

Rating Report

Brickwork Ratings assigns 'BWR B' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 5.50 Cr of Avante Medical

Brickwork Ratings has assigned following **Ratings**¹ for Bank Loan facilities of Avante Medical ("AM" or "the firm").

Facility	Limit (₹ Cr)	Tenure	Rating
Fund Based Cash Credit	3.00	Long Term	BWR B (Outlook: Stable)
Overall Non-Fund Based Limit	2.50	Short Term	BWR A4 (BWR A Four)
Non-Fund Based Letter of Credit (DA:DP – Foreign)	1.00		
Non-Fund Based Letter of Guarantee	2.50		
Total	5.50	INR Five Crores and Fifty Lakhs only	

BWR has essentially relied upon the audited financial results up to FY13, projections up to FY15, and information and clarifications provided by the management of the firm.

The rating factors, inter alia, promoter's experience and expertise in the industry, reputed clientele and positive outlook for the intervention cardiology segment in India. However, the rating is constrained by low scale of operations, low profit margins, and low net worth.

Background

Avante Medical is a partnership firm established in the year 2007. Firm has its Corporate office in Himachal Pradesh & head office is located in the Union Territory of Chandigarh. Firm also has branch offices in Jalandhar & Zirakpur. The firm trades lifesaving implantable devices of international manufacturers. AM is the authorized distributor of life saving devices for various international manufacturers, viz., India Medtronic Pvt Ltd, Terumo Corp Japan, Asahi Japan, Kaneka Japan, Biotronik Germany & Translumina Germany.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Firm is the authorized dealer for all the above mentioned companies for particular products, in the region of Shimla, Chandigarh and Punjab. The firm essentially supplies only to Medical institutions and hospitals (both private and government owned), which have Cath labs and practice intervention cardiology procedures. About 29% of total revenue is from government institutions. For any product sold by the firm, it provides technical assistance during implantation of device and after sales service throughout its life. The firm has about 20 employees including trained technicians who assist doctors in implanting and provide after-sales service.

Management

The firm has five partners, and Mr. Amit Malik is the partner with technical expertise in the firm. Before this business he has worked in two companies which dealt in similar products. Ms. Anjali Talwar is looking after administration of the firm. Ms. Megha Malik is in-charge of branch office in Punjab.

Financial Performances

The firm's revenue has increased from ₹12.06Cr in FY12 to ₹13.18Cr in FY13. Net profit margin of the firm in FY13 was at 0.89% and operating Profit margin was 4.40%. Tangible networth of the firm was ₹1.86Cr in FY13 and unsecured loans was ₹0.67Cr in FY13. The firm enjoys fund and non-fund based working capital facilities from Punjab National Bank & has no Term Loans to service.

The firm has informed that, as per provisional figures, they have registered revenues of Rs.15.25 Cr.

Rating Outlook

Going forward, ability of the firm to scale up its revenues, improve profit margins and strengthen its capital structure will be the key rating sensitivities.

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Avante Medical
Annexure – I
Profit & Loss A/c

₹.Crores	FY11	FY12	FY13
Result Type	Audited	Audited	Audited
Net Sales	9.79	12.06	13.18
Other Operating Income	0.08	0.00	0.10
Total Operating Income	9.87	12.07	13.27
Operating Expenses	9.51	11.49	12.59
OPBDIT	0.36	0.58	0.68
Depreciation	0.04	0.04	0.05
OPBIT	0.32	0.54	0.63
Interest and Finance Charges	0.26	0.46	0.54
OPBT	0.06	0.08	0.08
Non-Operating Income(Expenses)	0.03	0.03	0.03
PBT	0.09	0.11	0.12
Provision for Taxes	0.00	0.00	0.00
PAT	0.09	0.11	0.12

Avante Medical
Annexure – II
Balance Sheet

₹.Crores	FY11	FY12	FY13
	Audited	Audited	Audited
Equity and Reserves	0.83	1.41	1.86
Share capital	0.75	1.30	1.74
Reserves and Surplus	0.09	0.11	0.12
Non-current liabilities	0.49	0.68	0.78
Long-Term Borrowings	0.49	0.68	0.78
Current liabilities	3.62	4.64	5.46
Short-Term Borrowings	1.26	1.87	1.89
Trade Payables	2.32	2.67	3.47
Other Current Liabilities	0.00	0.03	0.02
Short-Term Provisions	0.04	0.07	0.08
Total Liabilities	4.95	6.72	8.09
ASSETS			
Non-current assets	0.24	0.21	0.27
Net Fixed assets	0.24	0.21	0.27
Current assets	4.71	6.51	7.82
Current Investments	0.00	0.00	0.00
Inventories	2.13	2.73	2.74
Trade Receivables < Six Months	1.62	3.03	3.77
Cash and Cash Equivalents	0.03	0.01	0.02
Short-Term Loans and Advances	0.52	0.63	0.47
Other Current Assets	0.41	0.11	0.82
Total Assets	4.95	6.72	8.09

Avante Medical

Annexure – III

Key Ratio

Key Ratios		FY11	FY12	FY13
		Audited	Audited	Audited
Tangible Net Worth	₹Crores	0.83	1.41	1.86
Total Debt/TNW	Times	2.10	1.80	1.44
ISCR	Times	1.07	1.25	1.07
DSCR	Times	1.48	1.15	1.11
Net Cash Accruals/Total Debt	Times	0.07	0.06	0.06
Net Profit Margin	Percent	0.87	0.91	0.89
ROCE	Percent	9.22	16.53	12.48
Current Ratio	Times	1.30	1.40	1.43