

June 03, 2014

Facilities	Amount (Rs. Crore)	Ratings
<b>Term Loans</b>	<b>6.70</b>	<b>SMERA BBB-/Stable (Assigned)</b>
<b>Cash Credit</b>	<b>12.00*</b>	<b>SMERA BBB-/Stable (Assigned)</b>
<b>Letter of Credit</b>	<b>4.50**</b>	<b>SMERA A3 (Assigned)</b>
<b>Bank Guarantee</b>	<b>0.26</b>	<b>SMERA A3 (Assigned)</b>

\*Includes sublimit of Rs.9.00 crore for Export Packing Credit

\*\*Includes sublimit of Rs.4.50 crore for Buyer's Credit

SMERA has assigned ratings of '**SMERA BBB-**' (read as **SMERA triple B minus**) and '**SMERA A3**' (read as **SMERA A three**) to the abovementioned bank facilities of Rampex Labs Private Limited (RLPL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, reputed clientele, comfortable working capital cycle and moderate liquidity position. The ratings are further supported by company's strong financial risk profile marked by healthy profitability, low leverage (debt-to-equity-ratio) and comfortable coverage indicators. However, the ratings are constrained by the company's short operational track record and small scale of operations.

RLPL, incorporated in 2004, is a Medak-based company engaged in manufacturing of bulk drug intermediates. RLPL commenced commercial operations in August 2008. The company benefits from its experienced management. The directors of RLPL have around two decades of experience in pharmaceutical industry. RLPL caters to various reputed customers, including Johnson & Johnson, Cadila Healthcare Ltd. and Piramal Healthcare Ltd. The company has efficient working capital management, as reflected in working capital cycle of 47 days in FY2012-13 (refers to financial year, April 01 to March 31) and moderate utilisation (~88 per cent) of working capital limit during October 2013 to March 2014. RLPL's net profit margin has remained healthy (at ~8 per cent) during the last two years. The company has strong debt protection metrics, as reflected in low leverage of 0.75 times as on March 31, 2013 and comfortable interest coverage ratio of 3.80 times in FY2012-13.

RLPL's bank facilities have been restructured in the past on account of delays in commencement of commercial production. However, the company has repaid the restructured loan. RLPL has small-scale operations, reflected in revenue of Rs.46.04 crore in FY2012-13.

### Outlook: Stable

SMERA believes the outlook on RLPL's rated facilities will remain stable over the medium term. The outlook may be revised to 'Positive' in case the company expands its scale of operations while

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maintaining a comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile.

### About the company

RLPL, incorporated in 2004, is a Medak-based company promoted by Mr. Ranga N. B. Gorrepati. RLPL is engaged in manufacturing of bulk drug intermediates. The company commenced commercial operations in August 2008. RLPL has a factory unit in Medak (Andhra Pradesh), with total installed capacity of 248 metric tonnes per annum (MTPA).

RLPL is setting up a new production facility for manufacturing algal-docosahexaenoic acid (installed capacity of 30,000 litres per annum) within its existing factory premises. The total project cost is Rs.6.00 crore, which is funded through term loan of Rs.4.10 crore and internal accruals of Rs.1.90 crore. The aforementioned production facility is likely to be operational by July 2014.

For FY2012-13, RLPL reported net profit of Rs.3.85 crore on total income of Rs.46.04 crore, as compared with net profit of Rs.2.82 crore on total income of Rs.34.14 crore for FY2011-12. Further, the company registered revenues of Rs.55.55 crore (provisional) in FY2013-14. RLPL's net worth stood at Rs.21.37 crore as on March 31, 2013, as compared with Rs.17.52 crore a year earlier.

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