

Press Release

Trans Health Care India Private Limited

June 07, 2018

Rating Reaffirmed and Assigned



Total Bank Facilities Rated*	Rs. 11.00 Cr.
Long Term Rating	ACUITE B+ / Outlook: Stable
Short Term Rating	ACUITE A4

* Refer Annexure for details

Rating Rationale

ACUITE has reaffirmed the long term rating of '**ACUITE B+**' (read as **ACUITE double B plus**) and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the enhanced limit of Rs. 11.00 cr. 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 (THIPL) was incorporated in the year 1994 by Mr. Vijayaraghavan and Mr. Gurusamy as founder directors. THIPL is engaged in exclusive distribution of medical equipment's, 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 THIPL started manufacturing of products like ECG machines, multiparameter monitors, pulseoximeters, infusions pumps, syringe pumps, neonatal care equipment's. The directors of the company have around two decades of experience in medical equipment's industry.

- **Moderate financial risk profile**

THIPL has moderate financial risk profile marked by moderate network of Rs. 6.76 crore as on March 31, 2018 (Provisional) as against Rs.6.01 crore in as on March 31, 2017. Gearing of the company stood comfortable at 1.14 times as on March 31, 2018 (Provisional) compared to 1.37 times as on March 31, 2017. However, the total debt of the company Rs.7.72 crore comprises majorly of short term borrowings.

ICR of the company stood comfortable at 1.87 times for FY2018 (Provisional) as against 1.73 times for FY2017. DSCR stands at 1.87 times in FY2018 (Provisional) as against 1.56 times in FY2017. NCA/TD has remained at 0.13 times in FY2018 (Provisional) and 0.08 times in FY2017. ROCE stood moderate at 13.29 per cent in FY 2018 (Provisional) compared to 11.85 per cent in FY 2017. TOL/TNW levels are comfortable at 1.97 times for FY2018 (Provisional).

Weaknesses

- **Fluctuating revenue trend during the period under study**

THIPL reported operating income of Rs.31.18 crore for FY2018 (Provisional) as against 18.73 crore for FY 2017 as against Rs. 26.99 crore in FY 2016, thereby registering an increase of 66 percent in FY2018 while a decline of 30 percent in FY 2017.

- **Working capital intensive nature of operations**

The operations of company are working capital intensive marked by Gross Current Assets (GCA) of 227days for FY2018 (Provisional) as against 325 days for FY2017. This is on account of delay in

receivables from its customers as the debtor days stands at around 85 days for FY 2018 (Provisional) and high inventory days at around 108 days for FY 2018 (Provisional). Company's working capital cycle remains stretched to 92 days in FY2018 (Provisional).

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the company to arrive at this rating.

Outlook: Stable

Acuite believes that THIPL 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 company 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

	Unit	FY18 (Prov.)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	31.18	18.73	26.99
EBITDA	Rs. Cr.	1.86	2.01	1.75
PAT	Rs. Cr.	0.75	0.28	0.34
EBITDA Margin	(%)	5.98	10.71	6.50
PAT Margin	(%)	2.41	1.48	1.24
ROCE	(%)	13.29	11.85	12.15
Total Debt/Tangible Net Worth	Times	1.14	1.37	1.49
PBDIT/Interest	Times	1.87	1.73	1.89
Total Debt/PBDIT	Times	3.57	3.93	4.73
Gross Current Assets (Days)	Days	227	325	313

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

None

Any other information

Acuite is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/view-rating-criteria-17.htm>
- Trading Entities - <https://www.acuite.in/view-rating-criteria-6.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
27-July-2017	Cash Credit	Long term	6.00	ACUITE B+/Stable (Reaffirmed)
	Bank Guarantee	Short Term	2.00	ACUITE A4 (Reaffirmed)

13-Jan-2016	Cash Credit	Long term	5.00	ACUITE B+/Stable (Upgraded)
	Cash Credit	Long term	1.00	ACUITE B+/Stable (Assigned)
	Bank Guarantee	Short Term	2.00	ACUITE A4 (reaffirmed)
06-Oct-2014	Cash Credit	Long term	5.00	ACUITE B/Stable (Assigned)
	Bank Guarantee	Short Term	2.00	ACUITE A4 (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.50	ACUITE B+/Stable (Reaffirmed)
Bank guarantee	Not Applicable	Not Applicable	Not Applicable	3.50	ACUITE A4 (Reaffirmed)

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About Acuité Ratings & Research:

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