

August 30, 2024

Hemant Surgical Industries Limited: Outlook revised to Stable from Positive, continues to remain under issuer Non-Cooperating category

Summary of rating action

Instrument [^]	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund based – working capital	2.50	2.50	[ICRA]BB+(Stable) ISSUER NOT COOPERATING*; outlook revised to Stable from Positive; rating continues to remain under issuer not cooperating category
Short-term non-fund based limits	26.50	26.50	[ICRA]A4+; ISSUER NOT COOPERATING*; rating continues to remain under issuer not cooperating category
Unallocated limits	0.20	0.20	[ICRA]BB+(Stable)/[ICRA]A4+; ISSUER NOT COOPERATING*; outlook revised to Stable from Positive; rating continues to remain under issuer not cooperating category
Total	29.20	29.20	

*Issuer did not cooperate; based on best available information.

[^]Instrument details are provided in Annexure-I

Rationale

ICRA has revised the outlook on the long-term ratings of Hemant Surgical Industries Limited (HSIL) to Stable from Positive and has kept the ratings in the 'Issuer Not Cooperating' category. The ratings are denoted as “[ICRA]BB+ (Stable)/ [ICRA]A4+; ISSUER NOT COOPERATING”.

The revision in the outlook is because of lack of adequate information regarding HSIL and hence the uncertainty around its credit risk. ICRA assesses whether the information available about the entity is commensurate with its rating and reviews the same as per its “Policy in respect of non-cooperation by a rated entity” available at www.icra.in. The lenders, investors and other market participants are thus advised to exercise appropriate caution while using this rating as the rating may not adequately reflect the credit risk profile of the entity, despite the revision in the outlook of the long-term ratings.

As part of its process and in accordance with its rating agreement with HSIL, ICRA has been trying to seek information from the entity so as to monitor its performance. Further, ICRA has been sending repeated reminders to the entity for payment of surveillance fee that became due. Despite multiple requests by ICRA, the entity’s management has remained non-cooperative. In the absence of requisite information and in line with the aforesaid policy of ICRA, a rating view has been taken on the entity based on the best available information.

Please refer to the following link for the previous detailed rationale that captures key rating drivers and their description, liquidity position, rating sensitivities: [Click here](#). ICRA is unable to provide the latest information because of non-cooperation by the entity.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Policy In Respect of Non-Cooperation by a Rated Entity
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone financials.

About the company

Incorporated in 1989, HSIL is a manufacturer, exporter, importer, trader, distributor and supplier of disposable surgical products, nebulisers, hemodialysis equipment and other products for over 80dealers across India. It is the exclusive supplier of surgical disposables from JMS (Japan) and silicon foley catheters from Haiyan Knagyuan Medical Instrument Co. Limited (China). The company has also received technical transfer from JMS for its medical tape, which is manufactured and exclusively distributed by HSIL. HSIL was listed on the BSE SME platform by the way of an IPO in June 2023.

HSIL also supplies dialysis equipment, renal care, oxygen concentrators, air mattresses, ultrasound machines and digital thermometers, among other products. Further, it designs and manufactures a range of nebulisers, which are marketed under the company's own AERO brand. HSIL also refurbishes second-hand dialysis machines, and manufactures and supplies related accessories, dialysers and haemodialysis solutions. The registered office of the company is in Mumbai, while it has three manufacturing and assembly units in Achhad, Atgaon and Bhiwandi in Maharashtra.

Key financial indicators

HSIL - Standalone	FY2023	FY2024
Operating income	109.1	105.6
PAT	7.7	9.8
OPBDIT/OI	9.7%	9.9%
PAT/OI	7.0%	9.3%
Total outside liabilities/Tangible net worth (times)	1.7	0.8
Total debt/OPBDIT (times)	0.7	0.6
Interest coverage (times)	5.3	10.8

Source: Company data and ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; All ratios as per ICRA's calculations

Status of non-cooperation with previous CRA:

CRA	Status	Date of Release
India Ratings	IND BB-/Stable/IND A4+; ISSUER NOT COOPERATING	May 15, 2024

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022
			August 30, 2024	Aug 18, 2023	June 27, 2023	June 02, 2022	April 27, 2021
1 Term loan	Long Term	-	-	-	-	[ICRA]BB (Stable)	[ICRA]BB- (Stable)
2 Working capital facilities	Long Term	2.50	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	[ICRA]BB+ (Positive); ISSUER NOT COOPERATING	[ICRA]BB+ (Positive)	[ICRA]BB (Stable)	[ICRA]BB- (Stable)
3 Non-fund-based facilities- LC/BG	Short Term	26.50	[ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]A4+	[ICRA]A4	[ICRA]A4
4 Unallocated limits	Long Term/ Short Term	0.20	[ICRA]BB+ (Stable)/ [ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]BB+ (Positive)/ [ICRA]A4+; ISSUER NOT COOPERATING	[ICRA]BB+ (Positive)/ [ICRA]A4+	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fund-based working capital	Simple
Non-fund based – LC/BG	Very Simple
Unallocated limits	NA

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
NA	Cash Credit	-	-	-	2.50	ICRA]BB+(Stable); ISSUER NOT COOPERATING
NA	Letter of Credit	-	-	-	26.50	[ICRA]A4+; ISSUER NOT COOPERATING
NA	Unallocated	-	-	-	0.20	[ICRA]BB+(Stable)/ [ICRA]A4+; ISSUER NOT COOPERATING

Source: Company

Annexure-II: List of entities considered for consolidated analysis: Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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