

June 16, 2010

**CARE REVISES THE RATING ASSIGNED TO LT BANK FACILITIES AND REAFFIRMS THE RATING ASSIGNED TO ST BANK FACILITIES OF EMBIO LTD. (ERSTWHILE EMMELLEN BIOTECH PHARMACEUTICALS LTD.)**

**Ratings**

Facilities/Instruments	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	33.00 (enhanced from Rs.22.50 cr.)	<b>'CARE BBB' (Triple BBB)</b>	Revised from <b>'CARE BBB-'</b> [Triple B Minus]
Short-term Bank Facilities	2.13 (enhanced from Rs.2.00 cr)	<b>'PR3' (PR Three)</b>	Reaffirmed
<b>Total Facilities</b>	<b>33.00</b>		

\* Non fund based (sub limit to fund based) of Rs. 2.13 crore

**Rating Rationale**

The revision in rating takes into account the improvement in profitability margins on account of change in the product mix coupled with higher sales realisation and reduction in working capital cycle.

The ratings continue to derive strength from the long track record of the company, experienced management, wide geographic presence, diversified clientele, approved manufacturing facility from various authorities and comfortable capital structure represented by low gearing level.

However, the ratings are constrained by small size of business with limited product offerings, volatility in input prices and absence of long-term contracts.

The timely completion of the project and ability to achieve projected sales and sustain profitability margins are the key rating sensitivities.

**Company Profile**

Emmellen Biotech Pharmaceuticals Limited, originally promoted in 1980 by Mr. M. L. N. Sastry, is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs) and intermediaries. During FY09, the name of the company was changed to Embio Ltd (Embio). Further, the Karnataka Malladi Biotech Ltd. (KMBL), a group company of Embio, was merged with effect from April 1, 2008 with Embio.

On net sales of Rs.78.77 cr, Embio earned a PAT of Rs.2.84cr in FY09. During 9MFY10, Embio posted net sales of Rs.51.35 crore and PAT of Rs.5.34 crore.

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<sup>2</sup>Complete definitions of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and in other CARE publications".



*Press Release*

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