

**November 27, 2015**

Facilities	Amount (Rs. Crore)	Rating
Term Loans	3.00	SMERA B+/Stable (Assigned)
Cash Credit	4.00	SMERA B+/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B+ (read as SMERA B plus)**' to the Rs.7.00 crore long term bank facility of M S Mining and Consultancy Private Limited (MSMCPL). 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 by 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 operations while maintaining profitability
- Extent and funding of future capex, if any
- Prudent working capital management

About the Company

MS Mining and Consultancy Private Limited (MSMCPL), incorporated in 2011 is engaged in the processing of manganese ore into manganese oxide (MnO) and manganese dioxide (MnO₂). The company's processing unit is located at Seoni district, Madhya Pradesh and has an installed capacity of 7000 MT and 5000 MT respectively.

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SMERA RATINGS LIMITED

M S Mining and Consultancy Private Limited (MSMCPL)

*Rating
Rationale*

About the Group

The Madhya Pradesh-based M S Group is promoted by Mr. Satyabrata Satpathy. H.P. Ore Processors Private Limited (HPOPPL), one of the group companies, established in 2012 is engaged in the trading of MnO and MnO₂.

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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