

Press Release

Azine Healthcare Private Limited

December 21, 2018



Rating Downgraded, Assigned and Withdrawn

Total Bank Facilities Rated*	Rs. 8.50 Cr.
Long Term Rating	ACUITE D (Downgraded from ACUITE B+/Stable)
Short Term Rating	ACUITE D (Downgraded from ACUITE A4)

* Refer Annexure for details

Rating Rationale

Acuité has downgraded the long term rating to '**ACUITE D (read as ACUITE D)**' from '**ACUITE B+ (read as ACUITE B plus)**' and the short term rating to '**ACUITE D (read as ACUITE D)**' from '**ACUITE A4 (read as ACUITE A four)**' to the Rs.6.74 crore bank facilities of Azine Healthcare Private Limited (AHPL).

Acuité has assigned the long term rating of '**ACUITE D (read as ACUITE D)**' to the Rs.1.76 crore bank facilities of Azine Healthcare Private Limited (AHPL).

Acuité has withdrawn the long term rating of '**ACUITE D (read as ACUITE D)**' to the Rs.0.85 crore bank facilities of Azine Healthcare Private Limited (AHPL).

The rating revision is in view of instances of delay in interest repayments and principal repayments due to which penal interest is scrutinised in term loan account statements.

AHPL, incorporated in 2002, is an Ahmedabad-based company promoted by Mr. Shyamsunder Nandkishore Agarwal and Mrs. Rekha Shyamsunder Agarwal. The company is engaged in manufacturing of pharma products such as tablets, capsules, ointments and injectable. The manufacturing units are located at Ahmedabad (Gujarat) and Baddi (Himachal Pradesh) with installed capacity of 10,00,000 units of tablets, 50,000 units of syrups and 1,00,000 units of ORS per annum.

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of AHPL to arrive at this rating.

Key Rating Drivers

Strengths

- **Experienced management**

The promoters possess nearly two decades of experience in this industry. Acuité believes that AHPL will continue to benefit from its experienced management which will help the company to maintain long standing relations with its customers and suppliers.

Weaknesses

- **Delay in debt servicing**

There have been instances of delay in interest repayments and principal repayments due to which penal interest is scrutinised in term loan account statements.

- **Working capital intensive operations**

The company's operations are working capital intensive marked by high Gross Current Assets (GCA) of 198 days in FY2018 as compared to 261 days in FY2017. The GCA days are mainly dominated by high inventory holding of 99 days in FY2018 compared to 125 days in FY2017. The collection period stood high at 87 days in FY2018 compared to 128 days in FY2017. Further, working capital is supported by high creditor days of 101 days in FY2018.

maintain a stable credit profile.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	19.74	15.70	13.19
EBITDA	Rs. Cr.	1.71	1.31	1.80
PAT	Rs. Cr.	0.18	(0.14)	0.01
EBITDA Margin	(%)	8.69	8.32	13.68
PAT Margin	(%)	0.93	(0.90)	0.09
ROCE	(%)	9.22	8.62	8.12
Total Debt/Tangible Net Worth	Times	2.29	3.00	2.71
PBDIT/Interest	Times	1.95	1.53	2.60
Total Debt/PBDIT	Times	4.88	6.99	3.97
Gross Current Assets (Days)	Days	198	261	194

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

None

Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition -<https://www.acuite.in/criteria-default.htm>
- Financial Ratios And Adjustments -<https://www.acuite.in/view-rating-criteria-20.htm>
- Manufacturing Entities -<https://www.acuite.in/view-rating-criteria-4.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
06-Aug-2018	Cash Credit	Long Term	2.50	ACUITE B+ (Indicative)
	Term Loan I	Long Term	0.85	ACUITE B+ (Indicative)
	Term Loan II	Long Term	2.70	ACUITE B+ (Indicative)
	Letter of Credit	Short Term	1.45	ACUITE A4 (Indicative)
	Bank Guarantee	Short Term	1.00	ACUITE A4 (Indicative)
11-Sept-2017	Cash Credit	Long Term	2.50	ACUITE B+/Stable (Assigned)
	Term Loan I	Long Term	0.85	ACUITE B+/Stable (Assigned)
	Term Loan II	Long Term	2.70	ACUITE B+/Stable (Assigned)
	Letter of Credit	Long Term	1.45*	ACUITE A4 (Assigned)
	Bank Guarantee	Long Term	1.00	ACUITE A4 (Assigned)

*Includes sublimit of Buyer's Credit

***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	2.50	ACUITE D (Downgraded from ACUITE B+/Stable)
Term Loan I	Not Applicable	Not Applicable	Not Applicable	0.85	ACUITE D (Withdrawn)
Term Loan II	Not Applicable	Not Applicable	Not Applicable	1.79	ACUITE D (Downgraded from ACUITE B+/Stable)
Letter of Credit	Not Applicable	Not Applicable	Not Applicable	1.45	ACUITE D (Downgraded from ACUITE A4)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE D (Downgraded from ACUITE A4)
Proposed Long Term Facility	Not Applicable	Not Applicable	Not Applicable	1.76	ACUITE D (Assigned)

Contacts

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About Acuité Ratings & Research:

Acuité Ratings & Research Limited (Erstwhile SMERA Ratings Limited) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

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