



Press Release

Schiller Healthcare India Private Limited

October 25, 2018

Rating Upgraded

Total Bank Facilities Rated*	Rs. 75.50 Cr. (Enhanced from Rs. 53.50 crore)
Long Term Rating	ACUITE BBB / Outlook: Stable (Upgraded from ACUITE BBB-/ Stable)
Short Term Rating	ACUITE A3+ (Upgraded from ACUITE A3)

* Refer Annexure for details

Rating Rationale

Acuite has upgraded long-term rating to '**ACUITE BBB**' (read as **ACUITE triple B**) from '**ACUITE BBB-**' (read as **ACUITE triple B minus**) and short term rating to '**ACUITE A3+**' (read as **ACUITE A three plus**) from '**ACUITE A3**' (read as **ACUITE A three**) to bank facilities of on the Rs.75.50 crore of SCHILLER HEALTHCARE INDIA PRIVATE LIMITED (SHIPL). The outlook is '**Stable**'.

The upgrade is in the view of consistent growth in revenues while maintaining its profitability. Further, the improvement in revenue is backed by increased spending by public as well as private players in healthcare industry.

SHIPL, subsidiary of Schiller AG (SAG), Switzerland, was incorporated in 1997. Thereby, SAG caters to the Indian market & SAARC countries through SHIPL. The company is engaged in the manufacturing, trading and servicing of medical equipment. SHIPL manufactures equipment for Cardiology, Critical Care segment & trades in various equipment such as Radiology, Cardiopulmonary, ECG Paper, monitoring among others.

Analytical Approach

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

Key Rating Drivers

Strengths

• Experienced promoters

Mr. Alfred E. Schiller, Chairman of Schiller Healthcare India Private Limited, possesses experience of over four decades and Mr. Vikram Sanghvi, Managing Director, has extensive experience of almost three decades in medical care industry. The knowledge of the promoters with continuous growth and innovation have enable SHIPL, a strong brand 'SCHILLER', to cater Indian market as well as SAARC countries.

• Consistent growth in revenue as well as profitability margins

The operating income stood at Rs.157.57 crore in FY2018 as compared to Rs.144.42 crore in FY2017 and Rs.120.76 crore in FY2016. The reason for consistent growth in operating income is on account of increasing manufacturing activities and addition of new product line under Radiology segment. The growth is also reflecting in profitability margins of SHIPL which increased to 3.41 percent in FY2018 from

2.50 percent in FY2017.

• **Healthy financial risk profile**

SHIPL has healthy financial risk profile marked by tangible net worth of Rs.47.16 crore as on 31 March, 2018 as against Rs.41.75 crore as on 31 March, 2017. The gearing stood at 0.75 times as on 31 March, 2018 as against 0.80 times as on 31 March, 2017. The debt of Rs.35.44 crore consists of working capital borrowings of Rs.27.51 crore and unsecured loans from promoters' of Rs.7.92 crore. Interest Coverage Ratio (ICR)

stood at 2.84 times in FY2018 as against 2.18 times in FY2017. Total outside Liabilities/Tangible Net Worth (TOL/TNW) improved to 1.40 times as on 31 March, 2018 from 1.77 times as on 31 March, 2017. Net Cash Accruals to Total Debt (NCA/TD) stood at 0.18 times in FY2018 as against 0.13 times in FY2017. Acuite believes that the financial risk profile is expected to be at similar levels over the medium term as the company has no substantial capex plan.

Weaknesses

• **Working capital intensive operations**

SHIPL has working capital intensive nature of operations marked by Gross Current Asset (GCA) days of 222 in FY2018 despite improving from 231 days in FY2017. This is majorly due to the collection period of 120 days in FY2018 as the company mainly receives government orders. The inventory holding period stood at 84 days in FY2018. SHIPL enjoys credit period of 71 days from its suppliers which moderates the working capital requirements. Acuite believes that SHIPL's working capital intensive operations will be mitigated by the availability of adequate liquidity over the medium term.

• **Intense competition**

The company faces intense competition from domestic as well international players in the industry. However, in face of such competitive pressures, Acuite believes that SHIPL is well positioned on account of its longstanding and delivering quality products to customers.

Outlook: Stable

Acuite believes that SHIPL will maintain a 'Stable' outlook over the medium term owing to its established presence all over India and consistent growth in revenue while maintaining profitability. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues while sustaining improvement in working capital cycle. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile and elongation of working capital cycle.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	157.57	144.42	120.76
EBITDA	Rs. Cr.	13.21	12.30	9.63
PAT	Rs. Cr.	5.37	3.61	2.80
EBITDA Margin	(%)	8.39	8.52	7.98
PAT Margin	(%)	3.41	2.50	2.32
ROCE	(%)	16.30	16.46	13.65
Total Debt/Tangible Net Worth	Times	1.40	1.77	1.64
PBDIT/Interest	Times	2.84	2.18	2.05
Total Debt/PBDIT	Times	2.55	2.58	3.19
Gross Current Assets (Days)	Days	222	231	252

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

None

Any other information

Not Applicable

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Manufacturing Entities - <https://www.acuite.in/view-rating-criteria-4.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. Crore)	Ratings/Outlook
12-Feb-2018	Term Loan	Long term	INR 7.50	ACUITE BBB-/ Stable (Reaffirmed)
	Cash Credit	Long term	INR 17.50	ACUITE BBB-/ Stable (Reaffirmed)
	Cash Credit	Long term	INR 5.50	ACUITE BBB-/ Stable (Reaffirmed)
	Letter of Credit	Short term	INR 5.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short term	INR 15.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short term	INR 3.00	ACUITE A3 (Reaffirmed)
22-Jun-2017	Term Loan	Long term	INR 7.50	ACUITE BBB-/ Stable (Reaffirmed)
	Cash Credit	Long term	INR 17.50	ACUITE BBB-/ Stable (Reaffirmed)
	Cash Credit	Long term	INR 5.50	ACUITE BBB-/ Stable (Reaffirmed)
	Letter of Credit	Short term	INR 5.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short term	INR 15.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short term	INR 3.00	ACUITE A3 (Reaffirmed)
31-Jul-2015	Term Loan	Long term	INR 7.50	ACUITE BBB-/ Stable (Reaffirmed)
	Cash Credit	Long term	INR 17.50	ACUITE BBB-/ Stable (Reaffirmed)
	Cash Credit	Long term	INR 5.50	ACUITE BBB-/ Stable (Reaffirmed)
	Letter of Credit	Short term	INR 5.00	ACUITE A3 (Reaffirmed)
	Bank Guarantee	Short term	INR 15.00	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short term	INR 3.00	ACUITE A3 (Reaffirmed)

***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	19.00	ACUITE BBB/ Stable (Upgraded from ACUITE BBB-/ Stable)
Cash Credit	Not Applicable	Not Applicable	Not Applicable	16.00*	ACUITE BBB/ Stable (Upgraded from ACUITE BBB-/ Stable)
Letter of Credit/ Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A3+ (Upgraded from ACUITE A3/ Stable)
Letter of Credit/ Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	30.00	ACUITE A3+ (Upgraded from ACUITE A3/ Stable)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	0.50	ACUITE A3+ (Assigned)

*sublimit of working capital demand loan up to Rs. 16.00 crore.

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About Acuité Ratings & Research:

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