

Press Release

Health Secure (India) Private Limited

March 25, 2017

Rating Upgraded

Total Bank Facilities Rated*	Rs. 9.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has upgraded long-term rating of '**SMERA B+**' (**read as SMERA B plus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs. 9.00 crore bank facilities of Health Secure (India) Private Limited. The outlook is '**Stable**'.

Health Secure India Private Limited (HSIPL), incorporated in 1997 is engaged in the manufacture of pharma products such as antibiotics, multivitamins, multi-minerals, protein supplements among others for the National Rural Health Mission. The company is led by Mr. Anirudha Wankhede, Mr. Abhijeet Wankhede and Mr. Arvind Wankhede. .

Key Rating Drivers

Strengths

- Experienced management and long track record of operations**

HSIPL was established in 1997 by Mr. Anirudha Wankhede and Mr. Abhijeet Wankhede. The directors have two decades of experience in the pharmaceutical business.

- Moderate financial risk profile**

HSIPL has moderate financial risk profile. The gearing improved to 1.48 times in FY2016 as against 2.31 times in FY2015 due to infusion of Rs 1 crore as unsecured loan in FY2016. SMERA has considered interest free unsecured loan of Rs 1 crore from promoters as quasi-equity based. This is based on an undertaking received from the company confirming the maintenance of the said amount over the medium term. The Interest coverage ratio also improved to 1.81 times in FY2016 as against 1.51 times in FY2015. The DSCR also improved to 1.69 times in FY2016 as against 1.46 times in FY2015.

- Reputed clientele**

The company mainly caters to Maharashtra, Madhya Pradesh, West Bengal and Gujarat under the National Rural Health Mission (NRHM).

Weaknesses

- Modest scale of operations**

The scale of operations are modest with revenue of Rs 50.64 cr in FY2016 as against Rs 51.98 cr in FY2015. The revenue has been stagnant during the period due to inability of the company to penetrate into markets outside Maharashtra, Madhya Pradesh, Gujarat and West Bengal.

- Intense market competition**

HSIPL faces intense competition from other pharma players.

Analytical Approach

SMERA has considered the standalone financial and business risk profiles of HSIPL.

Outlook: Stable

SMERA believes that the company will maintain a stable outlook and continue to benefit over the medium term from its experienced management. The outlook may be revised to 'Positive' in case of substantial and sustained increase in revenue and profitability margins or in the capital structure supported by capital infusion by promoters. Conversely, the outlook may be revised to 'Negative' in case of a steep decline in profitability margins or capital structure owing to stretch in the working capital cycle or if the company takes on large debt-funded capital expenditure.

About the Rated Entity - Key Financials

For FY2016, HSIPL reported Profit after Tax (PAT) of Rs.0.53 cr on total operating income of Rs.50.64 cr as compared with PAT of Rs.0.10 cr on total operating income of Rs.51.98 cr in FY2015.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Manufacturing Entities - <https://www.smera.in/criteria-manufacturing.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
03-Nov-2015	Cash Credit	Long Term	INR 8	SMERA B / Stable
	Letter of Credit/Bank Guarantee	Short Term	INR 1	SMERA A4
30-Sep-2014	Cash Credit	Long Term	INR 8	SMERA B+ / Stable
	Letter of Credit / Bank Guarantee	Short Term	INR 1	SMERA A4

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	8.00	SMERA B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	SMERA A4

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ABOUT SMERA

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