

Prognosys Medical Systems Private Limited

Instrument	Amount (Rs. Crore ¹)	Rating Action
Long Term - Fund Based- Cash Credit	2.50	[ICRA]BB-(Stable) re-affirmed
Long Term – Non Fund Based- BG	6.50	[ICRA]BB-(Stable) re-affirmed
Short Term - Non fund based- LC	1.00	[ICRA]A4 re-affirmed

ICRA has reaffirmed the long term rating of [ICRA]BB- (pronounced ICRA double B minus) to the Rs. 2.50 crore fund based facility and Rs. 6.5 crore non fund based facility of Prognosys Medical Systems Private Limited. ICRA has also reaffirmed the short-term rating of [ICRA]A4 (pronounced ICRA A four) assigned to the Rs.1.0 crore non fund based facility of Prognosys Medical Systems Private Limited (PMSPL).

The reaffirmation of the ratings takes into account the experience of the promoter and key professionals in the medical supplies industry; the company's diversified and increasing customer base with its established marketing support and the robust growth in the revenues and improved profitability during FY2016 aided by healthy order inflow from various government agencies. The ratings also factors in the healthy demand prospects for the medical devices industry especially the imaging diagnosis segment internationally as well as in the domestic market which provides growth visibility to the company. Further, the liquidity profile of the company is also supported by presence of liquid investments of Rs.9.38 crore as on 31st March, 2016.

The ratings are, however, constrained by PMSPL's modest scale and the high working capital intensity of operations as reflected by high utilization of its working capital borrowings; owing to elongated receivable and inventory cycle and limited credit offered by the suppliers. The ratings are further constrained by the company's exposure to foreign currency risks due to its high import dependence for procuring raw materials, which is partly mitigated by exports sales providing a natural hedge. The ratings also factor in the fragmented industry structure, owing to the presence of various players leading to high competitive intensity and pressure on pricing.

Going forward, the company's ability to scale up orders, improve its profitability margins, maintain comfortable capital structure while efficiently managing its working capital requirements would be key rating sensitivities.

About the company

Incorporated in 2004, Prognosys Medical Systems Private Limited is engaged in designing, developing, integrating, and installing products related to digital radiology equipments. The company is also engaged in manufacturing other related accessories, providing end-to-end solutions in the healthcare industry through the integrated delivery of medical devices, communication equipments, computers, servers, software supply, installation and maintenance of the same on a turnkey basis. PMSPL is an ISO 9001:2000 certified company for radiology imaging equipment and other allied healthcare products. The company's film processors are also FDA and CE certified. Its major business operations range from high frequency x-ray, digital radiography systems, C-Arm, tele-radiology, telemedicine, home health and m-health solutions, and accessories such as automatic film processors.

Result Results

For the financial year 2015-16, the company reported a net profit of Rs.2.1 crore on an operating income of Rs. 51.1 crore, as against a net profit of Rs. 0.1 crore on an operating income of Rs. 22.1 crore in 2014-15.

September 2016

¹ 100 lakhs = 1 crore = 10 millions



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