



Press Release

Lord's Mark Industries Private Limited

March 11, 2022

Ratings

Instrument / Facility	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	54.25 (enhanced from Rs. 46.25 crore)	IVR BBB-/Stable Outlook (IVR Triple B Minus with Stable Outlook)	Removed from credit watch; Rating Reaffirmed with Stable outlook	Simple
Short Term Bank Facilities	(13.00)* (reduced from Rs. 14.25 crore)	IVR A3 (IVR A Three)	Removed from credit watch; Rating Reaffirmed	Simple
Total	54.25 (Fifty Four Crore Twenty Five Lakhs Only)			

*Short term facilities are the sub limit of long term bank facilities

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Lord's Mark Industries Private Limited (LMIPL) continue to draws comfort from its established track record of operations under experienced promoters. The rating also factors its diversified business risk profile with healthy order book position indicating near to medium term revenue visibility and comfortable capital structure with healthy debt protection metrics. However, these rating strengths are partially offset by elongated operating, intense competition and exposure to risk related to tender based business.

Earlier the ratings were placed under credit watch with developing implications owing to uncertainty in the operating scenario. However, it has been removed from credit watch with improvement in its financial performance in FY21 and 9MFY22.



Press Release

Key Rating Sensitivities:

Upward Factors

- Significant growth in scale of business with improvement in profitability metrics thereby leading to overall improvement in cash accruals and liquidity.
- Improvement in the capital structure with further improvement in debt protection metrics.

Downward Factors

- Dip in operating income and/or profitability impacting the debt coverage indicators and/or moderation in overall gearing to more than 1.50 times.
- Any significant rise in working capital intensity or unplanned capex leading to a deterioration in the liquidity position.
- Stretch in working capital cycle impacting the liquidity.
- Withdrawal of unsecured loans from Sainik Industries Ltd. & Padamchand Jain Co amounting to Rs. 42.68 crore.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Long track record of operations under experienced promoters**

LM IPL was incorporated in 1998 by Mr. Sachidanand H. Upadhyay. Key promoter, Mr. Sachidanand H. Upadhyay has more than two decades of experience across different business verticals. Mr. Dines Tiwari who is another director of the company and has experience of almost 18 years in production and quality management. With their rich experience the company has established relationships with suppliers and customers, over the years. This has helped the company to diversify its product portfolio.

- **Diversified Business Profile with Healthy Order Book Position**

The company has three diversified business divisions i.e. Paper Products, Solar LED and Pharma Division. The company supplies paper to railways, postal store depots of India Post, LIC etc. Under this division company reported revenue of Rs.71.34 crore in FY21. Further, in LED and Solar Division company is involved in execution of government



Press Release

contracts mainly for Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA), Punjab Energy Development Agency, Assam Power Distribution Company Ltd. etc. The revenue generated from this division was ~Rs.108.30 crore. The company has associated itself with Cipla Healthcare Ltd for selling its OTC products in government sector Pan India. Further, it has a strong unexecuted order book position w.r.t Solar and LED Division amounting to Rs.1325.42 crore and Rs 89.69 crore of Pharma division.

- **Comfortable capital structure with healthy debt protection metrics**

The overall gearing of the company stood comfortable at 0.74x as on March 31, 2021. The company is having comfortable debt protection metrics i.e. ISCR stood at 2.29x in FY21 as against 2.66x in FY20. The adjusted tangible net worth stood healthy at Rs.71.44 crore in FY21 as against Rs.67.64 crore in FY20. This is mainly due to long term loan from Sainik Industries Private Limited and Padam Jain & Co. This investment is done on account of agreement made to execute projects to complete supply and installation of Solar LED products. Further, total indebtedness of the company as reflected by TOL/ATNW remained comfortable at 1.78x as on March 31, 2021.

Key Rating Weaknesses

- **Elongated Operating Cycle**

The operating cycle was 145 days in FY21 (FY20: 102 days), with receivables period of 214 days (FY20: 183 days), inventory period of 86 days (FY20: 70 days) and payable period of 155 days (FY20: 151 days). This is because of delay in realizations from the respective government departments mainly w.r.t. Solar & LED Division. The operating cycle is expected to remain elongated and in line with the past period. However, the counter party is government, so the counterparty risk is mitigated.

- **Intense Competition and Exposure to risk related to tender based business**

Company is into the business of continuous paper, and into LED and Solar systems. Majority of the revenue is derived from successful bidding of tenders. Hence, the company will remain vulnerable to the tender-based nature of operations. There is high pressure on



Press Release

the margins also due to intense competition from established players in the LED, Solar and Paper segment.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non- Financial Sector\)](#)

Liquidity –Adequate

The liquidity profile of LMIPL is expected to remain adequate marked by its expected satisfactory cash accrual in the range of Rs.10.65-14.54 crore for the next three years as against debt repayment obligation in the range of Rs.2.36-4.51 crore. The current ratio of the company remained healthy at 1.55x as on March 31, 2021. However, the average cash credit utilisation of the company remained high at ~83% during the past 12 months ended November 2021 indicating a limited liquidity cushion. But the company has adequate cash and cash equivalents amounting to Rs.5.54 crore as on March 31, 2021. The company has adequate gearing headroom for additional debt with an overall gearing of 0.74x as on March 31, 2021.

About the Company

Lord's Mark Industries Pvt. Ltd. was incorporated two decades ago i.e. on 1st July 1998 with registered office in Mumbai. Company is engaged in manufacturing of continuous computer stationery and copier paper. Company is also involved into manufacturing of LED Products, Solar based LED Products and lithium battery. It is also involved in supply and installation of solar home lighting system, solar streetlights and solar lantern for various government authorities i.e. Uttar Pradesh New and Renewable Energy Development Agency, Assam Power Distribution Company Limited and Punjab Energy Development Agency etc. The Company has recently entered into Pharma division and has been appointed as the official channel partner for Cipla Healthcare Ltd for selling its OTC products in government sector Pan India.



Press Release

Financials (Standalone):

For the year ended*	INR in crore	
	31-03-2020	31-03-2021
	Audited	Audited
Total Operating Income	230.48	201.43
EBITDA	10.30	11.85
PAT	3.61	4.07
Total Debt	75.17	95.75
Tangible Net worth	24.71	28.76
Adjusted Tangible Net Worth	67.64	71.44
EBITDA Margin (%)	4.47	5.88
PAT Margin (%)	1.56	2.02
Overall Gearing Ratio (x)	0.48	0.74

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Acuite Ratings has moved the rating into issuer not cooperating category vide its press release dated August 06, 2021 due to non-submission of information.

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2021-22)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2020-21 (January 29, 2021)	Date(s) & Rating(s) assigned in 2019-20	Date(s) & Rating(s) assigned in 2018-19
1.	Cash Credit/WCDL	Long term	54.25	IVR BBB-/Stable	IVR BBB-/Credit Watch with Developing Implication	-	-
2.	Bank Guarantee	Short term	(8.00) *	IVR A3	IVR A3 (Credit watch with developing implication)	-	-
3.	Letter of Credit	Short term	(5.00) *	IVR A3	IVR A3 (Credit watch with developing implication)	-	-

*BG & LC is the sub limit of CC



Press Release

Name and Contact Details of the Rating Analyst:

Name: Ms. Shilpa Yadav	Name: Mr. Om Prakash Jain
Tel: (011) 24601142	Tel: (011) 24601142
Email: shilpa.yadav@infomerics.com	Email: opjain@infomerics.com

About Infomerics:

Infomerics was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

Infomerics has a pan India presence with Head Office in Delhi, branches in major cities and representatives in several locations.

For more information visit www.infomerics.com.

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Press Release

Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities – CC/WCDL	-	-	Revolving	54.25	IVR BBB-/Stable
Short Term Bank Facilities – Bank Guarantee	-	-	-	(8.00) *	IVR A3
Short Term Bank Facilities – Letter of Credit	-	-	-	(5.00) *	IVR A3

*BG & LC is the sub limit of CC

Annexure 2: List of companies considered for consolidated analysis: Not Applicable.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Lords-Mark-lenders-mar22.pdf>

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.