

Press Release

Sai Tech Medicare Private Limited (STMPL)

May 12, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs.9.09 Cr
Long Term Rating	SMERA BB+/Stable (Assigned)

**Refer Annexure for details*

Rating Rationale

SMERA has assigned the long-term rating of '**SMERA BB+**' (read as **SMERA double B plus**) on the Rs.9.09 crore bank facilities of Sai Tech Medicare Private Limited (STMPL). The outlook is '**Stable**'.

Sai Tech Medicare Private Limited (STMPL) was incorporated in the year 2008 by Mr. V.D Gupta and Mr. Jagbir Singh. The company is engaged in the manufacture of allopathic medicines in various forms like soft gelatine, tablets, tubes, drops, liquid syrup, ointment and injectable etc. The company's manufacturing unit is located at Kala Amb, Himachal Pradesh. The company import raw material from China and also purchases material from the domestic market. The final products are sold in India as well as exported to countries like Afghanistan, Sri Lanka, Iraq and Nigeria.

Analytical approach: SMERA has combined the business and financial risk profiles of Symbiosis Pharmaceuticals Private Limited (SPPL) and Saitech Medicare Private Limited (SMPL). Both the entities, together referred to as the Symbiosis Group, are engaged in the same line of business, are under the same management, and have financial linkages. The main promoters of Symbiosis Group are Mr. V.D Gupta and Mr. Jagbir Singh.

List of key rating drivers and their detailed description

Strengths:

Long track record of operations and experienced management: The promoters, Mr. V.D Gupta and Mr. Jagbir Singh, have more than two decades of experience in the said line of business. Such a long experience has helped him in developing good relations with its customers and suppliers.

Healthy financial risk profile: Symbiosis Group has healthy financial risk profile marked by healthy interest coverage, moderate gearing, debt service coverage and networth. The interest coverage ratio has improved and stood at 2.27 times in FY2015-16 as compared to 2.18 times FY2014-15. Moreover, the gearing of the group is moderate and stands at 1.03 times in FY15-16 against 1.15 times in FY14-15. The networth of the group has improved and stood at Rs.29.70 crore in FY15-16 against Rs.26.88 crore in previous, owing to retention of profits in the business, which has transformed into improvement in capital structure. The net cash accrual (NCA)/total debt (TD) stood at 0.17 times in FY15-16 against the same in the previous year.

Reputed clientele: The Symbiosis Group has healthy relation with its clients like Alchemist Limited, A.N. Pharmacia Labs Pvt. Ltd., Bestochem Formulations India Ltd, Cipla Limited, D. R. John Lab Healthcare Pvt. Ltd., Indoco Remedies Limited, Morepen Laboratories Limited among others which has helped the group in steady increase in its revenues over the years. The group's revenue has increased to Rs.191.37 crore in FY15-16 against Rs.172.22 crore in FY14-15. Further, the group has achieved the revenue of ~Rs. 210.00 crore in FY16-17.

Weaknesses:

Stretched Working capital cycle: The Symbiosis Group has stretched working capital cycle with high gross current assets (GCA) days of 216 days in FY15-16, which are increased from 209 days in FY14-15. The increase in GCA days is eminent from debtor days from 126 days in FY14-15 to same at 126 days in FY15-16. Inventory days stood at 68 days in FY14-15 to 61 days in FY15-16.

Intense competition: The Group faces intense competition from various players in India and overseas which is likely to impact operating performance and profitability.

Applicable Criteria

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

Outlook: Stable

SMERA believes that Symbiosis Group will continue to maintain a stable outlook over the medium term backed by its experienced management. The outlook may be revised to 'Positive' if the company registers substantial growth in revenues and profitability while maintaining its debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or working capital management.

About the Rated Entity

Sai Tech Medicare Private Limited (STMPL) was incorporated in the year 2008 by Mr. V.D Gupta and Mr. Jagbir Singh. The company is engaged in the manufacture of allopathic medicines in various forms like soft gelatine, tablets, tubes, drops, liquid syrup, ointment and injectable etc. The company's manufacturing unit is located at Kala Amb, Himachal Pradesh. The company import raw material from China and also purchases material from the domestic market. The final products are sold in India as well as exported to countries like Afghanistan, Sri Lanka, Iraq and Nigeria.

For FY2015-16, the company reported profit after tax (PAT) of Rs.1.16 crore on operating income of Rs.80.35 crore, as compared with PAT of Rs.0.60 crore on operating income of Rs.72.98 crore in FY2014-15. The net worth stood at Rs.30.19 crore as on 31 March, 2016 (included Rs.9.10 crore as quasi equity) against Rs.29.08 crore a year earlier.

About the Group

Symbiosis Group was incorporated in the year 2003 by Mr. V.D Gupta and Mr. Jagbir Singh. The group is involved in the manufacturing of allopathic medicines in various forms like Soft

gelatine, tablets, tubes, drops, Liquid Syrup, Ointment and Injectable etc. The group is situated at Kala Amb, Himanchal Pradesh.

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	FY 2018			FY 2017		FY 2016		FY 2015	
	Scale	Amt. (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Cash Credit	LT	7.00	SMERA BB+/Stable (Assigned)	-	-	-	-	-	-
Proposed Long Term	LT	2.09	SMERA BB+/Stable (Assigned)	-	-	-	-	-	-

***Annexure – Details of instruments rated:**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/ Outlook
Cash Credit	N.A	N.A	N.A	7.00	SMERA BB+/Stable (Assigned)
Proposed Long Term	N.A	N.A	N.A	2.09	SMERA BB+/Stable (Assigned)

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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