

December 30, 2024

Hindustan Latex Family Planning Promotion Trust: Ratings reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Fund-based – Cash Credit	10.00	10.00	[ICRA]BBB- (Stable); reaffirmed
Short -term – Non-fund based	4.00	4.00	[ICRA]A3; reaffirmed
Total	14.00	14.00	

*Instrument details are provided in Annexure-I

Rationale

The ratings factor in the support enjoyed by Hindustan Latex Family Planning and Promotion Trust (HLFPPT) from its parent, HLL Lifecare Limited (HLL; rated [ICRA]A-(Stable)/[ICRA]A2+), which has a strong credit profile, given the close business linkages between the two entities. The ratings consider ICRA’s expectation that its standalone credit profile will remain stable, supported by HLFPPT’s long track record in undertaking projects in primary health care services, promotion of social marketing products and skill development for Central and state government entities. HLFPPT’s revenue recovered by 11% in FY2024, supported by improved order execution. However, its operating margin moderated owing to the project mix and higher fixed costs (employee expenses). The trust had an order book of Rs. 323 crore as on March 31, 2024 (order book includes HLFPPT’s income / commission and grant amount which is a pass through to vendors and is not recognised as revenue), significantly higher than Rs. 128 crore as on March 31, 2023, leading to improved revenue visibility. HLFPPT is expected to clock a revenue growth of 7-9% in FY2025, aided by healthy order book. The operating margin is expected to be rangebound at 16-18%. It has a diversified revenue mix across several verticals such as social marketing, skill development, technical assistance, and healthcare service delivery, among others.

The ratings, however, remain constrained by the trust’s small scale of operations (Rs. 25-30 crore average revenue). The impending divestment plans of HLL by the Government of India (GoI) may impact the order flow of the trust. As most of the projects undertaken by HLFPPT are reimbursement based, there are risks of temporary cash flow mismatches.

The Stable outlook reflects ICRA’s expectation that the trust will witness steady growth in revenues and earnings while maintaining comfortable debt metrics.

Key rating drivers and their description

Credit strengths

Supported by GoI-owned HLL with established track record in healthcare services – HLFPPT is supported by HLL, which is a 100% GoI-owned enterprise. HLFPPT is a charitable trust and registered under the Travancore Cochin Charitable Trust Act in 1992. It is involved in providing primary healthcare services, spreading awareness of preventive health, facilitating family planning, promoting social marketing products, social franchising, preventing HIV, tuberculosis, providing elderly care, supporting child health, skill development, research and knowledge management, etc.

Healthy order book position providing revenue visibility – As on March 31, 2024, the trust had an order book of nearly Rs. 323 crore (against Rs. 128 crore as on March 31, 2023), which provides near-to-medium-term revenue visibility.

Healthy financial risk profile – The trust’s debt levels are low, resulting in healthy debt protection metrics with an interest coverage ratio of 15 times and TOL/TNW of 1.2 times in FY2024. These debt protection metrics are expected to remain healthy over the medium term, given the range-bound margins and absence of any major debt-funded capex expected.

Credit challenges

Gol intends to divest a 100% stake in HLL; may affect order inflow from Government entities – The Gol has identified HLL (holding company) as one of the public sector undertaking from which it would divest through a 100% strategic stake sale. In case of divestment by the Gol, the order inflows from the Central and state governments and Government-owned entities may be impacted.

Delays in grants from Government entities lead to stretched receivables – Most of the trust’s projects come from Government entities with long receivables cycle, leading to an elongated working capital cycle. HLPPT receives these payments on a reimbursement basis from its Government clients.

Modest scale of operations – The trust’s scale of operations has remained modest with revenues in the range of Rs. 25-30 crore over the last few years, limiting the benefits of scale.

Liquidity position: Adequate

The trust’s liquidity is adequate with free cash of Rs. 17 crore as on March 31, 2024, and buffer in working capital limits (sanctioned) of Rs. 5.7 crore, as on March 31, 2024. The trust does not have any long-term debt repayment or any major capex plans in the near term.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings if there is an improvement in HLL’s credit profile and/or a substantial increase in HLPPT’s scale of operations and cash accruals.

Negative factors – Pressure on the ratings could arise if there is a deterioration in HLL’s credit profile and/or weakening of linkages with the parent, or if there is a significant deterioration in the revenue, operating profits or debt protection metrics of the trust.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent Company: HLL Lifecare Limited The ratings assigned to HLPPT factors in the likelihood of support from its parent
Consolidation/Standalone	Standalone

About the company

HLPPT is a charitable trust registered in 1992 under the Travancore Cochin Charitable Trust Act. It is promoted by HLL Lifecare Limited, a Government of India enterprise, for implementing public health programmes. It has been actively involved in providing primary healthcare services, spreading awareness of preventive health, facilitating family planning, promoting social marketing products, social franchising, preventing HIV, tuberculosis, proving elderly care, supporting child health, skill development, research and knowledge management, etc. The trust has pan-India operations. In addition to projects from Gol entities like the Ministry of Health and Family Welfare, National Rural Health Ministry, NHA, National AIDS Control

Organisation, etc., the trust has undertaken several programmes/projects funded by international agencies such as the Bill & Melinda Gates Foundation, UNICEF, UNFPA, and USAID, among others.

Key financial indicators (audited)

HLFPPT Standalone	FY2023	FY2024
Operating income	25.2	28.0
PAT	4.2	4.8
OPBDIT/OI	19.5%	16.5%
PAT/OI	16.7%	17.2%
Total outside liabilities/Tangible net worth (times)	1.1	1.2
Total debt/OPBDIT (times)	0.0	0.9
Interest coverage (times)	5.3	15.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current year (FY2025)			Chronology of rating history for the past 3 years							
Instrument	Type	Amount Rated (Rs Crore)	FY2025		FY2024		FY2023		FY2022	
			Dec 30, 2024	Date	Date	Rating	Date	Rating	Date	Rating
Fund-based Cash Credit	Long Term	10.00	[ICRA]BBB-(Stable)	05-Jan-24	[ICRA]BBB-(Stable)	28-Nov-22	[ICRA]BBB(CE) (Stable) withdrawn; [ICRA]BBB-(Stable) assigned simultaneously	30-Aug-21	[ICRA]BBB(CE) (Stable)	
Non-Fund based	Short Term	4.00	[ICRA]A3	05-Jan-24	[ICRA]A3	28-Nov-22	[ICRA]A3+(CE) withdrawn; [ICRA]A3 assigned simultaneously	30-Aug-21	[ICRA]A3+(CE)	

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Cash Credit	Simple
Short-term – Non-fund-based	Very Simple

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 are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term – Fund-based – Cash Credit	-	-	-	10.00	[ICRA]BBB-(Stable)
NA	Short-term – Non-fund Based	-	-	-	4.00	[ICRA]A3

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

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