

Rating Rationale

Abil Chempharma Pvt Ltd

18th May 2017

Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of Rs. 15.00 Crores of Abil Chempharma Pvt Ltd

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based					
Cash Credit (Proposed)	0.25	2.00	Long Term	BWR BBB- Outlook:Stable	BWR BBB Outlook: Stable
Non Fund Based					
Letter of Credit (Proposed)	19.75	13.00	Short Term	BWR A3	BWR A3
Total	20.00	Rs. 15.00 Crores (Rupees Fifteen Crore Only.)			

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has relied upon Abil Chempharma Private Limited (ACPL)'s audited financial results up to FY16, provisional financials of FY17 and the information/clarifications provided by the Company.



The ratings, inter alia, factors experience of the promoters in the pharmaceutical industry, strong financial profile, diversified clientele and increased profitability in FY16 & FY17. The ratings, however, constrained by extended credit period given to customers, inherent volatility in API market leading to lower profitability and the competitive nature of the industry.

Rating Outlook: Stable

BWR believes the Abil Chempharma Pvt Ltd's business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Abil Chempharma Private Limited was incorporated in 2002 by Mr Nirav Maniar having experience of around two decades in the industry. The company is involved in trading of bulk drugs and pharmaceutical formulations. ACPL is also a marketing representative for pharmaceutical manufacturers. ACPL's business model includes activities like procuring bulk drugs, formulations and selling it to pharmaceutical formulators and wholesalers.

Company's Financial Performance

As per audited financials for FY16, ACPL achieved revenue of ₹117.13 Cr as compared to ₹163.08 Cr in FY15. Operating profit margins were at 3.38% in FY16 as compared to 2.45% in FY15. As per provisional financials given by the company for FY17, ACPL has achieved ₹197.75 Crs of revenue with EBITDA of ₹8.35 Crs and PAT of ₹5.38 Crs.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	FY16	FY15	FY14
1	Cash Credit (Proposed)	Long Term	2.00	BWR BBB	BWR BBB-	-	-
2	LC (Proposed)	Short Term	13.00	BWR A3	BWR A3		



Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Companies](#)

Analytical Contacts	Media
Dinesh Mahabal GM- Ratings	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented "as is" without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.