

Rating Rationale

Brickwork Ratings assigns 'BWR B' and 'BWR A4' for the Bank Credit Facilities aggregating ₹ 6.25 Cr of Anuj Global Corporation

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan Facilities of ₹ 6.25 Cr of Anuj Global Corporation.

Facility	Limits (₹ Cr)	Tenure	Rating
Cash Credit	2.25	Long Term (FB)	BWR B (Outlook-Stable)
UBD (LC)	4.00	Short Term (FB)	BWR A4
Total	6.25	INR Six Crores Twenty Five Lakhs only	

The rating, inter alia, factors the experience of promoter in the steel trading industry and the consistent growth in turnover over the past three years. However, the rating is constrained by the low tangible net worth of the firm, high debt equity ratio and low profitability margins due to high competition in the industry.

BWR has essentially relied upon audited financial results up to FY2011-12, provisional financial results for FY2012-13, projected financials for FY2013-14 and information provided by the management.

Background:

Anuj Global Corporation (AGC) was established in 2003 as a proprietorship concern by Mr. Kamlesh Kumar Garg. The firm is located at Jhotwara Industrial Area, Jaipur and its sister concern, 'Durga Steels' is located at Bhiwadi, Alwar. The firm is primarily involved in trading of steel products. The firm deals in scrap, TMT bars and structure steel. AGC is an authorised dealer of SAIL, SAIL TMT 500D & JSW and also deals in Rathi TMT, Sanjog TMT & Gemini TMT in Rajasthan. The firm supplies steel for housing, commercial and factory projects in Rajasthan and supplies scrap in Jaipur. The Proprietor, Mr Kamlesh Kumar Garg is a graduate with more than 10 years of experience in trading of steel.

Industry

Indian steel industry plays a significant role in the country's economic growth. Currently, ranked the world's fourth largest crude steel capacity, India is expected to become the second

¹ Please refer to BWR website www.brickworkratings.com for definition of the Ratings

largest producer of crude steel in the world by 2015-16. The World Steel Association has estimated steel consumption in India to grow at five per cent in the year 2013. The overall outlook for the steel sector is positive and the demand is likely to grow in the year 2013 with the revival of the economy, massive infrastructure investments by the government and expansion of industrial production.

Financial Performance:

During FY2011-12, the net revenue from operations increased to ₹ 32.86 Crores from ₹ 24.55 Crores in the previous year. The firm’s profitability is low with operating profit margin of 1.56 per cent and net profit margin of 0.34 per cent for FY2011-2012.

Rating Outlook:

The rating reflects the position of the firm in the segment of the industry it caters to. Going forward, efficient management of inventory & receivables, ability of the firm to register consistent growth in turnover and increase the profitability margins while improving its capital structure will be the key rating sensitivities.

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Annexure I			
Anuj Global Corporation			
Statement of Profit and Loss For the Year			In ₹ Crores
	2009-10 (Audited)	2010-11 (Audited)	2011-12 (Audited)
Net Sales	14.78	24.55	32.86
Total Operating Income	14.78	24.55	32.86
Operating Expenses	14.61	24.14	32.35
Operating Profit Before Depreciation, Interest and Taxes	0.17	0.41	0.51
Depreciation	0.01	0.01	0.01
Operating Profit Before Interest and Tax	0.16	0.40	0.50
Interest and Finance Charges	0.11	0.34	0.54
Operating Profit Before Tax	0.05	0.06	(0.04)
Non- Operating Income(Expenses)	0.04	0.04	0.15
Profit Before Tax	0.09	0.10	0.11
Profit After Tax	0.09	0.10	0.11

Annexure II			
Anuj Global Corporation			
Balance Sheet as at	In ₹ Crores		
	31-03-2010 (Audited)	31-03-2011 (Audited)	31-03-2012 (Audited)
EQUITY AND LIABILITIES			
Equity and Reserves	0.17	0.21	0.29
Equity share capital	0.08	0.11	0.18
Reserves and Surplus	0.09	0.10	0.11
Non-current liabilities	0.88	1.12	1.57
Term Loans from friends/ Family	0.88	1.12	1.57
Current liabilities	1.35	3.86	3.72
Short-Term Borrowings from Banks	0.37	1.99	2.10
Trade Payables	0.97	1.75	1.48
Short term provisions	0.01	0.12	0.14
Total Liabilities	2.40	5.19	5.58
ASSETS			
Non-current assets	0.06	0.06	0.08
Net Fixed assets	0.06	0.06	0.05
Investments	-	-	0.03
Current assets	2.34	5.13	5.50
Inventory	0.25	1.65	1.24
Trade Receivables	1.82	3.17	3.21
Cash and Cash Equivalents	0.01	0.03	0.09
Short-Term Loans and Advances	0.26	0.28	0.96
Total Assets	2.40	5.19	5.58

Annexure III				
Anuj Global Corporation				
Key Ratios		31-03-2010 (Audited)	31-03-2011 (Audited)	31-03-2012 (Audited)
Total Debt/ Tangible Net worth	Times	7.69	14.50	12.60
Interest Service Coverage Ratio	Times	1.51	1.22	0.96
Tangible Net Worth	₹ Crores	0.16	0.21	0.29
Net Profit Margin	Per cent	0.59	0.40	0.34
Net Cash Accruals/Total Debt	Times	0.08	0.04	0.03
ROCE	Per cent	11.41	16.60	13.78
Current Ratio	Times	1.73	1.33	1.48

Note: Ratios are based on BWR calculations