

## Rating Rationale

**Brickwork Ratings assigns ‘BWR BBB-’ for Long Term Facilities of ₹75.00 Crores and ‘BWR A3’ for Short Term Facilities of ₹ 225.00 Crores to AJS Impex Private Limited.**

Brickwork Ratings (BWR) has assigned the following **Ratings<sup>1</sup>** for the Bank Loan Facilities sanctioned to AJS Impex Pvt Ltd.

Facilities	Amount (₹ Cr)	Tenure	Ratings
<u>Fund Based</u> Cash Credit	75.00	Long Term	BWR BBB- (Pronounced BWR Triple B Minus) Outlook : Stable
<u>Non Fund Based</u> Letter of Credit	225.00	Short Term	BWR A3 (Pronounced BWR A Three)
<b>Total</b>	<b>300</b>	<b>INR Three Hundred Crores Only</b>	

BWR has principally relied upon the audited financial results up to 2013-14, projections for FY15 and FY16 of AJS Impex Private Limited, publicly available information and information/clarification provided by the company’s management.

The rating has factored, inter alia, promoters experience, above average financial risk profile marked by healthy net worth, comfortable capital structure with comfortable debt coverage indicators and diversified product range. However the rating is constrained by low profitability margins working capital intensive nature of industry and high degree of competition.

### Background:

AJS Impex Pvt Ltd was incorporated in May 08, 2006 as private limited company in the name of Jaydev Steel Private Limited. Later on it change its name to AJS Impex Private Limited. Originally, AJS Impex Private Limited was established in 1962 as a trading firm by Mr. Amlulakh B. Mehta. The Company has its Registered Office at Ahmedabad Street Carnac Bunder Mumbai.

The Company is into the business of Trading of Iron and Steel products such as HR plates, HR Coil, and HR Sheets.

### Management Profile:

The key managements of the company are Mr. Jayesh Mehta and Mr. Amlulakh B Mehta. Mr. Jayesh Mehta, Managing Director is a graduate in commerce and having an experience of more than two decades in the line of business. He looks after the marketing, finance and administration departments of the company.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

Mr. Amlulakh Mehta, Director is a graduate in commerce and having an experience of more than four decades in the line of business. He looks after the day to day affairs and assists in decision making of company.

### Financial Performance:

The financial performance of the company is characterized by increasing revenue and healthy capital structure. Total operating income has registered a significant year-over-year growth of ~37% in FY14 over FY13 mainly on account of increased in scale of operation and better realization. Operating profit has increased in absolute terms to Rs. 15.82 Crores in FY14 against Rs. 9.80 Crores in FY13 along with the operating profit margins to 1.95% in FY14 as compared to 1.65% in FY13. Net profit margin had improved to 0.11% in FY14 as against 0.09% in FY13.

### Rating Outlook

Going forward, the ability of company to consistently scale up its operations, efficiently manage working capital, improve profitability and capital structure are the key rating sensitivities.

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