Rating Rationale

Manidhari Oils Private Limited

06th October 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs.10.00 Crs of Manidhari Oils Private Limited or "(MOPL)".

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating^
Fund Based	**2.00**	**Long Term**	**BWR BB+** **BWR Double B Plus** **Outlook: Stable** (Assigned)
Non-Fund Based	**8.00**	**Short Term**	**BWR A4+** **BWR A Four Plus** (Assigned)
Total	**Rs. 10.00 Crores** **(INR Ten Crores Only.)**		

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Note: Initially non-acceptance communicated by the company and it has been published as non-accepted rating in our company website on 24th July201. Subsequently the company has accepted the assigned rating.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the audited financial results up to FY16, provisional financials of FY17, projected financials up to FY19, publicly available information of **Manidhari Oils Private Limited** and information/clarifications provided by the company's management.

The rating draws strength from the experience of the promoters, improved revenues from past three financial years, moderate capital structure as reflected by the debt to equity ratio and comfortable interest servicing metrics. MOPL also benefits from the group company, Ritisha Oils Private Limited, which is in the similar line of business and has common promoters. However, the rating is constrained by thin profitability margins inherent to the trading sector,

susceptibility of profitability to the volatility in the edible oil prices, high receivables and low level of net worth.

Going forward, the ability of the company to improve revenues and profitability margins and manage liquidity and receivables level, would be the key rating sensitivities.

Key Rating Drivers:

Strengths

Experienced management:

Promoters of the company have over two decades of experience in the trading of edible and non-edible oils business.

Established customer base:

The company has an established customer base for the sale of their products. Customers of the company are located in Rajasthan, Maharashtra, Madhya Pradesh indicating adequate geographic diversification.

Above average financial risk profile:

Net worth and debt to equity were moderate at Rs 5.34 crore and 0.80 times, respectively, as on March 31, 2017. However, debt protection metrics were comfortable, with interest coverage ratio of 4.24 times for fiscal 2017.

Group Strength from Ritisha Oils Private Limited:

Ritisha Oils Private Limited (ROPL) was set up in 2009 by Mr. Ramit Jain. The company is based in New Delhi and is engaged in similar line business. The company is involved in trading of edible and non-edible oils, refined oils and all kind of classes of oil seed, Grains, pulses, butter etc.

Weaknesses

Intense competition in the industry: trading of edible and non-edible oils is highly fragmented, marked by the presence of several established players operating in India.

Low Net worth levels:

The company has low net worth levels at Rs.4.01 Crs as on FY16 and Rs.5.34 Crs as on FY17.

Thin profitability margins:

Due to a major portion of the revenues of the company being generated through trading business, the company's operations earn thin profitability margins.

Rating Outlook: Stable

BWR believes the Manidhari Oils Private Limited's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

In the year 2012, Manidhari Oils Private Limited was established as a private limited company in New Delhi. The company is involved in the trading of edible and non-edible oils, refined oils and all kind of classes of oilseed, grains, pulses, butter, etc.

Company Financial Performance

Parameters (Rs. Crs)	FY16 (A)	FY17(P)
Total operating income	115.47	183.32
EBIDTA	1.66	2.66
Profit after tax (PAT)	0.71	1.33
Net worth	4.01	5.34
Current ratio	1.29 times	1.13 times

A: Audited, P: Provisional

Net revenue of the company has decreased from Rs. 1337.80 Crs in FY15 to Rs. 1010.25 Crs in FY16. However, profit after tax of the company stood at Rs. 1.33 Crs in FY16.

Rating History for the last three years: (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating (Assigned)	2016	2015	2014
1.	**Fund Based**	**Long Term**	**2.00**	**BWR BB+**	Nil	Nil	Nil

2.	**Non-Fund Based**	**Short Term**	**8.00**	**BWR A4+**	Nil	Nil	Nil
Total			**Rs. 10.00 Crs (INR Ten Crores only)**				

Hyperlink/Reference to Applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**
- **Short Term Debt**

For any other criteria obtain hyperlinks from website

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Rated Facilities Details

Facility	Sanctioned Amount (Rs. Crs)	Proposed Amount (Rs. Crs)
Cash Credit (Fund Based)	**1.00**	**1.00**
Letter of Credit (Non-Fund based)	**4.00**	**4.00**
Total	**5.00**	**5.00**
Total (FB + NFB)	**Rs. 10.00 (INR Ten Crores Only).**	

For print and digital media
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Note on complexity levels of the rated instrument:
BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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