

## Press Release

Lone Star Holdings Private Limited

October 10, 2022



### Rating Reaffirmed & Withdrawn

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	10.00	-	ACUITE A4   Reaffirmed & Withdrawn
Bank Loan Ratings	10.00	ACUITE B+   Reaffirmed & Withdrawn	-
Total Outstanding Quantum (Rs. Cr)	0.00	-	-
Total Withdrawn Quantum (Rs. Cr)	20.00	-	-

### Rating Rationale

Acuite has reaffirmed & withdrawn the long term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs.10.00 cr. bank facilities and short term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs.10.00 cr. bank facilities of Lone Star Holdings Private Limited.

This rating withdrawal is in accordance with the Acuite's policy on withdrawal of rating. The rating is being withdrawn on account of request received from the company and the NOC received from the banker

### About the company

Lone Star Holdings Private Limited (LHPL), a non-deposit taking NBFC incorporated in 1987, commenced commercial operations in 2012 to provide medical equipments on operating lease. The company also offers term financing of medical equipments. Typically, in a lease contract, the asset life is around five to eight years. The company leases out the medical equipment for around 36 months to a hospital (primary lessee). On expiry of the primary lease, the contract is either renewed or the asset is deployed in a hospital/diagnostic center in a Tier 2 city under secondary lease arrangement.

### Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the LHPL to arrive at this rating.

### Key Rating Drivers

#### Strength

##### Experienced management & reputed customer base

LHPL benefits from its experienced management. Mr. Sundeep Ramgarhia, Director, has around eight years of experience in medical equipment financing. He has been associated with GE Capital in the leasing, financial and private equity business and during his stint with GE, he had developed contacts with the leading hospitals and doctors in the country. LHPL

caters to a reputed clientele base, viz, Fortis Hospital & Kidney Institute, Seven Hills Healthcare Private Ltd., Marc Medical Systems, ILS Hospital, Mission of Mercy Hospital & Research Centre amongst others. LHPL has leveraged on its promoter's prior experience in the healthcare sector to enter into relationships with leading hospitals in the country.

### Weakness

#### Competitive landscape of the equipment financing industry

LHPL faces competition from banks and institutions that offer structured financial solutions to healthcare institutions/clinics. Leasing of medical equipment is yet to pick up in a significant manner with several hospitals/clinics choosing to buy and own equipments rather than lease them. LHPL's ability to scale up operations against the backdrop of intense competition will depend on its ability to offer optimal cost effective solutions in tune with the client's requirements.

### Rating Sensitivity

- Movement in collection efficiency and asset quality
- Movement in liquidity buffers
- Movement in profitability and capitalisation buffers
- Changes in regulatory environment

### Material Covenants

None

### Liquidity Position

#### Adequate

The company has cash and cash equivalents of Rs 5.72 Cr as on March 31, 2022

### Outlook:

Not Applicable

### Other Factors affecting Rating

None

### Key Financials - Standalone / Originator

Particulars	Unit	FY22 (Prov.)	FY21 (Actual)
Total Assets	Rs. Cr.	18.89	11.62
Total Income*	Rs. Cr.	9.71	5.83
PAT	Rs. Cr.	1.70	0.86
Net Worth	Rs. Cr.	7.25	5.67
Return on Average Assets (RoAA)**	(%)	NA	NA
Return on Average Net Worth (RoNW)**	(%)	NA	NA
Debt/Equity	Times	1.23	0.71
Gross NPA (Owned portfolio)**	(%)	NA	NA
Net NPA (Owned portfolio)**	(%)	NA	NA

\*Total income equals to Net Interest Income plus other income.

\*\*Not available

### Status of non-cooperation with previous CRA (if applicable):

None

### Any other information

Acuité is yet to receive the latest No Default Statement (NDS) from the rated entity, despite repeated requests and follow-ups. However the team has obtained CRIF which has categorized the account as Standard.

### Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Banks And Financial Institutions: <https://www.acuite.in/view-rating-criteria-45.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Non-Banking Financing Entities: <https://www.acuite.in/view-rating-criteria-44.htm>

### Note on complexity levels of the rated instrument

<https://www.acuite.in/criteria-complexity-levels.htm>

### Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
26 May 2022	Term Loan	Long Term	5.00	ACUITE B+ (Downgraded and Issuer not co-operating*)
	Letter of Credit	Short Term	10.00	ACUITE A4 (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	5.00	ACUITE B+ (Downgraded and Issuer not co-operating*)
22 Feb 2021	Letter of Credit	Short Term	10.00	ACUITE A4+ (Issuer not co-operating*)
	Term Loan	Long Term	5.00	ACUITE BB- (Downgraded and Issuer not co-operating*)
	Term Loan	Long Term	5.00	ACUITE BB- (Downgraded and Issuer not co-operating*)
18 Dec 2019	Term Loan	Long Term	5.00	ACUITE BB (Issuer not co-operating*)
	Letter of Credit	Short Term	10.00	ACUITE A4+ (Issuer not co-operating*)
	Term Loan	Long Term	5.00	ACUITE BB (Issuer not co-operating*)
04 Oct 2018	Term Loan	Long Term	5.00	ACUITE BB   Stable (Reaffirmed)
	Term Loan	Long Term	5.00	ACUITE BB   Stable (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A4+ (Reaffirmed)
22 Jul 2017	Term Loan	Long Term	5.00	ACUITE BB   Stable (Reaffirmed)
	Term Loan	Long Term	5.00	ACUITE BB   Stable (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A4+ (Reaffirmed)
07 Nov 2016	Term Loan	Long Term	10.00	ACUITE BB   Stable (Assigned)
	Letter of Credit	Short Term	10.00	ACUITE A4+ (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Rating
Indian Overseas Bank	Not Applicable	Letter of Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE A4   Reaffirmed & Withdrawn
Janlakshmi Financial Services Ltd.	Not Applicable	Term Loan	Not available	Not available	Not available	5.00	ACUITE B+   Reaffirmed & Withdrawn
Indian Overseas Bank	Not Applicable	Term Loan	Not available	Not available	Not available	5.00	ACUITE B+   Reaffirmed & Withdrawn

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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