

Press Release

Ransh Pharma Private Limited

July 21, 2022



Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.00	ACUITE D Downgraded	-
Total Outstanding Quantum (Rs. Cr)	10.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded the long term rating to **'ACUITE D' (read as ACUITE D)** from **'ACUITE B' (read as ACUITE B)** on the Rs.10.00 Cr bank facilities of Ransh Pharma Private Limited (RPPL).

The downgrade is on account of the feedback received from the banker that the account had delays in the repayment of principal and interest on the term loan.

About the Company

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

Acuite has considered the standalone business and financial risk profiles of RPPL to arrive at the rating.

Key Rating Drivers

Strengths

- Experienced management

Mr. Radha Krishna Talam possesses 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 pharmaceutical products and intermediaries. Acuite believes that promoter's experience in the industry is expected to support in the stabilization of operations.

Weaknesses

- **Delays in servicing debt obligations**

RPPL has been facing significant liquidity pressure which has impeded its ability to meet its debt obligation in a timely manner.

- **Intense competition and fragmented industry**

The pharmaceutical formulations industry has a large number of players, which makes this industry highly fragmented and intensely competitive. Hence, limiting RPPL's bargaining power and pricing pressure due to the presence of well-established and large players.

Rating Sensitivities

- Stretched liquidity
- Ongoing delays in debt servicing

Material covenants

None

Liquidity Position: Stretched

RPPL's liquidity is currently stretched as the company has not been able to service its current and maturing debt obligations. Acuite expects the company's liquidity profile to remain stretched over the medium term due to persistent delays in servicing debt obligations.

Outlook: Stable

Not Applicable

Key Financials

Particulars	Unit	FY 21 (Provisional)	FY 20 (Actual)
Operating Income	Rs. Cr.	0.86	0.00
PAT	Rs. Cr.	(1.22)	0.00
PAT Margin	(%)	(142.52)	0.00
Total Debt/Tangible Net Worth	Times	2.14	1.82
PBDIT/Interest	Times	(0.75)	(176.75)

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
08 Nov 2021	Term Loan	Long Term	10.00	ACUITE B Stable (Reaffirmed)
04 Sep 2020	Term Loan	Long Term	10.00	ACUITE B Stable (Reaffirmed)
12 Jun 2019	Proposed Term Loan	Long Term	10.00	ACUITE B Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Small Industries Development Bank of India	Not Applicable	Term Loan	20-06-2019	10.25	Not available	10.00	ACUITE D Downgraded (from ACUITE B)

Contacts

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About Acuité Ratings & Research

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