

Press Release

02 May, 2018



Healthway Hospitals Private Limited

Rating Assigned

Total Bank Facilities Rated	Rs. 45.00 Cr.
Long Term Rating	SMERA BB-/ Stable (Assigned)
Short Term Rating	SMERA A4+ (Assigned)

Rating Rationale

SMERA has assigned long term rating of '**SMERA BB-**' (read as SMERA double B minus) and a short term rating of '**SMERA A4+**' (read as SMERA A Four plus) on the Rs.45.00 crore bank facilities of Healthway Hospital Private Limited (HPPL).

About the Rated Entity

The Goa-based Healthway Hospitals Private Limited (HHPL) incorporated in April 2013 is a subsidiary of Goa Doctors Alliance Pvt. Ltd. (GDAL). HHPL is multi-specialty, tertiary care hospital in Goa. GDAL is an investment arm promoted by 52 doctors with equal shareholding. Out of the 52 doctors, 45 doctors who hold shares in GDAL are currently practicing at HHPL. Other than this hospital, HHPL also operates 3 pharmacies within the hospital premises which operate on International GMP and management standards. The hospital is currently headed by Dr. Virendra Sadanand Gaonkar, Dr. Sandeep Ratnakar Pawar, and Dr. Nilesh Balwant Talwadkar among others. The hospital provides medical and healthcare services in the field of Neurology, Cardiology, Gynecology, Surgeries among others. HHPL currently has a capacity 150 beds.

Key Rating Drivers

Strengths

Highly experienced management

Incorporated in 2013, HHPL offers advanced healthcare services as a multi-tier multi-specialty hospital. GDAL, the holding company of HHPL. The 45 doctors currently practicing in HHPL hold up to two to three decades of experience each in the medical field of their specialization. The hospital is currently headed by Dr. Virendra Sadanand Gaonkar, Dr. Sandeep Ratnakar Pawar, and Dr. Nilesh Balwant Talwadkar among others.

Moderate financial risk profile

HHPL has a moderate financial risk profile marked by net worth of Rs.40.54 crore as on 31 March, 2017 compared to Rs.29.08 crore as on 31 March, 2016. The gearing stood at 0.82 times as on 31 March, 2017 compared to 1.17 times in 31 March, 2016. The Interest Coverage Ratio (ICR) stood at 3.60 times in FY2017 compared to 43.19 times in FY2016. The DSCR stood at 3.18 times in FY2017 compared to 29.81 times in FY2016. The total debt of Rs.33.27 crore includes only long term debt. The Debt Service Coverage Ratio (DSCR) stood at 3.18 times in FY2017 as against 29.81 times in the previous year. Further, the NCA/TD ratio

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stood at 0.06 times in FY2017 as against 0.05 times in the previous year.

SMERA believes timely repayment of their debt obligations will be a key rating sensitivity while maintaining its financial risk profile.

Weaknesses

Moderate occupancy rate leading to its scale of operations

With the current capacity of 150 beds, HHPL has an average occupancy rate of 65 percent for FY2017. HHPL has moderate scale of operations marked by revenue of Rs.21.92 crore in FY2017 and Rs.17.12 crore in FY2016 due to the early stages of operations.

The medical camps held by the hospital throughout the state of Goa are expected to raise awareness about the hospital among the people.

Competitive industry

The hospital faces intense competition from several small players and also large players such as Manipal Hospital, Goa.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of Healthway Hospital Private Limited to arrive at this rating.

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smerra.in/criteria-default.htm>
- Service Entities - <https://www.smerra.in/criteria-service.htm>
- Financial Ratios And Adjustments - <https://www.smerra.in/criteria-fin-ratios.htm>

About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	4.09	1.44	-
EBITDA	Rs. Cr.	3.45	1.69	-0.11
PAT	Rs. Cr.	1.94	0.45	-0.01
EBITDA Margin	(%)	84.47	117.37	-
PAT Margin	(%)	47.44	30.98	-
ROCE	(%)	14.71	7.90	-0.19
Total Debt/Tangible Net Worth	Times	6.64	15.51	18.31
PBDIT/Interest	Times	3.46	1.52	-0.18
Total Debt/PBDIT	Times	5.67	13.51	15.91
Gross Current Assets (Days)	Days	285	679	-

Note on complexity levels of the rated instrument:
<https://www.smera.in/criteria-complexity-levels.htm>
Rating History (Upto last three years)

None

***Annexure - Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Over Draft	Not Applicable	Not Applicable	Not Applicable	2.73	SMERA BB-/ Stable
Term Loan	Not Applicable	Not Applicable	Not Applicable	27.08	SMERA BB-/ Stable
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	0.49	SMERA A4+
Proposed Fund Based Facility	Not Applicable	Not Applicable	Not Applicable	14.70	SMERA BB-/ Stable

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ABOUT SMERA

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