

March 10, 2016

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	5.38	SMERA B-/Stable (Assigned)
Cash Credit	1.98	SMERA B-/Stable (Assigned)
Bank Guarantee	0.15	SMERA A4 (Assigned)

SMERA has assigned a rating of '**SMERA B- (read as SMERA B minus)**' to the Rs.7.36 crore long term facility and '**SMERA A4' (read as SMERA A four)**' to the Rs.0.15 crore short term facility of Lubrina Recycling Private Limited (LRPL). The outlook is '**Stable**'. The ratings remain constrained by the nascent stage of operations of the company, volatility in raw material prices and the highly fragmented and competitive oil reprocessing industry that it operates in. However, the ratings draw comfort from the experienced management.

### **Outlook: Stable**

SMERA believes that the outlook of LRPL will remain stable maintain in the near term owing to the experienced management. The outlook may be revised to 'Positive' in case the company generates healthy cash flows from operations while registering higher-than-expected revenues. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile.

### **Rating Sensitivity Factors**

- Ability to achieve higher than expected revenues while maintaining capital structure

### **About the Company**

LRPL, incorporated in 2010, is a Kolkata-based company promoted by Aashish Lohia. The company is engaged in the recycling of used oil (lube based stock) and waste industrial oil. It has an installed capacity of 9000 kilolitres per annum. The company has set up a processing unit in Kolkata (Bishnupur) at a cost of Rs.10.00 crore funded through a term loan of Rs.5.38 crore and promoters' funds of Rs.4.62 crore. The commercial operations commenced in Dec 2014.

For FY2014-15, LRPL reported net loss of Rs.0.44 crore on operating income of Rs.0.21 crore. The company has registered operating income of Rs.1.35 crore for FY2016 (from April to November).

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