



Press Release
NUBENO HEALTHCARE PRIVATE LIMITED
January 16, 2024

Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	44.15	ACUITE BB+ Stable Assigned	-
Bank Loan Ratings	37.35	ACUITE BB+ Stable Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	81.50	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) on the Rs. 37.35 Cr bank facilities of Nubeno Healthcare Private Limited (NHPL). The outlook is '**Stable**'.

Further, Acuite has assigned the long-term rating of '**ACUITE BB+**' (read as **ACUITE double B plus**) to the Rs. 44.15 Cr bank facilities of Nubeno Healthcare Private Limited (NHPL). The outlook is '**Stable**'.

Reason for the rating

The rating takes into account the stable business risk profile of the company in FY23. The revenue of the company improved marginally and stood at Rs.55.67 crore in FY2023 as against the revenue of Rs.43.13 crore in FY2022. The improvement is driven by expansion in export markets. The rating also takes into account the completion of the capital expenditure undertaken wherein the production capacity has been increased, which is expected to further improve the business risk profile over the near to medium term. The financial risk profile of the company remains moderate with moderate networth and gearing levels. The gearing levels are expected to be higher in FY24 due to the addition of debt for the capital expenditure. The ability of the company to accrue the benefits from the capital expenditure and generate adequate cash accruals to meet the increasing maturing debt obligations will be key monitorable in medium term.

About the Company

Incorporated in 2018, Maharashtra based Nubeno Healthcare Private Limited (NHPL) is engaged in manufacturing of medical equipment and surgical items such as intravenous (IV) cannula, syringes etc. Promoted by Nagpur based 'Navbharat' Group, the Company is owned and operated by Mr. Vaibhav Nimish Maheshwari and Mr. Raghav Nimish Maheshwari along with other family members.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Resourceful promoters, experienced management and diversified geographical presence, albeit limited track record of operations

NHPL is promoted by Nagpur based 'Navbharat' Group. The group is an established name in the newsprint business. Promoted by the Maheshwari family, the Group is headed by Mr. Nimish Maheshwari who has an overall experience of over 30 years of leading the Group in publishing, paper manufacturing & real estate development. NHPL is a first venture of the Group in the medical devices industry. NHPL is owned and operated by his two sons Mr. Vaibhav Maheshwari and Mr. Raghav Maheshwari along with other family members. The promoters are ably supported by an experienced management team with an average industry experience of more than two decades. The company has diversified geographical presence. It sells across various states of Kolkata, Orissa, Assam, Bihar, MP and others in the domestic market and exports to Bhutan, Ghana, UAE, UK and others. Acuité believes that the NHPL will continue to benefit from the experience of its promoters and management team and diversified geographical presence over the medium term.

Moderate financial risk profile

The tangible net worth of the company stood at Rs.24.65 crore as on March 31, 2023, as against Rs.19.30 crore as on March 31, 2022. There has been equity infusion of ~Rs.3.00 crore done in FY23. The networth also includes quasi equity of ~Rs.6.07 crore in FY23. The gearing of the company stood at 1.44 times as on March 31, 2023, as against 1.78 times as on March 31, 2022. The total debt of the company consists of long-term debt of Rs.31.27 crore, and short-term debt of Rs.1.71 crore as on March 31, 2023. The company had undertaken capital expenditure of ~Rs.58.52 crore for addition of capacity of the products. The capital expenditure was started in March 2023 and has been completed in December 2023. It is funded through term loan of Rs.37.50 crore, promoters' contribution of ~Rs13 crore and remaining through cash accruals. This significant addition in debt is expected to higher the gearing levels of the company in medium term. The interest coverage ratio stood at 3.83 times as on March 31, 2023, as against 3.14 times as on March 31, 2022. The DSCR stood at 1.72 times as on March 31, 2023, as against 1.80 times as on March 31, 2022. The DSCR is expected to be in the range of 1.43-1.58 times in medium term on account of the debt addition. Acuité believes that the ability of the company the maintain the moderate financial risk profile will be monitorable in medium term.

Weaknesses

Working capital intensive nature of operations

The company's operations are working capital intensive as evident from the GCA days of 173 days as on March 31, 2023, as against GCA days of 192 days as on March 31, 2022. The inventory days stood at 83 days for FY23 as against 91 days for FY22. Average inventory holding period is around 70-80 days. The debtors' days stood at 45 days for FY23 as against 61 days for FY22. The average credit period allowed to the customers is around 45 days. The creditors days stood at 57 days for FY23 against 56 days for FY22. The average credit period received from the supplier is around 50-55 days. The average utilization of the bank limits is moderate at around 65 percent for six months ending October '2023. Acuité believes that the ability of the company to improve the working capital management will remain key rating sensitivity in medium term.

Susceptibility of profitability margins to volatility in raw material prices

The company is primarily engaged into manufacturing of IV cannula and syringes. The key input material for the products is polymer resins, which is crude oil derivative. The prices of this commodity is subject to volatility in line with those of global crude oil prices. This exposes the profitability margins of NHPL to fluctuations in raw material prices.

Rating Sensitivities

Improvement in scale of operations while maintaining the profitability margins.
Any deterioration in the financial risk profile.
Any stretch in the liquidity position.

Liquidity position: Adequate

The company has an adequate liquidity position marked by moderate net cash accruals against the maturing debt obligations. The company generated cash accruals of Rs.5.87crore in FY23 as against maturing debt obligations of Rs. 2.10 crore over the same period. The company is estimated to generate cash accruals of Rs.6.64-11.30 crore over the period 2024-2025 against maturing debt obligations of Rs.6.20-9.47 crore over the same period. The company maintains unencumbered cash and bank balance of Rs.1.08 crore as on March 31, 2023. The current ratio stood at 2.08 times as on March 31, 2023.

Outlook: Stable

Acuite believes that company will maintain a "Stable" outlook in the medium term and will continue to benefit from its experienced management and healthy demand of its products in the market. The outlook may be revised to "Positive", if the company demonstrates substantial and sustained growth in its revenues and/or operating margins from the current levels while maintaining its capital structure . Conversely, the outlook may be revised to "Negative", if company's generates lower-than anticipated cash accruals thereby impacting its financial risk profile, particularly its liquidity.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	55.67	43.13
PAT	Rs. Cr.	3.72	1.73
PAT Margin	(%)	6.69	4.00
Total Debt/Tangible Net Worth	Times	1.44	1.78
PBDIT/Interest	Times	3.83	3.14

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

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
31 Oct 2022	Term Loan	Long Term	3.50	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	7.35	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	16.50	ACUITE BB+ Stable (Assigned)
	Cash Credit	Long Term	4.00	ACUITE BB+ Stable (Assigned)
	Term Loan	Long Term	6.00	ACUITE BB+ Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not Applicable	Cash Credit	Not Applicable	Not Applicable	Not Applicable	Simple	4.00	ACUITE BB+ Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	5.24	ACUITE BB+ Stable Reaffirmed
Not Applicable	Not Applicable	Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	Simple	6.65	ACUITE BB+ Stable Assigned
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	01 Sep 2028	Simple	13.47	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	01 Sep 2028	Simple	4.90	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	01 Jun 2028	Simple	2.49	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	01 Oct 2026	Simple	7.25	ACUITE BB+ Stable Reaffirmed
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	01 Mar 2031	Simple	37.50	ACUITE BB+ Stable Assigned

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & 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. Acuité has assigned 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 Kanjurmarg, Mumbai.

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