

FEBRUARY 08, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES AND ASSIGNS 'CARE BBB- (FD)' RATING TO THE FIXED DEPOSIT ISSUE OF AMANTA HEALTHCARE LIMITED

Ratings

Facilities / Instrument	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	72.73 (reduced from Rs.83.01 crore)	CARE BBB- (Triple B Minus)	Reaffirmed
Short-term Bank Facilities	13.55	CARE A3 (A Three)	Reaffirmed
Total Facilities	86.28 (Rupees Eighty Six crore and Twenty Eight lakh only)		
Medium Term Instrument – Fixed Deposit	10.00 (Rupees Ten crore only)	CARE BBB- (FD) [Triple B Minus (Fixed Deposit)]	Assigned

Rating Rationale

The ratings assigned to the bank facilities of Amanta Healthcare Limited (AHL) continue to derive strength from the vast experience of the promoters in Intravenous Fluids (IVF) business and AHL's established and long track record of operations supported by the diversified revenue-mix and clientele. The ratings also continue to take into account the continuous growth in the scale of operations with healthy albeit declining profitability, moderate leverage and infusion of funds by a private equity (PE) fund.

The ratings, however, continue to be constrained by the vulnerability of AHL's profit margins to volatility in raw material prices and foreign exchange rate fluctuations along with the risk associated with quality assurance and storage of IVF.

AHL's ability to realise the envisaged benefits from full stabilisation of enhanced large volume IVF capacities leading to healthy growth in scale of operations along with improved profitability, manage risks associated with volatile raw material prices and any large-sized future capex programme and its funding profile would remain the key rating sensitivities.

Background

AHL is a closely-held public limited company promoted by Mr Rohit J. Patel, Mr Bhavesh G. Patel and other family members in 1995. AHL is engaged in the manufacturing of sterile liquid parenterals using Aseptic Blow-Fill-Seal (BFS) technology at its two ISO-certified and cGMP compliant manufacturing facilities; one at Kheda, Gujarat, and another at District North Goa, Goa. AHL's product portfolio comprises both Large Volume Parenteral (LVP) and Small Volume Parenteral (SVP) mainly Intravenous fluid, Anti-biotic, Anti-fungal, Ophthalmic, Diuretics and other injectables. As on March 31, 2015, AHL had an installed capacity of 1,096 lakh bottles and 2,525 lakh bottles per annum of LVP and SVP, respectively. During FY15, AHL completed capacity expansion project at Kheda for manufacturing of LVP with capacity addition of 300 lakh bottles per annum and started commercial production from August 4, 2014.

As per the audited results for FY15 (refers to the period April 1 to March 31), AHL reported a PAT of Rs.0.55 crore on a total operating income of Rs.172.98 crore as against a PAT of Rs.15.19 crore on a total operating income of Rs.164.91 crore in FY14. Further, as per the un-audited result for 9MFY16, AHL reported a PAT of Rs.6.07 crore on a total operating income of Rs.137.31 crore.

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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