



Rating Rationale

Almed Laboratories Pvt Ltd.

11 April 2018

Brickwork Ratings assigns rating for the Bank Loan Facilities amounting to Rs. 7.98 Crs of Almed Laboratories Pvt Ltd.

Particulars:

Facility	Limit to be Rated (Rs in Crs)	Tenure	Rating Assigned*
Fund Based Term Loans	5.43	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable
Fund Based CC Limit	2.55		
Non Fund Based- FLC (sublimit of Term Loan)	(3.57)		
Total	7.98 (INR Seven Crores & Ninety Eight Lakhs Only)		

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

Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financial results of Almed Laboratories Pvt Ltd. (ALPL) up to FY17, publicly available information and information/clarifications provided by the company.

BWR's rating is constrained by the modest scale of operations, drop in revenues as well as operating profitability of the company, weak net profitability and sub optimal current ratio of the company. The rating is further restricted by the risks inherent in the tender based business and less value additive nature of the products manufactured by the company.

However, the risks mentioned above are partially set off by the experienced and well educated management and comfortable debt coverage metrics of the company, mainly because of high depreciation.

Going forward, ability of the company to profitably scale up its business while maintaining the financial risk profile through optimal capital structure shall be the key rating sensitivities.

Key Rating Drivers:

Strengths:

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- **Experienced and well qualified management:** The directors, both Engineers by qualification, are well experienced and have diversified business interests. Mr Dinesh Kumar Swaroop, is a mechanical engineer from London University, London. His son, Mr Mukand Swaroop, is a Chemical Engineer and an MBA has been in the packaging industry for last 15 years.
- **Comfortable debt protection metrics:** Company's ISCR and DSCR stands comfortable at 3.02 times and 1.60 times respectively as on 31st March 2017.

Weakness:

- **Modest scale of Operations:** The company's modest scale of operations is reflected in its turnover of Rs 10.23 Crores in FY17. Also, the profitability is low indicated by net profit margin of 1.16% in FY7. Further, the implementation of GST has increased the tax levied on the products sold by the company which is negatively impacting the net revenues of the company.
- **Volatility in the raw material prices:** The company's raw material prices are highly dependent on crude prices which are highly volatile. The prices for finished products are also correlated with the crude. The company's revenues and net margins are therefore susceptible to any change in the crude prices in the market.
- **Risks related to tender based business:** Company's topline is dependent on successful bidding. The company's revenues have already declined in FY16 & FY17 and is expected to decrease further in FY18 on account of implementation of GST. However, the company has an advantage of having multiple tenders in hand, which mitigates its revenue concentration risk. The company is also expecting to gradually increase its non-tender based business.

About the Company:

Founded in 2005 in Paonta Sahib, District Sirmour, Himachal Pradesh, the company is into manufacturing of plastic packaging containers for the dairy industry. Its registered address is 304 B Wing 3RD Floor Dharam Palace Hughes Road Mumbai, whereas, its manufacturing unit is located opposite to Himachal Dental College, Kunja Matraliya, Paonta Sahib. The company's authorised capital is Rs 1.25 Crores and its paid up capital is Rs 1.11 Crores. The company is into thermoforming and printing of plastic containers and supply of packaging containers for Curd, Ice Cream etc. The company is ISO 22000:2005 certified.

Rating Outlook: Stable

BWR believes that ALPL'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 company improves its revenues and increase its margins. The rating outlook may be revised to 'Negative' if the financial risk profile of the company deteriorates considerably.

Firm’s Financial Performance:

The firm booked total operating income of Rs 10.23 Crores in FY17 as against Rs. 10.42 Crores in FY16. PAT stood at Rs 0.12 Crores in FY17 as compared to Rs (0.004) Crores in FY16.

Parameters	FY 2016(A) (Rs. in Crores)	FY 2017(A) (Rs. in Crores)
Total Operating Income	10.42	10.23
OPBDIT	1.66	1.34
PAT	(0.004)	0.12
Tangible Net Worth(TNW)	1.68	1.80
Total Debt/TNW	3.84 times	4.21 times
Adjusted Debt/TNW	3.18 times	2.82 times
TOL/TNW	4.16 times	3.86 times

Rating History for the last three years:

Rating in FY18				Rating History		
Facility	Limit to be Rated (Rs in Crs)	Tenure	Rating Assigned	FY17	FY16	FY15
Fund Based Term Loans	5.43	Long Term	BWR B+ (Pronounced as BWR Single B Plus) Outlook: Stable	NA	NA	NA
Fund Based CC Limit	2.55					
Non Fund Based- FLC (sublimit of Term Loan)	(3.57)					
Total	7.98 (INR Seven Crores & Ninety Eight Lakhs Only)					



Status of non-cooperation with previous CRA: NA

Hyperlink/Reference to Applicable Criteria:

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)

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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.

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