

Gajra Gears Private Limited

March 29, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	23.89	CARE B+; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	0.69	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	21.05	CARE A4; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

Gajra Gears Private Limited (GGPL) has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. In line with extent SEBI guidelines, CARE Ratings Ltd.'s ratings on Gajra Gears Private Limited's bank facilities will now be denoted as **CARE B+; Stable; ISSUER NOT COOPERATING / 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 ratings assigned to the bank facilities of Gajra Gears Private Limited (GGPL) remain constrained on account of moderate scale of operations and net losses, moderate capital structure with weak debt coverage during FY23 (Audited-refers to the period April 01 to March 31). The ratings further remained constrained on account of inherent cyclicity of the auto component industry and susceptibility of margins to volatility in raw material prices. However, the rating derives benefit from experienced promoters with long track record of operations and well-established clientele.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers:

At the time of last rating on April 06, 2023 following were the rating strengths and weaknesses (updated from information available from client).

Key weaknesses

Moderate scale of operations and net losses

The scale of operation marked by total operating income (TOI) of GGPL has shown marginal growth on a Y-o-Y basis and remained at Rs.153.32 crore in FY23 as against Rs.145.69 crore in FY22 due to increase in demand of its products from the customers. During 9MFY24 (Prov.), GGPL has achieved TOI of Rs. 94.32 crore. The profitability of the firm has declined due to the higher cost of traded goods and remained moderate marked by PBILDT margin of 4.88% during FY23 as against 5.86% during FY22. Further, due to the extra ordinary expense reported during the year, GGPL has reported net loss during FY23 as against PAT of Rs.0.72 crore. As a result of that, GCA of the firm has significantly reduced to Rs. 1.36 crore during FY23 as against Rs. 4.00 crore during FY22.

Moderate Capital Structure with weak debt coverage indicators

As on March 31, 2023, the capital structure marked by overall gearing ratio remained moderate and in line with previous year at 2.27 times as against 2.21x as on March 31, 2022. Further, due to decreased interest cost, interest coverage ratio has been improved to 1.59x during FY23 compared to 1.53x during FY22. The TDGCA, however, has deteriorated due to low GCA levels and remained weak at 34.43 years as on March 31, 2023 as against 12.23 years as on March 31, 2022.

Inherent cyclicity of the auto component industry

The products manufactured by GGPL find applications in the automobile sector which is cyclical in nature. The group derives majority of its income from the truck, car, jeep, tractor segment, with the remaining income coming from the commercial vehicle segment. This inherent cyclicity in these industries could pose problems for the group and hamper its growth prospects in future, thereby affecting its revenue generation capabilities and profitability.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Susceptibility of margins to volatility in raw material prices

The profitability of the GGPL are susceptible to volatility in raw material prices as raw material cost constituting 41% of the income in FY21-22 period. The key raw material for manufacturing automobile parts such as Transmission Gears, Spline Shafts and Axles, Engine Gears, Oil Pump Gears, Automatic Transmission Parts, Gear Box Assemblies, Planetary Assemblies, Housings, Castings is steel. With global steel prices highly volatile in nature and susceptible to speculative trading, the margins of GGPL are exposed to raw material price fluctuation risk. Given large variety of products being manufactured for different types of customers, which necessitates large inventory holding, the margins are exposed to any adverse movement in the raw material prices.

Key strengths

Experienced Promoters with long track record of operations

GGPL is currently managed by four directors Mr. Gautam Gajra, Ms. Rita Gajra, Mr. Sanjay Anand and Ms. Priti Singi. Mr. Gautam Gajra have rich experience of around more than 2 decades in the industry and is involved in the overall business operations of the group along with Ms. Rita Gajra who is a non-executive director in GGPL. Mr. Sanjay Anand is a Chief Executive Officer (CEO) in the company for more than 3 years and is engaged decision making of the company while Ms. Priti Singi is a company secretary since more than a decade and in GGPL looks after legal department.

Well-established clientele

The company has established relationship with Original Equipment Manufacturers (OEM's) such as Tractors and Farm Equipment Limited (TAFE), TAFE Motors and Tractors Limited (TMTL), Caterpillar India Private Limited. etc. Further, the reputed client base ensures timely payments and lends comfort to the revenue realisation. The group has been associated with these customers from many years and receives regular orders from them.

Applicable criteria

[CARE Rating's criteria on information adequacy risk and issuer non-cooperation](#)

[Policy on default recognition](#)

[Financial Ratios – Non-financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

[Auto Ancillary Companies](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Consumer Discretionary	Automobile and Auto Components	Auto Components	Auto Components & Equipments

Incorporated on February 15, 1974, Gajra Gears Private Limited (GGPL) is a private limited company promoted and managed by Mr. Gautam Gajra, Ms. Rita Gajra, Ms. Priti Singi and Mr. Sanjay Anand. GGPL is engaged in manufacturing of automobile parts such as Transmission Gears, Spline Shafts and Axles, Engine Gears, Oil Pump Gears, Automatic Transmission Parts, Gear Box Assemblies, Planetary Assemblies, Housings, Castings with an installed capacity of 4200 Metric Tonne Per Annum (MTPA) as on March 31, 2022 at its manufacturing facility located at Dewas, Madhya Pradesh.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	9MFY24 (Prov.)
Total operating income	145.69	153.32	94.32
PBILDT	8.53	7.48	-
PAT	0.72	-1.50	-
Overall gearing (times)	2.21	2.27	-
Interest coverage (times)	1.53	1.59	-

A: Audited, Prov.: Provisional; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Brickwork has continued the ratings assigned to the bank facilities of GGPL to 'Issuer Not Cooperating' category vide press release dated January 09, 2024 on account of its inability to carry out a review in the absence of the requisite information from the company.

Any Other Information: Not Applicable

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

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	17.50	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	February, 2024	3.11	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	November, 2026	3.28	CARE B+; Stable; ISSUER NOT COOPERATING*
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	0.69	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	0.25	CARE A4; ISSUER NOT COOPERATING*
Non-fund-based - ST-Letter of credit		-	-	-	20.80	CARE A4; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Cash Credit	LT	17.50	CARE B+; Stable; ISSUER NOT COOPERATING *	1)CARE B+; Stable (06-Apr-23)	-	1)CARE B; Stable (15-Mar-22)	-
2	Fund-based - LT-Term Loan	LT	3.11	CARE B+; Stable; ISSUER NOT COOPERATING *	1)CARE B+; Stable (06-Apr-23)	-	1)CARE B; Stable (15-Mar-22)	-
3	Fund-based - LT-Term Loan	LT	-	-	1)Withdrawn (06-Apr-23)	-	1)CARE B; Stable (15-Mar-22)	-
4	Fund-based - LT-Term Loan	LT	3.28	CARE B+; Stable; ISSUER NOT COOPERATING *	1)CARE B+; Stable (06-Apr-23)	-	1)CARE B; Stable (15-Mar-22)	-
5	Non-fund-based - ST-Bank Guarantee	ST	0.25	CARE A4; ISSUER NOT	1)CARE A4 (06-Apr-23)	-	1)CARE A4	-

				COOPERATING *			(15-Mar-22)	
6	Non-fund-based - ST-Letter of credit	ST	20.80	CARE A4; ISSUER NOT COOPERATING *	1)CARE A4 (06-Apr-23)	-	1)CARE A4 (15-Mar-22)	-
7	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	0.69	CARE B+; Stable / CARE A4; ISSUER NOT COOPERATING *	1)CARE B+; Stable / CARE A4 (06-Apr-23)	-	1)CARE B / CARE A4 (15-Mar-22)	-

*Issuer did not cooperate; based on best available information.; LT/ST: Long term/Short Term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple
4	Non-fund-based - ST-Bank Guarantee	Simple
5	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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