

September 29, 2015

Facilities	Amount (Rs. Crore)	Ratings
<b>Cash Credit</b>	<b>8.00</b>	<b>SMERA B+/Stable (Assigned)</b>
<b>Term Loans</b>	<b>5.61</b>	<b>SMERA B+/Stable (Assigned)</b>
<b>Letter Of Credit</b>	<b>5.00</b>	<b>SMERA A4 (Assigned)</b>

SMERA has assigned long-term rating of '**SMERA B+**' (**read as SMERA single B plus**) and short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the abovementioned bank facilities of Metalex Steel Strips Private Limited (MSSPL). The outlook is '**Stable**'. The ratings are constrained by company's small-scale, working capital intensive operations and below-average debt-protection metrics. The ratings also note that the company's business is exposed to volatility in foreign exchange rates, fluctuation in raw material prices and intense competition prevalent in the metal industry. However, the ratings derive comfort from the company's experienced management, modest revenue growth and ongoing financial support extended by promoters.

### Rating Sensitivity Factors

- Improvement in debt-protections metrics
- Working capital management

### Outlook: Stable

SMERA believes that the company's credit risk profile will remain stable given the ongoing financial support extended by promoters. The company is also expected to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company sustains improvement in revenues and profitability without corresponding deterioration in the working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of a decline in the company's revenues or profit margins. The outlook is also sensitive to further deterioration in the company's debt-protection metrics and capital structure.

### About the Company

MSSPL, incorporated in 2008, is engaged in trading and processing of metals products like precision metal slitting, shearing, surface finishing, etc. MSSPL also deals in other metal products like Copper, Brass and Beryllium Copper. Currently, the company is managed by Mr. U. Mangilal Bhandari (Managing Director). MSSPL has processing units at Bommasandra, Karnataka.

For FY2014–15, MSSPL reported profit after tax (PAT) of Rs.0.41 crore (provisional) on operating income of Rs.43.29 crore (provisional), as compared with PAT of Rs.0.24 crore on operating income

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of Rs.40.57 crore in the previous year. The company's net worth stood at Rs.6.74 crore (provisional) as on March 31, 2015, as compared to Rs.6.32 crore a year earlier.

### Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: <a href="mailto:antony.jose@smera.in">antony.jose@smera.in</a>	Vinay Chhawchharia Associate Vice President- Corporate Ratings Tel: +91-22-6714 1156 Email: <a href="mailto:vinay.chhawchharia@smera.in">vinay.chhawchharia@smera.in</a>	Tel: +91-22-6714 1184 Email: <a href="mailto:ratingdesk@smera.in">ratingdesk@smera.in</a>

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