



Press Release
INDBEST HEALTHCARE PRIVATE LIMITED
July 09, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	70.00	ACUITE BB- Stable Assigned	-
Bank Loan Ratings	2.87	-	ACUITE A4 Assigned
Total Outstanding Quantum (Rs. Cr)	72.87	-	-

Rating Rationale

Acuite has assigned the long-term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) and the short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 72.87 crore bank facilities of Indbest Healthcare Private Limited (IHPL). The outlook is '**Stable**'.

Rationale for Rating Assigned

The rating assigned reflects company's exposure to moderate capex implementation risk and expected leveraged capital structure in the near to medium term on account of debt funded capex. Furthermore, the operations remain exposed to offtake risk. These weaknesses are partially offset by low funding risk due to financial closure with the Bank.

About the Company

Indbest Healthcare Private Limited (IHPL) incorporated on 10th February 2022 is promoted by Mr. Prem Patel, Ms. Noopur Patel, Mr. Raj Oza and Mr. Vatsal Oza. The company has been incorporated to carry out manufacturing of Large Volume Parenteral (LVP). The manufacturing unit of LVP will be set up at Survey No. 888, near Kamlamrut Industrial Park, Indrad, Dist. Mehsna, Gujarat, India. The installed capacity of proposed plant for production of Large Volume Parenteral (LVP) and WFI (Water for Injections) is 100 ML Bottles PP (1,05,840 Bottles per day), 500 ML Bottles PP (1,68,000 Bottles per day), 1000 ML Bottles PP (25,452 Bottles per day) and 3000 ML Bottles PP (5,000 Bottles per day).

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of Indbest Healthcare Private Limited (IHPL) to arrive at the rating.

Key Rating Drivers

Strengths

Extensive experience of promoters

The promoters have prior experience in managing companies in similar line of business. The promoter's family group have successfully executed a Small Volume Parental (SVP) plant in the vicinity named Kamlaamrut Pharmaceutical LLP. The promoters derive their fair share of pharmaceutical experience from above mentioned concern. Further, the promoters intend to hire an experienced team of professionals to execute the project as well as day to day operations of the plant. Furthermore, the manufacturing facility is state of art and can

produce export quality products as per international standards.

Acuite believes this would help them to scale up the revenue in coming years by having better understanding of the markets and through the various relationship established over years in industry.

Weaknesses

Moderate Implementation Risk along with High Offtake Risk

The construction is on the advance stage and is completed ~50%, currently erection and installation of plant and machinery is under process. The total cost of project is Rs. 99.19 Cr. which is to be funded partly through Rs. 60.00 Cr. term loan from State Bank of India, Rs. 25.00 Cr. from equity infusion from promoters and Rs. 14.19 Cr. from unsecured loans from directors/promoters. In this project, up to 30th June 2024, the firm has incurred Rs. 48.82 Cr. which has been funded by term loan of Rs. 27.79 Cr. and promoter's funding of Rs. 27.79 Cr. Also, the unpaid suppliers stand at Rs. 0.44 Cr. The date of commencement of commercial operation is November 2024 and revenue visibility is yet to be established. Further, the timely completion of construction without any cost and time overrun and commencement of operations as per scheduled date remains a key rating sensitivity.

Regulatory and Competition Risk

The Pharmaceutical industry operates under a comprehensive framework of regulations spanning pricing, quality control, safety, and health standards, alongside various certifications, and control protocols. Pharmaceutical companies within this sector are obligated to secure necessary approvals and certifications, with ongoing requirements for upgrades to ensure smooth operational continuity. Changes or amendments introduced by regulatory bodies have the potential to significantly impact businesses operating within the industry. Additionally, the company faces intense competition from several players in the city from small players as well as large players.

Rating Sensitivities

Timely completion of the project without any cost or time overrun
Timely stabilisation of operations.

Liquidity Position Stretched

The Date of Commencement of Commercial Operations is expected to be November 2024. The firm's liquidity position is expected to remain stretched in initial stages of operation. However, if the operations stabilise the debt servicing should be met out timely. The promoters are expected to infuse equity and unsecured loans to support the business from time to time. However, timely implementation of the project and generation of expected cash accrual will be key rating sensitivity factors.

Outlook: Stable

Acuite believes that IHPL will maintain a 'Stable' outlook based on the positive outlook on the health care industry. The outlook may be revised to 'Positive' in case of timely completion of construction and commencement of operations without time and cost overrun. Conversely, the outlook may be revised to 'Negative' in case of delay in project completion, significant cost over-run resulting in deterioration in the liquidity and leverage position on a prolonged basis

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	(0.04)	(0.04)
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	2.25	84.46
PBDIT/Interest	Times	(3.70)	(1314.52)

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

None.

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 :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	2.87	ACUITE A4 Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	10.00	ACUITE BB- Stable Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2032	Simple	60.00	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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