

October 06, 2014

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	5.00	SMERA B/ Stable (Assigned)
Bank Guarantee	2.00	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B**' (**read as SMERA single B**) and a short-term rating of '**SMERA A4**' (**read as SMERA A four**) to the Rs.7.00 crore bank facilities of Trans Health Care India Private Limited (THCIPL). The outlook is '**Stable**'. The ratings are constrained by the company's small operating scale and high dependence on tender-based orders in an intensely competitive segment of the health equipment industry. The ratings are also constrained by the decline in the company's revenues in FY2013-14 (refers to financial year, April 01 to March 31). However, the ratings are supported by the company's experienced management and moderate leverage (debt-to-equity ratio).

THCIPL, established in 1994, is a Chennai-based company engaged in trading of equipment, disposables and consumables used in the medical industry. THCIPL also undertakes installation and maintenance of medical equipment. The company's small scale of operations is reflected in revenues of Rs.17.18 crore (provisional) in FY2013-14. THCIPL is highly dependent of tender-based orders floated by various hospitals and medical education institutes, including Tamil Nadu Medical Council, Christian Medical College (Vellore), JIPMER (Puducherry), ESIC Hospitals and Southern Railways. THCIPL's revenues declined from Rs.21.73 crore in FY2012-13 to Rs.17.18 crore (provisional) in FY2013-14.

THCIPL benefits from its experienced management. The directors of the company have around two decades of experience in the health equipment industry. THCIPL's leverage (debt-to-equity ratio) is moderate at 0.78 times (provisional) as on March 31, 2014.

Outlook: Stable

SMERA believes THCIPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers sustained growth in revenues and profitability. The outlook may be revised to 'Negative' in case of further decline in the company's revenues, or in case of deterioration in the company's profit margins.

About the company

THCIPL, established in 1994, is a Chennai-based company promoted by Mr. Vijayaraghavan and Mr. Gurusamy. THCIPL is engaged in trading of equipment, disposables and consumables used in the medical industry.

For FY2013-14 (as per provisional financial statements), THCIPL reported profit after tax (PAT) of Rs.0.31 crore on operating income of Rs.17.18 crore, as compared with PAT of Rs.0.25 crore on operating income of Rs.21.73 crore for FY2012-13. The company's net worth stood at Rs.3.10 crore (provisional) as on March 31, 2014, as compared with Rs.2.79 crore a year earlier. THCIPL's total debt stood at Rs.2.43 crore (provisional) as on March 31, 2014, as compared with Rs.5.30 crore a year earlier.

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