

Premium Serums and Vaccines Private Limited: Reaffirmed

Facilities	Amount (Rs Crore)	Rating/Outlook
Term Loans	5.40 (revised from 6.50)	SMERA BB+/Stable (Reaffirmed)
Term Loan	13.50	SMERA BB+/Stable (Reaffirmed)
Cash Credit	3.00 (enhanced from 2.00)	SMERA BB+/Stable (Reaffirmed)
Proposed Term Loan	0.10	SMERA BB+/Stable (Reaffirmed)

SMERA has reaffirmed the rating of '**SMERA BB+**' (read as **SMERA double B plus**) on the Rs.22.00 crore bank facilities of Premium Serums and Vaccines Private Limited (PSVPL).

The rating continues to derive comfort from the company's niche product profile and healthy financial risk profile. However, the rating is constrained by the modest scale of operations due to the regulated manufacturing processes and uneven operating margins.

Update

PSVPL registered revenue of Rs.22.05 crore in FY2015-16 as against Rs.17.63 crore in FY2014-15. Further, the company has booked revenue of Rs.9 crore during the period April to August 2016 (provisional). PSVPL's operating profitability declined in FY2015-16 to 32.23 per cent from 34.49 per cent in FY2014-15 on account of lower valuation of closing stock. However, the company has healthy net cash accruals of Rs.4.31 crore for FY2015-16.

PSVPL has a healthy financial risk profile. The gearing stands at 1.61 times as on March 31, 2016 as against 0.98 times as on March 31, 2015 due to debt funded capex undertaken by the company. The company plans to set up a vial manufacturing unit. The commercial operations are expected to commence from March 2017. While the interest coverage ratio has declined, it remains healthy at 4.65 times for FY2016 (5.39 times for FY2015).

Outlook: Stable

SMERA believes that 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 owing to higher than expected increase in debt funded capital expenditure and elongation of working capital cycle.

Rating Sensitivity Factors

- Improving scale of operations while maintaining stable margins
- Efficient working capital management

Criteria applied to arrive at the rating:

- Manufacturing Entities

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 since 2012-13 at Narayangaon (Maharashtra). The company is headed by Dr. Shyam Dhawan and Dr. Girish Kolwankar (Directors). PSVPL 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 FY2015-16, the company reported profit after tax (PAT) of Rs.2.35 crore on operating income of Rs.22.05 crore, as compared with PAT of Rs.2.03 crore on operating income of Rs.17.63 crore in FY2014-15.

Rating History

Date	Facilities	Amount (Rs. Crore)	Rating		Rating Outlook
			Long Term	Short Term	
31 Aug, 2015	Term Loan	6.50	SMERA BB+ (Assigned)	-	Stable
	Cash Credit	2.00	SMERA BB+ (Assigned)	-	Stable
	Proposed Term Loan	13.50	SMERA BB+ (Assigned)	-	Stable

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ABOUT SMERA

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