



## Press Release

### Amanta Healthcare Limited (AHL)

August 16, 2023

#### Ratings:

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	38.25	IVR BBB- / Stable Outlook [IVR Triple B Minus with Stable Outlook]	Assigned	Simple
Short Term Bank Facilities	11.75	IVR A3 [IVR A Three]	Assigned	Simple
Fixed Deposit	8.00	IVR BBB- / Stable Outlook [IVR Triple B Minus with Stable Outlook]	Assigned	Simple
<b>Total</b>	<b>58.00</b>			

**Details of Facilities are in Annexure 1**

#### **Detailed Rationale:**

The rating assigned to the bank facilities / instrument of Amanta Healthcare Limited derives its strengths from strong business profile, under penetration of Intravenous fluids and strong industry fundamentals, strong revenue growth and sustained EBITDA margins, improved leverage, stable working capital cycle and stable liquidity. The rating is however constrained by the susceptibility of its margins to volatile raw material prices and foreign exchange fluctuation risks, risk related to the quality assurance and proper storage, presence in price-controlled and competitive formulation industry.



## Press Release

### **Key Rating Sensitivities:**

#### **Upward Factors:**

- Substantial and sustained improvement in the company's revenue and/or profitability while maintaining the debt protection parameters.

#### **Downward Factors:**

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection parameters.

### **Key Rating Drivers with detailed description**

#### **Key Rating Strengths:**

##### **Strong Business profile:**

AHL has a strong business profile, with a market share of 40% at the end of FY23 in Steripot. Steripot's revenue share in the overall revenue has increased on y-o-y basis to 43% at the end of FY23 (FY22:38%); followed by fluid therapy and formulation which contributes 20% and 12% respectively (FY22:25%,12%). Also, with the shift from one single port to a high margin two ports is expected to improve profitability in the medium term.

##### **Under penetration of IV Fluid and strong industry fundamentals:**

Per Capita consumption in India is at 0.9 L- 1L as compared to 3L -3.5 L in the advanced markets. Further, for big pharmaceutical companies setting up of sterile liquid parenteral is uneconomical due to small market size despite industry size is increasing on y-o-y basis. Also, being two port becomes mandatory in most of the countries and AHL enjoys the first mover advantage in entering two port market.

##### **Strong Revenue Growth and Sustained EBITDA Margins:**

AHL has witnessed strong revenue growth with revenue has increased at CAGR of 23.07% to INR 261.03 crores in FY23 as compared to FY21 (INR 171 crores); while EBITDA margins remains strong and was in the range of 18%-23% through FY21-FY23, while EBITDA margins have declined in FY23 due to sudden increase in raw material prices due to Russia and Ukraine war in 1HFY23.



## Press Release

However, AHL's margins stabilized during 2HFY23. In FY23, AHL had a net profit margin of ~1% which was affected on account of MAT credit entitlement worth INR ~14 crores which they had to write off as the company had opted for concessional corporate tax.

### **Improved leverage:**

Leverage in terms of gearing has improved on a y-o-y basis to 2.77x at the end of FY23 as compared to 2.99x in FY22 with improvement in profitability due to lower interest cost. We expect gearing to improved further with stable profitability and no further debt led capex. Total debt/EBITDA has also improved on a y-o-y basis to 4.27x in FY23 as compared to 6.12x in FY21. TOL/TNW has also improved on a y-o-y basis to 3.95x at the end of FY23 as compared to 4.43x in FY22. We expect debt protection metrics to improve further with stable profitability.

### **Stable working capital cycle and stable liquidity:**

The working capital cycle has improved to 128 days in FY23 as compared to 148 days in FY22 due to lower receivable days (FY23: 70 FY22:77) and lower inventory days (FY23:122, FY22: 137). Liquidity remains stable with ~12% unused utilization of working limits of INR 38.25 crores, positive cash flow from operations and cash and cash equivalents of INR 6.33 crores at the end of FY23. DSCR also remains comfortable through FY24-FY26.

### **Key Rating Weaknesses:**

#### **Susceptibility of its margins to volatile packing material prices and foreign exchange fluctuation:**

In addition to other bulk medications and chemicals, plastic granules are the primary raw material for AHL. Since plastic granules are derived from crude oil, fluctuations in the price of crude oil globally could have an impact on AHL's profitability. Additionally, AHL obtains its raw materials from both domestic and foreign markets. As a result, in the absence of any active hedging strategy, AHL is also subject to unfavorable foreign exchange rate fluctuation. The risk is only slightly reduced, though, because AHL has a natural hedge available because its exports exceed its imports.



## Press Release

**Risk related to the quality assurance and proper storage:**

IV fluid products are infused in patient body & directly mix with blood, which is very critical to human health, and hence for these products, it is crucial that the hospitals and other customers who buy these products have adequate and proper storage facilities. Also, AHL faces a high reputation risk being in an industry that manufactures critical drugs to human health.

**Presence in price-controlled and competitive formulation industry:**

Due to the large increase in investments made by domestic firms in marketing initiatives through the development of their field forces, there has been an increase in competitive pressure in the domestic formulation market. On the other hand, global corporations have also turned their attention back to India. Government rules, such as those put in place by the National Pharmaceutical Pricing Authority (NPPA), may potentially impede the expansion and profitability of the sector. However, the domestic formulations market is anticipated to expand due to an increase in chronic diseases, rising per capita income, better access to healthcare facilities, and rising health insurance coverage.

**Analytical Approach:** Standalone

**Applicable Criteria:**

[Rating Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for rating outlook](#)



## Press Release

### **Liquidity – Adequate**

The company has a comfortable liquidity position with gross cash accruals of INR 18.88 crores against debt obligations of INR 4.57 crores as on 31st March 2023. The current ratio of the company also stood at a comfortable 1.51x as on 31st March 2023 as compared to 1.28x as on 31st March 2022. The company's free cash and cash equivalent also stood at INR 6.33 crores as on 31st March 2023. The company's unused utilization of ~12% of working limits of INR 38.25 crores, positive cash flow from operations also contribute to the stable liquidity position of the company.

### **About the Company:**

Amanta Healthcare Limited (AHL) (CIN: U24139GJ1994PLC023944) is a closely held public limited company promoted by Mr. Bhavesh G. Patel and other family members in 1995. At its ISO-certified and cGMP compliant manufacturing plant in Kheda, Gujarat, AHL uses aseptic BFS technology to produce sterile liquid parenteral. LVP and SVP for fluid treatment, formulations, antibiotics, antifungals, ophthalmology, diuretics, and other injectables are all included in AHL's product line-up. As of March 31, 2023, AHL had installed capacities for LVP, SVP and Steriport of 666 lakh bottles, 2400 lakh bottles and 850 lakh bottles per annum, respectively. At its ISO-certified and c-GMP compliant manufacturing facility, AHL is engaged in the production of LVP and Small Volume Parenteral (SVP) using the Blow-Fill-Seal (BFS) technology. AHL can produce and package Sterile Liquid Parenteral in volumes ranging from 5 ml to 1000 ml. The business has been in business for almost 25 years. AHL has increased its installed capabilities throughout the years because of efficient capacity usage. Around 80 therapeutic and non-therapeutic products are included in AHL's product portfolio, including fluid therapy items, formulations (injections for medications including anti-bacterial, diuretic, and anti-fungal), ophthalmology, diluents, respiratory items, and irrigation solution items. AHL also sells heavily to Africa and Southeast Asia and has a diverse clientele extending across more than 70 nations and five continents. AHL also has almost 250 product registrations across several nations to meet export demand.



## Press Release

### Financials: Standalone

(Rs. Crore)

For the year ended/ As On	31-03-2022	31-03-2023
	(Audited)	(Audited)
Total Operating Income	225.76	261.03
EBITDA	52.38	49.82
PAT	55.11	2.29
Total Debt	215.65	204.73
Tangible Net-worth	72.22	73.87
<b>Ratios</b>		
EBITDA Margin (%)	23.09	18.49
PAT Margin (%)	24.29	0.86
Overall Gearing Ratio (x)	2.99	2.77

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Sr. No.	Name of Instrument / Facilities	Current Ratings (Year 2023-24)			Rating History for the past 3 years		
		Type	Amount outstanding (INR Crore)	Rating	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22	Date(s) & Rating(s) assigned in 2020-21 (May/11/20)
1.	Long Term Bank Facilities	Long Term	38.25	IVR BBB- / Stable Outlook [IVR Triple B Minus with Stable Outlook]	-	-	-
2.	Short Term Bank Facilities	Short Term	11.75	IVR A3 [IVR A Three]	-	-	-





## Press Release

3.	Fixed Deposit	Long Term	8.00	IVR BBB- / Stable Outlook [IVR Triple B Minus with Stable Outlook]	-	-	-
----	---------------	-----------	------	--	---	---	---

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it based on complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).

### Name and Contact Details of the Analytical Team:

Name: Amey Joshi

Tel.: (022) 6239 6023

Email: [amey.joshi@infomerics.com](mailto:amey.joshi@infomerics.com)

### About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to the best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates a wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit [www.infomerics.com](http://www.infomerics.com).



## Press Release

**Disclaimer:** Infomerics ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. The credit quality ratings are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. We, however, do not guarantee the accuracy, adequacy or completeness of any information, which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Long Term Bank Facilities - Cash Credit	--	--	--	38.25	IVR BBB- / Stable Outlook [IVR Triple B Minus with Stable Outlook]
Short Term Bank Facilities – Letter of Credit/ Bank Guarantee	--	--	--	11.75	IVR A3 [IVR A Three]
Fixed Deposit	--	--	--	8.00	IVR BBB- / Stable Outlook [IVR Triple B Minus with Stable Outlook]

**Annexure 2: List of companies considered for consolidated analysis: Not applicable.**

**Annexure 3: Facility wise lender details:**

<https://www.infomerics.com/admin/prfiles/len-amanta-aug23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities: Not Applicable**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it based on complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com)