

January 13, 2016

Facilities	Amount (Rs. Crore)	Ratings
Cash Credit	5.00	SMERA B+/Stable (Upgrade from SMERA B/Stable)
Cash Credit	1.00	SMERA B+/Stable (Assigned)
Bank Guarantee	2.00	SMERA A4 (Reaffirmed)

SMERA has upgraded the long term rating on the Rs.6.00 crore bank facility to '**SMERA B+**' (read as **SMERA B plus**) from '**SMERA B**' (read as SMERA B) and reaffirmed the short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs.2.00 crore bank facility of Trans Health care India Private Limited (THIPL). The outlook is '**Stable**'.

The upgrade reflects healthy growth in revenues and improvement in the financial risk profile. The ratings continue to be supported by the company's long track record of operations and experienced management. However, the ratings remain constrained by the moderate scale of operations and high dependence on tender-based orders in an intensely competitive medical equipment industry. The ratings are also constrained by the working capital intensive nature of operations.

Update

THIPL registered healthy growth in revenue and improvement in the gearing during FY2014-15. While revenue increased from Rs.17.18 crore in FY2013-14 to Rs.30.28 crore in FY2014-15, the gearing improved from 2.25 times in FY2013-14 to 0.96 times in FY2014-15. The interest coverage ratio increased from 1.77 times to 2.27 times in FY2014-15. The company benefits from its experienced management. Mr. Muthukrishnan, the Managing Director has experience of over two decades in the abovementioned line of business.

Outlook: Stable

SMERA believes THIPL will maintain a moderate business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' if the company achieves higher than expected growth in revenues and sustainability in profit margins. Conversely, the outlook may be revised to 'Negative' with stretch in the working capital management or deterioration in the financial risk profile.

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Rating Sensitivity Factors:

- Improvement in scale of operations while maintain profit margins
- Efficient working capital management.

About the Company:

THIPL, established in 1994 is a Chennai-based company promoted by Mr. Vijayaragavan and Mr. Guruswamy. The company is engaged in the trading of equipment, disposals and consumables used in the medical industry.

For FY2014-15, THIPL reported profit after tax (PAT) of Rs.0.35 crore on operating income of Rs.30.28 crore, as compared with PAT of Rs.0.25 crore on operating income of Rs.17.18 crore. The company's net worth stood at Rs.5.40 crore as on March 31, 2015, as compared with Rs.3.04 crore a year earlier.

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