

Press Release

Nasa Brain and Spine Centre

July 02, 2020



Rating Reaffirmed

Total Bank Facilities Rated*	Rs.21.00 Cr.
Long Term Rating	ACUITE BB-/Stable

* Refer Annexure for details

Rating Rationale

Acuité has Reaffirmed its long-term rating of '**ACUITE BB-**' (read as **ACUITE double B minus**) on the Rs.21.00 crore bank facilities of Nasa Brain and Spine Centre (NBSC). The outlook is '**Stable**'.

Jalandhar based Nasa Brain and Spine Centre (NBSC) was established in the year 2013. NBSC is a multi-specialty hospital managed by partners, Mr. Sandeep Goel, Mr. Naveen Chitkara and Mr. Shubhang Agrawal.

Analytical Approach

Acuité has considered a 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 Orthopedic 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, specializing in the brain, spine, and peripheral nervous system. He has over two decades of experience. He 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.29.77 crore in FY2020 (Provisional) as compared to Rs.21.36 crore in FY2019 and Rs.10.05 crore in FY2017 on account of limited track record of operations as the hospital was established in 2013.

- **Average financial risk profile**

The financial risk profile of NBSC is moderate marked by low tangible net worth of Rs.5.15 crore as on 31 March 2020 (Provisional) as against Rs.4.66 crore in the previous year. Gearing stood at 5.16 times as on 31 March 2020 (Provisional) as against 4.86 times in the previous year. The total debt of Rs.26.58 crore as on 31 March 2020 (Provisional) includes unsecured loans from partners of Rs.7.83 crore and short term borrowing of Rs. 8.45 crore. Interest Coverage Ratio (ICR) stood at 3.41 times in FY2020 (Provisional) as against 3.08 times in FY2019. The total outside liabilities to tangible net worth (TOL/TNW) increased to 5.86 times as on 31 March, 2020 (Provisional) from 5.35 times in the previous year.

Acuité believes that the financial risk profile of the firm is expected to be at similar levels over the medium term supported by moderate cash accruals.

Rating Sensitivity factors

- Significant Improvement in revenues
- Any further deterioration of its financial risk profile and liquidity

Material Covenants: None

Liquidity Position: Stretched

NBSC has Stretched liquidity marked by average net cash accruals to its maturing debt obligations. NBSC generated cash accruals of Rs.0.37-5.25 crore during the last three years through 2018-20, with the repayment obligation of Rs.2.60-2.80 during the same period. The cash accruals of NBSC are estimated to remain around Rs.4.40-7.70 crore during 2021-23, while its repayment obligations are estimated to be around Rs.3.00-3.20 crore. NBSC had higher reliance on working capital borrowings, the cash credit limit in remains utilized at 85 percent during the last six-month period ended May 2020. NBSC maintains cash and bank balances of Rs.0.85 crore as on March 31, 2020 (provisional). The current ratio of NBSC stands low at 0.24 times as on March 31, 2020 (provisional).

Acuité believes that the liquidity of the firm is likely to remain average over the medium term on account of modest net cash accruals.

Outlook: Stable

Acuité 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 maybe revised to 'Negative' in case of decline in profitability or deterioration in the capital structure.

About the Rated Entity - Key Financials

	Unit	FY20 (Provisional)	FY19 (Actual)
Operating Income	Rs. Cr.	29.77	21.36
PAT	Rs. Cr.	0.63	0.14
PAT Margin	(%)	2.13	0.67
Total Debt/Tangible Net Worth	Times	5.16	4.86
PBDIT/Interest	Times	3.41	3.08

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

None

Any other information

None

Applicable Criteria

- Default Recognition – <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Entities - <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

<https://www.acuite.in/view-rating-criteria-55.htm>

Rating History (Upto three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr)	Ratings/Outlook
15-Apr-19	Over Draft	Long Term	15.00	ACUITE BB- / Stable (Assigned)
	Proposed Long term bank facility	Long Term	6.00	ACUITE BB- / Stable (Assigned)

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Over Draft	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BB- (Withdrawn)
Term Loan	April 2019	Not Applicable	May 2026	5.00	ACUITE BB-/Stable (Assigned)
Proposed Overdraft	Not Applicable	Not Applicable	Not Applicable	15.00	ACUITE BB-/Stable (Reaffirmed)
Proposed Bank Facility	Not Applicable	Not Applicable	Not Applicable	1.00	ACUITE BB-/Stable (Reaffirmed)

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About Acuité Ratings & Research:

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