

April 22, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	9.25	SMERA BB+/Stable (Assigned)
Bank Guarantee/Letter of Guarantee	0.75	SMERA A4+ (Assigned)

SMERA has assigned rating of '**SMERA BB+**' (read as **SMERA double B plus**) on the Rs.9.25 crore fund based bank facility and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the Rs.0.75 crore non-fund based bank facility of Oswal Pumps Limited (Oswal Pumps). The outlook is '**Stable**'. The ratings are supported by the moderate scale of operations, established brand presence and extensive experience of the promoters in the pump manufacturing industry. The ratings also draw support from the entry of the company into solar pump manufacturing. However, the ratings are constrained by the high gearing, moderate profitability and moderate coverage indicators. The ratings also factor in the working capital intensive nature of business of 186 days in FY2015.

Outlook: Stable

SMERA believes Oswal Pumps will maintain a stable business risk profile over the medium term owing to its established operations and experienced management. The outlook may be revised to 'Positive' if the company registers higher-than-expected growth in revenues and net cash accruals. Conversely, the outlook may be revised to 'Negative' in case of significant deterioration in the financial risk profile and liquidity position.

Rating Sensitivity Factors

- Improvement in profitability margins
- Efficient working capital management

About the Company

Oswal Pumps, incorporated in 2003 is engaged in the manufacture of submersible and monoblock pumps and electric motors used in the industrial and agricultural sectors. The manufacturing facilities are located at Karnal, Haryana.

The company reported net profit of Rs.0.81 crore on total income of Rs.145.96 crore for FY2014-15, as compared with net profit of Rs.0.71 crore on total income of Rs.144.18 crore in FY2013-14. The net worth stood at Rs.60.00 crore as on March 31, 2015, as against Rs.60.48 crore a year earlier. SMERA has considered unsecured loan of ~Rs.35.00 crore as quasi equity.

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SMERA RATINGS LIMITED

Oswal Pumps Limited (Oswal Pumps)

*Rating
Rationale*

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