

Press Release

Mancare Pharmaceuticals Private Limited

04 January, 2018



Rating Assigned

| | |
|-------------------------------------|--------------|
| Total Bank Facilities Rated* | 9.35 Rs. Cr. |
| Short Term Rating | SMERA A4 |

* Refer Annexure for details

Rating Rationale

SMERA has assigned short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs. 9.35 crore bank facilities of Mancare Pharmaceuticals Private Limited (MPPL).

Mancare Pharmaceuticals Private Limited (MPPL), incorporated in 1996 is a Mumbai-based company promoted by Mr. Hasmukh Shah and Mr. Kalpesh Shah. The company is engaged in the manufacturing of generic pharmaceutical formulations such as capsules and tablets. MPPL exports its products to traders primarily in Nigeria.

Key rating drivers

Strengths

Established track record of operations and experienced management: MPPL has been manufacturing generic formulations since 1996. The company is led by Mr. Hasmukh Shah and Mr. Kalpesh Shah who possess three decades of experience in the healthcare industry.

Weaknesses

Below average financial risk profile: The financial risk profile is below average marked by low networth, high gearing and average debt protection margins. The networth stood at Rs. 8.57 crore in FY2017 as against Rs.6.68 crore in FY2016. The gearing stood at 4.57 times as on 31 March, 2017 as against 5.29 times in the previous year. The total debt of Rs.39.15 crore includes working capital funds only. The Interest coverage ratio (ICR) stood at 1.99 times for FY2017 as against 1.93 times in FY2016. The Net cash accruals to total debt (NCA/TD) stood at 0.07 times in FY2017 as against 0.06 times in FY2016.

Profitability susceptible to volatility in foreign exchange rates: MPPL exports its products to Nigeria. The profitability of the company is susceptible to fluctuations in forex exchange rates in the absence of adequate hedging mechanism.

Highly competitive and fragmented industry: The company is exposed to intense competition from organised and unorganised players in the industry.

Analytical approach:

SMERA has considered the standalone business and financial risk profiles of MPPL to arrive at the rating.

About the Rated Entity – Key Financials

| | Unit | FY17 (Actual) | FY16 (Actual) | FY15 (Actual) |
|-------------------------------|---------|---------------|---------------|---------------|
| Operating Income | Rs. Cr. | 27.02 | 31.48 | 32.01 |
| EBITDA | Rs. Cr. | 3.07 | 1.99 | 1.23 |
| PAT | Rs. Cr. | 1.89 | 1.18 | 0.96 |
| EBITDA Margin | (%) | 11.36 | 6.33 | 3.85 |
| PAT Margin | (%) | 6.99 | 3.73 | 3.00 |
| ROCE | (%) | 14.49 | 13.10 | 22.98 |
| Total Debt/Tangible Net Worth | Times | 4.57 | 5.29 | 4.74 |
| PBDIT/Interest | Times | 1.99 | 1.93 | 2.06 |
| Total Debt/PBDIT | Times | 5.42 | 6.22 | 5.73 |
| Gross Current Assets (Days) | Days | 701 | 585 | 508 |

Any other information:

Not Applicable

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>

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

None

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. Crore) | Ratings/Outlook |
|---------------------------------------|------------------|----------------|----------------|-------------------------------|---------------------|
| Packing Credit | Not Applicable | Not Applicable | Not Applicable | 4.25 | SMERA A4 (Assigned) |
| Foreign Discounting for Bill Payables | Not Applicable | Not Applicable | Not Applicable | 4.25 | SMERA A4 (Assigned) |
| Letter of Credit | Not Applicable | Not Applicable | Not Applicable | 0.60 | SMERA A4 (Assigned) |
| Letter of Guarantee | Not Applicable | Not Applicable | Not Applicable | 0.25 | SMERA A4 (Assigned) |

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ABOUT SMERA

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