



SMERA RATINGS LIMITED

# Schiller Healthcare India Private Limited (SHIPL)

## Rating Rationale

**June 20, 2014**

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	7.50	SMERA BBB-/Stable (Assigned)
Cash Credit*	11.40	SMERA BBB-/Stable (Assigned)
Cash Credit^	5.50	SMERA BBB-/Stable (Assigned)
Letter of Credit/Buyer's credit	3.00	SMERA A3 (Assigned)
Bank Guarantee	10.00	SMERA A3 (Assigned)
Letter of Credit	3.00	SMERA A3 (Assigned)
Proposed Cash Credit	6.10	SMERA BBB-/Stable (Assigned)
Proposed Letter of Credit	2.00	SMERA A3 (Assigned)
Proposed Bank Guarantee	4.00	SMERA A3 (Assigned)
Proposed Letter of Credit	2.00	SMERA A3 (Assigned)
Proposed FBP/FBN	1.00	SMERA A3 (Assigned)

\*Includes sublimit of WCDL to the extent of Rs.3.20 crore and EPC-cum-FBP to the extent of Rs.1.50 crore

^Includes sublimit of WCDL to the extent of Rs.5.50 crore

SMERA has assigned a long-term rating of '**SMERA BBB-**' (read as **SMERA triple B minus**) and a short-term rating of '**SMERA A3**' (read as **SMERA A three**) to the Rs.55.5 crore bank facilities of Schiller Healthcare India Private Limited (SHIPL). The outlook is '**Stable**'. The ratings are supported by Schiller's strong brand name and experienced management. The ratings are also supported by SHIPL's long track record of operations in the Indian markets. The ratings derive comfort from the strong support received by SHIPL from Schiller AG (SAG). However, the ratings are constrained by SHIPL's working capital-intensive operations amidst intense competition in the medical equipment industry.

SHIPL, incorporated in 1997, is a Mumbai-based company established as a joint venture between R. R. Group, India and Schiller AG (SAG), Switzerland. SHIPL is engaged in manufacturing, trading and servicing of medical equipment. The company benefits from SAG's strong market position in the global medical equipment industry. SHIPL also benefits from its experienced management. Mr. Alfred E. Schiller, director of SHIPL (and founder of SAG), has over four decades of experience in the medical equipment industry.

SHIPL is the sole entity through which SAG caters to the Indian market. The company thus derives strong operational and financial support from SAG.

SHIPL's operations are working capital-intensive. The company's collection period is stretched at ~120 days in FY2013-14 (refers to financial year, April 01 to March 31). SHIPL faces intense competition from several players in the medical equipment industry.

**Disclaimer:** A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.smera.in](http://www.smera.in)) for the latest information on any instrument rated by SMERA.



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## Rating Rationale

### Outlook: Stable

SMERA believes SHIPL will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the company registers sustained improvement in working capital management, revenue growth and profitability. Conversely, the outlook may be revised to 'Negative' in case of further stretch in the company's working capital cycle, or in case of decline in the company's revenue growth and profitability.

### About the company

SHIPL, incorporated in 1997, is a Mumbai-based company engaged in manufacturing, trading and servicing of medical equipment. SHIPL was established as a joint venture between R. R. Group, India and Schiller AG (SAG), Switzerland. SHIPL is the sole entity through which SAG caters to the Indian market.

For FY2013-14 (as per provisional financial statements), SHIPL reported profit after tax (PAT) of Rs.4.65 crore on operating income of Rs.107.2 crore, as compared with PAT of Rs.2.09 crore on operating income of Rs.86.00 crore for FY2012-13. The company's net worth stood at Rs.32.23 crore (provisional) as on March 31, 2014, as compared with Rs.17.33 crore a year earlier.

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