

Press Release

Murli Krishna Pharma Private Limited

May 18, 2021

Rating Withdrawn



Total Bank Facilities Rated*	Rs.8.50 Cr.
Long Term Rating	ACUITE B (Withdrawn)
Long Term Rating	ACUITE A4 (Withdrawn)

* Refer Annexure for details

Rating Rationale

Acuité has reviewed and withdrawn the long-term rating of '**ACUITE B**' (read as **ACUITE B**) and the short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.8.50 crore bank facilities of Murli Krishna Pharma Private Limited.

The rating withdrawal is in accordance with Acuité's policy on withdrawal of rating and on account of request received from company and no dues certificate received from bankers.

About the Company

Murli Krishna Pharma Private Limited (MKPPL) is a Mumbai based company, incorporated in 2004 by Late Mr. Eshwar Rao Vadlamani, Mrs. Satyaramani Vadlamani and Dr. Vijay Shastri. The company is engaged into manufacturing of Pre-finished Formulation Intermediates for end products such as capsules and tablets. The company sells different varieties of capsules to various pharmaceuticals companies of India and International market.

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of MKPPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management.**

The promoters possess industry experience of more than two decades. Mrs. Satya Ramani Vadlamani, possesses extensive experience of marketing and finance, while Dr. Vijay Shastri possesses experience of nearly three decades in Research and Development of pharma industry. Acuité believes that the company will benefit from its experienced management which helps the company to maintain long standing relationship with its customers and suppliers.

Acuité believes that MKPPL will sustain its existing business profile and will continue to benefit on the back of its experienced management.

- **Moderate financial risk profile**

The financial risk profile of the company stood moderate marked by moderate net worth, low gearing and healthy debt protection metrics. The tangible net worth stood at Rs.16.55 crore as on March 31, 2020 as against Rs.11.79 crore as on March 31, 2019. The total debt of the company stood at Rs.12.66 crore includes Rs.0.75 crore of long term debt, Rs.3.89 crore of unsecured loans and Rs.8.02 crore of short term debt as on March 31, 2020. The gearing (debt-equity) stood at 0.76 times as on March 31, 2020 as compared to 0.80 times as on March 31, 2019. Interest Coverage Ratio stood at 6.18 times for FY2020 as against 4.39 times for FY2019. Debt Service Coverage Ratio (DSCR) stood at 4.88 times in FY2020 as against 4.22 times in FY2019. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 2.64 times as on March 31, 2020 as against 3.03 times on March 31, 2019. Net Cash Accruals to Total Debt (NCA/TD) also stood moderate at 0.50 times for FY2020 as against 0.55 times for FY2019.

Weaknesses

• Intensive working capital management

The working capital management of the company is intensive marked by GCA days of 228 days in FY2020 as against 206 days in FY2019. The inventory days stood at 52 days in FY2020 as against 104 days in FY2019. Also, the debtor days stood at 158 days in FY2020 as against 92 days in FY2019.

Acuite believes that efficient working capital management will be crucial to the firm in order to maintain a healthy risk profile.

Rating Sensitivities

Not Applicable

Material Covenants

None

Liquidity: Stretched

The company has stretched liquidity marked by moderate net cash accruals to its maturing debt obligations. The company generated cash accruals of Rs.0.00-Rs.6.40 crore during the last three years through 2018-20. The company's working capital operation is intensive marked by Gross Current Asset (GCA) of 228 days in FY2020 as against 206 days in FY2019. The company maintains an unencumbered cash and bank balances of Rs.0.04 crore as on March 31, 2020. The current ratio of the group stood at 1.20 times as on March 31, 2020.

About the Rated Entity - Key Financials

	Unit	FY20 (Actual)	FY19 (Actual)
Operating Income	Rs. Cr.	71.10	56.71
PAT	Rs. Cr.	4.74	3.63
PAT Margin	(%)	6.67	6.40
Total Debt/Tangible Net Worth	Times	0.76	0.80
PBDIT/Interest	Times	6.18	4.39

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-59.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
21-Feb-2020	Cash Credit	Long Term	1.60	ACUITE B/Stable (Reaffirmed)
	Packing Credit	Short Term	3.90	ACUITE A4 (Reaffirmed)
	Letter of Credit	Short Term	3.00	ACUITE A4 (Reaffirmed)
13-Mar-2019	Cash Credit	Long Term	1.60	ACUITE B/Stable (Assigned)
	Packing Credit	Short Term	3.90	ACUITE A4 (Assigned)
	Letter of Credit	Short Term	3.00	ACUITE A4 (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/ Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.60	ACUITE B (Withdrawn)
Packing Credit	Not Applicable	Not Applicable	Not Applicable	3.90	ACUITE A4 (Withdrawn)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	3.00	ACUITE A4 (Withdrawn)

Contacts

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About Acuite Ratings & Research:

Acuite Ratings & Research Limited is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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