

February 09, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	14.00	SMERA B+/Stable (Reaffirmed)
Term Loan	1.82	SMERA B+/Stable (Reaffirmed)
Export Packing Credit	1.00	SMERA A4 (Reaffirmed)
Bank Guarantee	5.25 (Enhanced from Rs. 0.18 crore)	SMERA A4 (Reaffirmed)
Letter of Credit	2.25	SMERA A4 (Assigned)

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.22.07 crore bank facilities and assigned short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs.2.25 crore bank facilities of Om Biomedic Private Limited (OBPL). The outlook is '**Stable**'.

The ratings are constrained by the working capital intensive operations and high gearing of 2.70 times in FY2015. The ratings are also constrained by the intense competition in the fragmented pharma industry. However, the ratings draw support from the experienced management, healthy order book, expected orders in hand and healthy relations with customers and suppliers.

Outlook: Stable

SMERA believes OBPL will maintain a stable business risk profile in the medium term owing to its established operations and extensive experience of promoters. The outlook may be revised to 'Positive' in case of improvement in operations and profitability margin. Conversely, the outlook may be revised to 'Negative' if the financial risk profile deteriorates further.

Rating Sensitivity Factors

- Scaling up of operations while maintaining margins
- Improvement in the working capital cycle

About the Company

The Uttarakhand-based OBPL, incorporated in 2006 commenced operations in 2007. The company is engaged in the manufacture of betalactam and non-betalactam bulk drugs in the form of tablets, capsules, liquid orals among others. OBPL undertakes contract manufacturing for pharma companies and a few state governments. The manufacturing facility of the company is located at Haridwar, Uttarakhand and the day-to-day operations are managed by Mr. Amit Uthara, who has been with the company since its inception.

For FY2014-15, the company reported profit after tax (PAT) of Rs.0.52 crore on operating income of Rs.75.28 crore, as compared with profit after tax (PAT) of Rs.0.89 crore on operating income of Rs.74.43 crore in FY2013-14. The net worth stood at Rs.8.08 crore as on March 31, 2015 against Rs.7.18 crore a year earlier.

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