

November 18, 2015

Facilities	Amount (Rs. Crore)	Ratings
Proposed Cash Credit	3.00	SMERA BB/Stable (Assigned)
Proposed Letter of Credit	10.00	SMERA A4+ (Assigned)

SMERA has assigned a ratings of '**SMERA BB**' (**read as SMERA double B**) and '**SMERA A4+**' (**read as SMERA A four plus**) to the Rs.13.00 crore proposed bank facilities of ONUS Enterprise Private Limited (OEPL). The outlook is '**Stable**'. SMERA has taking into consideration the audited financials of Onus Enterprise (OE), a proprietorship concern which OEPL plans to take over in FY2015-16. The rating derives comfort from the healthy revenue growth, healthy order book position and experienced management. However, the rating is constrained by the uneven profit margins, working capital intensive operations and moderate financial risk profile.

Outlook: Stable

SMERA believes that the outlook of OEPL will remain stable owing to the promoters experience in the food and agro industry and growth in revenues. The outlook may be revised to 'Positive' if the company's scale of operations increases substantially, while maintaining its operating profitability and improving coverage indicators. Conversely, the outlook may be revised to 'Negative' in case of weakening of operating margins or if the financial risk profile deteriorates owing to higher-than-expected increase in debt-funded working capital requirements.

Rating Sensitivity Factors

- Scalability of operations
- Stability in margins
- Working capital management

About the Company

OEPL, incorporated in 2014, plans to take over the existing business of the Navi Mumbai-based Onus Enterprise (OE) which was established in 2004. The takeover formalities are expected to be completed by September 2015. OE is engaged in the business of importing and processing of dry fruits (cashew and almonds) and trading of rice, fruits, other food items and beverages apart from manufacturing biscuits.

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OE reported net profit (before tax) of Rs.0.45 crore on operating income of Rs.40.36 crore for FY2013-14, as compared with net profit (before tax) of Rs.0.26 crore on operating income of Rs. 30.94 crore for FY2012-13.

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