



Press Release

Primecare Pharma Private Limited (PPPL)

April 07, 2023

Ratings:

Instrument / Facility	Amount	Ratings	Rating Action	(INR Crore) <u>Complexity Indicator</u>
Long Term Fund Based Facility – CC (Proposed)	100.00	IVR B/ Stable (IVR Single B with Stable Outlook)	Assigned	Simple
Total	100.00 (Rupees One Hundred Crore Only)			

Details of Facilities are in Annexure 1

Detailed Rationale:

The ratings assigned to the bank facilities of Primecare Pharma Private Limited reflects in the experienced promoters and management in the pharma industry and healthy growth prospects for Indian Pharma industry and FMCG industry. The rating however is restricted by the limited track record of the company, small scale of operations coupled with losses incurred for the period FY22, fierce competition prevailing in the pharma industry and susceptibility to risk related to the frequent / significant changes in the pharma and FMCG market.

Key Rating Sensitivities:

Upward Factors:

- A Substantial and Sustained improvement in the revenue and/or EBITDA Margin leading to improvement in the debt protection metrics

Downward Factors:

- Any decline in revenue and EBITDA margin and/or debt funded capex leading to deterioration in debt protection metrics.



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Key Rating Drivers with detailed description

Key Rating Strengths:

Experienced Promoters and Management

Primecare Pharma Pvt Ltd is mainly promoted by Mr. Parveez Ahmed and Mohamed Umar Nayaj. Mr. Parveez, a qualified management professional with an MBA, has over 17 years of experience in Retail banking & Software Industry. Both the directors have extensive experience of over two decades and their strong understanding of the market dynamics and healthy relationships with various stakeholders support the growth of the business.

Healthy growth prospects for Indian Pharma industry and FMCG industry

The demand outlook for pharma industry is favourable on the back of rising population, widening medical insurance coverage, growing awareness for healthcare, and higher incidence of lifestyle diseases. Frequent launches of new products, growing awareness amongst consumers about various FMCG products, rise in disposable incomes of the middle-class population, easier access to consumer goods, effective brand advertising and attractive price points, are all collectively contributing to the FMCG market growth. Additionally, increasing awareness among the consumers and expansion of organized retailing will also be catapulting the demand gradient over the next few years.

➔ Key Rating Weaknesses:

Limited track record and small scale of operations coupled with losses incurred for the period

The company registered a y-o-y increase of 24.67% in the total operating income during FY22 to Rs.7.40 crore, backed by addition of new customers, however the same remained restricted on account of limited track record of operations. Furthermore, the company incurred operating loss during FY22 to the tune of Rs.0.95 crore on account of limited scale of operations of the company, in turn registering an overall loss of Rs.1.03 crore for the said period.

Fiercely competitive Pharma and FMCG industry

Both the pharma and FMCG industry are very competitive with a large number of established organized players and their growing network catering to low/middle income group which affects the pricing flexibility.



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Susceptibility to regulatory risks

The pharma industry is regulated by several policies and bodies in terms of pricing, quality control, safety and health standards, and several other certifications and control standards. Thus, regular investment in the workforce and infrastructure is needed to conduct the business efficiently.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Trading Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria of assigning Rating Outlook](#)

Liquidity: Stretched

PPPL's liquidity position stands stretched marked by negative cash accrual in FY22. The company hasn't availed any working capital facility yet. The Cash and Cash Equivalents stood low at Rs.0.67 Crores as on March 31, 2022. Furthermore, the current ratio also remained below unity.

About the Company:

Primecare Pharma Pvt Ltd is a company which is into manufacturing and distribution of all branded medicines, based in Bangalore, incorporated by Mr. Parveez Ahmed and Dr. Mohamed Umar Nayaz. Till 2019, Pharmacy Retail branches were started as a part of Primecare Medical Services and Multispeciality Clinics (India) Pvt Ltd.

Financials:

(INR Crore)

For the year ended/ As On	31-03-2021 (Audited)	31-03-2022 (Audited)
Total Operating Income	5.96	7.42
EBITDA	-1.59	-0.95
PAT	-1.68	-1.03
Total Debt	0.00	0.00
Adjusted Tangible Net-worth	-1.69	-2.73
Ratios		
EBITDA Margin (%)	-26.79	-12.79
PAT Margin (%)	-28.25	-13.90
Overall Gearing Ratio (x)	0.00	0.00



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Status of non-cooperation with previous CRA: None

Any other information: NA

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstand ing (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21
1	Long Term Fund Based Bank Facilities – Cash Credit (Proposed)	Long Term	100.00	IVR B/ Stable	--	--	--

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About Infomerics:

Infomerics commenced rating & grading operations in April 2015 after having spent over 25 years in various segments of financial services. Infomerics is registered with the Securities and Exchange Board of India (SEBI) and accredited by Reserve Bank of India. It is gradually gaining prominence in domestic rating and/or grading space. Infomerics is striving for positioning itself as the most trusted & credible rating agency in the country and is gradually widening its product portfolio. Company's long experience in varied spectrum of financial services is helping it to fine-tune its product offerings to best suit the market.

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withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors

Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities – Cash Credit (Proposed)	--	--	--	100.00	IVR B/ Stable

Annexure 2: List of companies considered for consolidated analysis: Not Applicable

Annexure 3: Facility wise lender details: Not applicable as it is a proposed facility

Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at <https://www.infomerics.com/>.