

Press Release

Health Secure (India) Private Limited (HSIPL)

August 03, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 16.00 Cr. (Enhanced from Rs. 9.00 Cr.)
Long Term Rating	ACUITE B+ / Outlook: Stable (Reaffirmed)
Short Term Rating	ACUITE A4 (Reaffirmed)

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed the long-term rating of '**ACUITE B+**' (**read as ACUITE B plus**) and the short-term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the enhanced limit of Rs. 16.00 crore bank facilities of HEALTH SECURE (INDIA) PRIVATE LIMITED (HSIPL). The outlook is '**Stable**'.

Navi Mumbai based Health Secure India Private Limited was incorporated in 1997 by Mr. Anirudha T. Wankhede, Mr. Abhijit T. Wankhede and Mr. Arvind T. Wankhede. The company is engaged in the manufacturing of pharma products such as multivitamins, multi-minerals, Iron Supplement's, Vitamin A Solution, protein supplements among others for various State and Central Government Institutions. HSIPL has WHO-GMP Certified and NAFDAC approved manufacturing facilities. The manufacturing plant is located in Taloja, Navi Mumbai with an installed capacity to manufacture 15.55 Crore bottles of syrup per Annum, 15.12 Crore tubes per Annum, 5.83 Crore units of External & Powder preparations per Annum. Health Secure has been issued Food License (FSSAI) for manufacturing of dietary supplement's. Health Secure is registered vendors with UNICEF and other UN Agencies.

Analytical Approach

Acuité has considered the standalone financial and business risk profile of Health Secure India Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

- **Established track record of operations and experienced management**

HSIPL was incorporated in 1997 by Mr. Anirudha T. Wankhede, Mr. Abhijit T. Wankhede and Mr. Arvind T. Wankhede. The directors of HSIPL have been associated with the pharmaceutical industry for almost two decades and have gained an experience of dealing with reputed pharmaceutical manufacturers like Hindustan Unilever Ltd, Novartis, Intervet, Wander, Cipla, Meyer Organics to name a few. Acuité believes promoter's extensive experience and long track record of operations of the company in the pharmaceuticals industry has helped the company maintain and reclaim a healthy relationship with its customers and suppliers.

- **Reputed Customer Profile**

HSIPL supplies pharmaceutical products to various State Governments. It has a contract to manufacture 12 products for the Maharashtra Government and vitamin A solution for Government of Gujarat, Multivitamin Drops for West Bengal amongst others. As on date (16th July, 2018), HSIPL holds orders worth ~Rs.90.00 Cr for FY 2018-19. from various State Governments and some reputed pharmaceutical companies including Meyer Organics, Raman & Weil to name a few.

Acuité believes HSIPL will be able to maintain a stable growth in revenue on the back of its reputed clientele.

Weaknesses

• **Weak Financial Risk Profile**

HSIPL has weak financial risk profile marked by weak tangible net worth of Rs.7.97 crore as on 31 March 2018 (Provisional) as against Rs. 6.21 crore as on 31 March 2017. The gearing (debt/equity) stood at 1.74 times as on 31 March 2018 (Provisional) as against 1.55 times as on 31 March 2017. The interest coverage ratio (ICR) improved to 2.17 times in FY2018 (Provisional) as against 1.31 times in FY2017. The debt service coverage ratio (DSCR) stood at 1.69 times in FY2018 (Provisional) as against 1.32 times in FY2017. Total outside liabilities to tangible net worth (TOL/TNW) ratio also improved to 4.96 times as on 31 March 2018 (Provisional) as against 9.74 times as on 31 March 2017. The net cash accruals for FY2018 (Provisional) stood at Rs. 1.77 crore as against the debt obligation of Rs. 0.43 crore in FY2017.

• **Working Capital Intensive Nature of Operations**

HSIPL's operations are working capital intensive marked by a high GCA of 333 days in FY2018 (Provisional) as against 497 days in FY2017. The improvement is on account of decrease in debtor days to 155 in FY2018 (Provisional) from 389 in FY2017. The reason for high debtor days is due to ~90 per cent of the company's revenue being generated from the Government. Further, the inventory days stood at 186 for FY2018 (Provisional) against 108 in FY2017.

Acuité believes HSIPL will be able to improve its working capital cycle intensity on account of addition of non-government clients.

Outlook: Stable

Acuité believes that HSIPL will maintain a stable outlook over the medium term owing to its established presence in the pharmaceutical industry. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues while achieving sustained improvement in profit margins. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile on account of higher-than-expected increase in debt-funded working capital requirements.

About the Rated Entity - Key Financials

	Unit	FY18 (Provisional)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	49.70	46.43	50.64
EBITDA	Rs. Cr.	2.26	1.94	2.96
PAT	Rs. Cr.	0.07	0.02	0.53
EBITDA Margin	(%)	4.54	4.18	5.85
PAT Margin	(%)	0.13	0.05	1.04
ROCE	(%)	8.43	9.51	14.34
Total Debt/Tangible Net Worth	Times	1.74	1.55	1.48
PBDIT/Interest	Times	2.17	1.31	1.81
Total Debt/PBDIT	Times	6.08	4.89	3.26
Gross Current Assets (Days)	Days	333	497	134

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
23-Apr-18	Cash Credit	Long Term	INR 8.00*	ACUITE B+ (Indicative)
	Bank Guarantee	Short Term	INR 1.00*	ACUITE A4 (Indicative)
25-Mar-17	Cash Credit	Long Term	INR 8.00	ACUITE B+/Stable (Upgraded)
	Bank Guarantee	Short Term	INR 1.00	ACUITE A4 (Reaffirmed)
03-Nov-15	Cash Credit	Long Term	INR 8.00	ACUITE B/Stable (Downgraded)
	Bank Guarantee	Short Term	INR 1.00	ACUITE A4 (Reaffirmed)

*Issuer not Cooperating

*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	14.00 (Enhanced from Rs. 8.00 Cr)	ACUITE B+ / Stable (Reaffirmed)
Bank Guarantee/Letter of Credit	Not Applicable	Not Applicable	Not Applicable	2.00 (Enhanced from Rs.1.00 Cr)	ACUITE A4 (Reaffirmed)

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About Acuité Ratings & Research:

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