

August 17, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	10.00	SMERA BB/Stable (Assigned)
Letter of Credit	5.00	SMERA A4+ (Assigned)
Proposed Cash Credit	5.00	SMERA BB/Stable (Assigned)

SMERA has assigned ratings of '**SMERA BB**' (read as **SMERA double B**) and **SMERA A4+** (read as **SMERA A four plus**) to the Rs.20.00 crore bank facilities of J. S. S. Steelitalia Limited (JSSSL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, moderate financial risk profile and reputed suppliers. However, the ratings are constrained by the company's exposure to intense market competition and geographic concentration risk.

Outlook: Stable

SMERA believes JSSSL will maintain its moderate business risk profile in the medium term on the back of established operations and long standing experience of the promoters in the business. The outlook may be revised to 'Positive' in case of improvement in revenue and profitability margins. Conversely, the outlook may be revised to 'Negative' in case of further deterioration in revenue and profitability.

Rating Sensitivity Factors

- Managing incremental working capital
- Any debt funded capex
- Decrease in capacity utilisation

About the Company

JSSL, a Gurgaon-based company established in 2007 is a joint venture between Inox, Jindal Stainless Steelway Limited and Jensita Holding Limited, Cyprus manufactures stainless steel tubes and pipes at its facility at Gurgaon, Haryana.

For FY2014-15, JSSSL reported PAT of Rs.0.06 crore on operating income of Rs.113.00 crore, as compared with net loss of Rs.1.38 crore on operating income of Rs.80.19 crore for FY 2013-14. The company's net worth stood at Rs.34.44 crore as on March 31, 2015, as compared with Rs.33.01 crore a year earlier.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

J. S. S. Steelitalia Limited (JSSSL)

Rating Rationale

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