



SMERA RATINGS LIMITED

Health Secure (India) Private Limited (HSIPL)

*Rating
Rationale*

November 03, 2015

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	8.00	SMERA B/Stable (Downgraded from SMERA B+/Stable)
Letter of Credit/Bank Guarantee	1.00	SMERA A4 (Reaffirmed)

SMERA has downgraded the rating of the above Rs.8.00 crore long-term (fund based) bank facility of Health Secure (India) Private Limited (HSIPL) to **'SMERA B' (read as SMERA B)** from **'SMERA B+' (read as SMERA B plus)** and reaffirmed the rating of the Rs.1.00 crore short term (non-fund based) bank facility as **'SMERA A4' (read as SMERA A four)**. The outlook is **'Stable'**. The rating downgrade reflects decline in operating margins and deterioration in the financial risk profile marked by high gearing and stretched liquidity position in an intensely competitive segment of the pharmaceutical industry. However, the ratings are supported by the company's experienced management.

Update

The company reported profit after tax (PAT) of Rs.0.23 crore on operating income of Rs.51.98 crore in FY2014-15 as compared with PAT of Rs.1.52 crore on operating income of Rs.48.47crore in the previous year.

Outlook: Stable

SMERA believes the outlook on HSIPL's rated facilities will remain stable over the medium term. The company's ability to expand its scale of operations without compromising on profitability and liquidity position will be a key rating sensitivity. The outlook may be revised to **'Positive'** in case the company registers sustained growth in revenues and profitability while achieving significant improvement in the liquidity position and financial risk profile. Conversely, the outlook may be revised to **'Negative'** in case of sharp deterioration in the company's profit margins or working capital cycle.

Rating Sensitivity Factors

- Scale up operations
- Improve financial risk profile
- Better working capital management

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About the Company

HSIPL, incorporated in 1997, is a Mumbai-based company promoted by Mr. Anirudha T. Wankhede, Dr. Abhijit T. Wankhede and Mr. Arvind T. Wankhede. The company is engaged in the manufacture of pharmaceutical products such as oral liquids, external ointments.

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