

July 22, 2014

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	3.50	SMERA B+/Stable (Assigned)
Proposed Cash Credit	2.50	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+**' (**read as SMERA single B plus**) to the Rs.6.00 crore bank facilities of Amar Medical Store (AMS). The outlook is '**Stable**'. The rating is constrained by the firm's modest scale of operation in an intensely competitive segment of the pharmaceuticals industry. The rating is also constrained by the firm's weak debt protection metrics. However, the rating is supported by the firm's experienced management and established relations with reputed suppliers.

AMS, established in 1963, is a New Delhi-based partnership firm engaged in the trading of branded and generic medicines. AMS's modest operating scale is reflected in operating income of Rs.79.45 crore (provisional) in FY2013-14 (refers to financial year, April 01 to March 31). The firm operates in an intensely competitive segment of the pharmaceutical industry. AMS's weak debt protection metrics are reflected in high leverage (debt-to-capital ratio) of 2.20 times (provisional) as on March 31, 2014 and moderate interest coverage ratio of 1.75 times (provisional) in FY2013-14 .

AMS benefits from its experienced management. The partners of the firm have around three decades of experience in the pharmaceutical industry. AMS also benefits from its established relations with various reputed suppliers, including Abbott, Elder Pharmaceuticals Limited, Pfizer, Novartis Pharma, Glenmark and Intas.

Outlook: Stable

SMERA believes AMS will maintain a stable business risk profile over the medium term. The firm will continue to benefit from its established operations and experienced management. The outlook may be revised to 'Positive' in case the firm registered sustained improvement in profitability and financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the firm's profitability and financial risk profile.

About the firm

AMS, established in 1963, is a New Delhi-based partnership firm promoted by Mr. Kapil Pruthi, Mrs. Sudesh Pruthi and Mr. Heman Pruthi. AMS is engaged into trading of branded and generic medicines.

For FY2013-14 (as per provisional financial statements), AMS reported profit after tax (PAT) of Rs.0.38 crore on operating income of Rs.79.41 crore, as compared with PAT of Rs.0.63 crore on operating income of Rs.70.42 crore in FY2012-13. The firm's net worth stood at Rs.2.69 crore (provisional) as on March 31, 2014, as compared with Rs.2.38 crore a year earlier.

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