**May 03, 2016**

| Facilities | Amount (Rs. Crore) | Rating |
|---|---|---|
| Cash Credit* | 11.50 | SMERA BBB/Stable (Assigned) |
| Term Loan | 1.26 | SMERA BBB/Stable (Assigned) |
| Facility (Proposed) | 0.09 | SMERA BBB/Stable (Assigned) |
| Bank Guarantee/Letter of Guarantee | 0.25 | SMERA A2 (Assigned) |

**Sub limit of ODBD/EBP/EBD/IBP/IBD to the extent of Rs. 3.00 crore.*

SMERA has assigned long term rating of **'SMERA BBB' (read as SMERA triple B)** and short term rating of **'SMERA A2' (read as SMERA A two)** to the Rs.13.10 crore bank facilities of Group Pharmaceuticals Limited (GPL). The outlook is **'Stable'**. The ratings derive strength from the experienced management and healthy financial risk profile. The ratings also draw support from the comfortable working capital management, reputed clientele and sound liquidity position. However, the ratings are constrained by the stagnancy in revenues and the highly competitive pharmaceutical industry.

GPL, incorporated in 1980 is headed by Mr. Sunil Attavar (Chairman & MD), Mr. Gopal Singh, Mr. R. Sundaram and Mrs. Dorothy Attavar, Directors with over three decades of experience in the industry. The company has comfortable financial risk profile marked by low gearing of 0.43 times and interest coverage ratio (ICR) of 4.82 times in FY2015. The debt service coverage ratio (DSCR) stood at 3.99 times in FY2015.

GPL has a comfortable liquidity position marked by healthy net cash accruals as on March 31, 2015. The average utilisation of the working capital limit is ~55 per cent for cash credit for six months ended March, 2016.

However, the ratings are constrained by stagnancy in the operating income that stood at Rs.91.75 crore in FY2015 as against Rs.91.99 crore in FY2014.

**Outlook: Stable**

SMERA believes that the outlook of GPL would remain stable on account of its experienced management and healthy revenue profile backed by reputed clientele. The outlook maybe revised to 'Positive' in case the company sustains healthy revenue momentum with robust increase in profitability while maintaining an effective working capital management. The outlook maybe revised to 'Negative' in case of deterioration in the financial risk profile.

## Rating Sensitivity Factors

- Growth in revenues while sustaining profitability
- Deterioration in the financial risk profile
- Efficient working capital management

## About the Company

GPL, incorporated in 1980 is engaged in the manufacture of pharmaceutical products (oral and dental care) at its two units at Thane (Maharashtra) and Kolar (Karnataka).

The company reported profit after tax (PAT) of Rs.2.55 crore on operating income of Rs.91.75 crore for FY2014-15, as compared with PAT of Rs.2.84 crore on operating income of Rs.91.99 crore in FY2013-14. The tangible net worth stood at Rs.22.86 crore as on March, 2015 as against Rs. 20.44 in the previous year.

## Contact List:

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