



SMERA RATINGS LIMITED

# Doctor Pack India Private Limited (DPIPL)

## Rating Rationale

**April 14, 2016**

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	4.75	SMERA BB-/Stable (Assigned)
Cash Credit (Proposed)	0.85	SMERA BB-/Stable (Assigned)
Term Loan (Proposed)	13.15	SMERA BB-/Stable (Assigned)
Bank Guarantee	0.50	SMERA A4+ (Assigned)
Letter of Credit	1.20	SMERA A4+ (Assigned)

SMERA has assigned long term rating of '**SMERA BB-**' (read as **SMERA double B minus**) and short term rating of '**SMERA A4+**' (read as **SMERA A four plus**) on the above mentioned bank facilities of Doctor Pack India Private Limited (DPIPL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, reputed clientele and moderate financial risk profile marked by comfortable coverage indicators. However, the ratings are constrained by the company's short track record of operations and working capital-intensive business. The ratings are also constrained by the susceptibility of the profit margins to volatility in raw material prices.

### Outlook: Stable

SMERA believes that the company will continue to maintain a stable business profile in the medium term owing to its promoters' extensive experience. The outlook may be revised to 'Positive' in case of sustained improvement in profitability margins while maintaining revenue growth due to increase in sales realisations. Conversely, the outlook may be revised to 'Negative' if the profitability margins decline due to volatility in raw material prices.

### Rating Sensitivity Factors

- Scaling up of operations and improvement in profitability margins
- Efficient working capital management
- Debt funded capex impacting the financing risk profile

### About the Company

DPIPL, incorporated in 2010, is a Bangalore-based company promoted by Mr. Umapathi Raju, Mr. Jatinkumar Pandiya and Mr. G. Dinakaran. The company is engaged in the manufacture of packaging products for the pharmaceutical industry.

For FY2014-15, DPIPL reported profit after tax (PAT) of Rs.0.92 crore on operating income of Rs.22.28 crore, as compared with PAT of Rs.0.79 crore on operating income of Rs.20.59 crore in FY2013-14. The company's net worth stood at Rs.5.62 crore as on March 31, 2015, as compared with Rs.4.70 crore a year earlier.

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*Rating  
Rationale*

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