

## Press Release

Nasa Brain And Spine Centre

D-U-N-S® Number: 67-548-4875

April 15, 2019



### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 21.00 Cr.
<b>Long Term Rating</b>	ACUITE BB- / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

Acuite has assigned long-term rating of '**ACUITE BB-** (read as **ACUITE double B minus**)' to the Rs. 21.00 crore bank facilities of Nasa Brain And Spine Centre (NBSC). The outlook is '**Stable**'.

Based in Jalandhar, NBSC was established in 2013. NBSC is a multi-specialty hospital managed by partners, Mr. Sandeep Goel, Mr. Naveen Chitkara and Mr. Shubhang Agrawal.

#### Analytical Approach

Acuite has considered the standalone business and financial risk profile of NBSC to arrive at the rating.

### Key Rating Drivers

#### Strengths

- **Experienced management**

NBSC was promoted in 2013 by Dr. Shubhang Aggarwal, Dr. Naveen Chitkara and Dr. Sandeep Goel. Dr. Shubhang Aggarwal is one of the only super specialist Orthopaedic Joint Replacement surgeons in Jalandhar/ Doaba region, and amongst the handful in India. He has more than two decades of experience in this field. Dr. Naveen Chitkara is a well-known Neurosurgeon; specialising in the brain, spine, and peripheral nervous system. He has over 21 years of experience. He has performed more than 5000 surgeries successfully and also offers expert advice and consultation for Brain & Spine diseases. Dr. Sandeep Goel is a Neurologist with special training in Interventional Neurology and Headaches and has over 14 years of experience. These along with Thrombolysis are some of his areas of expertise. He has a vast work experience having worked in Tagore Hospital for nearly 9 years after which he started his own practice in partnership with co-founder, Dr. Naveen Chitkara.

#### Weaknesses

- **Modest scale of operations**

The scale of operations of NBSC is modest marked by operating income of Rs.10.05 crore in FY2018 as compared to Rs.10.36 crore in FY2017 and Rs.8.82 crore in FY2016 on account of limited track record of operations as the firm was established in 2013.

- **Average financial risk profile**

The financial risk profile of NBSC is moderate marked by low tangible net worth of Rs.4.82 crore as on 31 March, 2018 as against Rs.4.58 crore in the previous year. Gearing stood at 3.36 times as on 31 March, 2018 as against 1.24 times in the previous year. The total debt of Rs.16.20 crore includes unsecured loans from partners of Rs.7.68 crore and short term borrowing of Rs. 8.52 crore. Interest Coverage Ratio (ICR) stood at 2.20 times in FY2018 as against 2.48 times in FY2017. The total outside liabilities to tangible net worth (TOL/TNW) reduced to 3.39 times as on 31 March, 2018 from 4.92 times in the previous year.

### Liquidity Position:

NBSC has average liquidity marked by average net cash accruals to its maturing debt obligations. NBSC generated cash accruals of Rs.0.37-0.87 crore during the last three years through 2017-18, while it had no maturing debt obligations over the same period. The cash accruals of NBSC are estimated to remain around Rs.3.49-9.20 crore during 2019-21, while its repayment obligations are estimated to be around Rs.1.09 crore. NBSC had higher reliance on working capital borrowings, the cash credit limit in remains utilised at 90 percent during the last 12-month period ended February 2018. NBSC maintains unencumbered cash and bank balances of Rs.0.55 crore as on March 31, 2018. The current ratio of NBSC stands low at 0.10 times as on March 31, 2018.

### Outlook: Stable

Acuite believes that the outlook of NBSC will remain 'Stable' over the medium term on account of its experienced management and moderate financial risk profile. The outlook may be revised to 'Positive' if the hospital achieves higher than expected growth in revenues. Conversely, the outlook may be revised to 'Negative' in case of decline in profitability or deterioration in the capital structure.

### About the Rated Entity - Key Financials

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	10.05	10.36	8.82
EBITDA	Rs. Cr.	0.82	0.89	0.84
PAT	Rs. Cr.	-0.92	0.78	0.73
EBITDA Margin	(%)	8.19	8.56	9.47
PAT Margin	(%)	-9.14	7.52	8.26
ROCE	(%)	-2.99	12.76	66.00
Total Debt/Tangible Net Worth	Times	3.36	1.24	0.94
PBDIT/Interest	Times	1.82	55.22	450.21
Total Debt/PBDIT	Times	19.66	6.39	1.28
Gross Current Assets (Days)	Days	50	194	49

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

Not applicable.

### Any other information

None.

### Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Entities In 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 Applicable

### \*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Overdraft	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BB- / Stable
Proposed Long Term Bank Facility	Not Applicable	Not Applicable	Not Applicable	6.00	ACUITE BB- / Stable

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### About Acuite Ratings & Research:

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