

Press Release

Baidyanath Minerals Private Limited (BMPL)

10 February, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 6.30 Cr
Long Term Rating	SMERA B/Stable (Assigned)

*Refer Annexure for details

Rating Rationale

SMERA has assigned long term rating of '**SMERA B** (read as SMERA B)' on the above mentioned Rs.6.30 crore bank facility of Baidyanath Minerals Private Limited (BMPL). The outlook is '**Stable**'.

The Mumbai-based BMPL, incorporated in 2003, is engaged in the trading of manganese ore, machinery spare parts and aluminium sheets. The company was promoted by Mr. Rishi Gupta.

List of key rating drivers and their detailed description

Strengths:

Experienced management: Mr. Rishi Gupta, Director has more than a decades experience in the metals and mining sector.

Diversified product profile: The company is engaged in the trading of manganese ore, machinery spare parts and aluminium sheets.

Weaknesses:

Nascent stage of operations: The rating is constrained by the nascent stage of operations since commercial operations began only from January 2016. The company registered revenue of Rs.12.95 crore for three months (January 2016 to March 2016).

Intense competition: The company is exposed to intense competition from various players in India and overseas which is likely to impact its operating performance and profitability.

Susceptibility of profits to fluctuations in raw material prices: The operations are susceptible to fluctuations in the prices of iron and steel - major raw materials in the manufacturing of manganese ore and aluminium sheets.

Analytical approach: SMERA has considered the standalone business and financial risk profiles of the company.

Applicable Criteria

- Application of Financial Ratios and Adjustments: <https://www.smerra.in/criteria-fin-ratios.htm>
- Default Recognition: <https://www.smerra.in/criteria-default.htm>
- Trading Entities: <https://www.smerra.in/criteria-trading.htm>

Outlook: Stable

SMERA believes that BMPL will maintain a stable outlook over the medium term owing to the extensive experience of its promoter. The outlook may be revised to 'Positive' in case of substantial increase in revenue and profitability. Conversely, the outlook may be revised to 'Negative' if the company registers decline in revenue and profitability or stretch in working capital cycle weakening the financial risk profile, particularly liquidity.

About the Rated Entity

The Mumbai-based BMPL, incorporated in 2003, is engaged in the trading of manganese ore, machinery spare parts and aluminium sheets. The company was promoted by Mr. Rishi Gupta.

For FY2015-16, BMPL registered profit after tax (PAT) of Rs.0.43 crore on an operating income of Rs.12.95 crore. The net worth stood at Rs.0.61 crore as on March 31, 2016 against Rs.0.18 crore a year earlier.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	FY2017			FY2016		FY2015		FY2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	6.30	SMERA B/Stable (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	N.A	N.A	N.A	6.30	SMERA B/Stable (Assigned)

Note on complexity levels of the rated instrument:

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

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ABOUT SMERA

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