

Rating Rationale

Brickwork Ratings assigns 'BWR B +' for the Fund Based Bank Credit Facility of SVM Oil Industries, Bharatpur, Rajasthan for ₹ 22 Cr

Brickwork Ratings has assigned the following **Rating¹** to the Bank Loan Facilities aggregating Rs 22.00 Crs (INR Twenty Two Crores only) of SVM Oil Industries:

Fund Based Facility	Existing Limits (₹ Cr)	Tenure	Rating
Cash Credit Allahabad Bank	12.00	Long Term	BWR B+ (Pronounced BWR B Plus) (Outlook-Stable)
WCDL Union Bank of India	10.00		
Total	22.00	(INR Twenty two Crores Only)	

BWR has essentially relied upon the audited financials of FY13, FY14, projections for FY15 and FY16 of SVM Oil Industries, publicly available information and information/clarification provided by the firm's management.

The rating factors promoters experience in Mustard oil processing business, favorable location proximity to raw material (Mustard seed) procurement and moderate scale of operations. However, the rating is constrained by high gearing level due to working capital intensive operations, stretched debt coverage, and low profitability.

Background:

SVM Oil Industries started as a partnership firm in 2006, located at F-158, RIICO Industries area, Bharatpur, Rajasthan. The firm is being managed by Mr. Vishnu Kumar Goel, Mrs. Meera devi. The firm is engaged in manufacturing of mustard oil and oil cakes. It procures mustard seed from local suppliers

Financial Performance:

During FY14, the firm had revenues of Rs. 125.86 crs as against revenues of Rs. 98.35 crs in FY13. The firm reported Net profit of ₹ 0.24 Cr in Fy14 against Net profit of 0.17 Cr in Fy13.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

The Net worth stood at ₹4.31 Cr in FY14 as against of ₹4.17 Cr in FY13. Operating profit margin was at 2.26 % and ROCE was at 9.73% in FY14

Rating Outlook:

The rating reflects the established position of the group in mustard oil processing business. Going forward, ability of the firm to rationalise capital structure, increase scale of operation and profitability would be the key rating sensitivities. The outlook of the company is expected to remain stable going forward.

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