

## Rating Report

### Brickwork Ratings reaffirm “BWR BBB- (Outlook: Stable) /BWR A3” for Bank Loan facilities aggregating to 450.00 Crores of AJS Impex Private Limited.

Brickwork Ratings have reaffirmed following **Ratings<sup>1</sup>** for Bank Loan facilities of AJS Impex Private Limited.

Facilities	Tenure	Previous Limit	Present Limit	Previous Rating	Present Rating
<b>Fund Based</b> Cash Credit	Long Term	75.00	100.00	BWR BBB- (Pronounced BWR Triple B Minus) (Outlook:Stable)	BWR BBB- (Pronounced BWR Triple B Minus) (Outlook:Stable)
<b>Non Fund Based</b> Letter of Credit	Short Term	225.00	350.00	BWR A3 (Pronounced BWR A Three)	BWR A3 (Pronounced BWR A Three)
<b>Total</b>		<b>300.00</b>	<b>450.00</b>	<b>INR Four Hundred and Fifty Crores Only</b>	

BWR has essentially relied upon audited Financials up-to FY15, provisional Financials of FY16, projected Financials up-to FY18, publicly available information and clarifications provided by the company’s management.

The ratings have factored, inter alia, promoters experience and average financial risk profile. The ratings, however, is constrained on account of low profit margins, capital intensive nature of the business and high competition.

#### Background and Profile:

AJS Impex Pvt Ltd was incorporated in May 2006 as a private limited company in the name of Jaydev Steel Private Limited. Later on it changes its name to the AJS Impex Private Limited. Originally, AJS Impex Private Limited established in 1962 as a trading firm by Mr. Amulakh B Mehta. The company has its registered office at Ahmedabad Street, Carnac Bunder, Mumbai. The company is in the business of trading of steel products such as HR / CR Coils, Plates and sheets. Beside this Company is also trading in Wire Rod, Colour Coated sheet, pre painted galvanized coil etc.

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

**Promoter and Share Holding details:**

The key managements of the company are Mr. Jayesh Mehta and Mr. Amulakh B Mehta. Mr. Jayesh Mehta, Managing Director, having experience of two & half decades in the steel trading business takes care of marketing, finance and administrative department of the company. Mr. Amulakh Mehta, Director, having experience in the same line of business looks after the day to day affairs and assists in decision making for the company.

**Financial Performance:**

The financial performance of the company is characterized by year on year (y-o-y) growth in topline and improving profit margins. As per provisional Financials FY 2015-16, company has reported ~ 16% y-o-y growth in total operating income and ~66% y-o-y growth in Net profit. As per audited financial FY 2014-15, company has reported ~30 % of y-o-y growth in total operating income.

**Rating Outlook:**

The outlook is stable. Going forward, the ability of the company to achieve its projections, manage working capital cycle, and improve profitability and managing capital structure are the key rating sensitivities.

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**AJS Impex Pvt Ltd**  
**Annexure I**  
**Profit and Loss Account**

<b>Crores</b>	<b>31/03/13</b>	<b>31/03/14</b>	<b>31/03/15</b>	<b>31/03/16</b>
<b>Result Type</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Provisional</b>
Gross Sales	617.67	841.31	1096.46	1218.24
Excise Duty/Sales Tax	28.26	36.54	47.35	0.00
<b>Net Sales</b>	<b>589.41</b>	<b>804.76</b>	<b>1049.11</b>	<b>1218.24</b>
<b>Total Operating Income</b>	<b>589.41</b>	<b>804.76</b>	<b>1049.11</b>	<b>1218.24</b>
Change In Inventory (Increase)/Decrease	-7.20	-23.57	-46.28	-15.19
Traded Goods Purchased	579.69	806.64	1063.04	1182.51
Power and Fuel Expenses	0.03	0.02	0.06	0.00
Employee Cost	1.49	1.45	2.31	10.69
Manufacturing Expenses	1.98	3.14	5.19	0.00
<b>Operating Expenses</b>	<b>585.64</b>	<b>796.97</b>	<b>1035.58</b>	<b>1195.61</b>
<b>OPBDIT</b>	<b>3.77</b>	<b>7.79</b>	<b>13.53</b>	<b>22.63</b>
Depreciation/Amortization/Impairment	0.70	0.60	0.81	2.53
<b>OPBIT</b>	<b>3.07</b>	<b>7.19</b>	<b>12.72</b>	<b>20.10</b>
Interest and Finance Charges	7.75	13.86	19.43	16.53
<b>OPBT</b>	<b>-4.67</b>	<b>-6.67</b>	<b>-6.71</b>	<b>3.57</b>
Non-Operating Income(Expenses)	5.70	8.36	9.42	0.43
<b>PBT</b>	<b>1.02</b>	<b>1.69</b>	<b>2.71</b>	<b>4.00</b>
Provision for Taxes	0.46	0.79	0.84	0.89
<b>PAT(Continuing Operations)</b>	<b>0.56</b>	<b>0.90</b>	<b>1.87</b>	<b>3.11</b>
<b>PAT</b>	<b>0.56</b>	<b>0.90</b>	<b>1.87</b>	<b>3.11</b>

**AJS Impex Pvt Ltd**  
**Annexure II**  
**Balance Sheet**

<b>Crores</b>	<b>31/03/13</b>	<b>31/03/14</b>	<b>31/03/15</b>	<b>31/03/16</b>
<b>Liabilities</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Provisional</b>
<b>EQUITY AND RESERVES</b>	<b>63.07</b>	<b>97.07</b>	<b>98.42</b>	<b>119.26</b>
Share capital	6.25	6.93	6.93	9.19
Share Application money Pending allotment	7.00	13.99	15.00	10.05
Reserves and Surplus	49.82	76.16	76.50	82.88
Revaluation Reserve	0.00	0.00	0.00	17.14
<b>Non-current liabilities</b>	<b>22.81</b>	<b>43.80</b>	<b>43.21</b>	<b>36.94</b>
Long-Term Borrowings	22.79	43.72	13.12	3.23
Other Long Term liabilities	0.00	0.00	30.04	33.71
<b>Current liabilities</b>	<b>185.26</b>	<b>329.84</b>	<b>336.44</b>	<b>360.47</b>
Short-Term Borrowings	49.40	15.33	67.58	92.60
Trade Payables	130.49	313.42	265.68	261.73
Short-Term Provisions	5.37	1.09	3.18	6.13
<b>Total Liabilities</b>	<b>271.14</b>	<b>470.71</b>	<b>478.07</b>	<b>516.66</b>
<b>ASSETS</b>				
<b>Non-current assets</b>	<b>25.21</b>	<b>50.12</b>	<b>56.24</b>	<b>34.85</b>
Net Fixed assets	10.55	35.11	37.16	34.64
Long Term Loans and Advances	13.34	14.54	18.96	0.00
<b>Current assets</b>	<b>245.93</b>	<b>420.59</b>	<b>421.83</b>	<b>481.81</b>
Current Investments	0.00	0.07	0.14	0.59
Inventories	72.43	95.99	142.27	156.66
Trade Receivables > Six Months	2.75	22.53	9.43	4.62
Trade Receivables < Six Months	104.55	149.31	146.52	204.67
Cash and Cash Equivalents	42.38	111.58	88.37	84.60
Short-Term Loans and Advances	23.82	41.10	35.08	30.67
<b>Total Assets</b>	<b>271.14</b>	<b>470.71</b>	<b>478.07</b>	<b>516.66</b>

**AJS Impex Pvt Ltd**  
**Annexure III**  
**Ratio Analysis**

<b>Ratio Analysis</b>	<b>31/03/13</b>	<b>31/03/14</b>	<b>31/03/15</b>	<b>31/03/16</b>
<b>Particulars</b>	<b>Audited</b>	<b>Audited</b>	<b>Audited</b>	<b>Provisional</b>
Tangible Net Worth	63.07	97.07	98.41	102.11
Tangible Net Worth (Analyzed)	68.36	98.54	100.07	102.11
Total Debt/TNW	1.14	0.61	0.82	0.94
Total Debt/TNW(Analyzed)	0.98	0.58	0.79	0.94
ISCR	0.49	0.56	0.70	1.37
ISCR(Analyzed)	0.49	0.56	0.70	1.37
DSCR	0.98	0.90	0.86	1.20
DSCR(Analyzed)	0.72	0.90	0.41	0.38
Net Cash Accruals/Total Debt	0.02	0.03	0.03	0.06
Net Profit Margin	0.10	0.11	0.18	0.26
Operating Profit Margin	0.64	0.97	1.29	1.86
ROCE	2.51	4.94	7.59	10.67
Current Ratio	1.33	1.28	1.25	1.34
Current Ratio(Analyzed)	1.31	1.21	1.23	1.32
Days Receivables	66	63	57	55
Days Inventory	44	39	42	46
Days Payable	84	100	98	80
Conversion Cycle	25	2	1	21
Net Cash Flow from Operating Activities (as reported)	-18.23	39.12	-17.85	0.00
Net Cash flow from Investing Activities (as reported)	-16.92	-25.58	-6.81	0.00
Net Cash Flow from Financing Activities (as reported)	24.60	53.33	-2.11	0.00