDSL) and is providing the demat services since 2003. Ajmera Associates Ltd is operating in the Equity Cash,Currency Derivatives market segments and also offers the services related to portfolio advisory, IPQ and Mutual fund Distribution.

Company Financial Performance

Company generated total operating income of ₹ 5.19 Crs. in FY18. Profit after tax of company stood at ₹ 5.28 Crs in FY18. The tangible net worth of the company stood at Rs. 32.57 Crs. as on 31-3- 2018.

Rating History for the last three years

| S.No | Instrument /Facility | Current Rating 2018 | | | Rating History | | |
|------|--------------------------------------|------------------------------|----------------|---|----------------|------|------|
| | | Type (Long Term/ Short Term) | Amount (₹ Crs) | Rating | 2017 | 2016 | 2015 |
| | Fund Based Overdraft | Long Term | 32.00 | BWR BB Pronounced as BWR Double B) Outlook: Stable | N.A | N.A | N.A |
| | Non Fund Based Bank Guarantee | Short Term | 7.00 | BWR A4 (Pronounced as BWR A Four) | N.A | N.A | N.A |
| | Total | | 39.00 | ₹ Thirty Nine Crores Only | | | |

Status of non-cooperation with previous CRA (if applicable)-N.A

Any other information-N.A

Key Financial Indicators

| Key Parameters | Units | 2018 | 2017 |
|-------------------------------|-------|----------------|----------------|
| Result Type | | Audited | Audited |
| Operating Revenue | ₹ Cr | 5.19 | 6.37 |
| EBITDA | ₹ Cr | 2.16 | 3.82 |
| PAT | ₹ Cr | 0.45 | 2.95 |
| Tangible Net worth | ₹ Cr | 32.57 | 32.10 |
| Total Debt/Tangible Net worth | Times | 0.07 | 0.02 |



| | | | |
|---------------|-------|------|------|
| Current Ratio | Times | 3.87 | 6.11 |
|---------------|-------|------|------|

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website

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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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.



DISCLAIMER

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