

March 26, 2014

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	5.50	SMERA B+/Stable (Assigned)
Term Loan	4.26	SMERA B+/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B+**' (read as SMERA single B plus) to the Rs.9.76 crore bank facilities of Unison Pharmaceuticals (Unison). The outlook is '**Stable**'. The rating is constrained by the firm's small scale of operations and declining profitability. The rating is also constrained by withdrawal of capital from the firm over the last two years. However, the rating is supported by the firm's experienced management, moderate leverage and comfortable coverage indicators.

Unison, established in 2005 is a Baddi-based partnership firm engaged in manufacturing medicines in the form of injections, capsules, tablets, eye drops and syrups. Although Unison's revenues have grown at a compound annual growth rate (CAGR) of 35 per cent over FY2009–10 (refers to financial year, April 01 to March 31) to FY2012–13, the firm has a small operating scale with revenues of Rs.24.59 crore in FY2012–13. Unison's operating profit margin declined from 14.94 per cent in FY2011–12 to 11.64 per cent in FY2012–13 due to increase in raw material and fixed costs. The firm's net worth declined from Rs.7.78 crore as on March 31, 2012 to Rs.6.45 crore as on March 31, 2013 due to withdrawal of capital by the partners.

Unison benefits from its experienced management. Mr. Vijay Kumar Uppal and Mr. Anand Uppal, partners of Unison, have around two decades of experience in the pharmaceuticals business. The firm's leverage is moderate at 1.35 times as on March 31, 2013. Moreover, Unison has comfortable interest coverage ratio of 3.19 times in FY2012–13. The firm's average cash credit utilization level stands at 94 per cent during July 2013 to January 2014.

Outlook: Stable

SMERA believes Unison will maintain a stable business risk profile over the medium term on the back of its experienced management. The outlook may be revised to 'Positive' in case the firm registers higher-than-expected growth in revenues and profitability while achieving better working capital management. Conversely, the outlook may be revised to 'Negative' in case of stretch in the firm's working capital cycle or in case of deterioration in the firm's capital structure.

About the firm

Unison, established in 2005, is a Baddi-based partnership firm promoted by Mr. Anand Uppal and Mr. Vijay Kumar Uppal. Unison is engaged in manufacturing medicines in the form of injections,

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

capsules, tablets, eye drops and syrups. The firm has a fully-automated manufacturing facility in Baddi, Himachal Pradesh.

For FY2012–13, Unison reported PAT of Rs.0.86 crore on operating income of Rs.24.59 crore, as compared with PAT of Rs.1.32 crore on operating income of Rs.21.14 crore for FY2011–12. The firm's net worth stood at Rs.6.45 crore as on March 31, 2013, as compared with Rs.7.78 crore a year earlier.

Media/ Business Development	Analytical Contacts	Rating Desk
Mr. Virendra Goyal, VP, SME – Sales Tel :+91-44-49074501 Cell : +91 9930074009 Email: virendra.goyal@smera.in Web: www.smera.in	Umesh Nihalani Head, Corporate Ratings Tel: +91-22-6714 1106 Email: umesh.nihalani@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.