

Press Release

Ransh Pharma Private Limited

June 12, 2019

Rating Assigned



Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	ACUITE B / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has long-term rating of '**ACUITE B**' (read as **ACUITE B**) on the Rs. 10.00 crore bank facilities of Ransh Pharma Private Limited (RPPL). The outlook is '**Stable**'.

RPPL is a Visakhapatnam based company incorporated in the year 2018. It is promoted by Mr. Radha Krishna Talam, Mr. Karri Adi Krishna Rao, Mr. V Nageswara Rao and Mr. K Gowrisankara Rao. RPPL is established to manufacture bulk drugs and pharmaceutical intermediates; and is setting up a manufacturing unit in Visakhapatnam with an installed capacity of 83.56 MT per annum.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of Ransh Pharma Private Limited to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced management**

The promoter of the company Mr. Radha Krishna Talam possess about more than fifteen years of experience in the pharma industry. The other promoters also possess vast experience in the pharmaceutical industry. They promoted RPPL to setup a bulk drug manufacturing unit with a total project cost of about Rs.18.00 crores. Acuité believes that promoters experience in the diversified industry is expected to support in timely completion and early stabilization of the unit.

Weaknesses

- **Project execution risk**

The company is setting up a pharma unit in Visakhapatnam with a total project cost of Rs.18.00 crore; proposed to be funded through promoter's equity of Rs.8.00 crore and bank loan of Rs.10.00 crore. The company has acquired land of Rs.1.90 crore and registration of land completed in August 2018. It has started civil works in January 2019 and incurred about Rs.3.47 crores on the project including the land; it is expecting to complete the project by August 2020, commercial operations by September 2020. The company has approached the bank for financial closure, and is waiting for the sanction. Any untimely infusion of funds, or delay in financial closure and loan disbursement is expected to hamper the timely implementation of the project and the cash flows.

Liquidity

The company is doing a capex of Rs.18.10 Crore for setting up of a bulk drug and API manufacturing unit. The company has brought in Rs.3.47 Crore as equity which is used to purchase the land and construction of building. Promoters of the company are planning to infuse Rs. 4.63 crore by bringing the funds and avail Rs.10 Crore of term loan from the bank to complete the project.

Outlook: Stable

Acuité believes that the outlook on RPPL will remain 'Stable' over the medium term on account of the experience of the promoters. The outlook may be revised to 'Positive' in case of successful completion of the project in a stipulated time and registers higher than expected cash accruals. Conversely, the outlook may be revised to 'Negative' in case of any delay or stretch in infusion of promoter's margin or any further cost or time overrun in completion of the project leads to deterioration of liquidity.

About the Rated Entity - Key Financials

Not Applicable as the commercial operations are yet to begin.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.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 (Rs. Cr.)	Ratings/Outlook
Proposed Term Loan	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE B / Stable

Contacts

Analytical	Rating Desk
<p>Srihari Adari Head - Corporate and Infrastructure Sector Ratings Tel: 040-40042327 srihari.adari@acuite.in</p> <p>P Krishi Keyan Analyst - Rating Operations Tel: 040-40274590 krishi.keyan@acuite.in</p>	<p>Varsha Bist Manager - Rating Desk Tel: 022-67141160 rating.desk@acuite.in</p>

About Acuité Ratings & Research:

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