

February 13, 2015

Facilities	Amount (Rs. Crore)	Ratings
<b>Term Loans</b>	<b>37.70</b> <b>(enhanced from Rs.6.70 crore)</b>	<b>SMERA BBB-/Stable</b> <b>(Reaffirmed)</b>
<b>Cash Credit</b>	<b>17.00*</b> <b>(enhanced from Rs.12.00 crore)</b>	<b>SMERA BBB-/Stable</b> <b>(Reaffirmed)</b>
<b>Letter of Credit</b>	<b>8.00**</b> <b>(enhanced from Rs.4.50 crore)</b>	<b>SMERA A3 (Reaffirmed)</b>
<b>Bank Guarantee</b>	<b>1.00</b> <b>(enhanced from Rs.0.26 crore)</b>	<b>SMERA A3 (Reaffirmed)</b>

\*Includes Export Packing Credit and Foreign Bill Purchase as sublimit to the extent of Rs.9.00 crore

\*\*Includes Buyer's Credit as sublimit to the extent of Rs.8.00 crore

SMERA has reaffirmed ratings of '**SMERA BBB-**' (**read as SMERA triple B minus**) and '**SMERA A3**' (**read as SMERA A three**) on the abovementioned bank facilities of Rampex Labs Private Limited (RLPL). The outlook is '**Stable**'. The ratings continue to draw comfort from the company's strong financial profile. The ratings are also supported by the company's experienced management, reputed clientele, comfortable working capital cycle and moderate liquidity position. However, the ratings are constrained by the company's short track record of operations. The ratings factor in risks related to the company's small-scale operations. The ratings also factor in risks associated with stabilization of operations at the recently-acquired manufacturing unit of the company.

### Update

RLPL reported profit after tax (PAT) of Rs.4.49 crore on revenue of Rs.55.54 crore in FY2013-14 (refers to financial year, April 01 to March 31), as compared with PAT of Rs.3.85 crore on revenue of Rs.46.04 crore in the previous year. RLPL's strong financial profile is marked by interest coverage ratio of 5.25 times in FY2013-14 and gearing of 0.58 times as on March 31, 2014. The company's comfortable working capital management is reflected in working capital cycle of 54 days in FY2013-14.

RLPL has ventured into manufacturing of active pharmaceutical ingredients (APIs). The company has acquired a production facility in Visakhapatnam, Andhra Pradesh. The unit was acquired in September 2014 for total consideration of Rs.35.00 crore. The company will incur additional capex of Rs.2.00 crore towards purchase of machinery. Moreover, RLPL will need additional funds of Rs.3.00 crore to meet the incremental working capital requirements. The total project cost of Rs.40.00 crore is funded through term loan of Rs.31.00 crore and equity of Rs.9.00 crore. RLPL has started booking revenue from sale of APIs since November 2014. Stabilization and scaling up of operations at the new unit is a key rating sensitivity.

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**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 registers strong growth in scale of operations while maintaining a comfortable liquidity position. 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 undertakes manufacturing of bulk drug intermediates. The company started commercial operations in August 2008. RLPL has a factory unit in Medak (Telangana), with total installed capacity of 248 metric tonnes per annum (MTPA). In August 2014, the company acquired a facility to manufacture APIs in Visakhapatnam, Andhra Pradesh.

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