

Press Release

RAUT SERUMS INDIA PRIVATE LIMITED

21 March, 2018

Rating Downgraded



Total Bank Facilities Rated*	Rs. 14.00 Cr.
Long Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has downgraded the rating on the Rs.14.00 crore bank facilities of Raut Serums India Private Limited (RSIPL) to **'SMERA D' (read as SMERA D)** from SMERA B+/Stable. The downgrade reflects delays in servicing and repayment of debt and the stretched liquidity profile of the company.

Established in 2008, the Pune-based RSIPL is promoted by Mr. Natha Raut and Mrs. Sunita Natha Raut. The company is engaged in the manufacturing of serums like anti-venom, anti-rabies and anti-tetanus.

Key rating drivers

Strengths

- **Experienced and qualified management**

The promoters have more than a decade of experience in the said line of business.

- **Niche product profile**

The company is into manufacturing of anti-snake venom serum, anti-rabies serum and anti-tetanus serum. Further, the strict entry barriers in the industry are a competitive advantage.

Weaknesses

- **Nascent and modest scale of operations**

The commercial operations commenced in 2014. The scale of operations is modest with operating income of Rs. 23.59 crore in FY2016-17 and Rs. 18.47 crore in FY2015-16. Further, the company registered revenue of Rs. 17.00 crore from April 2017 to February 2018.

- **Weak financial risk profile**

The company has weak financial risk profile marked by gearing of 15.84 times in FY2017. RSIPL has moderate ICR (Interest Coverage Ratio) of 3.43 times in FY2017 as against 3.31 times in FY2016. The tangible net worth stood low at Rs. 0.84 crore in FY2017 and Rs. 0.15 crore in FY2016.

- **Customer concentration risk**

RSIPL caters to Bharat Serums Vacancies Limited (BSVL), thereby exposing itself to customer concentration risk.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of RSIPL to arrive at the rating.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	23.59	18.47	6.29
EBITDA	Rs. Cr.	5.54	5.15	1.85
PAT	Rs. Cr.	0.73	0.73	(0.54)
EBITDA Margin	(%)	23.50	27.87	29.37
PAT Margin	(%)	3.09	3.93	(8.54)
ROCE	(%)	18.76	18.26	3.38
Total Debt/Tangible Net Worth	Times	15.84	107.51	NA
PBDIT/Interest	Times	3.43	3.31	1.72
Total Debt/PBDIT	Times	2.48	3.13	7.00
Gross Current Assets (Days)	Days	22	38	134

Any other information

Not Applicable

Applicable Criteria

Default Recognition - <https://www.smera.in/criteria-default.htm>

Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Manufacturing Entity- <https://www.smera.in/criteria-manufacturing.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Crore)	Ratings/Outlook
24-Jan, 2017	Cash Credit	Long Term	0.50	SMERA B+ / Stable (Assigned)
	Term Loan	Long Term	5.00	SMERA B+ / Stable (Assigned)
	Proposed Cash Credit	Long Term	1.00	SMERA B+ / Stable (Assigned)
	Proposed Long Term Loan	Long Term	7.00	SMERA B+ / Stable (Assigned)
	Proposed Working Capital Demand Loan	Long Term	0.50	SMERA B+ / Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	CouponRate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.50	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	4.50	SMERA D
Cash Credit	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	7.00	SMERA D
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA D

Contacts

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