

Press Release

Vacc-Syn Biotech Private Limited (VBPL)

April 04, 2017

Rating Downgraded

Total Bank Facilities Rated*	Rs.20.50 Cr
Long Term Rating	SMERA D (Downgraded from SMERA B/Stable)

*Refer Annexure for details

Rating Rationale

SMERA has downgraded the long term rating on the above mentioned Rs.20.50 crore bank facilities of Vacc-Syn Biotech Private Limited (VBPL) to '**SMERA D**' (**read as SMERA D**) from SMERA B/Stable.

The rating has been downgraded on account of delays in servicing of debt obligations. The rating is further constrained by the small scale of operations, customer concentration risk and weak capital structure. However, the rating draws support from the experienced management.

List of key rating drivers and their detailed description

Weaknesses:

Delay in servicing of debt obligations: The company has continuous delays in servicing of debt obligations. As on 27 February, 2017 the term loan account was overdue by Rs.0.37 cr.

Small scale of operations and customer concentration risk: The revenue stood at a modest Rs.6.27 cr in FY2016 as against Rs.4.20 cr in FY2015. As on March 15, 2017 (provisional), the company earned revenue of Rs.3.50 cr. Further, VBPL is exposed to customer concentration risk since it caters only to a single customer i.e Vins Bioprotect Limited.

Weak capital structure: The company has highly geared capital structure due to low networth of Rs.0.11 cr and significant debt of Rs.22.36 cr as on March 31, 2016.

Strengths:

Experienced management: The company is led by Mr. Sanjay Bawsay who has experience of around 33 years in a similar industry. He has previously worked with Bharat Serums & Vaccines Limited for around 15 years.

Analytical approach: SMERA has considered the standalone financial and business risk profiles of the company to arrive at the rating.

Applicable Criteria

- Manufacturing Entities - <https://www.smerra.in/criteria-manufacturing.htm>
- Application of Financial Ratios & Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>
- Default Recognition - <https://www.smerra.in/criteria-default.htm>

About the Company

VBPL, incorporated in 2007, is a Thane-based company engaged in the manufacture of serum - anti-snake venom, anti-tetanus and anti-rabies. The company led by Mr. Sanjay Bawsay and Mrs. Madhavi Bawsay commenced commercial production in January, 2014 at its manufacturing facility at Badlapur, Maharashtra.

For FY2015-16, VBPL reported net loss of Rs.0.64 cr on operating income of Rs.6.36 cr, as compared to net loss of Rs.0.07 cr on operating income of Rs.4.20 cr in FY2014-15.

Status of non-cooperation with previous CRA (if applicable): Not Applicable

Any other information: Not Applicable

Rating History for the last three years:

Name of Instrument /Facilities	FY2017			FY2016		FY2015		FY2014	
	Scale	Amount (Rs. Crore)	Rating with Outlook	Date	Rating	Date	Rating	Date	Rating
Term Loan	LT	19.83	SMERA D (Downgraded)	Nov 02	SMERA B/Stable (Assigned)	-	-	-	-
Proposed Loan	LT	0.67	SMERA D (Downgraded)	Nov 02	SMERA B/Stable (Assigned)	-	-	-	-

*Annexure – Details of instruments rated:

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs in cr)	Ratings/Outlook
Term Loan	NA	NA	February 2025	19.83	SMERA D (Downgraded)
Proposed Loan	NA	NA	NA	0.67	SMERA D (Downgraded)

Note on complexity levels of the rated instrument: <https://www.smerra.in/criteria-complexity-levels.htm>

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ABOUT SMERA

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