Anlon Healthcare Private Limited

June 5, 2017

Ratings

Facilities	Amount (Rs. crore)	Rating[1]	Rating Action
Long-term/Short-term Bank Facilities	3	CARE B+; Stable/CARE A4 (Single B Plus; Outlook: Stable/A Four)	Assigned
Long-term Bank Facilities	11.50	CARE B+; Stable (Single B Plus; Outlook: Stable)	Assigned
Total Facilities	**14.50 (Rupees Fourteen crore and Fifty lakh only)**		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

Rajkot-based (Gujarat), AHPL was incorporated in March 2014 by three directors namely Mr Punit Rasadia, Mr Vaibhav Ramani and Mr Meet Vachhani. The company is setting up a unit for manufacturing of pharma intermediates and ingredients having total installed capacity of 11 metric tonnes per month. Total project cost envisaged at Rs.26 crore which will be funded through debt/equity mix of 1.08 times. AHPL has envisaged commencing operations by end of June 2017. Promoters of AHPL are also associated with another group company named Anlon Chemical Research Organization which is into trading of pharma products.

Detailed description of the key rating drivers

Key Rating Strengths

Project implementation and stabilization risk: AHPL is implementing a Greenfield project of Manufacturing of Pharma intermediates and ingredients with the estimated cost of Rs.26 crore to be funded through debt/equity mix of 1.08 times. Till March 31, 2017, AHPL had incurred 91.92% of total cost of the project. With balance costs yet to incur, the firm is exposed to project implementation and stabilization risk.

Increasing competitive pressure and regulatory burden: AHPL faces high competition within similar segment in domestic market wherein large number of players operates at large and small level. Further, pharmaceutical sector is one of the most regulated sectors by the government because of its relevance with public health.

Raw material price fluctuation risk: AHPL will manufacture pharma intermediates and ingredients, which required many different chemicals and solvents as raw material. There is a risk of unexpected change of price of them depending upon the demand and supply, which can have a direct impact on the profitability of the company.

Key rating strengths

Experienced promoters: AHPL has been promoted by three promoters who are holding healthy experience in the pharma industry. Further, they are also associated with Anlon Chemical Research Organization (ACRO), a group entity which is engaged in the business of pharma products trading.

Analytical approach: Standalone

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings]
[CARE's Policy on Default Recognition]
[Rating Methodology - Pharmaceutical Sector]
[Financial ratios – Non-Financial Sector]
[Criteria for Short Term Instruments]
[CARE's methodology for Manufacturing Companies]

About the Company

Rajkot-based (Gujarat), AHPL was incorporated in March 2014 by three directors namely Mr Punit Rasadia, Mr Vaibhav Ramani and Mr Meet Vachhani. The company is setting up a unit for manufacturing of pharma intermediates and ingredients having total installed capacity of 11 metric tonnes per month. Total project cost envisaged at Rs.26 crore

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

which will be funded through debt/equity mix of a term loan of Rs.11.50 crore, equity share capital of Rs.8 crore and balance by way of unsecured loans of Rs.6.50 crore. AHPL has envisaged commencing operations by end of June 2017.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

Note on complexity levels of the rated instrument: *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 /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook 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.

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	September, 2022	11.50	CARE B+; Stable
Fund-based - LT/ ST-Cash Credit	-	-	-	3.00	CARE B+; Stable / CARE A4

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Fund-based - LT-Term Loan	LT	11.50	CARE B+; Stable	-	-	-	-
2.	Fund-based - LT/ ST-Cash Credit	LT/ST	3.00	CARE B+; Stable / CARE A4	-	-	-	-

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