

PRESS RELEASE

SWASTIK OIL INDUSTRIES PRIVATE LIMITED

November 2023

Ratings

Facilities	Amount (NPR. Mn)	Ratings	Rating Action
Long Term Bank Facilities	1,189.78	IRN BBB-	Downgraded from IRN BBB; and moved to ISSUER NOT COOPERATING* category with notice of withdrawal
Short Term Bank Facilities	9,278.22	IRN A3	Downgraded from IRN A3+; and moved to ISSUER NOT COOPERATING* category with notice of withdrawal
Total	10,468.00		

*Issuer did not cooperate; based on best available information

Infomerics Credit Rating Nepal Limited (Infomerics Nepal) has downgraded the long term rating to IRN BBB- 'INC' (Triple B Minus, Issuer Not Cooperating) from IRN BBB (Triple B) to the long term bank facilities of NPR 1,189.78 Mn. and short term rating to IRN A3 (A Three, Issuer Not Cooperating) from IRN A3+ (A Three Plus) to the short term bank facilities of NPR 9,278.22 Mn and moved to Issuer Not Cooperating category with notice of withdrawal.

Detailed Rationale

The revision in the rating assigned to the bank facilities of Swastik Oil Industries Private Limited (SOI) is because of non-cooperation by the company despite repeated follow ups and lack of adequate information leading to information availability risk and hence uncertainty around its credit risk. Infomerics Nepal assesses whether the information available about the company is commensurate with its rating and reviews the same as per the policy.

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 company.

Non-cooperation by Issuer

Infomerics Nepal has been regularly following up with the company to provide the required data to monitor its assigned rating to the bank facilities, vide E-mail communications dated August 18, 2023, August 22, 2023, September 04, 2023, October 05, 2023, and November 02, 2023 and concurrently over several phone calls. However, despite repeated requests by Infomerics Nepal, the company's management has not submitted all the essential details required for detailed review of the assigned ratings.

Availability of information is very critical in rating exercise. In the absence of the requisite information, in consonance with SEBON guidelines, Infomerics Nepal has to assign the rating based on the best available information. Accordingly, the ratings assigned to the bank loan facilities aggregating to NPR 10,468 Mn of SOI shall be moved to 'ISSUER NOT COOPERATING' category by Infomerics Nepal and the long-term rating will be noted as IRN BBB- 'INC'; Based on best available information (Triple B Minus, Issuer Not Co-operating) and the short-term rating will be noted as IRN A3 'INC'; Based on best available information (A Three, Issuer Not Co-operating).

Analytical Approach: Standalone

Applicable Criteria:

[Corporate Credit Rating Methodology](#)
[Withdrawal Policy](#)

Past rating rationale:

Tanka Prasad Marg, Baneshwor Height, Kathmandu, Nepal Contact No. +977-1-4483304, 4485906
Email: info@infomericsnepal.com, Website: www.infomericsnepal.com

Fresh bank loan rating assigned on July 2022

About the Company:

Swastik Oil Industries Private Limited (SOI) is a private limited company incorporated on December 11, 1984 for processing/refining of edible oils, having plant in Biratnagar-09, Morang, Nepal. The total installed capacity for refined soyabean/ palmolien/ sunflower oil along with vegetable ghee is 135,000 MTPA and 10,000 MTPA for mustard oil. SOAI is promoted by KL Dugar group, having more than three decades of operational track record across various sectors.

Financial Indicators (Standalone): Latest Financials not available

For the year ended* As on	FY20	FY21	10MFY22
	Audited	Audited	Unaudited
Total Operating Income (in NPR Mn.)	8,020	11,100	11,774
EBITDA Margin (%)	11.55	13.84	6.57
Interest Coverage Ratio (x)	11.22	13.56	9.04
Current Ratio (x)	1.19	1.09	1.12
Overall Gearing Ratio (x)	4.11	5.13	3.79

* Classification as per Infomerics Nepal standards

Analyst Contacts

Mr. Nibesh Manandhar

Tel No.+977-1-4583304/4585906

nibesh.manandhar@infomericsnepal.com

Mr. Anil Adhikari

Tel No.+977-1-4583304/4585906

anil.adhikari@infomericsnepal.com

Relationship Contact

Mr. Rabin Pudasaini

Tel No.+977-1-4583304/4585906

rabin.pudasaini@infomericsnepal.com

About Infomerics Credit Rating Nepal Limited:

Infomerics Credit Rating Nepal Ltd. is Nepal's third Credit Rating Agency licensed by the Securities Board of Nepal (SEBON) on March, 2022. Infomerics Nepal is a subsidiary of Infomerics Valuation and Rating Private Limited (Infomerics India) which is a SEBI registered and RBI accredited Credit Rating Agency licensed in 2015. Infomerics Nepal aims to provide investors with objective analysis and evaluation of credit worthiness of Banks, NBFCs, Large Corporates and Small and Medium Scale Units (SMUS) via its rating and grading services. Thus, it is playing a key role in serving the financial markets by reducing the information asymmetry among varied lenders and investors and facilitating borrowers/issuers to various fundraising opportunities/avenues. Infomerics observes and maintains ethical standards in its activities. For more information, visit <https://infomericsnepal.com/>

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