



Press Release
PN Memorial Neuro Centre And Research Institute Limited
October 07, 2024
Rating Assigned and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	18.00	ACUITE A Stable Assigned	-
Bank Loan Ratings	228.00	ACUITE A Stable Upgraded	-
Bank Loan Ratings	2.00	-	ACUITE A1 Assigned
Bank Loan Ratings	2.00	-	ACUITE A1 Upgraded
Total Outstanding Quantum (Rs. Cr)	250.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long-term rating of ‘**ACUITE A-**’ (read as **Acuite A minus**) to ‘**ACUITE A**’ (read as **Acuite A**) on the Rs. 228 crore bank facilities and the short-term rating of ‘**ACUITE A2+**’ (read as **Acuite A two plus**) to ‘**ACUITE A1**’ (read as **Acuite A one**) on the Rs.2.00 crore bank facilities of P N Memorial Neuro Centre and Research Institute Limited (PNM). The outlook is ‘**Stable**’.

Further, Acuite has assigned the long term rating of ‘**ACUITE A**’ (read as **Acuite A**) on the Rs. 18.00 crore bank facilities and the short-term rating of ‘**ACUITE A1**’ (read as **Acuite A one**) on Rs.2.00 crore bank facilities of P N Memorial Neuro Centre and Research Institute Limited (PNM). The outlook is ‘**Stable**’.

Rationale for rating upgrade

The upgrade in rating is driven by improved operating performance of the company marked by improved revenue along with improving operating profitability and healthy financial risk profile. The operating income in FY24(Prov.) has improved to Rs.304.36 Cr. as against Rs.188.19 Cr. in FY23. The revenue of the company is mainly dependent on the occupancy level at its hospitals. The company generates occupancy levels of average ~81% at Kolkata unit and average ~64% at Siliguri unit in FY24. Further, the company increased its bed capacity from 300 beds to 700 beds at its Kolkata unit since September 2023. The improved operating income is also partly driven by this expansion and thus is estimated to sustain the same. Additionally, the rating continues to derive its strengths from the healthy financial risk profile of the company. However, the rating is constrained by intensive working capital nature of operations of the company and exposure to competition in the healthcare sector.

About the Company

Incorporated in 2000, PNM started operation from 2009 and is promoted by Mr. Sajal Dutta, who also looks after day-to-day operations. The company currently operates 2 multispecialty hospitals under the brand ‘Desun’ in

Kolkata and Siliguri (West Bengal). Currently, the company has license for 700 beds in the Kolkata unit and 300 beds for the Siliguri Unit. Both the units have 28 medical departments including 1 super specialty heart institute.

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Experienced management and long track record of operations

Incorporated in 2000, PN Memorial Neuro Center and Research Institute Limited (PNM) has a long operational track record of more than two decades. The long-standing experience of the promoters and long track record of operations has helped them to establish a strong brand image and secure corporate tie ups with more than 150 entities. The tie up is spread across various sectors in the private and government. The company has tie ups with the Government of West Bengal, Jharkhand, Mizoram and Bihar. The clientele of the entity from the private segment includes Air India, Hindustan Unilever, Ahluwalia Contracts, L&T, Hindalco, WIPRO, Microsoft only to name a few.

Improved operating performance

The revenue of the company stood at Rs. 304.36 Cr. in FY24(Prov.) as against Rs.188.19 Cr. in FY23. There has been increase in the number of beds at the Kolkata Unit resulting into increased capacity from 300 beds in FY23 to 700 beds in FY24 and the occupancy level of the hospital remained stable in the average range of 80 to 85%. For the Siliguri Unit, the number of beds remained the same with the total capacity of 300 beds whereas, the occupancy level increased from the average of 56% to 64% in FY24. The operating profit margin of the company stood 24.73% for FY24(Prov.) as against 16.25% for FY23.

Healthy Financial Risk Profile

The financial risk profile of the company is healthy marked by moderate net worth, coverage indicators and low gearing. The tangible net worth of the company stood at Rs.246.82 Cr. as on March 31, 2024 (Prov.) as against Rs. 200.78 Cr. as on March 31, 2023. The company follows moderate leverage as reflected by improved gearing (debt-equity) of 0.98 times as on March 31, 2024(Prov.) as against 0.91 times as on March 31, 2023. The total debt of the company of Rs.240.94 Cr. as on March 31, 2024 (Prov.) includes long term borrowings of Rs.173.79 Cr. and working capital borrowing of Rs.44.02 Cr. The total outside liability to tangible net worth (TOL/TNW) stood at 1.37 times as on March 31, 2024 (Prov.) as against 1.35 times as on March 31, 2023. The debt coverage ratios are moderate with improved interest coverage ratio (ICR) of 4.93 times as on March 31, 2024 (Prov.) as against 4.08 times as on March 31, 2023. The debt service coverage ratio (DCSR) stood at 2.92 times as on March 31, 2024 (Prov.) as against 1.61 times as on March 31, 2023.

Weaknesses

Working Capital Intensive nature of operations

The operations of the company are of working capital intensive nature marked by gross current asset(GCA) day of 138 days for FY24(Prov.) as against 177 days for FY23. The debtor days of the company stood at 89 days for FY24(Prov.) as against 114 days for FY23. The debtor collection mechanism includes receivables from TPAs, various government schemes like- West Bengal Health Scheme, Swasthya Sathi, Modicare, corporate tie ups with- NHPC, HPCL, Indian Oil and ESIC. The collection period is approximately between 2-5 months. The average bank limit utilisation of the working capital limits stood at 49.48% for last 11 months ending July 2024.

Rating Sensitivities

- Improvement in the scale of operation while sustaining its profitability margin.
- Retained level of occupancy.

Liquidity Position

Adequate

The company's liquidity position is adequate marked by sufficient net cash accruals against its maturing debt obligations. The company generated net cash accruals of Rs.61.36 Cr. in FY24(Prov.) and Rs.30.83 Cr. in FY23 against maturing debt obligations of Rs.8.47-Rs.23.13 Cr. in the same tenure. In addition, it is expected to generate a sufficient cash accrual in the range of Rs.65.00-75.00 Cr. against the maturing repayment obligations in the range of Rs.30.00-32.00 Cr. over the medium term. The working capital management of the company is marked intensive by GCA days of 138 days in FY24(Prov.) as against 177 days in FY23. The company maintains unencumbered cash and bank balances of Rs.63.40 Cr. as on March 31, 2024(Prov.). The current ratio stands at 1.34 times as on March 31, 2024(Prov.) as against 1.35 times as on March 31, 2023. Average bank limit utilization for fund-based limits stood at ~49 percent and for non-fund-based limits stood around ~48 percent for the last 11 months ended July 2024.

Outlook: Stable

Acuité believes that the outlook on PNM will remain 'Stable' over the medium term on account of the experience of the promoters, long track record of operations and healthy business risk profile. The outlook may be revised to

'Positive' in case the company witnesses a material improvement in its working capital management while increasing its scale of operations and maintaining its profitability margins. Conversely, the outlook may be revised to 'Negative' in case of any significant elongation in its working capital management leading to deterioration of its gearing and liquidity position.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	304.36	188.19
PAT	Rs. Cr.	46.04	19.91
PAT Margin	(%)	15.13	10.58
Total Debt/Tangible Net Worth	Times	0.98	0.91
PBDIT/Interest	Times	4.93	4.08

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, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité'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
25 Aug 2023	Covid Emergency Line.	Long Term	2.21	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	6.06	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	2.02	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	10.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	34.10	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	3.69	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	4.25	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	1.06	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	2.46	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	1.10	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	1.05	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	140.00	ACUITE A- Stable (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	2.00	ACUITE A2+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	1.10	ACUITE A2+ (Reaffirmed)
04 Aug 2023	Covid Emergency Line.	Long Term	2.29	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	6.61	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	2.22	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	11.25	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	3.69	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	4.72	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	1.13	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	2.46	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	1.10	ACUITE A- Stable (Reaffirmed)
	Covid Emergency Line.	Long Term	1.14	ACUITE A- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.99	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	138.30	ACUITE A- Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	3.54	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	2.76	ACUITE A- Stable (Reaffirmed)
23 Jun 2022	Term Loan	Long Term	4.10	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	140.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	11.08	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	0.79	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	0.49	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	13.60	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	18.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	10.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	5.64	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	13.00	ACUITE A- Stable (Reaffirmed)
30 Mar 2021	Term Loan	Long Term	36.01	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	6.02	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	3.27	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	11.70	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	70.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	20.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	35.00	ACUITE A- Stable (Reaffirmed)
	Term Loan	Long Term	15.00	ACUITE A- Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A1 Upgraded (from ACUITE A2+)
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A1 Assigned
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	30.00	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE A Stable Assigned
Indian Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2026	2.00	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
Indian Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2026	1.00	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
Indian Overseas Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2026	0.70	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
Indian Overseas Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2026	0.50	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
Punjab National Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2026	2.00	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
Punjab National Bank	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2026	0.50	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	28 Feb 2026	2.30	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
State Bank of India	Not avl. / Not appl.	Covid Emergency Line.	Not avl. / Not appl.	Not avl. / Not appl.	31 Dec 2026	3.00	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2033	27.00	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
Indian Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Aug 2027	5.00	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
Tata Capital Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2029	22.00	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2033	132.00	Simple	ACUITE A Stable Upgraded (from ACUITE A-)
Tata Capital Limited	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Mar 2029	3.00	Simple	ACUITE A Stable Assigned

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About Acuité Ratings & Research

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