



Rating Rationale

Asolution Pharmaceuticals Private Limited

13 Jun 2018

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 32.92 Crores of Asolution Pharmaceuticals Private Limited.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (December, 2016)	Present
Fund based Term Loan I Term Loan II	28.53 -	23.92 3.00	Long Term	BWR B+ Outlook:Stable (Pronounced as BWR B Plus Outlook Stable)	BWR B+ Outlook:Stable (Pronounced as BWR B Plus Outlook Stable)
PCL/PCFC/FDB P/FDBD/FDBN/ PSCFC Direct Parcel Bill Cash Credit	4.00 - (1.00)	6.00 (2.00) (1.50)	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four)
Non Fund Based Inland/Import LC/Buyers Credit/BG	1.00	(1.00)	Short Term	BWR A4 (Pronounced as BWR A Four)	BWR A4 (Pronounced as BWR A Four)
Total	33.53	32.92	INR Thirty Two crores and Ninety Two lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: Reaffirmed the rating to BWR B+ (Outlook-Stable) / A4 (Pronounced as BWR B Plus Outlook Stable / A Four).

BWR has essentially relied upon the audited financial results of Asolution Pharmaceuticals Private Limited up to FY17, provisional financials for FY18, publicly available information and information and clarifications provided by the company's management.



Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored in vast experience of the management in the industry, adequate infrastructure, infusion of substantial capital by the management. The rating is, however, constrained by low profitability, Stretched working capital cycle and susceptibility of margins to price volatility of raw materials, due to intense competition.

Going forward, the company increase its scale of operations & improve its profitability, achievement of projected financial and adherence/maintain the condition of various financial covenants stipulated by financial institutes and timely payments of debts /interest will remain the key rating sensitivities.

Description of Key Rating Drivers:

Credit Strengths:

- Extensive experienced management of more than three decades in pharmaceutical industry.
- Company obtained all required approvals and licenses from concerned authorities for manufacturing of APIs.
- The production and trading of the company was started in FY17.
- Infusion of substantial capital by the management in Three consecutive years i e. FY16, FY17 and FY18 (Provisional).

Credit Risks:

- Strong competition in pharmaceutical industry , mainly into API market.
- In FY 15 and FY16, sales of the company was low.

Analytical Approach:

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Asolution Pharmaceuticals Private Limited** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company:

Asolution Pharmaceuticals Private Limited was incorporated in 2010 under the guidance of Dr. Nandkumar Chodankar and Dr. Laxmi Chodankar. The company is engaged in custom synthesis and manufacturing of specialty products for API for the international regulated markets. The manufacturing plant of the company is located at MIDC, Ambernath, Dist: Thane, Maharashtra.

Company Financial Performance:

Operating Income increased to Rs. 7.60 cr in Fy17. The company reported loss of Rs. 15.85 cr in FY17. Networth decreased to Rs. 15.49 cr in FY17 from Rs. 20.31 cr in FY16. As per Provisional FY18, the company recorded the Net sales and PAT of Rs. 12.48 cr and Rs. (10.72) cr respectively and net worth increased to Rs. 20.04 cr.

Rating History for the last Three years:

Sr.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	16, December, 2016	2015	2014
	Fund Based						
1	Term Loan I	Long Term	23.92	BWR B+; Stable	BWR B+; Stable		
2	Term Loan II	Long Term	3.00	BWR B+; Stable	NA		
3	PCL/PCFC/FDBP/FD	Short Term	6.00	BWR A4	BWR A4	NA	NA
4	BD/FDBN/PSCFC						
5	Cash Credit	Short Term	(1.50)	BWR A4	BWR A4		
5	Direct Parcel Bill	Short Term	(2.00)	BWR A4	BWR A4		
6	Non Fund Based						
	Inland/Import	Short Term	(1.00)	BWR A4	BWR A4	NA	NA
	LC/Buyers Credit/BG						
	TOTAL		32.92	Rs. Thirty Two crores and Ninety Two lakhs only			

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type			
Operating Income	In ₹ Crs	7.60	0.00
EBITDA	In ₹ Crs	-2.72	-0.05
PAT	In ₹ Crs	-15.85	-0.07
TNW	In ₹ Crs	15.34	20.30
Total Borrowings	In ₹ Crs	55.94	57.94
Total Debt / TNW	Times	3.65	2.85



TOL / TNW	Times	4.52	3.16
DSCR	Times	-0.38	-0.03
ISCR	Times	-0.38	-23.25
Current Ratio	Times	0.13	0.12

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

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For print and digital media

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.



DISCLAIMER

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