



**Press Release**  
**RANSH PHARMA PRIVATE LIMITED**  
**September 27, 2023**  
**Rating Reaffirmed**

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

**Rating Rationale**

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

**Rationale for the rating**

The rating is reaffirmed due to delays by RPPL in servicing its term debt obligations by several days in the past 6 months ended September 10, 2023. The term debt repayments of the Company are due on 10<sup>th</sup> of every month. The delays are due to paucity of funds during stabilisation in initial stages of operations.

**About the Company**

Incorporated in 2018, Ransh Pharma Pvt. Ltd. (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 of 90 KL in Visakhapatnam, Andhra Pradesh.

**Standalone (Unsupported) Rating**

Not Applicable

**Key Rating Drivers**

**Strengths**

**Experienced management and reputed clientele**

The promoters Mr. Radha Krishna Talam and Mr. Adi Krishna Rao have extensive experience in pharmaceuticals industry over the past two decades. The company is expected to benefit from their expertise in the industry over the medium term. The company has already established relationships with some of its key customers like in Andhra Pradesh and Telangana. Acuite believes that promoter's experience in the industry is expected to support their operations

**Weaknesses**

**Delays in servicing term debt obligations**

Due to the severe liquidity constraints in the stabilisation period of operations, there has been delays in servicing debt repayments in a timely manner by RPPL.

**Below average financial risk profile**

The financial risk profile of the company remained below average marked by low net worth, high gearing and moderate debt protection metrics. The net worth of the company stood at

Rs.4.54 Cr as on March 31, 2023 (Provisional). The gearing stood high at 5.68 times as on March 31 March, as against 4.59 times as on March 31, 2022. The interest coverage ratio and Debt

service coverage ratio (DSCR) stood moderate at 2.20 times and 1.29 times respectively for FY2023 as against (1.29) times and (0.43) times respectively for FY2022. The net cash accruals to total debt (NCATD) of the Company was tat 0.05 times as on March 31, 2023. Acuité believes that the financial risk profile of RPPL is expected to remain below average over the medium term.

### **Competitive and fragmented Industry**

The pharmaceutical formulations industry has a large number of players, which makes this industry highly fragmented and intensely competitive. Acuite believes that RPPL being a newer entrant in the industry has limited bargaining power and faces pricing pressure compared to well-established and larger players.

### **Rating Sensitivities**

- Timely servicing of term debt obligations

### **All Covenants**

None

### **Liquidity Position Stretched**

The liquidity position of the company is stretched marked by full utilisation of its working capital limits owing to working capital intensive nature of operations. The average working capital utilisation of its limits remained at ~98% in last six months ended July 2023. The company reported net cash accruals of Rs.1.34 Cr in FY2023 as against matured debt obligation of Rs.2.70 Cr over the same period and has been unable to repay its debt obligations in a timely manner. The current ratio stood at 1.07 times in FY2023. The cash and bank balances stood at 0.01 in FY2023

### **Outlook: Not Applicable**

### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	15.71	3.94
PAT	Rs. Cr.	0.00	(2.63)
PAT Margin	(%)	0.01	(66.89)
Total Debt/Tangible Net Worth	Times	5.68	4.59
PBDIT/Interest	Times	2.20	(1.29)

### 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

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
21 Jul 2022	Term Loan	Long Term	10.00	ACUITE D (Downgraded from ACUITE B   Stable)
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)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Small Industries Development Bank of India	Not Applicable	Term Loan	20 Jun 2019	10.25	Not available	Simple	10.00	ACUITE D   Reaffirmed

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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