

### Uttaranchal Biotech Limited: Reaffirmed

Name of the Instruments	Amount (Rs Crore)	Ratings/Outlook
Working Capital Term Loan	15.00	SMERA B+/Stable (Reaffirmed)
Cash Credit	5.00	SMERA B+/Stable (Reaffirmed)
Letter of Credit	1.00	SMERA A4 (Reaffirmed)

SMERA has reaffirmed the long term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs.21.00 crore bank facilities of Uttaranchal Biotech Limited (UBL). The outlook is '**Stable**'. The ratings continue to remain constrained by the modest scale of operations, weak financial risk profile and working capital intensive business. However, the ratings are supported by the experienced management and strong financial support received by the company from its associate entity, Neon Laboratories Limited.

#### Update

UBL has modest scale of operations with revenue of Rs.14.54 crore in FY2014-15 and Rs.22.77 crore in FY2015-16 (provisional). While the company incurred operating losses in FY2014-15, it has earned net profit of Rs.0.54 crore in FY2015-16 (provisional).

The company has weak financial risk profile marked by negative net worth of Rs.10.24 crore on account of accumulated losses of Rs.11.68 crore as on March 31, 2015. The company's operations are working capital-intensive with gross current assets (GCA) of 325 days and collection period of 194 days in FY2014-15.

However, the ratings continue to be supported by the experienced management. Mr. Uttam K. Jain, Director, has around three decades of experience in the pharmaceutical industry. UBL has made timely repayment of its term loan on the back of strong financial support from its associate entity viz. Neon Laboratories Limited.

#### Rating Sensitivity Factors

- Scaling up operations and profitability
- Timely financial support from associate entity
- Efficient working capital management

#### Outlook-Stable

SMERA believes UBL will maintain a stable outlook in the medium term owing to the experienced management and strong support from its associate entity. The outlook may be revised to 'Positive' in case the company generates positive operating cash flows on account of improvement in capacity utilisation. Conversely, the outlook may be revised to 'Negative' if the company fails to achieve the projected growth in revenues or if the financial risk profile deteriorates.

#### Criteria applied to arrive at the ratings:

- Manufacturing Entities

## About the Company

The New Delhi-based UBL, incorporated in 2005, is owned by Mr. Uttam K. Jain and Mr. Pravin K. Jain. The company commenced commercial operations in January FY2012 to manufacture pharmaceutical products such as injectables, tablets, ointments and syrups at Rudrapur, Uttarakhand.

For FY2014-15, UBL reported net losses of Rs.4.31 crore on operating income of Rs.14.54 crore, as compared with net losses of Rs.4.37 crore on operating income of Rs.11.89 crore in FY2013-14. As per provisional results of FY2015-16, the company registered revenues of Rs.22.77 crore.

## Rating History

Date	Name of the Instruments	Size of the Issue (Rs. Crore)	Ratings		Rating Outlook
			Long Term	Short Term	
28 March, 2015	Working Capital Term Loan	15.00	SMERA B+	-	Stable
	Cash Credit	5.00	SMERA B+	-	Stable
	Letter of Credit	1.00	-	SMERA A4	-

## Contacts:

Analytical	Media
Mr. Mohit Jain Vice President – Ratings Operation, Tel: +91-22-6714 1105 Cell: 9619911017 Email: <a href="mailto:mohit.jain@smera.in">mohit.jain@smera.in</a>	Mr. Suman M Vice President – Business Development, Corporate Ratings Tel: +91-22-6714 1151 Cell: +91-9892306888 Email: <a href="mailto:suman.m@smera.in">suman.m@smera.in</a>

## ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, Dun & Bradstreet Information Services India Private Limited (D&B) and leading public and private sector banks in India. SMERA is registered with SEBI as a Credit Rating Agency and accredited by Reserve Bank of India. For more details, please visit [www.smera.in](http://www.smera.in).

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.