

**July 31, 2015**

Facility	Amount (Rs. Crore)	Rating
Cash Credit	17.00	SMERA BB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs.17.00 crore bank facility of Suraj Cropsciences Limited (SCL). The outlook is '**Stable**'. The rating derives comfort from the company's healthy revenue growth, improvement in margins and experienced management. However, the rating is constrained by the company's moderate financial risk profile and working capital intensive nature of operations. The rating also notes the company's presence in a highly fragmented, regulated and seasonal industry.

### Outlook: Stable

SMERA believes that SCL will continue to benefit over the medium term from its promoters' extensive experience in the seed processing business. The outlook may be revised to 'Positive' if the company's scale of operations increases substantially, while maintaining its operating profitability. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the scalability amidst intensifying competition in the area of operation or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

### About the Company

Suraj Cropsciences Limited (SCL), incorporated in 2010 as a private limited company, is engaged in the developing and processing of agro seeds in Gujarat. Later in May 2015, the company was listed on the NSE SME platform. SCL is headed by Mr. S.P.S. Kushwaha, Managing Director, who has around 2 decades of industry experience. The company has 2 owned factories in Gujarat and has contracts with four other manufacturers in various states such as Andhra Pradesh, Uttar Pradesh and Rajasthan for processing and packaging of seeds.

For FY2013-14, SCL reported net profit of Rs.0.23 crore on operating income of Rs.18.17 crore as compared with net profit of Rs.0.10 crore on operating income of Rs.7.42 crore in the previous year. As per provisional financials, SCL reported net profit of Rs.0.53 crore on operating income of Rs.31.00 crore. The net worth stood at Rs.3.33 crore as on March 31, 2014, as compared with Rs.1.36 crore a year earlier. The company's net worth stood at Rs.5.53 crore (provisional) as on March 31, 2015.

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SMERA RATINGS LIMITED

## Suraj Cropsciences Limited (SCL)

Rating  
Rationale

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