

**March 08, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	7500.00	SMERA A-/Stable (Assigned)
Short Term Loan	1000.00	SMERA A1 (Assigned)

SMERA has assigned rating of '**SMERA A-**' (read as **SMERA A minus**) to the Rs.7,500.00 crore fund-based bank facility and '**SMERA A1**' (read as **SMERA A one**) to the Rs.1,000.00 crore non fund-based bank facility of Odisha State Civil Supplies Corporation Limited (OSCSCL). The outlook is '**Stable**'. The ratings are supported by the long operational track record and continuous support provided through subsidy majorly by the Government of India and Government of Orissa. The ratings also draw support from the corporation's social and economic significance to the Government of India and Government of Orissa.

Further, the ratings also factor in the state government's financial fundamentals supported by the rising revenue receipts, continued revenue surplus and sound capital structure, strong coverage indicators and healthy resource mobilisation ability. However, the ratings are constrained by the moderate financial risk profile and working capital intensive operations of OSCSCL.

### Rating Sensitivity Factor

- Continuous support of the Government of India and the Government of Orissa

### Outlook: Stable

SMERA believes that OSCSCL will maintain a healthy business risk profile over the medium term, given its established position in procurement and distribution of food grains. The outlook may be revised to 'Positive' if the working capital management improves, resulting in significant improvement in its business risk profile and liquidity position. Conversely, the outlook may be revised to 'Negative' in case of lower accruals, stretch in receivables or large debt-funded working capital requirements.

### About the Corporation

OSCSCL was established in 1980 as a wholly owned entity of the Orissa government. The corporation undertakes procurement of paddy and supply of rice through the public distribution system under Decentralised Procurement (DCP). The corporation is an agent of the state government and handles responsibilities of purchase, procurement, storage and delivery of stock to retail dealers.

OSCSCL functions under the direct control of Food Supplies and Consumer Welfare Department. The state government supports the welfare activities of the corporation by compensating the losses through subsidy.

*SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.*



SMERA RATINGS LIMITED

# Odisha State Civil Supplies Corporation Limited (OSCSCL)

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