

Rating Rationale

Brickwork Ratings assigns ‘BWR BBB-’ & ‘BWR A3’ rating for long-term/short term Bank Loan Facilities of Abil Chempharma Private Limited.

Brickwork Ratings assigns BWR BBB-/A3 **Rating¹** for long-term/short term bank loan facilities of Abil Chempharma Private Limited. (ACPL or “the Company”).

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based: Cash Credit (CC)	0.25	Long Term	BWR BBB- (Pronounced BWR Triple B Minus) (Outlook – Stable)
Non- Fund Based Letter of Credit Letter of Credit (Proposed)	4.50 15.25	Short Term	BWR A3 (Pronounced BWR A Three)
Total	20.00	INR Twenty Crore only	

BWR has relied upon ACPL’s audited financial results up to FY15, projected financials up to 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 FY 15. 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.

Company Background and Operations

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 and formulations and selling it to pharmaceutical formulators and wholesalers.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Financial Performance

As per audited financials for FY15 provided by the company, ACPL's operating income stood at ₹164.86 Cr. with a PAT of ₹2.03 Cr. as against operating income of ₹ 107.79 Cr. with a PAT of ₹ 1.38 Cr. in FY 14.

The Company's capital structure marked by debt equity ratio as on 31st March, 2015 is at 0.65 times. The Company's current ratio stands at 1.45 times; ISCR stands at 4.47 times for FY15.

Outlook

The outlook is Stable. The Company's ability to maintain turnover and margins despite of intense competition, achieving estimated revenues, managing working capital cycle will be key rating sensitivity factors.

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