



## Press Release

### Sree Mahalakshmi Oil Mills

April 05, 2024

#### Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	<u>Complexity Indicator</u>
Long Term Fund Based Facility –Cash Credit	22.50	IVR BB/ Negative, ISSUER NOT COOPERATING*/ (IVR Double B with Negative Outlook; ISSUER NOT COOPERATING*)	Downgraded & Moved to ISSUER NOT COOPERATING Category	Simple
Long Term Fund Based Facility – Term Loan	2.50	IVR BB/ Negative, ISSUER NOT COOPERATING*/ (IVR Double B with Negative Outlook; ISSUER NOT COOPERATING*)	Downgraded & Moved to ISSUER NOT COOPERATING Category	Simple
<b>Total</b>	<b>25.00</b> <b>(Twenty-Five Crore)</b>			

#### Detailed Rationale

The downgrade in the ratings assigned to the bank facilities of Sree Mahalakshmi Oil Mills reflects non-submission of 'No Default Statement' for three consecutive months ended March 2024, and the uncertainty around its credit risk. Infomerics assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its policy.



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The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the rating revision.

### **Note on non-cooperation.**

Infomerics has been regularly following up with the company to provide the NDS to monitor its assigned rating to the bank facilities, vide most recent mail communications dated 16 March 2024, 19 March 2024, 21 March 2024, 29 March 2024, 01 April 2024, and concurrently over several phone calls. However, despite repeated requests by Infomerics, the firm's management has not submitted the NDS for the months of January 2024, February 2024, March 2024.

Availability of NDS is very critical in rating exercise. In the absence of NDS, in consonance with SEBI guidelines, Infomerics has downgraded the ratings assigned to the bank loan facilities of Sree Mahalakshmi Oil Mills aggregating to INR 25.00 crore in the 'ISSUER NOT COOPERATING' category. The rating is now denoted as IVR BB/ Negative; ISSUER NOT COOPERATING for the long-term bank facilities.

### **Analytical Approach: Standalone**

#### **Applicable Criteria**

Rating Methodology for Manufacturing Companies

Financial Ratios & Interpretation (Non-Financial Sector)

Guidelines on what constitutes Non-Cooperation by clients

Criteria on Default Recognition

Criteria for rating outlook

Complexity Level of Rated Instruments/Facilities

#### **About the firm**



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Sree Mahalakshmi Oil Mills (SMOM) is a proprietorship firm, was established in September 2002 by Mr. Kanakaraj. The firm engaged in trading of edible oils viz. palmolein oil, sunflower oil, rice oil and ground nut oil and engaged in processing of sunflower oil on small scale. The firm has crushing unit located at Karamadai with installed capacity of three oil expellers which can produce 10-15 tonne of oil per day. SMOM manufactures and supplies to retail shops located domestically in its own brand name 'Mahas Gold'.

### Financials (Standalone)\*:

(INR crore)

For the year ended* As on	31-03-2022	31-03-2023
	Audited	Provisional
Total Operating Income	608.78	651.34
EBITDA	4.85	8.48
PAT	1.95	3.56
Total Debt	18.33	30.87
Tangible Net Worth	5.68	8.63
EBITDA Margin (%)	0.80	1.30
PAT Margin (%)	0.32	0.55
Overall Gearing Ratio (x)	3.23	3.58

\*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: NA

Any other information: None

Rating History for last three years:



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Sr. No.	Name of Facilities	Current Ratings (Year 2024-25)				Rating History for the past 3 years		
		Type	Amount (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25 (August 16, 2023)	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Long Term Fund Based Facility – Cash Credit	Long Term	22.50	IVR BB/ Negative, ISSUER NOT COOPERATING	IVR BB+/Stable Outlook	-	-	-
2.	Long Term Fund Based Facility – Term Loan	Long Term	2.50	IVR BB/ Negative, ISSUER NOT COOPERATING	IVR BB+/Stable Outlook	-	-	-

\* Issuer did not cooperate; based on best available information

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### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt



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instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

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

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

**Annexure 1: Details of Facilities: Not Applicable**

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

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-MahalakshmiOil-apr24.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](http://www.infomerics.com).