Saanso Pharma Private Limited

August 21, 2024

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

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation in the rating assigned to the bank facilities of Saanso Pharma Private Limited (SPPL) continues to remain tempered by project implementation and stabilisation risk associated with its ongoing capex for setting up of a pharma manufacturing unit coupled with exposure to regulatory risk. The ratings, however, derive comfort from experienced promoters and favourable location of the facility.

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 in cost overrun

Analytical approach: Consolidated

CARE has considered consolidated business and financial risk profiles of Saanso Pharma Private Limited (SPPL) and its subsidiary Saanso Life sciences Private Limited (SLSPL), as the entities are linked through a parent-subsidiary relationship.

Outlook: Stable

CARE Ratings believes that the entity will 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 timely completion of the project

Company has undertaken a project for manufacturing of Injectables with a total project cost of Rs.58.48 crore funded partly through debt of Rs.30 crore and partly from promoter's contribution of Rs.28.48 crore. As on June 2024, the company has incurred Rs 35.33 crore (~60% of the project) and the company expecting to complete the project by December 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. 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. 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.

Favourable location of the facility
The Proposed project Site is at Eluru District of Andhra Pradesh. The overall industrial township has good connectivity and easy access to nearby states as well as and other parts of the country through a well-developed network of roads as well as various modes of transport (like Sea & Air).

Satisfactory operations in subsidiary viz. Saanso Life sciences Private Limited
SLSPL is engaged in marketing of pharma products. The company procures products from Maharashtra, Telangana and northern states of India. The company sells to distributors and has a customer base of around 190 distributors all over India. The company reported sales of Rs 13.79 crore in FY2024.

Liquidity: Adequate

The liquidity position of the company is adequate, the company has been sanctioned a moratorium of one year and no principal debt repayment in FY25, repayment will commence from Q3FY26. Furthermore, the promoters are resourceful and will bring in need based funds to support the operations.

Assumptions/Covenants- NA

Environment, social, and governance (ESG) risks - Nil

Applicable criteria
Definition of Default
Liquidity Analysis of Non-financial sector entities
Consolidation
Rating Outlook and Rating Watch
Manufacturing Companies
Pharmaceuticals
Wholesale Trading
Financial Ratios – Non financial Sector

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 is Rs 58.48 crore and proposed to be funded by promoters' contribution of Rs.28.48 crore and term loan of Rs.30 crore and expected COD is December 2024.
Saanso Life Sciences Private Limited (SLSPL; 100% subsidiary of Saanso Pharma Private Limited) established in November 2022 at Hyderabad. The company is engaged in marketing of pharma products. The company procures products from Maharashtra, Telangana and northern states of India. The company sells to distributors and has a customer base of around 190 distributors. SLSPL reported sales of Rs 13.79 crore in FY2024.

Brief Financials (₹ crore)-Consolidated	March 31, 2023 (A)	March 31, 2024 (UA)
Total operating income	2.19	13.79
PBILDT	-1.49	0.82
PAT	-1.22	0.16
Overall gearing (times)	0.84	1.44
Interest coverage (times)	-13.63	1.43

A: Audited UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: NA

Any other information: NA

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: 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 for the 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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	30.00	CARE BB-; Stable	-	1)CARE BB-; Stable (25-Sep-23) 2)CARE BB-; Stable (27-Jun-23)	-	-
2	Fund-based - LT-Working Capital Limits	LT	8.00	CARE BB-; Stable	-	1)CARE BB-; Stable (25-Sep-23) 2)CARE BB-; Stable (27-Jun-23)	-	-

*LT: Long term; ST: Short term; LT/ST: Long term/Short term

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

Annexure-4: Complexity level of the various instruments rated

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

Annexure-6: List of all the entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Saanso Life Sciences Private Limited	100%	Parent- Subsidiary Relationship

Note on the complexity levels of the rated instruments: CARE Ratings 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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