

Press Release

Ransh Pharma Private Limited

September 04, 2020



Rating Reaffirmed

Total Bank Facilities Rated	Rs. 10.00 crore
Long Term Rating	ACUITE B/ Stable (Reaffirmed)

Rating Rationale

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

Incorporated in 2018, RPPL is a Visakhapatnam based company promoted by Mr Radha Krishna Talam, Mr Karri Adi Krishna Rao, Mr V Nageswar Rao, Mr K Gowri Sankara Rao, Mr. K Poorna Chandra Rao and Mr. K. Narasinga Rao. RPPL is engaged in manufacturing of bulk drugs and pharmaceutical intermediates and has set up a manufacturing unit in Visakhapatnam.

Analytical Approach

Acuité has considered the standalone business and risk profile of RPPL to arrive at the rating.

Key Rating Drivers

Strengths

- **Experienced management**

Mr. Radha Krishna Talam possess more than seventeen years of experience in the pharmaceuticals industry. He has been associated with Vasudha Pharma Chem Limited, Visakhapatnam for three years and before that worked for Aurobindo Pharma Limited, Hyderabad for twelve years. Mr. Adi Krishna Rao Karri has been associated with the industry for more than twenty years in managing various projects and the pharmaceuticals products and intermediaries. Acuité believes that promoter's experience in the industry is expected to support in early stabilization of their operations.

Weaknesses

- **Nascent stage of operations**

The operations of RPPL would commence in October, 2020. Timely stabilization of operations and ramp up in revenue and operating profitability in the initial stage of operations will remain a key credit monitorable.

- **Intense competition and fragmented industry**

The pharmaceutical formulations industry has a large number of players, which makes this industry highly fragmented and intensely competitive. RPPL is a new entrant, thereby limiting its bargaining power and pricing pressure compared to well-established and larger players.

Rating Sensitivity

- Timely stabilization of operations

Material Covenants

None

Liquidity Profile: Stretched

RPPL has stretched liquidity as it is yet to stabilize operations. The cash accruals of RPPL are estimated to be in the range of 1.34-3.57 crores during FY2021-2023 as against debt obligation of Rs 1.61 crores each year through FY2021-2023. The company has availed COVID loan of Rs. 50 lakhs. Going forward, the liquidity is expected to improve once the operations commence and stabilize.

Outlook: Stable

Acuité believes that the outlook on RPPL will remain 'Stable' over the medium term on account of the extensive experience of the promoters. The outlook may be revised to 'Positive' in case of commencing the commercial production within the stipulated time and registers higher than expected cash accruals. Conversely, the outlook may be revised to 'Negative' in case of delay in the stabilization of operations.

About the Rated Entity - Key Financials

Not Applicable

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

Not applicable

Any other information

Not Applicable

Applicable Criteria

- 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>
- Default Recognition - <https://www.acuite.in/view-rating-criteria-52.htm>

Note on complexity levels of the rated instrument

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
June 12, 2019	Proposed Term Loan	Long Term	10.00	ACUITE B/Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs.) Crore	Ratings/Outlook
Term Loan	Not Available	Not Available	Not Available	10.00	ACUITE B/ Stable (Reaffirmed)

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About Acuité Ratings & Research:

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