

## Press Release

**P. S. S. JAYAM & Company**

02 February, 2018

**Rating Reaffirmed**



<b>Total Bank Facilities Rated*</b>	Rs. 6.00 Cr.
<b>Long Term Rating</b>	SMERA B / Outlook: Stable
<b>Short Term Rating</b>	SMERA A4

\* Refer Annexure for details

### Rating Rationale

SMERA has reaffirmed the long-term rating of '**SMERA B**' (read as SMERA B) and short term rating of '**SMERA A4**' (read as SMERA A four) on the Rs. 6.00 crore bank facilities of P S S JAYAM AND CO. The outlook is '**Stable**'.

PSS Jayam & Company (PSS) was established in 2000 by Mr. Stanley Shyamraj. The company is engaged in the trading of steel, cement and paint at Tuticorin, Tamil Nadu.

### Key Rating Drivers

#### Strengths

##### • Experienced management

The promoter, Mr. Shyamraj has extensive experience of 15 years in the trading of construction material.

##### • Reputed and diversified customer base

The company derives its revenue by supplying cement, steel and paint to Gammon India, Madhucon Projects Ltd, Larsen & Toubro, Southern Petrochemical Corporation Ltd. and JSW Limited.

#### Weaknesses

##### • Moderate scale of operation

Despite operations commencing from 2000, the scale has been moderate at Rs.11.63 crore in FY2017 as it declined from Rs. 14.34 crore in FY2016.

##### • Below average financial risk profile

The below average financial risk profile is marked by low networth, high gearing and moderate debt protection metrics. The net worth stood low at Rs.0.84 crore in FY2017 as it declined from Rs.0.90 crore in FY2016. The gearing stood high at 9.79 times in FY2017, an increase from 8.84 times in FY2016 mainly on account of increase in unsecured loan taken from promoters. The Interest Coverage Ratio (ICR) stood moderate at 1.26 times in FY2017 compared to 1.40 times in FY2016. The Debt Service Coverage Ratio (DSCR) stood comfortable at 1.26 times in FY2017 compared to 1.40 times in FY2016.

#### Analytical Approach

SMERA has taken a standalone view of the business and financial risk profiles of the entity.

## Outlook: Stable

SMERA believes that PSS will maintain a stable outlook in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenue and net cash accruals while maintaining better profit margins and improvement in capital structure. Conversely, the outlook may be revised to 'Negative' in case the company registers lower-than-expected growth in revenues and profitability, or deterioration in the financial risk profile.

## About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	11.63	14.34	10.47
EBITDA	Rs. Cr.	1.00	0.92	0.80
PAT	Rs. Cr.	0.09	0.15	0.13
EBITDA Margin (%)	(%)	8.58	6.39	7.63
PAT Margin (%)	(%)	0.79	1.05	1.20
ROCE (%)	(%)	10.59	12.51	31.10
Total Debt/Tangible Net Worth	Times	9.79	8.84	4.54
PBDIT/Interest	Times	1.26	1.40	1.41
Total Debt/PBDIT	Times	7.62	8.19	4.53
Gross Current Assets (Days)	Days	280	219	249

## Status of non-cooperation with previous CRA (if applicable)

NA

## Any other information

NA

## Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Trading Entities - <https://www.smera.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

## Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

## Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
24-Oct-2016	Cash Credit	Long Term	INR 3	SMERA B / Stable (Assigned)
	Letter of Credit	Short Term	INR 3	SMERA A4 (Assigned)

### \*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA B / Stable
Letter of credit	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA A4

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### ABOUT SMERA

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