

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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