

Press Release

Lall Minerals Private Limited

March 10, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 20.00 Cr.
Long Term Rating	SMERA B- / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-**' (read as **SMERA B minus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 20.00 crore bank facilities of Lall Minerals Private Limited. The outlook is '**Stable**'.

Lall Minerals Private Limited (LMPL), incorporated in 2005 is engaged in the export of iron ore. The company is led by Directors, Mr. Anil Jaiswal and Mrs. Sonal Jaiswal. The management possesses extensive experience in the aforementioned business. Mr. Arun Jaiswal also has a decades experience in the infrastructure industry through one of its group entities - Rupal Infrastructure Private Limited.

Key Rating Drivers

Strengths

- **Healthy order book**

LMPL began export of iron ore in FY2017 and has export orders of around Rs.70 crore in hand.

Weaknesses

- **Limited track record of operations**

Incorporated in 2005, LMPL is an Odisha-based company engaged in the export of iron ore to China. The company used to supply iron ore to sponge iron plants in West Bengal, Jharkhand and Chhattisgarh till FY2009. There was no activity in the interim period apart from rental income. Exports began from FY2017.

- **Susceptibility of profit margins to volatility in raw material prices**

LMPL's profitability is susceptible to volatility in raw material prices (iron ore).

Analytical Approach

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

Outlook: Stable

SMERA believes that LMPL's outlook will remain stable owing to its healthy order book position. The outlook may be revised to 'Positive' if the company commences commercial operations as scheduled registering healthy cash inflows while achieving a healthy financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenues and net cash accruals leading to a below average financial risk profile, particularly liquidity.

About the Rated Entity - Key Financials

For FY2016, LMPL reported profit after tax (PAT) of Rs.0.54 cr on total operating income of Rs.1.01 cr, as compared with PAT of Rs.0.44 cr on total operating income of Rs.0.72 cr in FY2015. The tangible net worth stood at Rs.6.02 cr in FY2016 as compared to Rs.5.48 cr in FY2015.

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

None

Any other information

None

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)**

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.50	SMERA B- / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	3.50	SMERA B- / Stable
Bills Discounting	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA A4

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ABOUT SMERA

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