

**November 27, 2015**

Facilities	Amount (Rs. Crore)	Rating
Term Loan	8.00	SMERA B+ /Stable (Assigned)
Cash Credit	2.00	SMERA B+ /Stable (Assigned)

SMERA has assigned a rating of '**SMERA B+ (read as SMERA B plus)**' to the Rs.10.00 crore long term bank facilities of H.P. Ore Processors Private Limited (HPOPPL). The outlook is '**Stable**'. The rating is constrained by the small scale of operations, working capital intensive nature of business and geographical concentration risk. The rating is also constrained due to the susceptibility of profit margins to volatility in raw material prices and government regulations. However, the rating draws comfort from the extensive experience of the management, healthy profitability indicators and moderate financial risk profile marked by healthy coverage indicators and modest gearing.

To arrive at the rating, SMERA has consolidated the business and financial risk profiles of H.P. Ore Processors Private Limited (HPOPPL), M S Minerals (MSM) and M S Mining and Consultancy Private Limited (MSMCPL)- group companies together referred to as the 'M S Group', in view of the common management and operational linkages within the group.

**Outlook: Stable**

SMERA believes that the company will continue to benefit over the medium term from its experienced management and healthy business prospects. The outlook may be revised to 'Positive' in case the firm improves its scale of operations along with effective management of working capital. The outlook may be revised to 'Negative' in case of weakening of the financial profile, operating margins, liquidity and leverage indicators.

**Rating Sensitivity Factors**

- Scaling up of operations with new project.
- Undertaking debt funded capex.
- Prudent working capital management.

**About the Company**

H.P. Ore Processors Private Limited (HPOPPL), incorporated in 2012 is engaged the trading of manganese oxide (MnO) and manganese dioxide (MnO<sub>2</sub>). The company soon plans to set up an iron ore beneficiation plant in Jabalpur district at an estimated cost of Rs.15 crore (Rs. 10 crore bank borrowings and Rs. 5 crore promoter funding), the commercial operations of which are expected to start from May 2016. Subsequently, HPOPPL will process iron ore also.

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SMERA RATINGS LIMITED

## H.P. Ore Processors Private Limited (HPOPPL)

*Rating  
Rationale*

### About the Group

The MS Group is a Madhya Pradesh-based group promoted by Mr. Satyabrata Satpathy with extensive experience in the line of business. M S Mining and Consultancy Private Limited (MSMCPL), one of the group companies was set up in 2011 and is engaged in the processing of manganese into MnO and MnO<sub>2</sub>.

For FY2014–15, the group reported profit after tax (PAT) of Rs.0.24 crore on operating income of Rs.16.99 crore, as compared with PAT of Rs.0.34 crore on operating income of Rs.14.29 crore in FY2013–14.

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