August 05, 2015

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

SMERA has reaffirmed the ratings of **'SMERA BB+' (read as SMERA double B plus)** on the Rs.20.20 crore long-term bank facilities and **'SMERA A4+' (read as SMERA A four plus)** on the Rs.24.30 crore short-term bank facilities of Paramount Surgimed Limited (PSL). The outlook is **'Stable'**. The ratings continue to be 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 scale of business and working capital-intensive operations.

Update

PSL's revenues increased marginally from Rs.58.05 crore in FY2012–13 (refers to financial year, April 01 to March 31) to Rs.63.41 crore in FY2014–15. The company's operating profit margin increased from 11.08 per cent in FY2012–13 to 11.22 per cent in FY2013–14.

PSL's financial risk profile has improved on account of marginally better working capital cycle. The company's gearing (debt-equity ratio) improved from 2.06 times as on March 31, 2013 to 1.92 times as on March 31, 2014. The interest coverage ratio improved from 1.42 times in FY2012–13 to 1.60 times in FY2013–14.

Outlook: Stable

SMERA believes PSL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management and established association with reputed principals and customers. The outlook may be revised to 'Negative' in case of significant deterioration in the company's financial risk profile on account of higher-than-expected borrowings for working capital requirements. The outlook may be revised to 'Positive' in case the company undertakes product diversification and registers larger-than-expected cash flows from operations.

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, 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 manufacturing units at Bawal in Haryana and at Bhiwadi in Rajasthan.

For FY2013–14, PSL reported net profit of Rs.0.98 crore on total income of Rs.64.22 crore, as compared with net profit of Rs.1.16 crore on total income of Rs.58.05 crore in FY2012–13. The company's net worth stood at Rs.17.91 crore as on March 31, 2014, as compared with Rs.16.75 crore a year earlier.

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