

Press Release

Farbe Firma

14 November, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs.17.15 Cr.
Long Term Rating	SMERA B- /Stable

*Refer annexure for details

SMERA has assigned long-term rating of '**SMERA B-**' (read as SMERA B minus) on the Rs. 17.15 crore bank facilities of FARBE FIRMA. The outlook is '**Stable**'.

Farbe Firma (FF) is a Gujarat-based partnership firm that manufactures sterile liquid injectables in glass ampoules. Established in 2012 by Mr. Jaysukhbhai Sudani and family, the firm commenced commercial operations from June 2017. The installed capacity stands at ~4 lakhs ampoules of injections a day.

Key rating drivers

Strengths

- **Experienced management**

The Gujarat-based partnership firm is engaged in the manufacture of sterile liquid injectables in glass ampoules. The promoter, Mr. Sudani has over two decades of experience in the aforementioned business. Further, the firm is also supported by experienced senior level management. This has helped build long term relations with customers and suppliers.

Weaknesses

- **Nascent stages of operations**

Since FF commenced commercial operations from June 2017 it is exposed to risk of timely implementation. However, the risk is mitigated to a certain extent considering the extensive experience of its management.

- **Highly fragmented and competitive industry, exposure to regulatory risk**

The pharmaceutical formulations industry is intensely competitive. FF is a moderate sized player with limiting bargaining power compared to established players. Further, the firm is exposed to regulatory risk in the domestic market as also in countries to which it plans to export i.e. USA, Europe etc.

Analytical Approach

SMERA has considered the standalone financials and business risk profile of the firm

Outlook: Stable

SMERA believes that FF will maintain a Stable outlook over the medium term owing to its experienced management. The outlook may be revised to Positive in case the firm registers more than expected growth in revenues while achieving improvement in profitability. Conversely, the outlook may be revised to 'Negative' in case of high working capital requirements increasing pressure on margins.

About the Rated Entity - Key Financials

Not Applicable

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smerra.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	6.80	SMERA B- / Stable
Term loans	Not Applicable	Not Applicable	Not Applicable	7.00	SMERA B- / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA B- / Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	0.35	SMERA B- / Stable

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ABOUT SMERA

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