Rating Report

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**[1] for the Bank Loan Facilities sanctioned to AJS Impex Pvt Ltd.

Facilities	Amount (₹ Cr)	Tenure	Ratings
Fund Based Cash Credit	75.00	Long Term	BWR BBB- (Pronounced BWR Triple B Minus) Outlook : Stable
Non Fund Based Letter of Credit	225.00	Short Term	BWR A3 (Pronounced BWR A Three)
Total	300.00	INR Three Hundred Crores Only	

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. The company has procured its material from overseas markets such as China, Japan, Korea , Malaysia, Ukraine etc which comprises around 70% of its procurement and remaining from domestic suppliers.

The company has its warehouse in Taloja Mumbai with the total area of 2000 sq. ft. for unloading of its materials.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

The company has 30 distributors around various states in India covering Punjab, Gujarat, Madhya Pradesh, Rajasthan, Hyderabad, Karnataka, Tamil Nadu, Kerala.

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.

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.

The solvency position remained at comfortable level, the overall capital structure of the company has improved, indicated by overall gearing to 0.61x in FY14 from 1.14x in FY13 mainly on account of increased in net worth supported by low utilization of limits.

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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Annexure I: Abridge Profit & Loss A/c

Crores	2012	2013	2014
Result Type	Audited	Audited	Audited
Net Sales	563.81	589.41	804.76
Other Operating Income	0.00	6.03	8.03
Total Operating Income	563.81	595.45	812.79
Goods Consumed	545.17	574.47	786.21
Power and Fuel Expenses	0.08	0.03	0.02
Employee Cost	2.83	1.49	1.45
Cost of Goods Sold	548.08	576.00	787.69
Selling, General and other expenses	3.28	9.64	9.28
Operating Expenses	551.37	585.64	796.97
OPBDIT	12.44	9.80	15.82
Depreciation	0.68	0.70	0.60
OPBIT	11.76	9.11	15.22
Interest and Finance Charges	9.99	7.75	13.86
OPBT	1.77	1.36	1.36
Non-Operating Income(Expenses)	3.54	-0.34	0.33
PBT	5.31	1.02	1.69
Provision for Taxes	1.75	0.46	0.79
PAT	3.56	0.56	0.90

Annexure II: Abridge Balance Sheet

Crores	2012	2013	2014
Liabilities	Audited	Audited	Audited
EQUITY AND RESERVES	63.01	63.07	97.07
Non-current liabilities	10.16	22.81	43.80
Long-Term Borrowings	10.15	22.79	43.72
Deferred tax Liabilities (Net)	0.00	0.00	0.04
Long-Term Provisions	0.02	0.02	0.03
Current liabilities	188.21	185.26	329.84
Short-Term Borrowings	36.45	49.40	15.33
Trade Payables	138.17	130.49	313.42
Other Current Liabilities	7.62	0.00	0.00
Short-Term Provisions	5.97	5.37	1.09
Total Liabilities	261.38	271.14	470.71
ASSETS			
Non-current assets	8.98	25.21	50.12
Net Fixed assets (including capital WIP)	5.16	10.55	35.58
Non-Current Investments	3.71	1.25	0.00
Deferred Tax Assets (Net)	0.06	0.07	0.00
Long Term Loans and Advances	0.05	13.34	14.54
Current assets	252.41	245.93	420.59
Current Investments	0.00	0.00	0.07
Inventories	65.23	72.43	95.99
Trade Receivables	105.46	107.3	171.84
Cash and Cash Equivalents	51.17	42.38	111.58
Short-Term Loans and Advances	30.55	23.82	41.10
Other Current Assets	0.00	0.00	0.01
Total Assets	261.38	271.14	470.71

Annexure III: Ratio Analysis

Particulars	2012	2013	2014
	Audited	Audited	Audited
Total Debt	46.59	72.19	59.05
Tangible Net Worth (Rs. Cr)	63.01	63.07	97.07
Total Debt/TNW (x)	0.74	1.14	0.61
TOL/TNW (x)	3.00	3.22	3.83
Interest Coverage (x)	1.24	1.27	1.14
OPBDIT Margin(%)	2.21	1.65	1.95
NPM(%)	0.63	0.09	0.11
ROCE(%)	10.73	7.44	10.45
Current Ratio (x)	1.34	1.33	1.28