

March 31, 2016

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	7.00	SMERA B/Stable (Assigned)
Term Loan	0.75	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B**' (**read as SMERA B**) on the Rs.7.75 crore bank facilities of Oswal Seeds and Chemicals (OSC). The outlook is '**Stable**'. The rating is constrained by the firm's below average financial risk profile, stretched liquidity and uneven profitability. The rating also notes that the profit margins are susceptible to volatility in raw material prices. However, the rating draws comfort from the promoter's extensive industry experience.

Rating Sensitivity Factors

- Improvement in the financial risk profile
- Efficient working capital management

Outlook – Stable

SMERA believes that OSC will maintain a stable business profile owing to its promoter's extensive industry experience. The outlook may be revised to 'Positive' if the firm improves its financial risk profile while registering growth in revenue, improvement in profitability and effective management of working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of decline in profitability, decrease in revenues or if the firm registers further deterioration in the financial risk profile.

About The Firm

Established in 2002 by Mr. Sanjay Begani and Mr. Anil Nahata, OSC is engaged in the processing of agricultural seeds. The firm purchases breeder seeds from government universities and private companies which supplied to farmers for multiplying on contract basis. These seeds are further processed (cleaning and testing) to certified seeds and are sold to dealers and farmers in Madhya Pradesh, Maharashtra, Bihar among others.

For FY2014-15, the firm reported profit after tax (PAT) of Rs.0.43 crore on operating income of Rs.58.54 crore, as compared to PAT of Rs.0.38 crore on operating income of Rs.33.43 crore in the previous year.

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