

Press Release

BCJ Pharma LLP

May 24, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (**read as SMERA B plus**) on the Rs.8.00 crore bank facilities of BCJ PHARMA LLP. The outlook is '**Stable**'.

BCJ Pharma LLP (BCJP), a Surat-based partnership firm was established in 2016. The firm is engaged in manufacture and supply of pharmaceutical ingredients such as Albendazole and Pantoprazole. The firm is led by partners, Mr. Bipin Barvaliya, Mr. Rajeshbhai Barvaliya, Mr. Priyank Barvaliya and others. The manufacturing facility is located at Surat with installed capacity of 30 metric tonnes per annum.

Key Rating Drivers

Strengths

Experienced partners

The partners have a decade of experience in the said line of business. They also have experience in construction industry through their association with other firms.

Healthy order book

The firm has orders worth Rs.38.88 crore as on 31 March, 2018 to be executed in FY2019.

Weaknesses

Limited track record of operations

BCJP commenced commercial operations in February, 2018. The firm is yet to book revenue.

Intense competition

The firm is exposed to intense competition from larger players in pharmaceutical ingredients manufacturer, limiting the bargaining power with customers.

Susceptibility of margins to volatility in raw materials

The margins of the firm are susceptible to fluctuations in raw material prices of N- Propyl Bromide, Cistic Lye, Thio Urea and others. The raw materials are sourced locally. Therefore, adverse movements in raw material prices could impact profitability.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of BCJP to arrive at the rating.

Outlook: Stable

SMERA believes that BCJP will maintain a 'Stable' outlook in the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the firm registers higher-than-expected growth in revenue and net cash accruals while maintaining better profit margins. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenue and profitability.

About the Rated Entity - Key Financials

Not Applicable

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>
- Manufacturing Entities - <https://www.smerra.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*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	Not Applicable	Not Applicable	Not Applicable	8.00	SMERA B+ / Stable (Assigned)

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