

March 31, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA BB-/Stable (Assigned)
Letter of Credit	10.50	SMERA A4+ (Assigned)
Fund/Non Fund Based Facility (Proposed)	1.00	SMERA BB-/Stable/SMERA A4+ (Assigned)

SMERA has assigned a ratings of '**SMERA BB- (read as SMERA double B minus)**' and '**SMERA A4+ (read as SMERA A four plus)**' to the abovementioned facilities of Swadeshi Marketing Private Limited (SMPL). The outlook is '**Stable**'. The ratings draw comfort from the company's long track record of operations and experienced management. Further, the ratings also factor in the efficient working capital management and comfortable liquidity position. However, the ratings are constrained by the modest scale of operations, thin profit margins and intense market competition. The ratings also note the susceptibility of profit margins to volatility in raw material prices and fluctuations in forex rates.

Outlook: Stable

SMERA believes that SMPL will maintain a stable business profile and continue to benefit over the medium term from its established presence in the petroleum trading industry. The outlook may be revised to Positive in case the company registers more than expected growth in revenues while achieving improvement in its profitability. Conversely the outlook may be revised to Negative in case of deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations
- Sustaining improvement in profitability

About the Company

SMPL, incorporated in 1978 is a Kolkata-based company promoted by Mr. Sanjay Rasiwasia and Mr. Ishwardas Agarwal. The company is engaged in the trading of petroleum based products like base oils, bitumen, slack wax and polyvinyl (PVC) resins.

For FY2014-15, the company reported net profit of Rs.0.31 crore on total income of Rs.48.35 crore, as compared with net profit of Rs.0.51 crore on total income of Rs.62.30 crore in FY2013-14.

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