



Press Release

Lords Mark Industries Private Limited

March 31, 2023

Ratings

Instrument / Facility	Amount (Rs. crore)	Previous Ratings	Current Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	54.25 (enhanced from Rs.46.25 crore)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Reaffirmed	Simple
Short Term Bank Facilities	5.00	IVR A3 (IVR A Three)	IVR A3 (IVR A Three)	Reaffirmed	Simple
Total	99.70	Rupees Ninety Nine Crore and Seventy Lakhs Only			

Details of Facilities are in Annexure 1

Detailed Rationale

Infomerics Valuations and Ratings Private Limited (IVR) has reaffirmed long-term rating IVR BBB- with a Stable Outlook and short term rating of IVR A3 for the bank loan facilities of Lords Mark Industries Private Limited (LMIPL).

The rating continues to draw 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 cycle, intense competition and exposure to risk related to tender based business.

IVR has principally relied on the standalone audited financial results of Lords Mark Industries Private Limited (LMIPL) upto 31 March 2022 and projected financials for FY23, FY24 and FY25, and publicly available information/ clarifications provided by the company's management.



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.



Press Release

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.76.41 crore in FY22. Further, in LED and Solar Division company is involved in execution of government 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.78.73 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.176.77 crore, Rs.71.22 crore from paper division and Rs 68.20 crore of Pharma division.

Comfortable capital structure with healthy debt protection metrics

The overall gearing of the company stood comfortable at 0.97x as on March 31, 2022. The company is having comfortable debt protection metrics with interest service coverage ratio at 2.10x in FY22 as against 1.72x in FY21. The adjusted tangible net worth stood healthy at Rs.79.05 crore in FY22 as against Rs.71.98 crore in FY21. 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.

Key Rating Weaknesses

Elongated Operating Cycle

The operating cycle was 187 days in FY22 (FY21: 145 days), with receivables period of 230 days (FY21: 252 days), inventory period of 112 days (FY21: 84 days) and payable period of 156 days (FY21: 192 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.



Press Release

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 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 \(Non- Financial Sector\)](#)

[Criteria for assigning rating outlook](#)

Liquidity –Adequate

The liquidity profile of LMIPL is expected to remain adequate marked by its expected satisfactory cash accrual in the range of ~Rs.11.00-13.00 crore for the next three years as against debt repayment obligation in the range of ~Rs.2.90-6.00 crore. The current ratio of the company remained healthy at 1.56x as on March 31, 2022. However, the average cash credit utilisation of the company remained high at ~80% during the past 12 months ended December 2022 indicating a limited liquidity cushion. But the company has adequate cash and cash equivalents amounting to Rs.6.71 crore as on March 31, 2022.

About the Company

Lord's Mark Industries Private Limited (LMIPL) was incorporated two decades ago i.e. on 1st July 1998 with registered office in Mumbai. The company is engaged in manufacturing of



Press Release

continuous computer stationery and copier paper. The 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 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.

Financials (Standalone):

(Rs. Crore)

For the year ended*	31-03-2021	31-03-2022
	Audited	Audited
Total Operating Income	201.43	213.02
EBITDA	9.05	12.79
PAT	4.23	4.29
Total Debt	96.37	123.54
Adjusted Tangible Net worth	71.98	79.05
EBITDA Margin (%)	4.49	6.00
PAT Margin (%)	2.06	2.00
Overall Gearing Ratio (x)	0.74	0.97

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: None

Any other information: None

Rating History for last three years:

		Current Ratings (Year 2022-23)	Rating History for the past 3 years
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Press Release

Sr. No.	Name of Instrument/Facilities	Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (March 11, 2022)	Date(s) & Rating(s) assigned in 2020-21 (Jan 29, 2021)	Date(s) & Rating(s) assigned in 2019-20
1.	Fund Based Facilities	Long Term	94.70 (enhanced from Rs.46.25 crore)	IVR BBB-/ Stable	IVR BBB-/ Stable	IVR BBB-/ Credit Watch with Developing Implication	-
2.	Non Fund Based Facilities	Short Term	5.00	IVR A3	IVR A3	IVR A3/ Credit Watch with Developing Implication	-

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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.



Press Release

For more information visit www.infomerics.com.

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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 – Cash Credit	-	-	-	94.70	IVR BBB-/ Stable
Short Term Bank Facilities- Letter of Credit	-	-	-	5.00	IVR A3
Short Term Bank Facilities- Bank Guarantee	-	-	-	(5.00)*	IVR A3
Short Term Bank Facilities- Bank Guarantee	-	-	-	(3.00)*	IVR A3

* *BG 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/Len-LordsMark-mar23.pdf>



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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 [Complexity Level of Rated Instruments/Facilities](#).