

Press Release

AAHELI HEALTHCARE PRIVATE LIMITED

November 21, 2017

Rating Assigned



Total Bank Facilities Rated*	Rs. 14.90 Cr.
Long Term Rating	SMERA D

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA D**' (read as SMERA D) on the Rs. 14.90 crore bank facilities of AAHELI HEALTHCARE PRIVATE LIMITED.

Aaheli Healthcare Private Limited (AHPL) is a Navi-Mumbai based company incorporated in 2010. Promoted by Mr. Razak Pathan, Mrs. Haseen Ara Syed, Ms. Naseem Syed and others, the company commenced commercial operations from January, 2016 to manufacture generic pharmaceutical formulations at Karad, Maharashtra. AHPL procures Active Pharmaceutical Ingredients (API) from local suppliers and manufacturers. The installed capacity stands at 5 million tablets, 1.2 million capsules and 20,000 suppositories per day. The company caters to Ajanta Pharma Limited, Generic Healthcare Private Limited, Callidus Research Laboratories Private Limited.

Key Rating Drivers**Strengths****• Experienced management**

The management includes Directors, Mr. Razak Pathan, Mrs. Haseen Ara Syed, Ms. Naseem Syed, Mr. Sunil Shah, Mr. Bhimrao Gole and others who collectively possess more than two decades of experience in the pharmaceutical industry.

Weaknesses**• Ongoing delays in debtservicing**

SMERA has observed ongoing delays in the payment of principal and interest against the term loan. Further, the term loan account has been classified as SMA 1 account. The delays are mainly due to stretched liquidity position of the company as reflected from the fully utilised cash credit facility.

• Small scale and limited track record of operations

Commercial operations commenced in Jan 2016. The total installed capacity is 6.2 million per day for capsules and tablets. The company has reported revenue of Rs. 3.18 crore for FY2017 as against Rs. 2.64 crore in the previous year.

• Weak financial riskprofile

The financial risk profile is weak. The company registered EBITDA margin of 0.92 percent for FY2017 as against 0.77 percent in the previous year. The profit after tax (PAT) margin stood at 0.37 percent for FY2017 as against 0.40 percent in the previous year. The gearing is stretched with debt-to-equity ratio of 2.39 times as on 31 March, 2017 as against 5.95 times in the previous year. The total debt of Rs.22.94 crore mainly includes short term borrowings of Rs.1.02 crore, interest-free unsecured loans of Rs.12.14 crore from related parties and long term borrowings of Rs.6.91 crore as on 31 March, 2017. The debt service coverage ratio stood at 0.01 times for FY2017.

• Working capital intensiveoperations

The operations are highly working capital intensive with gross current asset days at 1045 for FY2017 as

against 795 days in the previous year. This is mainly on account of elongation in debtor days at 341 for FY2017 as against 795 days in the previous year. Further, the cash credit limit has been fully utilised for the last six months ended 31 October, 2017.

Analytical Approach

SMERA has taken a standalone view of the business and financial risk profiles

Outlook:

About the Rated Entity - Key Financials

For FY2016-17, reported profit after tax (PAT) of Rs.0.01 crore on operating income of Rs.3.18 crore as against PAT of Rs.0.01 on operating income of Rs.2.64 crore for FY2015-16. The net worth as on 31 March, 2017 stood at Rs.9.60 crore as against Rs. 3.99 crore in the previous year.

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

None

Any other information

None

Applicable Criteria

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

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Applicable

*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	1.00	SMERA D
Term loans	Not Applicable	Not Applicable	Not Applicable	8.25	SMERA D
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	5.65	SMERA D

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