

April 06, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	2.00	SMERA B-/Stable (Assigned)
Term Loan	5.50	SMERA B-/ Stable (Assigned)
Letter of Credit	0.50	SMERA A4 (Assigned)

SMERA has assigned ratings of **SMERA B- (read as SMERA B minus)** and **SMERA A4 (read as SMERA A four)** to the Rs.8.00 crore bank facilities of Richcore Lifesciences Private Limited (RLPL). The outlook is '**Stable**'. For arriving at the ratings, SMERA has consolidated the business and financial risk profiles of two entities of the Richcore Group viz. RLPL and Richcore Enzymes Private Limited (REPL). The consolidation is in view of the common management and business synergies between the entities. The rating is constrained by Richcore's modest scale of operations, losses resulting in deteriorating net worth, negative cash flow from operations and working capital-intensive operations. However, these risks are partially offset by fund infusion in FY2015-16, reputed clientele and experienced management.

Outlook: Stable

SMERA believes that the group will maintain a stable business profile over the medium term on account of its reputed clientele and experienced management. The outlook maybe revised to 'Positive' in case of increasing profitability and effective working capital management. Conversely, the outlook may be revised to 'Negative' with stretch in the working capital management or deterioration in the financial risk profile.

Rating Sensitivity Factors

- Scaling up of operations with healthy profitability
- Effective working capital management
- Future capex plan and its funding

About the Company

Incorporated in 2005, RLPL is a Karnataka-based company engaged in developing enzyme solutions for cleantech and biopharma applications. The company plans to acquire its group entity, REPL engaged in processing of enzymes used in the pharma industry.

The company is managed by a lead of experts with Mr. Subramani Ramachandrappa as the Managing Director and Chief Executive Officer.

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For FY 2014-15, the Richcore Group reported net loss of Rs.12.77 crore on total income of Rs.8.95 crore.

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