

SEPTEMBER 26, 2016

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES AND FD ISSUE OF AMANTA HEALTHCARE LIMITED

Ratings

Facilities / Instrument	Amount (Rs. crore)	Ratings ¹	Remarks
Long-term Bank Facilities	61.65 (reduced from Rs.72.73 crore)	CARE BBB- (Triple B Minus)	Reaffirmed
Short-term Bank Facilities	13.55	CARE A3 (A Three)	Reaffirmed
Total Bank Facilities	75.20 (Rupees Seventy-five crore and Twenty lakh only)		
Medium Term Instrument – Fixed Deposit	10.00 (Rupees Ten crore only)	CARE BBB- (FD) [Triple B Minus (Fixed Deposit)]	Reaffirmed

Rating Rationale

The ratings assigned to the bank facilities and instruments 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 product-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, infusion of funds by a private equity (PE) fund and gradual stabilization of large-sized enhanced capacities during FY16 (refers to the period April 1 to March 31).

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, risk associated with quality assurance and storage of IVF and AHL's presence in highly competitive IVF market in India although provides opportunity for growth.

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) IVF for fluid therapy, formulations, anti-biotic, anti-fungal, ophthalmic, diuretics and other injectable. As on March 31, 2016, AHL had an installed capacity of 1,096 lakh bottles and 2,525 lakh bottles per annum of LVP and SVP, respectively.

As per the audited results for FY16, AHL reported a PAT of Rs.12.63 crore on a total operating income of Rs.199.98 crore as against a PAT of Rs.0.55 crore on a total operating income of Rs.172.98 crore in FY15.

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

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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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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