

Chayagraphics Healthcare Private Limited

| Instrument | Amount | Rating Action |
|----------------------|-------------|---------------------|
| | In Rs Crore | March 2016 |
| Cash Credit | 6.50 | [ICRA]B+ / Assigned |
| Non-Fund Based Limit | 1.25 | [ICRA]A4 / Assigned |

ICRA has assigned a long-term rating of **[ICRA]B+** (pronounced ICRA B plus) to the Rs. 6.50 crore cash credit facility of Chayagraphics Healthcare Private Limited ('CHPL' or 'the company'). ICRA has also assigned a short-term rating of **[ICRA]A4** (pronounced ICRA A four) to the Rs. 1.25 crore non-fund based limit of CHPL.

The assigned ratings are constrained by the small scale of the firm's operations that limits economies of scale and the highly working capital intensive nature of operations on account of high level of inventory and stretched receivables. ICRA also takes note of the thin profitability margin owing to the trading nature of operations and majority revenue being derived from the low margin product i.e. contrast media. Reliance on bank borrowings for funding the working capital requirements coupled with the company's low profitability has resulted in weak debt coverage indicators. The ratings are also constrained by the risk of technological obsolescence and the highly competitive nature of the medical device/consumable distribution industry. The ratings, however, positively considers the long track record of the promoters in the medical sector and the company's association with the reputed manufacturers such as Wipro GE Healthcare, Samsung and Cantel. The ratings favorably consider the private equity investment received during the current fiscal which is expected to support the growth of the company. Going forward, CHPL's plan to venture into the distribution of new medical products is expected to support the revenue and profitability in near to medium term. Further, the company's ability to efficiently manage its working capital requirement and improve its profitability would remain the key rating sensitivities.

Company Profile

Incorporated in 2014, CHPL is engaged in the trading of medical devices and consumables such as contrast media, disinfectant chemical and equipment, X-ray films, X-ray accessories, automatic X-ray film processors, ultrasound equipments etc. The company is based in Bangalore and has branch offices in Kolkata, Mumbai and Chennai. The company is promoted by Mr. V Prasad, Mr. P Ashok, Mr. MS Keshva and Mr. Vinay. The promoters of CHPL are also associated with the other group concerns i.e. Prognosys Medical Systems Private Limited and Chayagraphics (India) Private Limited.

Recent Results

Based on provisional results for 9M FY 2016, CHPL reported net loss of Rs. 0.17 crore on an operating income of Rs. 21.84 crore. For FY 2015, the company reported a net loss of Rs. 0.08 crore on an operating income of Rs. 33.64 crore.

March 2016

For further details please contact:

Analyst Contacts:

Mr. K. Ravichandran, (Tel. No. +91-44-45964301)
ravichandran@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com



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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**Mobile: **9871221122**Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**Mobile: **9821086490**Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**Mobile: **+91 9903394664**Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**Mobile: **989986490**Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**Mobile: **989986490**Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500