

Press Release

SCHILLER HEALTHCARE INDIA PRIVATE LIMITED

February 12, 2018



Rating Reaffirmed

Total Bank Facilities Rated*	Rs. 53.50 Cr.
Long Term Rating	SMERA BBB- / Outlook: Stable
Short Term Rating	SMERA A3

* Refer Annexure for details

Rating Rationale

SMERA has reaffirmed long-term rating of '**SMERA BBB-**' (read as **SMERA BBB minus**) and short term rating of '**SMERA A3**' (read as **SMERA A three**) on the Rs. 53.50 crore bank facilities of SCHILLER HEALTHCARE INDIA PRIVATE LIMITED. The outlook is '**Stable**'.

SHIPL, incorporated in 1997, is a Mumbai-based company engaged in the manufacturing, trading and servicing of medical equipments. The company manufactures defibrillator (1000 units), monitors (550 units, ECG machines (1300 units) among others and also trades in medical equipment's such as holter systems, ambulatory blood pressure recorder, syringe infusion pumps to name a few. The company is a joint venture between R. R. Group, India and Schiller AG (SAG), Switzerland. SAG caters to the Indian market through SHIPL.

Key Rating Drivers

Strengths

• Experienced management

The company is led by Mr. Alfred E. Schiller, Chairman and Mr. Vikram Sanghvi, Managing Director. While Mr Schiller possesses extensive experience in the global medical equipments industry, Mr Sanghvi has around two decades of experience in the trading and manufacturing of medical equipments in India.

• Long track record of operations

The medical equipment market is tender-based with maximum orders from government bodies. SHIPL has been the sole distributor of SAG's product in India for over 18 years.

• Stable growth in revenues

For FY2016-17, the company registered revenue of Rs. 144.19 crore compared to Rs. 120.42 crore for FY2015-17. The total revenue stood at 64 per cent (from manufacturing) for FY2016-17, as against 54.65 per cent in FY2015-16 and 14 percent per cent was from services and others. Going forward, the company plans to increase the proportion of manufacturing activities.

• Established market position of Schiller?

SHIPL has benefitted from the reputed brand name of 'SCHILLER' and a loyal clientele base in India. The company has more than 76 dealers across India.

• Healthy financial risk profile

SHIPL's has healthy financial risk profile marked by healthy networth of Rs.41.75 crore as on 31 March 2017 as compared to Rs.38.16 crore as on 31 March 2016. The interest coverage ratio stood at 2.18 percent for FY2017 as compared to 2.05 percent for FY2016. Further the company has healthy gearing of 0.80 times as on 31 March 2017 as compared to 0.87 times as on 31 March 2016.

Weaknesses

SMERA Ratings Limited

Registered Office: 102, Sumer Plaza, Marol Maroshi Road, Marol, Andheri (East), Mumbai - 400 059

CIN: U74999MH2005PLC155683 | SEBI Permanent Registration No.: IN / CRA / 006 / 2011

- **Intense market competition**

The company faces intense competition from domestic as well international players in the industry.

- **Working capital intensive operations**

The working capital cycle of SHIPL continues to be stretched on account of high inventory and debtor days. For FY2016-17, the working capital cycle stood at 112 days with gross current asset (GCA) of 231 days as against 150 days of working capital cycle for FY2015-16 with GCA of 253 days. However, the debtor days stood stable at around 133 days and inventory days have reduced to 87 days as on 31 March 2017 from 104 days as on 31 March, 2016. The business inherently requires moderately high working capital as SHIPL generates around 80 per cent of total revenue from government orders. The same has resulted in high collection days during the period under consideration.

Analytical Approach

SMERA has considered standalone financial and business risk profile of the company to arrive at the rating.

Outlook: Stable

SMERA believes that the outlook on SHIPL will remain stable over the medium term on account of its experienced management. The outlook may be revised to 'Positive' in case the company registers strong growth in revenues and profitability. Conversely, the outlook may be revised to 'Negative' in case of decline in revenues and profit margins.

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	144.19	120.42	115.07
EBITDA	Rs. Cr.	12.07	9.30	9.94
PAT	Rs. Cr.	3.61	2.80	3.84
EBITDA Margin	(%)	8.37	7.72	8.64
PAT Margin	(%)	2.50	2.33	3.34
ROCE	(%)	16.46	13.61	29.29
Total Debt/Tangible Net Worth	Times	0.80	0.87	0.93
PBDIT/Interest	Times	2.18	2.05	2.16
Total Debt/PBDIT	Times	2.58	3.19	2.96
Gross Current Assets (Days)	Days	231	253	251

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>
- Manufacturing Entities - <https://www.smerra.in/criteria-manufacturing.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 /	Term	Amount (Rs. Cr.)	Ratings/Outlook
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	Facilities			
22-Jun-2017	Term Loan	Long Term	INR 7.5	SMERA BBB- / Stable
	Cash Credit	Long Term	INR 17.5	SMERA BBB- / Stable
	Cash Credit	Long Term	INR 5.5	SMERA BBB- / Stable
	Letter of Credit	Short Term	INR 5	SMERA A3
	Letter of Credit	Short Term	INR 3	SMERA A3
	Bank Guarantee	Short Term	INR 15	SMERA A3
31-Jul-2015	Term Loan	Long Term	INR 7.5	SMERA BBB- / Stable
	Cash Credit	Long Term	INR 17.5	SMERA BBB- / Stable
	Cash Credit	Long Term	INR 5.5	SMERA BBB- / Stable
	Letter of Credit	Short Term	INR 5	SMERA A3
	Bank Guarantee	Short Term	INR 15	SMERA A3
	Letter of Credit	Short Term	INR 3	SMERA A3
20-Jun-2014	Term Loan	Long Term	INR 7.5	SMERA BBB- / Stable
	Cash Credit	Long Term	INR 11.4	SMERA BBB- / Stable
	Cash Credit	Long Term	INR 5.5	SMERA BBB- / Stable
	Letter of Credit	Short Term	INR 3	SMERA A3
	Bank Guarantee	Short Term	INR 10	SMERA A3
	Letter of Credit	Short Term	INR 3	SMERA A3
	Proposed Cash Credit	Long Term	INR 6.1	SMERA BBB- / Stable
	Proposed Letter of Credit	Short Term	INR 2	SMERA A3
	Proposed Bank Guarantee	Short Term	INR 4	SMERA A3
	Proposed Letter of Credit	Short Term	INR 2	SMERA A3
	Proposed Post Shipment Credit	Short Term	INR 1	SMERA A3

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	7.50	SMERA BBB- / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	17.50	SMERA BBB- / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	5.50	SMERA BBB- / Stable

Letter of credit	Not Applicable	Not Applicable	Not Applicable	5.00	SMERA A3
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	15.00	SMERA A3
Letter of credit	Not Applicable	Not Applicable	Not Applicable	3.00	SMERA A3

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ABOUT SMERA

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit www.smera.in.

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