



Press Release

Wanbury Limited
September 01, 2022

Ratings:

(INR Crore)

Instrument / Facility	Amount	Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Term Loan	52.82	IVR B+ /Stable Outlook (IVR Single B Plus with Stable Outlook)	Assigned	Simple
Long Term Fund Based Bank Facilities – Cash Credit	9.00	IVR B+ /Stable Outlook (IVR Single B Plus with Stable Outlook)	Assigned	Simple
Long Term Fund Based Bank Facilities – Proposed	0.15	IVR B+ /Stable Outlook (IVR Single B Plus with Stable Outlook)	Assigned	Simple
Short Term Non-Fund Bank Facilities Letter of Credit	3.03	IVR A4 (IVR A Four)	Assigned	Simple
Total	65.00			

Details of Facilities are in Annexure 1

Detailed Rationale:

The ratings assigned to the bank facilities of Wanbury Limited derive strength from Experienced Directors and Professionally qualified management, and Established market position however, the rating strengths are partially offset by relatively Weak financial risk profile and Exposure to regulatory risk.

Key Rating Sensitivities:

Upward Factors:

- If there is a substantial growth in the company's profitability, leading to an improvement in the liquidity position and the capitalization and coverage indicators.



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Downward Factors:

- If the company sees a sharp decline in its revenues and its profit margins deteriorate on a sustained basis. Negative pressure could also arise if there is a significant deterioration in the company's credit metrics or liquidity position.

Key Rating Drivers with detailed description

Key Rating Strengths:

Experienced Directors and professionally qualified management:

Wanbury limited directors Mr. K Chandran & Mr. Narinder Kumar Puri have vast experience & engaged in the pharmaceutical industry for more than four a decade which helps them to understand the requirement of the market and has helped them to maintain strong relationships with customers and suppliers across India and abroad. Moreover, the directors are supported by experienced and qualified professionals constituting the management and project team with more than two decades of experience in the pharmaceutical sector.

Established market position:

The company has a healthy market presence in domestic as well as export markets. Over the last few years, with strong ramp up in the API division, the company's business mix has witnessed a change. The company derives a majority (50%-60%) of its total revenues from export markets, where it has presence in over 50 countries with no dependence on a single customer or region for its revenues.

Key Rating Weaknesses:

Weak financial risk profile:

Financial risk profile continues to be weak with Adjusted net worth of Rs 2.18 and long-term debt 53.82 as on March 31, 2022, Provisional. With expected improvement in operating margin in FY-23, Capital structure and debt protection are expected to improve, with estimated interest coverage ratio & DSCR of 1.71 times and 0.59 times respectively, for fiscal 2022.

Exposure to regulatory risk:

The pharmaceutical industry is highly regulated and requires various approvals, licenses, registrations, and permissions for conducting business activities. The approval process for a new product registration is complex, lengthy and expensive. The time taken to obtain approval varies across countries and authorities, usually taking a minimum of six months to several years from the date of application. Any delay or failure in obtaining approvals for new product launch could adversely affect the business prospect of the company.



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Analytical Approach: Standalone

Applicable Criteria:

Rating Methodology for [Manufacturing Companies](#).

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

Liquidity: Adequate

Due to estimated cash accruals of about Rs 16.20 crore in FY22 provisional and Rs 54.97 crore in FY2023 projected, respectively, against the One Time Settlement dues of 64.00 crore to edelweiss ARC in FY2023, the company has adequate liquidity. The OTS will be partially paid by GCA and the remaining by issuing shares (INR 54.5 crore). The company had cash and cash equivalents of INR25.26 crore and current ratio was 0.51 times in FY22 provisional.

About the Company:

Wanbury Limited, a listed mid-size Pharma company existing for several years in API and formulation business. One of India's fastest growing pharmaceutical companies amongst the 'Top 50 Companies' in India (as per ORG-IMS), has a strong presence in API global market and domestic branded Formulation.

Financials: Standalone

(INR Crore)

For the year ended/ As On	31-03-2021 (Audited)	31-03-2022 (Provisional)
Total Operating Income	392.52	511.19
EBITDA	18.02	35.31
PAT	-12.61	81.47
Total Debt	130.31	67.02
Tangible Net-worth*	-130.66	2.18
Ratios		
EBITDA Margin (%)	4.59	6.91
PAT Margin (%)	-3.19	15.89
Overall Gearing Ratio* (x)	-0.95	30.00

* Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable



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Rating History for last three years:

(INR Crore)

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding	Rating	Date(s) & Rating(s) assigned in 21-22	Date(s) & Rating(s) assigned in 20-21	Date(s) & Rating(s) assigned in 2019-2020
1	Long Term Fund Based Bank Facilities – Term Loan	Term Long	52.82	IVR B+ /Stable Outlook (IVR Single B Plus with Stable Outlook)	--	--	--
2	Long Term Fund Based Bank Facilities – Cash Credit	Long Term	9.00	IVR B+ /Stable Outlook (IVR Single B Plus with Stable Outlook)	--	--	--
3.	Long Term Fund Based Bank Facilities – Proposed	Long Term	0.15	IVR B+ /Stable Outlook (IVR Single B Plus with Stable Outlook)	--	--	--
5.	Short Term Non-Fund Bank Facilities Letter of Credit	Short Term	3.03	IVR A4 (IVR A Four)	--	--	--

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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.

Disclaimer: Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change, suspend or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.



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Annexure 1: Details of Facilities:

(INR Crore)

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities – Term Loan	--	--	--	52.82	IVR B+ /Stable Outlook
Long Term Fund Based Bank Facilities – Cash Credit	--	--	--	9.00	IVR B+ /Stable Outlook
Long Term Fund Based Bank Facilities – Proposed	--	--	--	0.15	IVR B+ /Stable Outlook
Short Term Non-Fund Bank Facilities Letter of Credit	--	--	--	3.03	IVR A4

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

Annexure 3: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/Len-Wanbury-sep22.pdf>

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/>.