

Press Release

Aceso Pharma

23 March, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 6.00 Crore
Long Term Rating	SMERA B/ Outlook: Stable (Assigned)

* Refer Annexure for details

Rating Rationale

SMERA has assigned a long term rating of '**SMERA B**' (**read as SMERA B**) to the above mentioned bank facilities of Rs. 6 crore to Aceso Pharma (AP). The outlook is '**Stable**'.

Incorporated in 2016, Aceso Pharma (AP) is a Bangalore based proprietorship concern engaged in manufacturing of ayurvedic medicine and cream in the form of capsule, ointment, syrup, powder, etc. The company will begin its operations in FY 2018-19.

Key Rating Drivers

Strengths

- **Experienced management**

AP is managed by proprietor, Mrs. Padmini D.K, who holds a post graduate degree in pharmaceutical technology and an experience of 17 years in the similar line of business. She is in the said line of business since 2001 and has developed comfortable relationships with their key suppliers and customers.

Weakness

- **Project implementation risk**

Aceso Pharma is setting up a manufacturing unit in Hallimala (Karnataka) at a total project cost of Rs. 10.10 crore which will be funded by the way of Rs 4.10 crore of equity and Rs. 6.00 crore of debt. The bank has disbursed term loan of Rs. 1.87 crore as on February 2018. AP has completed first phase of the project and the second phase is expected to be completed by September, 2018 with commencement of operations from October 2018.

Timely completion of the project at the envisaged cost would be a key rating monitorable.

- **Highly fragmented and competitive nature of the industry**

The Indian Pharmaceutical Industry (IPI) is highly fragmented with the presence of more than 10,000 manufacturers in the organized and unorganized segments. The firm faces intense competition in healthcare products from established players in the industry like Patanjali Ayurved Limited, Dabur India Limited, Himalaya, etc. They are also susceptible to consumer preference.

Outlook- Stable

Outlook: Stable

SMERA believes the outlook will remain stable owing to the experience of the promoter. The outlook may be revised to 'Positive' if the firm commences operation as scheduled leading to healthy cash inflows. Conversely, the outlook may be revised to 'Negative' in case of lower than expected revenues and net cash accruals leading to deterioration in profitability. Significant delay in project execution may lead to cost and time overrun.

About the Rated Entity - Key Financials

None

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

None

Any other information

Not Applicable

Applicable Criteria

- Manufacturing Entities- <https://www.smera.in/criteria-manufacturing.htm>
- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.50 Cr	SMERA B/ Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	2.50 Cr	SMERA B/ Stable
Proposed	Not Applicable	Not Applicable	Not Applicable	3.00 Cr	SMERA B/ Stable

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