

April 15, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	18.00	SMERA BB+/Stable (Assigned)
Term Loan	2.20	SMERA BB+/Stable (Assigned)
FDDBF	1.50	SMERA A4+ (Assigned)
Letter of Credit	19.80	SMERA A4+ (Assigned)
Packing Credit	3.00	SMERA A4+ (Assigned)

SMERA has assigned ratings of '**SMERA BB+**' (read as **SMERA double B plus**) and **SMERA A4+** (read as **SMERA A four plus**) to the Rs.44.50 crore bank facilities of Paramount Surgimed Limited (PSL). The outlook is '**Stable**'. The ratings are supported by the company's experienced management, widespread distribution network and healthy financial risk profile. However, the ratings are constrained by the company's moderate operating scale and working capital-intensive operations.

PSL, incorporated in 1993, is a Delhi-based company engaged in manufacturing of medical products and devices (including surgical blades and instruments), and adult diapers and underpads. PSL also holds a master franchise of OSIM International Ltd. (manufacturer of massage chairs, foot massagers and other massage devices) for India and Nepal. PSL benefits from its experienced management. Mr. Shaily Grover, Mr. R. N. Grover and Mr. Manu Grover, directors of PSL, have around three decades of experience in the medical supplies industry. The company also benefits from its widespread distribution network comprising 500 dealers in India and overseas. PSL's healthy financial risk profile is marked by low gearing (debt-equity ratio) of 1.31 times as on March 31, 2013 and moderate interest coverage ratio of 1.54 times in FY2012-13 (refers to financial year, April 01 to March 31).

PSL has a moderate operating scale reflected in net sales of Rs.57.48 crore in FY2012-13. The company's operations are working capital-intensive, as evidenced by receivables period of 101 days, inventory holding period of 140 days and payables period of 190 days in FY2012-13.

#### **Outlook: Stable**

SMERA believes PSL's outlook will remain stable in the near term on the back of the company's experienced management and widespread distribution network. The outlook may be revised to 'Negative' in case of decline in the company's revenues and profitability. Conversely, the outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and profitability while achieving efficient working capital management.

**About the company**

PSL, incorporated in 1993, is a Delhi-based company promoted by Mr. Shaily Grover, Mr. R. N. Grover and Mr. Manu Grover. PSL manufactures medical products and devices, and adult diapers and underpads. The company also holds a master franchise of OSIM International Ltd. for India and Nepal. PSL has 60 registered brands and trademarks. The company has two manufacturing units, one in Bawal (Haryana) and the other in Bhiwadi (Rajasthan).

For FY2012-13, PSL, reported profit after tax of Rs.1.16 crore on net sales of Rs.57.48 crore, as compared with profit after tax of Rs.0.90 crore on net sales of Rs.52.51 crore for FY2011-12. The company's net worth stood at Rs.26.51 crore as on March 31, 2013, as compared with Rs.25.10 crore a year earlier.

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