

Press Release

Adeshwar Meditex Private Limited (AMPL)

04 January, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.12.25 Cr
Long Term Rating	SMERA BB-/Stable (Assigned)
Short Term Rating	SMERA A4+ (Assigned)

*Refer Annexure for details

Rating Rationale

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) to the above mentioned Rs.12.25 crore bank facilities of Adeshwar Meditex Private Limited (AMPL). The outlook is '**Stable**'.

AMPL, established in 1982, is engaged in the manufacture of sterile surgical wound dressing products and medical disposables.

List of key rating drivers and their detailed description

Strengths:

Experienced management: The company is headed by Mr. Siddharth Talati who possesses experience of around two decades in the healthcare industry.

Above average financial risk profile: The financial risk profile is above average with comfortable gearing of 0.83 times as on March 31, 2016. The net worth stood at Rs.6.94 crore as on March 31, 2016. The interest coverage stood comfortable at 4.03 times in FY2016.

Weaknesses:

Working capital intensive operations: The company has working capital intensive operations with high GCA of around 188 days in FY2016. This is mainly on account of high debtor days of about 116 and inventory of around 50 days.

Intense competition: The company is also exposed to intense competition in the medical disposables industry which is likely to keep the margins under pressure.

Analytical approach: SMERA has considered the standalone financial and business risk profiles of the company to arrive at the ratings.

Applicable Criteria

- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Application of Financial Ratios & Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition - <https://www.smera.in/criteria-default.htm>

Outlook: Stable

SMERA believes that the company will maintain a stable outlook over the medium term owing to the promoters' extensive experience in the industry. The outlook may be revised to 'Positive' if the

company reports substantial and sustainable revenues or operating margins resulting in improvement in its business risk profile. Conversely, the outlook may be revised to 'Negative' if the working capital cycle further elongates resulting in weakening of its financial risk profile especially liquidity or if it undertakes significant debt-funded capex over the medium term.

About the Company

Established in 1982 as a partnership firm, AMPL was reconstituted as a private limited company in 2004 under the leadership of Mr. Siddharth Talati. The company is engaged in the manufacture and export of surgical and adhesive dressings, gauze bandages among others.

For FY2015-16, AMPL reported profit after tax (PAT) of Rs.1.07 crore on operating income of Rs.40.47 crore, as compared with PAT of Rs.1.04 crore on operating income of Rs.25.19 crore in FY2014-15.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	2017			2016		2015		2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	4.40	SMERA BB-/Stable (Assigned)	NA	NA	NA	NA	NA	NA
Pre-shipment finance under LC/PO*	ST	3.50	SMERA A4+ (Assigned)	NA	NA	NA	NA	NA	NA
Term Loan	LT	0.35	SMERA BB-/Stable (Assigned)	NA	NA	NA	NA	NA	NA
Letter of Credit**	ST	1.88	SMERA A4+ (Assigned)	NA	NA	NA	NA	NA	NA
Cash Credit (Proposed)	LT	1.50	SMERA BB-/Stable (Assigned)	NA	NA	NA	NA	NA	NA
Letter of Credit (Proposed)	ST	0.62	SMERA A4+ (Assigned)	NA	NA	NA	NA	NA	NA

*Sublimit - Cash Credit of Rs.2.50 crore, Sublimit - Pre/Post Shipment Finance under LCs/Pos - Rs.3.50 crore, Guarantee - Rs.1.00 crore and Working Capital Demand Loan - Rs.1.00 crore.

**Sublimit - Bank Guarantee - Rs.1.88 crore

***Annexure - Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (in Rs. Crore)	Ratings/Outlook
Cash Credit	NA	NA	NA	4.40	SMERA BB-/Stable (Assigned)
Pre-shipment finance under LC/PO*	NA	NA	NA	3.50	SMERA A4+ (Assigned)
Term Loan	04/Apr/2016	NA	Not yet availed	0.35	SMERA BB-/Stable (Assigned)
Letter of Credit**	NA	NA	NA	1.88	SMERA A4+ (Assigned)
Cash Credit (Proposed)	NA	NA	NA	1.50	SMERA BB-/Stable (Assigned)
Letter of Credit (Proposed)	NA	NA	NA	0.62	SMERA A4+ (Assigned)

*Sublimit - Cash Credit of Rs.2.50 crore, Sublimit - Pre/Post Shipment Finance under LCs/Pos - Rs.3.50 crore, Guarantee - Rs.1.00 crore and Working Capital Demand Loan - Rs.1.00 crore.

**Sublimit - Bank Guarantee - Rs.1.88 crore

Note on complexity levels of the rated instrument: <https://www.smera.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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