

August 31, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan	6.50	SMERA BB+/Stable (Assigned)
Cash Credit	2.00	SMERA BB+/Stable (Assigned)
Proposed Term Loan	13.50	SMERA BB+/Stable (Assigned)

SMERA has assigned rating of '**SMERA BB+**' (read as **SMERA double B plus**) to the above mentioned bank facilities of Premium Serums and Vaccines Private Limited (PSVPL). The outlook is '**Stable**'. The rating derives comfort from the company's niche product profile, healthy and stable operating margins and healthy financial risk profile. However, the rating is constrained by the small scale of operations due to regulated manufacturing processes and debt funded capex being planned.

#### Outlook: Stable

SMERA believes the outlook will remain stable over the medium term owing to the stable business risk profile. The outlook may be revised to 'Positive' in case the company achieves higher than expected revenues while maintaining profitability. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile of the company owing to higher than expected increase in the debt funded capital expenditure and elongation of working capital cycle.

#### Rating Sensitivity Factors

- Scalability of operations
- Working capital management
- Timely execution of capex in setting up of vial manufacturing facilities.

#### About the Company

PSVPL, incorporated in 2009, is a Pune-based company engaged in the manufacture of anti-snake venom plasma, serum and anti-rabies serum. The company commenced commercial production in 2012-13. The company headed by Dr. Shyam Dhawan and Dr. Girish Kolwankar (Directors) has its manufacturing facility at Narayangaon (Maharashtra). It now plans to set up a facility to freeze dry (lyophilisation process) and pack 10 lakh vials of serum per annum at a total project cost of Rs.18.00 crore.

For FY2014-15, PSVPL reported profit after tax (PAT) of Rs.2.03 crore on operating income of Rs.17.63 crore, as compared with PAT of Rs.0.75 crore on operating income of Rs.9.46 crore in FY2013-14.

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