March 30, 2022

TTK Healthcare Limited: Long-term rating placed under watch with positive implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. Crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term: Fund based facilities	32.50	32.50	[ICRA]A+ %; placed under watch with positive implications
Short term: Non-Fund Based facilities	7.75	7.75	[ICRA]A1+; outstanding
Short term: Proposed Facilities	0.25	0.25	[ICRA]A1+; outstanding
Short term: Fund based facilities interchangeable (Sub limits)	(16.00)	(16.00)	[ICRA]A1+; outstanding
Total	**40.50**	**40.50**	

**Instrument details are provided in Annexure-1*

% under rating watch with positive implications

Rationale

On March 21, 2022, TTK Healthcare Limited (TTK) announced that the Board of Directors of the company has approved the proposal of sale / transfer of Human Pharma Division of the Company, as a going concern, on slump sale basis to M/s BSV Pharma Private Limited and Miransa Limited (an affiliate of Advent International) subject to necessary approvals. The total value of the consideration is Rs. 805.0 crore and the same shall be settled to the extent of 74% in cash and 26% by way of allotment of Equity Shares.

ICRA has taken note of this development and has placed the long-term rating on watch with positive implications. TTK operates through the following divisions - pharmaceuticals (human pharma and animal pharma), consumer products, medical devices, protective devices, and foods segment. Within the human pharma division, the company was carrying out operations through ethical and ventura pharma businesses wherein it was dealing in pharmaceutical formulations (both herbal and allopathic) in various therapeutic segments and food supplements. ICRA notes that the human pharma division was contributing to ~25% of total revenues in FY2021 with strong gross margins and its operations were primarily carried through third-party manufacturing. With the hive-off of this division, while the operating income is expected to moderate, the consideration received from the transaction is expected to be applied towards its other core business divisions. ICRA will continue to monitor the development and take appropriate rating action as and when more clarity emerges on the planned usage of funds.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position and rating sensitivities: Click here

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology
Parent/Group Support	NA
Consolidation/Standalone	Standalone

About the company

Established in 1958, TTK Healthcare Limited commenced operations as a pharmaceutical company. Over the years, it diversified its presence across industries and its revenue sources were distributed across many product categories, including contraceptives, gripe water, cosmetics, medical devices, home-care products, and food products. TTKHL has adopted an outsourcing model for manufacturing most of its products, except for the foods, medical and protective devices divisions. The company is a part of the reputed TT Krishnamachari Group, a multi-product conglomerate with varied business interests involving the manufacture of kitchen appliances, contraceptives, consumer products and healthcare products. The Group's flagship company, TTK Prestige Limited, is one of the leading kitchen appliances companies in India.

Key financial indicators (audited)

Standalone	FY2020	FY2021
Operating Income (Rs. crore)	645.8	636.5
PAT (Rs. crore)	12.3	46.4
OPBDITA/OI (%)	4.5%	5.5%
PAT/OI (%)	1.9%	7.3%
Total Outside Liabilities/Tangible Net Worth (times)	0.7	0.7
Total Debt/OPBDITA (times)	1.0	0.5
Interest Coverage (times)	8.8	15.7

PAT: Profit after Tax; OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation; All ratios are as per ICRA calculations

Source: Company and ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)				Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding as of Dec 31, 2021 (Rs. crore)	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020	Date & Rating in FY2019
					March 30, 2022	May 10, 2021	April 14, 2020	June 7, 2019	May 4, 2018
1	Fund based CC	Long term	32.50	-	[ICRA]A+ %	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
2	Non fund based	Short term	7.75	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
3	Proposed Facilities	Short term	0.25	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
4	Fund based Sublimit	Short term	(16.00)	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

% - under rating watch with positive implications

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term: Fund based facilities	Simple
Short term: Non-Fund Based facilities	Very Simple
Short term: Proposed Facilities	-
Short term: Fund based facilities interchangeable (Sub limits)	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long Term: Fund based facilities (CC)	NA	NA	NA	32.50	[ICRA]A+%
	Short Term: Non-Fund Based facilities	NA	NA	NA	7.75	[ICRA] A1+
	Short Term: Proposed Facilities	NA	NA	NA	0.25	[ICRA] A1+
	Short Term: Fund based facilities (Sub limits)	NA	NA	NA	(16.00)	[ICRA] A1+

Source: *Company*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure-2: List of entities considered for consolidated analysis – Not applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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