

June 4, 2010

**CARE REAFFIRMS RATINGS TO THE BANK FACILITIES OF  
OM INDIA TRADING COMPANY PRIVATE LIMITED  
(ERSTWHILE ASSAM GINNING & INDUSTRIES PVT. LTD.)**

CARE has retained the 'CARE BB+' [Double B Plus] rating to the Long-term Bank Facilities (including Packing Credit) of Om India Trading Company Private Limited (OIT) aggregating Rs.67.00 crore. This rating is applicable for facilities having tenure of over one year. Facilities with this rating are considered to offer inadequate safety for timely servicing of debt obligations. Such facilities carry high credit risk.

CARE assigns '+' or '-' signs to be shown after the assigned rating to indicate the relative position within the band covered by the rating symbol.

Also, CARE has retained 'PR4' [PR Four] rating to the Short-term Bank Facilities (interchangeable Bank Guarantee/Letter of Credit) of OIT aggregating Rs.3.00 cr. This rating is applicable for facilities having tenure up to one year. Facilities with this rating would have inadequate capacity for timely payment of short-term debt obligations and carry very high credit risk. Such facilities are susceptible to default.

Instrument	Amount (Rs. crore)	Rating
Long-term Bank Facilities	67.00	'CARE BB+'
Short-term Bank Facilities	3.00	'PR4'
<b>Total</b>	<b>70.00</b>	

**Rating Rationale**

The ratings continue to remain constrained due to relatively low profitability margins and high overall gearing due to working capital intensive nature of operations.

The ratings also factor in the inherent commodity and currency risks associated with trading business and susceptibility of international trade to changes in Government policies. However, the constraints are partially offset due to experienced promoters.

Going forward, the ability of OIT to sustain profitable operations and manage foreign exchange risk effectively will be the key rating sensitivities.

**Company Profile**

Incorporated in 1975, OIT is engaged in trading in various agro commodities such as cotton, sesame seeds, chickpea and maize. The name of the company was changed from Assam Ginning & Industries Private Limited to Om India Trading Company Private Limited on March 12, 2010 to reflect the business of the company.

OIT's total operating income declined by 11.4% to Rs.255 cr during FY09, mainly due to recession in the global economy. It recorded PAT margin of 0.04% in FY09 as compared to 0.80% in FY08. During 9MFY10, the company recorded sales of Rs.147 cr with PAT of Rs.0.5 cr.

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***CARE classified instruments rated by it on the basis of complexity. This classification is available at [www.careratings.com](http://www.careratings.com). Investors/market intermediaries /regulators or others are welcome to write to [care@careratings.com](mailto:care@careratings.com) for any clarifications.***

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