

Rating Advisory

May 30, 2020 | Mumbai

Epygen Biotech Private Limited

Advisory as on May 30, 2020

This rating advisory is provided in relation to the rating of Epygen Biotech Private Limited

The key rating sensitivity factors for the rating include:

- Timely servicing of debt

CRISIL Ratings has a policy of keeping its accepted ratings under constant and ongoing monitoring and review. Accordingly, it seeks regular updates from companies on business and financial performance. CRISIL is yet to receive adequate information from Epygen Biotech Private Limited (EBPL) to enable it to undertake a rating review. CRISIL is taking all possible efforts to get the rated entity to cooperate with its rating process for enabling it to carry out the rating review.

CRISIL views information availability risk as a key factor in its assessment of credit risk. (Please refer to CRISIL Ratings publication dated April 30, 2012 - 'Information Availability - a key risk factor in credit ratings')

If EBPL continues to delay the provisioning of information required by CRISIL to undertake a rating review then, in accordance with circular SEBI/HO/MIRSD/MIRSD4/CIR/P/2016/119 dt Nov 1, 2016 and SEBI/HO/MIRSD/MIRSD4/ CIR/ P/2017/ 71 dt June 30, 2017 issued by Securities and Exchange Board of India, CRISIL will carry out the review based on best available information and issue a press release.

About The Company

Incorporated in 2011, EBPL is setting up a manufacturing facility for producing the life-saving thrombolytic enzyme drug- Recombinant - Streptokinase for the cardiovascular market. The company was incorporated by Mr Debayan Sukhamoy Ghosh and Mr Ineeyan Ariyaratnam. The manufacturing facility has been set up at Patalganga, Maharashtra and the incubation center is located at Navi Mumbai.

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Rating Rationale

March 08, 2019 | Mumbai

Epygen Biotech Private Limited

Rating downgraded to 'CRISIL D'

Rating Action

Total Bank Loan Facilities Rated	Rs.25 Crore
Long Term Rating	CRISIL D (Downgraded from 'CRISIL B+/Stable')

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL has downgraded its rating on the bank facilities of Epygen Biotech Private Limited (EBPL) to '**CRISIL D**' from 'CRISIL B+/Stable'.

The downgrade reflects ongoing delays in servicing of interest on term loans.

The rating also factors in risks relating to successful ramp up of operations post implementation and susceptibility of revenue and profitability to change in government regulations. These weaknesses are offset by extensive experience of promoters in the pharmaceutical industry.

Key Rating Drivers & Detailed Description

Weakness

* **Risks relating to ramp up of revenue and profitability:** The Company started partial production in Sep-2018. Due to additional cost incurred for new equipment and additional requirements, the company has not been able to commence operations fully. CRISIL believes timely completion of the project and successful ramp up of operations in the initial phase, will remain a rating sensitivity factor.

* **Susceptible to changes in government regulations:** EBPL is setting up a facility for manufacturing the life-saving thrombolytic enzyme drug - Recombinant- Streptokinase for the cardiovascular market. Though the company has received the Government of India's approval for producing the drug, it remains susceptible to any adverse change in Government regulations.

Strengths

* **Extensive experience of the promoters:** The principal director, Mr Debayan Ghosh, has experience of over 16 years in the pharmaceutical industry, and has executed various projects successfully in the past which is expected to benefit the business risk profile of the company over the medium term.

Liquidity

The company ongoing delays in servicing of interest due on the term loan. The interest is being serviced with delays of around 30-35 days. Further in absence of any fund based working capital limits available with the company, the liquidity position is stretched.

About the Company

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Key Financial Indicators

Particulars	Unit	2017	2016
Revenue	Rs. Cr.	NA*	NA*
Profit After Tax (PAT)	Rs. Cr.	-0.17	NA*
PAT Margins	%	NM**	NA*
Adjusted debt/adjusted networth	Times	0.26	NA*
Interest coverage	Times	NA*	NA*

*Operations not started yet

**Not Meaningful

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of Allotment	Coupon Rate (%)	Maturity date	Issue Size (Rs.Cr)	Rating Assigned with Outlook
NA	Term Loan	NA	NA	Sept-2023	25.0	CRISIL D

Annexure - Rating History for last 3 Years

		Current		2019 (History)		2018		2017		2016		Start of 2016
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund-based Bank Facilities	LT/ST	25.00	CRISIL D			24-05-18	CRISIL B+/Stable	07-03-17	CRISIL B/Stable		--	--

All amounts are in Rs.Cr.

Annexure - Details of various bank facilities

Current facilities			Previous facilities		
Facility	Amount (Rs.Crore)	Rating	Facility	Amount (Rs.Crore)	Rating
Term Loan	25	CRISIL D	Term Loan	25	CRISIL B+/Stable
Total	25	--	Total	25	--

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating criteria for manufacturing and service sector companies](#)

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