

Press Release

Parashmani Medical Centre Private Limited (PMCPL)

D-U-N-S® Number: 87-225-6228

December 21, 2018



Rating Assigned

Total Bank Facilities Rated*	Rs. 11.00 Cr.
Long Term Rating	ACUITE B+ / Stable (Assigned)
Short Term Rating	ACUITE A4 (Assigned)

* Refer Annexure for details

Rating Rationale

Acuité has assigned the long term rating of '**ACUITE B+** (read as **ACUITE B plus**) and short term rating of '**ACUITE A4** (read as **ACUITE A four**) to the Rs.11.00 crore of bank facilities of Parashmani Medical Centre Private Limited (PMCPL). The outlook is '**Stable**'.

PMCPL has set up a 300-bed super specialty hospital in Durgapur (West Bengal) under the name of 'Healthworld Hospitals' in 2014 by Dr. Arunangshu Ganguly.

Analytical Approach:

Acuité has taken a standalone view of the business and financial risk profile of PMCPL to arrive at the rating.

Key Rating Drivers:

Strengths

Experienced management

The director of PCMPL, Dr. Arunangshu Ganguly has more than 25 years of experience as a cardiologist in different hospitals. He is associated with the day to day operation of 'Healthworld Hospital' along with other experienced personnel. This long experience has resulted in expertise in the field of cardiology.

Moderate financial risk profile

The financial risk profile of the company is marked by moderate net worth, high gearing and healthy debt protection metrics. The net worth of the company stood at Rs.16.21 crore in FY2018 as compared to Rs.3.90 crore in FY2017, mainly on account of retention of current year profit and infusion of fresh capital into the business. The gearing of the company stood high at 4.80 times in FY2018 as compared to 11.90 times in FY2017. The total debt of Rs.77.87 crore consists of long term debt of Rs.65.10 crore from different financial institutions, short term debt of Rs.4.42 crore and unsecured loan from promoter of Rs.8.35 crore. The gearing levels were high mainly due to the low Networth base in FY2017. The interest coverage ratio (ICR) of the company stood at 2.44 times in FY2018 as compared to 50.56 times in FY2017. The debt service coverage ratio (DSCR) of the company stood low at 0.84 times in FY2018 as compared to 39.42 times in FY2017. The net cash accruals to total debt ratio has decreased to 0.02 times in FY2018 compared to 0.00 times in FY2017.

Weaknesses

Moderate scale of operation

The scale of operation of the company stood moderate at Rs.16.26 crore in FY2018 as compared to Rs.0.23 crore in FY2017. The company has booked Rs.8.00 crore till October 2018 (provisional). Acuité believes the ability of the company to scale up the operations will remain a key monitorable.

Nascent stage of operation

The company commenced operations in 2017. Acuité believes that the company's ability to scale up

operations will remain crucial to maintain a stable credit risk profile.

Outlook: Stable

Acuité believes that PCML will maintain a 'Stable' outlook in the medium term while benefitting from its experienced management and moderate financial risk profile. The outlook may be revised to 'Positive' if PCML scales up operations while improving their financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues or if the financial risk profile deteriorates.

About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)
Operating Income	Rs. Cr.	16.26	0.23
EBITDA	Rs. Cr.	2.39	0.19
PAT	Rs. Cr.	0.30	0.15
EBITDA Margin	(%)	14.72	79.57
PAT Margin	(%)	1.87	64.00
ROCE	(%)	1.98	0.69
Total Debt/Tangible Net Worth	Times	4.80	11.90
PBDIT/Interest	Times	2.44	50.56
Total Debt/PBDIT	Times	32.06	235.29
Gross Current Assets (Days)	Days	184	603

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

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Not Available

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Cash Credit	Not Applicable	Not Applicable	Not Applicable	10.00	ACUITE B+/ Stable (Assigned)
Bank Guarantee	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE A4 (Assigned)

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About Acuité Ratings & Research:

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