

October 25, 2010

CARE ASSIGNS 'CARE BB-' AND PR4 RATING TO THE BANK FACILITIES OF EASTERN MEDIKIT LTD.

Ratings

Facility	Amount (Rs cr)	Rating	Remarks
Long-term Bank Facilities	24.16	CARE BB- (Double B Minus)	Assigned
Short-term Bank Facilities	31.95	PR4 (PR Four)	Assigned
Total	56.11		

Rating Rationale

The ratings are constrained by stressed liquidity position of EML resulting in delays in debt servicing in past, un-favourable financial profile with fluctuating profitability and weak coverage indicators, stretched operating cycle with long average inventory and collection days. The ratings also factored in intensely-competitive medical equipment industry and foreign exchange risk inherent to exports. The constraints are however partially offset by strong promoter experience, wide product range with customer-specific product customization and geographical diversification in both export and domestic markets.

Going forward, sustainability of profitability and prudent working capital & cash-flow management would remain the key rating sensitivities.

Company Profile

Eastern Medikit Ltd (EML) was promoted by Mr.Karun Raj Narang in September 1988. Over the years, EML has established itself as a leading manufacturer of high-quality medical disposables and medical & surgical devices such as IV Cannulae, medical safety devices, blood bank products etc.

EML markets its products under the brand name of Mediflon, Medican Alpha, Medidrip, Mediflexo, Mediobit etc and has successfully implemented quality management system satisfying standards of WHO-GMP, ISO9001:2000, ISO 9001:2002, EN 46001, ISO 13485:2003 etc.

During FY10, EML registered total income of Rs.133 cr and a PAT of Rs.2.27 cr.

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