

Rating Rationale

Brickwork Ratings has Upgraded ratings to ‘BWR BB’ for Long term Bank Loan Facilities & Reaffirmed rating at ‘BWR A4’ for the short term Bank Loan Facilities of Astam Healthcare Pvt Ltd.

Brickwork Ratings has *upgraded/reaffirmed* the following **Ratings¹** for the bank loan facilities of Astam Healthcare Pvt. Ltd (*'AHPL' or 'the company'*).

Facility	Previous (₹ Cr)	Present (₹ Cr)	Tenure	Rating	Rating History
Fund Based: Cash Credit	4.00	4.00	Long Term	BWR BB (Pronounced BWR Double B (Outlook-Stable))	BWR BB- (Pronounced BWR Double B Minus) (Outlook-Stable) (Jan, 2014)
Fund Based: SLC	0.30	0.50			
Fund Based: Term Loan	1.50	0.76			
Non - Fund Based: Letter of Credit	3.00	4.50	Short Term	BWR A4 (Pronounced BWR A Four)	BWR A4 (Pronounced BWR A Four) (Jan, 2014)
Total	8.80	9.76	INR Nine Crores and Seventy Six Lakhs Only		

BWR has principally relied upon the audited financials from FY 12 to FY14, estimates for FY15 and projections for FY16 of Astam Healthcare Pvt. Ltd (“AHPL” or “the Company”), publicly available information and information/clarifications provided by the Company's management.

The rating factors in the promoters experience in pharmaceutical industry, substantial increase in revenue for FY 14, established relationship with customers and suppliers, moderate gearing and debt protection metrics and improved cash conversion cycle. However ratings are constrained by, moderate scale of operations, low net-worth, declining profit margins, and high degree of competition in the sector.

Background:

Astam Healthcare Pvt. Ltd (AHPL) was incorporated in the year 2002. The Company is involved in manufacture of pharmaceutical formulations packed in capsules, tablets and syrups. AHPL's manufacturing unit is located at Solan District in Himachal Pradesh. The company is promoted by four directors namely Rajendra Kumar Verma, Mahender Verma, Subhakaran Verma & Manoj Kumar Verma.

Financial Performance:

The company has reported gross sales of ₹ 21.58 Cr in FY 14 against ₹ 9.07 Cr in FY 13. It has registered net profit of ₹ 0.46 Cr in FY 14, as against net profit of ₹ 0.22 Cr in FY 13. Tangible net worth of the Company stood at ₹ 5.16 Cr as on 31 Mar 2014. As informed by the management the company has achieved turnover of Rs.22.80 Cr in FY 15.

Rating Outlook

Astam Healthcare Pvt. Ltd.'s performance over the next year is expected to be stable. Going forward, Company's ability to increase the turnover and profitability margins, increase the capacity utilization, manage liquidity and improve the net-worth levels would be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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