

August 17, 2015

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

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 (JSSL). 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 JSSL 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, JSSL 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.

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