

Press Release

Parashmani Medical Centre Private Limited

February 01, 2023



Rating Reaffirmed & Withdrawn

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|------------------------------------|------------------|-----------------------------------|------------------------------------|
| Bank Loan Ratings | 10.00 | ACUITE B Reaffirmed & Withdrawn | - |
| Bank Loan Ratings | 1.00 | - | ACUITE A4 Reaffirmed & Withdrawn |
| Total Outstanding Quantum (Rs. Cr) | 0.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 11.00 | - | - |

Rating Rationale

Acuite has reaffirmed and withdrawn the long-term rating of '**ACUITE B**' (read as **ACUITE B**) and short-term rating of '**ACUITE A4**' (read as **ACUITE A four**) on the Rs. 11.00 crore bank facilities of Parashmani Medical Centre Private Limited (PMCPL).

The rating has been withdrawn on Acuite's policy of withdrawal of ratings. The rating has been withdrawn on account of the request received from the company, and the NOC received from the banker.

Rationale for the reaffirmation

The rating reaffirmation takes into account the improvement in the operating income of the company,

The rating also draws comfort from the experienced promoter and the company's long track record in the industry. These strengths are, however, offset by the working capital-intensive in nature of operations along with the average financial risk profile.

About the Company

Parashmani Medical Centre Private Limited has come up with a 300 bedded Super speciality hospital in Durgapur, West Bengal under the brand name "HEALTHWORLD HOSPITALS" in the year of 2014 by Dr. Arunangshu Ganguly. They are super speciality hospital offering all major medical facilities.

Analytical Approach

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

Key Rating Drivers

Strengths

Experienced management

The Director of PCMPL, Dr. Arunangshu Ganguly has more than two decades of experience as a cardiologist in different hospitals. This experience has resulted in establishing healthy relationship with the patients' parties. He is associated with the day-to-day operation of Health world Hospital along with other experienced personnel.

Increase in revenues along with profitability margins.

The company's operating income stood at Rs. 205.60 Cr. as on 31st March 2022 as compared to Rs. 144.03 Cr. as on 31st March 2021. Further, the operating margin of the company stood at 21.15 per cent as on 31st March 2022 as compared to 20.56 as on 31st March 2021. The PAT margin rose to 8.50 per cent on 31st March 2022 as compared to 7.81 per cent 2021. The RoCE of the company stood at 21.84 per cent as on 31st March 2022 as compared to 20.42 per cent as on 31st March 2021.

Weaknesses

Highly regulated nature of healthcare industry

The healthcare industry is regulated by several policies and bodies in terms of pricing, quality control, safety and health standards, and several other certifications and control standards. The company has to undergo for the necessary approvals and certifications, further the same has to be regularly upgraded for smooth functioning of their business. Any changes or regulations by the regulatory bodies may hamper the business of the companies prevailing in the industry.

Rating Sensitivities

None.

Material covenants

None

Liquidity Position

Adequate

The company's liquidity position is adequate marked by net cash accruals of Rs.27.40 Cr as on 31st March 2022 as against long-term debt repayment of Rs. 16.26 Cr during the same period. The current ratio stood at 1.10 times as on 31st March 2022, as compared to 0.83 times as on 31st March 2021. The cash and bank balances stood at Rs. 18.66 Cr. 31st March 2022. However, the working capital-intensive nature of operations of the company is marked by Gross Current Assets (GCA) of 103 days as on 31st March 2022 as compared to 123 days as on 31st March 2021, due to marginal increase in high other current asset. Acuité believes that going forward the liquidity position of the company will remain adequate due to the improving net cash accruals.

Outlook

Not Applicable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 22 (Actual) | FY 21 (Actual) |
|-------------------------------|---------|----------------|----------------|
| Operating Income | Rs. Cr. | 205.60 | 144.03 |
| PAT | Rs. Cr. | 17.48 | 11.26 |
| PAT Margin | (%) | 8.50 | 7.81 |
| Total Debt/Tangible Net Worth | Times | 1.84 | 2.67 |
| PBDIT/Interest | Times | 4.06 | 2.65 |

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in

Rating History

| Date | Name of Instruments/Facilities | Term | Amount (Rs. Cr) | Rating/Outlook |
|-------------|--------------------------------|------------|-----------------|--|
| 26 Aug 2022 | Bank Guarantee | Short Term | 1.00 | ACUITE A4 (Issuer not co-operating*) |
| | Cash Credit | Long Term | 10.00 | ACUITE B (Issuer not co-operating*) |
| 02 Jun 2021 | Bank Guarantee | Short Term | 1.00 | ACUITE A4 (Issuer not co-operating*) |
| | Cash Credit | Long Term | 10.00 | ACUITE B (Issuer not co-operating*) |
| 04 Mar 2020 | Cash Credit | Long Term | 10.00 | ACUITE B (Downgraded and Issuer not co-operating*) |
| | Bank Guarantee | Short Term | 1.00 | ACUITE A4 (Issuer not co-operating*) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Complexity Level | Quantum (Rs. Cr.) | Rating |
|----------------------|----------------|------------------------------------|------------------|----------------|----------------|------------------|-------------------|---|
| Punjab National Bank | Not Applicable | Bank Guarantee/Letter of Guarantee | Not Applicable | Not Applicable | Not Applicable | Simple | 1.00 | ACUITE A4 Reaffirmed & Withdrawn |
| Punjab National Bank | Not Applicable | Cash Credit | Not Applicable | Not Applicable | Not Applicable | Simple | 10.00 | ACUITE B Reaffirmed & Withdrawn |

Contacts

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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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