

Press Release

Trans Health Care India Private Limited

July 27, 2017



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 8.00 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA B+**' (**read as SMERA B plus**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the Rs. 8.00 crore bank facilities of Trans Health Care India Private Limited. The outlook is '**Stable**'.

Trans Health Care India Private Limited (THIPL) was incorporated in the year 1994 by Mr. Vijayaraghavan and Mr. Gurusamy as founder directors. THIPL is a chennai-based company engaged in trading of medical equipments, consumables and disposables used in medical industry.

Key Rating Drivers

Strengths

- Established track record of operations and experienced management**

Trans Health Care India Private Limited (THCIPL) was incorporated in the year 1994 by Mr. Vijayaraghavan and Mr. Gurusamy as founder directors. THCIPL is engaged in exclusive distribution of medical equipments, disposable and consumables with leading global medical equipment manufacturers. With company's inception in the market since 1994 it has grown as a leading distributor in south region and then with a strategy of backward integration THCIPL started manufacturing of products like ECG machines, multiparameter monitors, pulseoximeters, infusions pumps, syringe pumps, neonatal care equipments. The directors of the company have around two decades of experience in medical equipments industry.

- Moderate financial riskprofile**

THCIPL has moderate financial risk profile marked by low networth of Rs.5.74 crore in as on March 31, 2016 as against 5.40 crore as on March 31, 2015. Gearing of the company stood comfortable at 1.49 times as on March 31, 2016 compared to 0.96 times as on March 31, 2015. However, the total debt of the company Rs.8.57 crore comprises majorly of short term borrowings Rs.8.04 crore. Interest coverage ratio of the company stood comfortable at 1.89 times in FY2015-16 as against 2.27 times in FY2014-15. DSCR stands at 1.66 times in FY2015-16 as against 1.94 times in FY2014-15.

Weaknesses

- Fluctuating revenue trend**

THCIPL reported operating income of Rs.26.99 crore for FY2015-16 as against Rs. 28.09 crore in FY2014-15, thereby registering a decline of ~4% in FY2015-16. Further the company has achieved revenue of Rs. 22.00 crore from April to March 2017.

- Working capital intensive nature of operations**

The operations of company are working capital intensive marked by Gross Current Assets (GCAs) of 313 days for FY2015-16 as against 199 days for FY2014-15. This is on account of delay in receivables

from its customers as the debtor days stands at around 159 days for FY2015-16 and high inventory days at around 110 days for FY2015-16. Company's working capital cycle remains stretched to 98 days in FY2015-16 increased from 75 days in FY2014-15. The current ratio stood comfortable at 1.29 times for FY2015-16.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of Trans Health Care India Private Limited

Outlook: Stable

SMERA believes that THCIPL will continue to maintain a stable outlook in the medium term owing to the experienced management. The outlook may be revised to 'Positive' if the firm reports higher than expected revenue growth and profitability while improving the capital structure. Conversely, the outlook may be revised to 'Negative' in case the firm fails to achieve the expected revenue growth and profitability or deterioration in financial risk profile on account of higher than expected working capital requirement.

About the Rated Entity - Key Financials

For FY2016, THCIPL reported profit after tax (PAT) of Rs. 0.34 cr on operating income of Rs. 26.99 cr as compared to profit after tax of Rs. 0.36 cr on operating income of Rs. 28.09 cr in the previous year. The net worth stood at Rs. 5.74 cr as on March 31, 2016 against Rs. 5.40 a year earlier.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Trading Entities - <https://www.smerra.in/criteria-trading.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smerra.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
13-Jan-2016	Cash Credit	Long Term	INR 5	SMERA B+ / Stable
	Cash Credit	Long Term	INR 1	SMERA B+ / Stable
	Bank Guarantee	Short Term	INR 2	SMERA A4
06-Oct-2014	Cash Credit	Long Term	INR 5	SMERA B / Stable
	Bank Guarantee	Short Term	INR 2	SMERA A4

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	2.00	SMERA A4

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ABOUT SMERA

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