

March 16, 2015

Facilities	Amount (Rs. Crore)	Rating
Cash Credit	5.00	SMERA BBB-/Stable (Assigned)
Term Loan (proposed)	12.00	SMERA BBB-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA BBB-**' (**read as SMERA triple B minus**) to the Rs.17.00 crore bank facilities of Titan Biotech Limited (TBL). The outlook is '**Stable**'. The rating is supported by the company's experienced management, diversified product portfolio and healthy financial risk profile. However, the rating is constrained by risks related to the company's debt-funded capex plan. The rating is also constrained by the company's moderate scale of operations.

TBL, incorporated in 1992, is a Delhi-based company engaged in manufacturing of biotechnology products. TBL benefits from its experienced management. Mr. Naresh Singla, promoter of TBL, has around two decades of experience in the biotechnology industry. TBL's diversified product portfolio includes hydrolysates, peptones and dehydrated culture media. The company's healthy financial risk profile is reflected in low gearing (debt-equity ratio) of 0.46 times as on March 31, 2014 and strong interest coverage ratio of 8.75 times in FY2013-14 (refers to financial year, April 01 to March 31). TBL reported strong operating profit margin of 9.11 per cent and healthy net profit margin of 3.82 per cent in FY2013-14.

TBL plans to undertake debt-funded capex towards modernisation of its existing facility. The project cost is estimated at Rs.16.50 crore, which is likely to be funded through promoters' contribution of Rs.4.50 crore and term loan of Rs.12.00 crore. The project is likely to be completed in the next two years. Notwithstanding the benefits of modernisation, SMERA believes the aforementioned capex is likely to have an adverse impact on the financial risk profile of TBL.

TBL has moderate scale of operations with operating income of Rs.39.13 crore in FY2013-14.

Outlook: Stable

SMERA believes TBL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established relations with customers. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues and cash accruals while achieving a comfortable liquidity position. Conversely, the outlook may be revised to 'Negative' in case of significant decline in the company's revenues and cash accruals, or in case of deterioration in the company's financial risk profile and liquidity position.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the company

TBL, incorporated in 1992, is a Delhi-based company promoted by Mr. Naresh Singla. TBL is engaged in manufacturing of biotechnology products such as protein hydrolysates, peptones and dehydrated culture media.

For FY2013-14, TBL reported net profit of Rs.1.49 crore on total income of Rs.39.13 crore, as compared with net profit of Rs.1.31 crore on total income of Rs.27.07 crore in FY2012-13. TBL's net worth stood at Rs.15.34 crore as on March 31, 2014, as compared with Rs.14.47 crore a year earlier.

Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email : antony.jose@smera.in Web: www.smera.in	Ashutosh Satsangi Vice President –Operations Tel: +91-22-6714 1142 Email: ashutosh.satsangi@smera.in	Tel: +91-22-6714 1170 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.