

Press Release
Premium Serum and Vaccines Private Limited

March 29, 2022
Rating Reaffirmed



Product	Quantum (Rs. Cr)	Long Term Rating	Short term Rating
Bank Loan Ratings	25.50	ACUITE B- Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	25.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

*Refer Annexure for details

Rating Rationale

Acuite has reaffirmed the long-term rating of '**ACUITE B-**' (read as **ACUITE B minus**) on the Rs.25.50 crore bank facilities of Premium Serums and Vaccines Private Limited (PSVPL). The outlook is '**Stable**'.

Rationale for rating reaffirmation

The rating factors in the company's established track of operations, experienced management and improving scale of operations. The company has been experiencing a net loss, but it is expected to improve in the medium term. However, average financial risk profile, stretched liquidity and intensive working capital operations to constrain the rating.

About the Company

Premium Serums & Vaccines Private Limited (PSVP), based out at Mumbai is established in 2009 by Dr. Shyam Dhawan and Dr. Girish Kolwankar. The company is engaged in manufacturing intermediaries such as anti-snake venom serum, plasma and anti-rabies serum at Narayangaon (Maharashtra). The company has set up a manufacturing unit for vials (forward integration) resulting in the production capacity of 10 lakh vials per annum. Its process is WHO-GMP certified.

Analytical Approach

Acuite has considered standalone financial and business risk profile of PSVPL to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management and established track record of operations

The promoters of the company Mr. Shyam Dhawan and Mr. Girish Kolwankar are well-qualified as bachelor of Veterinary Science and have the vast knowledge to manufacture lifesaving anti venom/antitoxin products. The extensive experience of the management has helped the company to maintain healthy relationship with its customers and suppliers.

Acuite believes that the company will continue to benefit from the experienced management and its relationship with the customers and suppliers.

Weaknesses

Average financial risk profile

The financial risk profile of the company stood average marked by low net worth, high gearing and moderate debt protection metrics. The tangible net worth stood at Rs.6.93 crore as on March 31, 2021 (includes Rs.9.06 crore of quasi equity) as against Rs.10.95 crore as on March 31, 2020 (includes Rs.10.74 crore of quasi equity). The decline in net-worth is on account of accumulated losses from the previous year. The total debt of the company stood at Rs.22.21 crore includes Rs.17.41 crore of long-term debt and Rs.4.80 crore of short-term debt as on March 31, 2021. The gearing (debt-equity) stood at 3.21 times as on March 31, 2021 as compared to 1.26 times as on March 31, 2020. Interest Coverage Ratio stood at 1.57 times for FY2021 as against 1.12 times for FY2020. Debt Service Coverage Ratio (DSCR) stood at 1.13 times for FY2021 as against 0.49 times for FY2020. Total outside Liabilities/Total Net Worth (TOL/TNW) stood at 4.88 times as on March 31, 2021 as against 3.00 times on March 31, 2020. Net Cash Accruals to Total Debt (NCA/TD) also stood at 0.07 times for FY2021 as against 0.02 times for FY2020.

Acuité believes that the financial risk profile of the firm will continue to remain same over the medium term.

Intensive working capital operations

The working capital management of the company is intensive marked by GCA days of 220 days in FY2021 as against 228 days in FY2020. The inventory days stood at 166 days in FY2021 as against 165 days in FY2020. In addition, the debtor days stood at 25 days in FY2021 as against 43 days in FY2020. The average bank limit utilization stood high at around 78.97 percent during the last 7 months ended as on January 2022.

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

Rating Sensitivities

Improvement in the scale of operations and profitability margins.

Improvement in the financial risk profile.

Stretch in the working capital management leading to any negative impact on the liquidity profile.

Material covenants

None.

Liquidity Position: Stretched

The company has stretched liquidity marked by high bank limit utilization and intensive working capital operations. The company's working capital operation stood intensive marked by GCA days of 220 days in FY2021 as against 228 days in FY2020. The current ratio of the company stood at 0.79 times as on March 31, 2021. The average bank limit utilization stood high at around 78.97 percent during the last 7 months ended as on January 2022. In addition, the company has inadequate cash accruals that stood at Rs.0.30-3.50 crore during the last three years through 2019-21, as against maturing debt obligation of Rs.1.13-3.55 crore during the same period.

Outlook: Stable

Acuité believes that PSVPL will maintain a 'Stable' outlook over the medium term from the industry experience of its promoters. The outlook may be revised to 'Positive' if there is substantial and sustained improvement in PSVP's operating income or profitability while maintaining its working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of weakening of its capital structure and debt protection metrics.

Key Financials

Particulars	Unit	FY 21 (Actual)	FY 20 (Actual)
Operating Income	Rs. Cr.	25.42	23.86
PAT	Rs. Cr.	(2.34)	(4.43)
PAT Margin	(%)	(9.21)	(18.58)
Total Debt/Tangible Net Worth	Times	3.21	1.72
PBDIT/Interest	Times	1.57	1.12

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

Not Applicable.

Any other information

None.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of 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

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
04 Jan 2021	Proposed Bank Facility	Long Term	7.97	ACUITE B- Stable (Upgraded from ACUITE D)
	Term Loan	Long Term	8.33	ACUITE B- Stable (Upgraded from ACUITE D)
	Term Loan	Long Term	4.20	ACUITE B- Stable (Upgraded from ACUITE D)
	Cash Credit	Long Term	5.00	ACUITE B- Stable (Upgraded from ACUITE D)
13 Nov 2019	Term Loan	Long Term	8.33	ACUITE D (Reaffirmed)
	Proposed Bank Facility	Long Term	4.37	ACUITE D (Reaffirmed)
	Proposed Term Loan	Long Term	0.10	ACUITE D (Reaffirmed)
	Term Loan	Long Term	4.20	ACUITE D (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE D (Reaffirmed)
11 Feb 2019	Cash Credit	Long Term	3.00	ACUITE D (Downgraded from ACUITE B+ Stable)
	Proposed Term Loan	Long Term	0.10	ACUITE D (Downgraded from ACUITE B+ Stable)
	Term Loan	Long Term	5.40	ACUITE D (Downgraded from ACUITE B+ Stable)
	Term Loan	Long Term	13.50	ACUITE D (Downgraded from ACUITE B+ Stable)
12 Mar 2018	Term Loan	Long Term	5.40	ACUITE B+ Stable (Downgraded from ACUITE BB+ Stable)
	Term Loan	Long Term	13.50	ACUITE B+ Stable (Downgraded from ACUITE BB+ Stable)
	Cash Credit	Long Term	3.00	ACUITE B+ Stable (Downgraded from ACUITE BB+ Stable)
	Proposed Term Loan	Long Term	0.10	ACUITE B+ Stable (Downgraded from ACUITE BB+ Stable)
03 Nov 2016	Term Loan	Long Term	5.40	ACUITE BB+ Stable (Reaffirmed)
	Term Loan	Long Term	13.50	ACUITE BB+ Stable (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BB+ Stable (Reaffirmed)
	Proposed Long Term Loan	Long Term	0.10	ACUITE BB+ Stable (Reaffirmed)
31 Aug 2015	Term Loan	Long Term	6.50	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	2.00	ACUITE BB+ Stable (Assigned)
	Proposed Long Term Loan	Long Term	13.50	ACUITE BB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Bank of Maharashtra	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.00	ACUITE B- Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	9.19	ACUITE B- Stable Reaffirmed
Bank of Maharashtra	Not Applicable	Term Loan	29-08-2015	10.65	29-08-2022	3.81	ACUITE B- Stable Reaffirmed
Bank of Maharashtra	Not Applicable	Term Loan	29-08-2015	10.65	29-08-2022	7.50	ACUITE B- Stable Reaffirmed

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About Acuité Ratings & Research

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