## Press Release

**DATT MEDI PRODUCTS LIMITED**

**August 11, 2023**

**Rating Reaffirmed & Withdrawn and Withdrawn**

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term R |
|---|---|---|---|
| Bank Loan Ratings | 22.32 | ACUITE B+ \| Reaffirmed & Withdrawn | - |
| Bank Loan Ratings | 0.68 | Not Applicable \| Withdrawn | - |
| Bank Loan Ratings | 0.50 | - | ACUITE A4 \| Reaffirmed & Withdrawn |
| Total Outstanding Quantum (Rs. Cr) | 0.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 23.50 | - | - |

## Rating Rationale

Acuité has reaffirmed & withdrawn its long term rating of **'ACUITE B+' (read as ACUITE B plus)'** on the Rs 22.32 crore long term bank facilities of Datt MediProducts Limited (DMPL).
Acuite has reaffirmed & withdrawn its short term rating of **ACUITE A4 (read as ACUITE A four)** on the Rs 0.50 crore short term bank facilities of Datt MediProducts Limited (DMPL).
Acuite has withdrawn its proposed long term rating on the bank facilities of Rs 0.68 crore of Datt MediProducts Limited (DMPL).
The rating is being withdrawn on account of the request received from the company and the NOC received from the banker as per Acuité's policy on withdrawal of ratings.

**Rationale for the Reaffirmation**

The rating reaffirmation is on account of stable operating and financial performance of the company. The operating income improved to Rs 138.39 Cr in FY23 (Prov) as against Rs 96.77 Cr in FY22. The rating also draws comfort from long track record of operations , extensive experience of promoters in the healthcare business and long term relationships with its customers and suppliers. However, these strengths are partly offset by working capital intensive nature of operations of the company & regulated nature of industry.

## About the Company

The New Delhi-based DML was established in 1995. Headed by Mr. Rajan Datt, DML undertakes manufacturing and export of medical supplies such as gauze, bandages, adhesives, dressings and paper tapes.

## Analytical Approach

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

## Key Rating Drivers

### Strengths

**Experienced Management with established track record of operations and diversified product portfolio**

The New Delhi-based DML was established in 1995. Headed by Mr. Rajan Datt, DML undertakes manufacturing and export of medical supplies such as gauze, bandages,

adhesives, dressings and paper tapes. Furthermore, the extensive experience of the promoters with a strong name has enabled the company to maintain and established long relationships with its customers and suppliers. The operating income of the company stood at Rs 138.39 Cr in FY23 (Prov) as against Rs 96.77 Cr in FY22. The reason for increase in the revenue for FY23 is due to high demand for the medical products in local markets.
Acuité believes that the DMPL promoter's experience, brand presence in the medical equipment industry and the government push towards improvement in healthcare sector in India will support its business risk profile over near to medium term.

### Moderate Financial Risk Profile

The financial risk profile of the firm remained average marked by average net worth, gearing ratio & debt protection metrics. The net worth stood at Rs 43.85 Cr as on 31 March 2023 (Prov) as against Rs 37.99 Cr same period last year. The gearing level of the company remained at 0.46 times as on 31 March 2023 (Prov) as against 0.53 times same period last year. Also, the Total Outside Liabilities to Tangible Net Worth (TOL/TNW) ratio stood at 1.18 times in as on 31 March 2023 (Prov) compared against 1.25 times as on 31 March 2022. The debt protection matrices of the company is improving marked by Interest Coverage Ratio (ICR) of 6.72 times for FY23 (Prov) and Debt service coverage ratio (DSCR) of 2.70 times for the same period.
Acuité expects DMPL's financial risk profile to improve over the medium term in absence of any major debt funded capex plan.

## Weaknesses

### Working capital intensive nature of operations

The operations of the company remained working capital intensive in nature marked by GCA Days of 166 days for FY23 (Prov) as compared against 210 days for FY22. Furthermore, the receivables days stood at 28 days in FY23 (Prov) against 45 days in FY22. The inventory days of the company stood at 84 days for FY23 (Prov) as against 112 days for FY22. The creditor days stood at 62 days for FY23 (Prov) compared against 96 days for FY22.

### Regulatory and Competition Risk

The healthcare sector functions under multiples layers of regulations of government and professional bodies. DMPL remains exposed to intense competition from various organized and unorganized players.

## Rating Sensitivities

- Sustaining and Improving scale of operations while maintaining profitability margins
- Elongation of working capital cycle
- Deterioration in liquidity position

## Material covenants

None

## Liquidity Position

### Adequate

The liquidity position of the company remains adequate marked by moderate net cash accruals of Rs 8.05 Cr in FY23 (Prov) against Rs 1.83 Cr maturing debt obligations for the same period. The current ratio of the company remains above unity at 1.40 times as on 31 March 2023 (Prov). The company has unencumbered cash and bank balances of Rs 6.31 Cr as on 31 March 2023 (Prov).
Acuite believes that the liquidity position would be adequate over the medium term on account of moderate cash accruals as against low repayment obligations.

## Outlook: Not Applicable

## Other Factors affecting Rating

None

## Key Financials

| Particulars | Unit | FY 23 (Provisional) | FY 22 (Actual) |
|---|---|---|---|
| Operating Income | Rs. Cr. | 138.39 | 96.77 |
| PAT | Rs. Cr. | 5.85 | 0.65 |
| PAT Margin | (%) | 4.23 | 0.67 |
| Total Debt/Tangible Net Worth | Times | 0.46 | 0.53 |
| PBDIT/Interest | Times | 6.72 | 2.61 |

## 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, Acuité 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 |
|---|---|---|---|---|
| 02 Jun 2022 | Cash Credit | Long Term | 12.30 | ACUITE B+ (Downgraded and Issuer not co-operating*) |
| | Bank Guarantee | Short Term | 0.30 | ACUITE A4 (Downgraded and Issuer not co-operating*) |
| | Proposed Bank Facility | Long Term | 0.68 | ACUITE B+ (Downgraded and Issuer not co-operating*) |
| | Packing Credit | Long Term | 8.00 | ACUITE B+ (Downgraded and Issuer not co-operating*) |
| | Letter of Credit | Short Term | 0.20 | ACUITE A4 (Downgraded and Issuer not co-operating*) |
| | Term Loan | Long Term | 2.02 | ACUITE B+ (Downgraded and Issuer not co-operating*) |
| 27 Feb 2021 | Proposed Bank Facility | Long Term | 0.68 | ACUITE BB- (Downgraded and Issuer not co-operating*) |
| | Term Loan | Long Term | 2.02 | ACUITE BB- (Downgraded and Issuer not co-operating*) |
| | Cash Credit | Long Term | 12.30 | ACUITE BB- (Downgraded and Issuer not co-operating*) |
| | Packing Credit | Long Term | 8.00 | ACUITE BB- (Downgraded and Issuer not co-operating*) |
| | Bank Guarantee | Short Term | 0.30 | ACUITE A4+ (Issuer not co-operating*) |
| | Letter of Credit | Short Term | 0.20 | ACUITE A4+ (Issuer not co-operating*) |

## Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Complexity Level | Quantum (Rs. Cr.) | Rating |
|---|---|---|---|---|---|---|---|---|
| Punjab and Sind Bank | Not Applicable | Bank Guarantee (BLR) | Not Applicable | Not Applicable | Not Applicable | Simple | 0.30 | ACUITE A4 \| Reaffirmed & Withdrawn |
| Punjab and Sind Bank | Not Applicable | Cash Credit | Not Applicable | Not Applicable | Not Applicable | Simple | 12.30 | ACUITE B+ \| Reaffirmed & Withdrawn |
| Punjab and Sind Bank | Not Applicable | Letter of Credit | Not Applicable | Not Applicable | Not Applicable | Simple | 0.20 | ACUITE A4 \| Reaffirmed & Withdrawn |
| Punjab and Sind Bank | Not Applicable | PC/PCFC | Not Applicable | Not Applicable | Not Applicable | Simple | 8.00 | ACUITE B+ \| Reaffirmed & Withdrawn |
| Not Applicable | Not Applicable | Proposed Long Term Bank Facility | Not Applicable | Not Applicable | Not Applicable | Simple | 0.68 | Not Applicable \| Withdrawn |
| Punjab and Sind Bank | Not Applicable | Term Loan | Not available | Not available | Not available | Simple | 2.02 | ACUITE B+ \| Reaffirmed & Withdrawn |

## Contacts

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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.