

**March 08, 2016**

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

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.

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