Saanso Pharma Private Limited

September 25, 2023

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	38.00 (Enhanced from 35.00)	CARE BB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1

Rationale and key rating drivers

The reaffirmation in the rating assigned to the enhanced bank facilities of Saanso Pharma Private Limited (SPPL) continues to tempered by project implementation and stabilisation risk associated with its ongoing greenfield project and exposure to regulatory risk. The ratings, however, derive comfort from experienced promoters, favourable location of the facility and the stable industry outlook.

Rating sensitivities: Factors likely to lead to rating actions.

Positive Factors

- Significant project progress as per envisaged timelines
- Ability of the company to enter a supply and offtake arrangement with reputed clients.

Negative Factors

- Any significant delay in project implementation resulting cost overrun.

Analytical approach: Standalone

Outlook: Stable

CARE Ratings believes that the entity will continue to benefit from the extensive experience of the promoters and management in the industry.

Detailed description of the key rating drivers:

Key Weaknesses

Inherent implementation and stabilisation risks associated with its planned greenfield project

The Company has initially started the project to set up a unit for manufacturing injectables at a total project cost of Rs.51.03 crore with expected COD in April 2024. However, due to high demand of the injectables in the market, the company has now planned to increase the capacity with a revised project cost of Rs 60.18, which is funded partly through debt of Rs. 30 crore (~50%) and partly from promoters contribution of Rs.30.18 crore (~50%). Out of the total term debt, the company has received a sanction of Rs 27 crore. As on August 2023, the company has incurred Rs.14.34 crore towards the project which has been funded through promoters contribution. The revised expected COD is now October 2024. Timely completion of the project without incurring any major cost overruns remains critical from credit perspective.

Exposure to regulatory risk

The company is exposed to regulatory risk as the pharmaceutical industry is highly regulated in many countries and require various approvals, licenses, registrations and permissions for business activities. The approval process for a new product registration is complex, lengthy and expensive. Apart from above, the ability of the company to continue to observe the regulatory standards without receiving any critical observations from regulatory authorities are viewed critically from business and credit risk point of view.

[1]Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Key Strengths

Experienced and resourceful promoters

SPPL promoted by Mr.Paturi Siva Bhaskara Naren, Mr. Ratnakaram Vamse Krishna and Mr.Pruthvi Vankineni Krishna. Mr. Vamse Krishna has over 22 years of extensive experience in Pharmaceutical Manufacturing and has donned many caps over his tenure. Mr Vamse Krishna last assignment is with M/s Eugia Pharma Specialities Ltd., (Formerly known as Aurobindo Pharma Ltd., Unit IV) as General Manager – Quality Assurance which has 18 Sterile Manufacturing lines that are USFDA certified. He demonstrated competencies in his previous assignments in designing of manufacturing facilities in-line with cGMP compliance in terms of facility design & contamination controls and implementation of modern Quality Management Tools (Quality Culture, Risk Management, Automated QMS tools) for various drug dosage forms. The operations of the company are further supported by other two directors along with qualified expertise. Mr Siva Bhasakar Naren is a qualified Engineer with around six years of experience in diverse range of departments, his skills serve as the foundation to effectively network, collaborate, negotiate, and positive partnerships with staff, vendors and organizations. Mr. Pruthvi Krishna Vankineni has four years of experience in the fields of Construction, Real Estate and Manufacturing (Food products and beverages particularly edible oil processing and refinery) etc. He also manages his family businesses in the fields of Hospitality, Aqua Culture, Construction, Trading in food grains, export of food items.

Favourable location of the facility

The Proposed project Site is at Eluru District of Andhra Pradesh. The overall industrial township is also accurately connected with parallel States and other parts of India through a well-developed network of roads as well as various modes of transport (Road, Sea & Air).

Stable industry outlook

India is the largest provider of generic drugs globally and is known for its affordable vaccines and generic medications. The Indian Pharmaceutical industry is currently ranked third in pharmaceutical production by volume after evolving over time into a thriving industry growing at a CAGR of 9.43% since the past nine years. The pharmaceutical industry in India is a significant part of the nation's foreign trade and offers lucrative potential for investors. Millions of people around the world receive affordable and inexpensive generic medications from India, which also runs a sizable number of plants that adhere to Good Manufacturing Practices (GMP) standards set by the World Health Organization (WHO) and the United States Food and Drug Administration (USFDA). Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers, which are on the rise.

Liquidity: Adequate

The liquidity position of the company is adequate as the company expecting moratorium of six months from COD, thus providing some liquidity cushion. Furthermore, the promoters are resourceful and bring in need based funds to support the operations.

Assumptions/Covenants: NA

Applicable Criteria

Policy on default recognition
Financial Ratios – Non financial Sector
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Credit Watch
Manufacturing Companies
Pharmaceutical
Project stage companies
Policy on Withdrawal of Ratings

About the company and industry

Industry Classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Healthcare	Healthcare	Pharmaceuticals & Biotechnology	Pharmaceuticals

Andhra Pradesh based, Saanso Pharma Private Limited (SPPL) (erstwhile Genesis IBRC Private Limited) incorporated in the year 2017 promoted by Mr. Paturi Siva Bhaskara Naren, Mr.Ratnakaram Vamse Krishna and Mr. Pruthvi Vankineni Krishna. The company has proposed to set up pharmaceutical manufacturing facility at Eluru, Andhra Pradesh. SPPL has proposed to manufacture Injectables of various capacity. The capacity ranging between 10K to 10 lakh vials. The estimated total project cost has been revised to Rs.60.18 crore from Rs 51.03 crore and proposed to be funded by promoters' contribution of Rs.30.18 crore and term loan of Rs.30 crore and revised expected COD is October 2024.

Brief Financials: Not Applicable due to project stage entity

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure 4

Lender details: Annexure-5

Annexure-1: Details of Instruments / Facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	March-2033	30.00	CARE BB-; Stable
Fund-based - LT-Working Capital Limits		-	-	-	8.00	CARE BB-; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	30.00	CARE BB-; Stable	1)CARE BB-; Stable (27-Jun-23)	-	-	-
2	Fund-based - LT-Working Capital Limits	LT	8.00	CARE BB-; Stable	1)CARE BB-; Stable (27-Jun-23)	-	-	-

*LT:Long term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: NA

Annexure 4: Complexity level of various instruments rated for this company

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT-Working Capital Limits	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

Note on complexity levels of the rated instrument: CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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