TI Medical Private Limited

May 28, 2025

Ratings

Instrument / Facility	**Amount (Rs. crore)**	**Current Ratings**	**Previous Ratings**	**Rating Action**	**Complexity Indicator**
Long term Bank Facilities- Term loan	6.93	IVR BBB/Stable (IVR Triple B with Stable Outlook)	**-**	Rating Assigned	**Simple**
Long term Fund based Bank Facilities	40.00	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Stable (IVR Triple B Minus with Stable Outlook)	Rating Upgraded	**Simple**
Short Term Non-Fund based Bank Facilities	8.00	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	Rating Upgraded	**Simple**
Total	**54.93 (Rs. Fifty-four crore and ninety-three lakh only)**				

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics Ratings has upgraded its rating to the Bank facilities of TI Medical Private Limited (TMPL) at IVR BBB/Stable/IVR A3+. The rating derives strength from strong parent support and established presence in the industry, long track record in pharmaceutical industry with diversified client base and wide marketing network, improved scale of operations in FY24 and FY25 albeit decline in profitability margins in FY25 and comfortable capital structure. However, the rating strengths are partially offset by working capital intensive operations, foreign exchange risk, and presence in fragmented and competitive industry along with tender driven nature of business operations.

The stable outlook is on account of significant increase in scale going forward while maintaining low leverage. The company is transitioning from manufacturer of medical sutures to a supplier of wide range medical technology products. Additionally, the parentage of Tube

Investments of India Limited (part of amalgamations group) provided comfort in terms of liquidity backup and managerial support.

Key Rating Sensitivities:

Upward Factors

- Substantial & sustained improvement in revenue & profitability leading to improvement in debt protection metrics.

Downward Factors

- Any decline in revenue & profitability leading to sustained decline in debt protection metrics.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

- **Strong Parent support and established presence in the industry**
  Tube Investments of India Limited (TII) is a flagship Company of the renowned Murugappa Group, India's leading business conglomerate. During the quarter ended 30th June 2023, pursuant to the Share Purchase Agreement entered by TII along with M/s. PI Opportunities Fund Scheme with shareholders of M/s Lotus Surgicals Private Limited ("Lotus"), TII acquired equity shares representing 67% of the paid-up equity share capital. Also, post the acquisition by new promoters the board of directors was entirely changed, with 4 directors from TII and 2 directors from PI. With seasoned professionals and top management of TII now on the board of TMPL (Chairman, MD and CFO of TII are on the board) the company now benefits from the guidance of a strong board. The company already has a long-standing relationship with its customers and suppliers which reduces the counterparty default risk. TMPL successfully procures orders from dealer network and from government organizations i.e., bids and also gets tenders-based contracts, through its established presence in the market.

- **Long track record in pharmaceutical industry with diversified client base and wide marketing network**

The company has about one and half decade-long track record of operations in the pharmaceutical industry. TMPL has established strong relations with reputed customers in the medical industry. The company has presently one super stockiest who is distributing its products across the country. It has dealers in foreign countries namely Germany, United Kingdom, Indonesia, Uzbekistan, Phillipines, Mozambique and Bangladesh. TMPL has also won many states level tenders Tamil Nadu Medical Services Corp. Ltd., Gujarat Medical Services Corp Limited, West Bengal Central Medical Service Organization and others. The company has participated in many international health care conferences recently i.e. Arab Health in Dubai and Medica in Italy.

- **Improved scale of operations in FY24 and FY25 albeit decline in profitability margins in FY25**
  TMPL has shown strong growth in its operating income over the last two years. The total operating income improved to Rs.195.25 crores in FY25(A) (referred for a period 1 April 2024 to 31 March 2025) and Rs. 175.02 crore in FY24(A) from Rs.149.60 crore in FY23 mainly because of increase in operations as a result of improved brand visibility. Also, the company used to import raw materials earlier, but the raw materials are now available locally at better and cheap rates. The EBIDTA margin has declined in FY25(A) to 11.27% against 16.17% in FY24(A) on account of increase sales promotions done for TI medical brand as well as increase in employee benefit employees in FY25(A). The level of compliances increased in FY25 due to implementation of more stringent controls and MIS systems, considering that the holding entity is a listed company.

- **Comfortable capital structure**
  As on March 31, 2025, the capital structure of TMPL remained healthy, marked by an overall gearing ratio of 0.29x and a TOL/ATNW ratio of 0.79x, as compared to 0.47x and 0.97x, respectively, as on March 31, 2024. The improvement is primarily attributed to an increase in tangible net worth during FY25, driven by profit accretion and the issue of 15,800 stock options issued during the year. Furthermore, the company's debt protection metrics remained comfortable, with the interest coverage ratio (ICR) at 5.93x and the debt service coverage ratio (DSCR) at 4.91x for FY25 (A).

Key Rating Weaknesses

- **Working Capital Intensive Operations**
  Pharma manufacturing operations are working capital intensive in nature marked by high inventory holding on account of wide range of end products, large number of stock keeping units (~1200) and the need to procure a large number of raw materials for manufacturing a wide variety of products simultaneously. Further, TMPL's operations are also affected due to its high collection period, which further elongates the operating cycle. Despite this, the operating cycle of the company remained relatively stable at 153 days in FY25 as compared to 157 days in FY24 due to slight decrease in receivable days to 105 days in FY25(A) from 110 days in FY24(A) and decrease in inventory period to 79 days in FY25(A) from 86 days in FY24(A) which was partially offset by decrease in creditors days to 30 days in FY25(A) from 39 days in FY24(A).

- **Foreign Exchange risk**
  TMPL is vulnerable to unfavourable movements in foreign exchange given its net imports position and absence of hedging FX exposure on continuous basis. This risk is partly reduced due to presence of in-house treasury team which tracks the foreign exchange fluctuation and enters into FX forward contracts during times of exchange rate volatility. The company enjoys some degree of natural hedge due to its exports (~40cr in FY25), although it is much smaller than the quantum of imports (~Rs.65cr).

- **Presence in fragmented and competitive industry along with tender driven nature of business operations**
  The company functions in an extremely competitive and fragmented medical equipment industry. TMPL faces high competition from both organized and unorganized players in the industry. Along with established multinational players such as Johnson & Johnson, there are a large number of well known domestic companies as well such as Healthium Medtech Ltd, Advanced Medtech Solutions, MCO Hospital Aids Pvt Ltd etc. This fragmented and extremely competitive industry results into price competition. Hence, it affects the profit margins of the companies which are operating in the industry.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.]

[Criteria on assigning rating outlook]

[Policy on Default Recognition and Post-Default Curing Period]

[Complexity Level of Rated Instruments/Facilities]

[Financial Ratios & Interpretation (Non-Financial Sector).]

Liquidity – Adequate

The liquidity position of the company remained adequate due to moderate cushion in gross accruals vis-à-vis repayment obligations. The company had unencumbered cash and bank balances of Rs. 1.88 crore as on April 30, 2025. Furthermore, the current ratio and quick ratio stood at 1.73x and 1.07x respectively as on March 31, 2024. The company's working capital utilisation also remains moderate at ~68% for the last 12 months ended April 2025.

About the Company

TI Medical Private Limited or 'TMPL' (Erstwhile Lotus Surgicals Private Limited), a joint venture between Murugappa Group (Tube Investments of India) and Premji Invest was incorporated in October 2005, located in Dehradun, Uttarakhand. The company is engaged in manufacturing of surgical and medical products primarily sutures, hernia mesh, skin staplers, handwash, handrub, hermosec clips, hermorrhoid stapler, and endoscopic linear cutter.

Financials (Standalone):

(Rs. crore)

For the year ended/ As on*	31-03-2024	31-03-2025
	Audited	Audited
Total Operating Income	175.02	195.25
EBITDA	28.30	22.00
PAT	17.95	10.65
Total Debt	32.55	27.57
Tangible Net Worth	69.88	95.56
EBITDA Margin (%)	16.17	11.27
PAT Margin (%)	10.12	5.44
Overall Gearing Ratio (x)	0.47	0.29
Interest Coverage (x)	8.12	5.93

* *Classification as per Infomerics' standards.*

Status of non-cooperation with previous CRA: Brickwork Ratings in their press release dated January 16, 2025, have continued to classify TMPL (Erstwhile, Lotus Surgicals Private Limited) as ISSUER NOT COOPERATING on account of lack of information.

Any other information:

Rating History for last three years:

Sr. No.	**Name of Security/Facilities**	**Current Ratings (Year 2025-2026)**			**Rating History for the past 3 years**		
		Type (Long Term/Short Term)	**Amount outstanding (Rs. Crore)**	**Rating**	**Date(s) & Rating(s) assigned in 2023-24**	**Date(s) & Rating(s) assigned in 2023-24**	**Date(s) & Rating(s) assigned in in 2023-24**
					Date (March 06, 2024)	**Date** (Dec 26, 2023)	**Date** (May 18, 2023)
1.	Term loan (o/s as on April 30, 2025)	Long Term	6.93	IVR BBB/Stable	--	--	--
2.	Cash Credit	Long Term	12.00	IVR BBB/Stable	IVR BBB-/Stable	IVR BBB-/Stable	IVR BBB-/ RWDI*
3.	WCDL	Long Term	28.00	IVR BBB/Stable	IVR BBB-/Stable	--	--
4.	Letter of Credit	Short Term	2.00	IVR A3+	IVR A3	IVR A3	IVR A3/ RWDI*
5.	Letter of Credit	Short Term	6.00	IVR A3+	IVR A3	--	--

**Rating watch with developing implications*

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About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan (o/s as on April 30, 2025)	-	-	-	August 2029	6.93	IVR BBB/Stable
Cash Credit	-	-	-	-	12.00*	IVR BBB/Stable
WCDL	-	-	-	-	25.00^	IVR BBB/Stable
WCDL	-	-	-	-	3.00	IVR BBB/Stable
Letter of Credit	-	-	-	-	6.00	IVR A3+
Letter of Credit	-	-	-	-	2.00#	IVR A3+

**Sub-Limit of WCDL of Rs. 12.00 crore and Export Credit (Pre shipment/Post shipment/ Export bill discounting) INR/FCNR facility of Rs. 5.00 crore*
^Sub-Limit of overdraft facility of Rs. 25.00 crore and Pre-shipment seller loan facility of Rs. 25.00 crore
#Sub-limit of SBLC facility of Rs. 2.00 crore

Annexure 2: Facility wise lender details:
https://www.infomerics.com/admin/prfiles/len-TMPL-may25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: NA

Annexure 4: List of companies considered for consolidated/Combined analysis: NA

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.