

March 10, 2016

Facility	Amount (Rs. Crore)	Rating
Fund Based Working Capital (e-DFS)	9.50	SMERA B/Stable (Assigned)

SMERA has assigned a long-term rating of **'SMERA B' (read as SMERA B)** to the Rs.9.50 crore bank facility of Global Stainless (GS). The outlook is **'Stable'**. The rating is constrained by the weak financials marked by low profitability margin and net worth. Further, the rating also factors in the intense competition in the fragmented steel industry. However, the rating draws support from the experienced management and reputed suppliers and customers.

Outlook: Stable

SMERA believes GS will maintain a stable business risk profile in the medium term owing to its experienced management. The outlook may be revised to 'Positive' if the firm registers sustained growth in revenues while improving profitability and debt protection metrics. The outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations while improving profit margins
- Improvement in the net worth and working capital requirement

About the Firm

GS, established in 2011, is a Delhi-based partnership firm promoted by Mr. Mukesh Jindal and Mr. Pawan Khandelwal. The firm is engaged in the trading of iron and steel and is also an authorised dealer of Jindal Stainless Limited in Delhi NCR.

For FY2014-15, GS reported profit after tax (PAT) of Rs.0.28 crore on operating income of Rs.79.71 crore, as compared with PAT of Rs.0.24 crore on operating income of Rs.64.06 crore for FY2013-14. The firm registered revenue of Rs. 55.00 crore (provisional) for the period April 01, 2015 to January 31, 2016. The net worth of the firm stood at Rs.3.26 crore as on March 31, 2015, as compared with Rs.4.68 crore a year earlier.

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