

December 22, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA BB-/Stable (Assigned)
Working Capital Term Loan	4.14	SMERA BB-/Stable (Assigned)
Letter of Credit	1.00	SMERA A4+ (Assigned)

SMERA has assigned a long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and a short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) to the Rs.7.14 crore bank facilities of Gujarat Themis Biosyn Limited (GTBL). The outlook is '**Stable**'. The rating is supported by the company's long track record of operations, steady profit margins and experienced management. The rating also draws support from the healthy financial risk profile and support from its group company, Themis Medicare Limited. However, the rating is constrained by the low net worth and dependency on Lupin Limited for job work income.

Outlook: Stable

SMERA believes that GTBL will continue to benefit over the medium term from its established presence as a manufacturer of salts and formulations for the pharmaceutical industry. The outlook may be revised to 'Positive' in case the company registers higher than expected improvement in profit margins and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in GTBL's profit margins due to lower than expected job work income from Lupin Limited.

Rating Sensitivity Factors

- Improvement in scale of operations as well as profit margins
- Working capital management
- Renewal of agreement with Lupin Limited

About the Company

GTBL was incorporated in 1981 and commenced production in August 1985. It was subsequently taken over in June 1991 by the Yuhan Group, South Korea and Pharmaceutical Business Group (India) Ltd. (PBG); a unique consortium of five competing drug companies - Themis Medicare Ltd., Kopran Ltd., Anant & Co., Cadila Health Care Ltd. (Zydus) and Lyka Labs Ltd. It is being actively managed by Themis Medicare Ltd. (JV company of Gedeon Richter Ltd, Hungary) since 2007.

For FY2014-15, GTBL reported profit after tax (PAT) of Rs.4.59 crore on operating income of Rs.31.47 crore as compared with PAT of Rs.4.53 crore on operating income of Rs.30.31 crore for FY2013-14.

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