



Press Release
DR. NAMJOSHI HOSPITAL PRIVATE LIMITED
October 28, 2024
Rating Upgraded & Withdrawn

| Product | Quantum (Rs. Cr) | Long Term Rating | Short Term Rating |
|------------------------------------|------------------|-----------------------------------|-------------------|
| Bank Loan Ratings | 184.83 | ACUITE BB+ Upgraded & Withdrawn | - |
| Bank Loan Ratings | 45.17 | Not Applicable Withdrawn | - |
| Total Outstanding Quantum (Rs. Cr) | 0.00 | - | - |
| Total Withdrawn Quantum (Rs. Cr) | 230.00 | - | - |

Rating Rationale

Acuite has upgraded and withdrawn the long-term rating to '**ACUITE BB+**' (read as **ACUITE Double B Plus**) from '**ACUITE BB**' (read as **ACUITE Double B**) on the Rs 184.83 crore bank facilities of Dr. Namjoshi Hospital Private Limited (DNHPL).

Further, Acuite has withdrawn its long-term rating on Rs 45.17 crore proposed bank facilities of Dr. Namjoshi Hospital Private Limited without assigning any rating as it is a proposed facility. The withdrawal is in accordance with Acuite's policy on withdrawal of rating as applicable to the respective facility / instrument. The rating is being withdrawn on account of request received from the company, and NOC (No Objection Certificate) received from the banker.

Rationale for Rating

The rating upgrade considers extensive experience of the promoters and management along with improvement in the operating income albeit slight decline in the operating margins. The operating income stood at Rs.287.23 crore in FY24 (Prov.) as against Rs, 217.03 crore in FY23. The operating margins stood at 32.35% in FY24(Prov.) as against 43.31% in FY23. The rating is constrained by the below average financial risk profile of the company marked by moderate net worth, debt-protection metrics and high gearing level. Further, the rating also factors the company's presence in a highly regulated sector.

About the Company

Established in 1999, Dr. Namjoshi Hospital Private Limited (DNHPL) is a multispecialty hospital in Mumbai. DNHPL has four hospitals located in Mumbai, first in Juhu, second in Andheri East with a capacity of 100 beds each, third one in Kurla with current operational capacity of 100 beds and fourth one in Malad with a capacity of 100 beds. All these hospitals operate in the name of Criticare Multispeciality Hospital and provide medical treatments for various specialities ranging from general pathology to cardiology, Gynaecology, orthopaedics, trauma care, etc. Mr. Deepak Jagannath Namjoshi and Mrs. Masuma Deepak Namjoshi are the directors of the company.

Unsupported Rating
Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Experienced Management and long track record of operations

DNHPL was founded by Dr. Deepak Namjoshi (Director), who is a Cardiologist and Chest Physician. Dr. Namjoshi has an extensive experience of over 3 decades as a cardiologist and is also actively involved in the day-to-day activities of the hospitals. The company also has around 190 visiting and inhouse doctors with an extensive experience across various specialities. The company also has maintained healthy relations with various public and private sectors corporates like Reserve Bank of India (RBI), Tata Motors, Mahindra and Mahindra, L&T group, etc.

Acuité believes that the long track record of operations will benefit the company going forward.

Moderate scale of operations

DNHPL has four hospitals located in Mumbai, first in Juhu, second in Andheri East with a capacity of 100 beds each, third one in Kurla with current operational capacity of 100 beds and fourth one in Malad with a capacity of 100 beds. All these hospitals operate in the name of Criticare Multispeciality Hospital and provide medical treatments for various specialities ranging from general pathology to cardiology, Gynaecology, orthopaedics, trauma care, etc.

The revenue stood at Rs.287.23 Cr. in FY2024 (Prov.) as against Rs.217.03 Cr. in FY2023. The increase in the revenue is on account of improvement in occupancy levels at Malad and Kurla hospital. The average length of stay is 4 to 5 days for all the hospitals. The occupancy level for its old hospitals at Juhu and Andheri is around 85 to 90%. For Kurla hospital, the occupancy level ranges from 55 to 65% and for newly started Malad hospital the current occupancy level is 35-45%.

Acuite believes that the occupancy level of the newly started hospital is expected to improve going ahead, leading to an increase in scale of operations.

Weaknesses

Below Average Financial Risk Profile

The financial risk profile of the company is below average marked by moderate net worth, high gearing and a moderate debt protection metrics. Tangible Networth of the company stood moderate at Rs.53.78 Cr. in FY2024 (Prov.) as against Rs.39.48 Cr. in FY2023. Total Debt of the company stood at Rs.230.22 Cr. in FY2024 (Prov.). Gearing (Debt/Equity) of the company stood moderately high at 4.28 times in FY2024 (Prov.) as against 5.80 times in FY2023. Debt protection metrics remain moderate with Debt Service Coverage ratio (DSCR) at 1.41 times in FY2024(Prov.) as against 1.21 times in FY2023 and Interest Coverage ratio (ICR) at 2.25 times in FY2024 (Prov.) as against 1.89 times in FY2023.

Stringent regulatory framework in the healthcare sector:

Despite the increasing trend of privatization of healthcare sector in India, the company continues to operate under stringent regulatory environment. Accordingly, regulatory challenges continue to pose a significant risk to private healthcare institutions, as they are highly susceptible to changes in regulatory framework. Healthcare is a highly sensitive sector where any mishandling of a case or negligence on part of any doctor and/or staff of the unit can lead to distrust among the masses. Thus, the healthcare providers need to monitor each case diligently and maintain standard in services in order to avoid the occurrence of any unforeseen incident. They also need to maintain high vigilance to avoid any malpractice in any pocket.

Rating Sensitivities

Not Applicable

Liquidity Position

Adequate

The liquidity position of the company is adequate on account on adequate net cash accrual against the maturing debt obligations. The company generated net cash accrual of Rs. 25.05 Cr. in FY2024 (Prov.) as against the debt obligation of Rs. 10.88 Cr. The current ratio of the company stood at 1.08 times as on March 31, 2024 (Prov.). The unencumbered cash and bank balances stood at Rs. 3.90 Cr. as on March 31, 2024 (Prov.).

Outlook: Not Applicable

Other Factors affecting Rating

None

Key Financials

| Particulars | Unit | FY 24 (Provisional) | FY 23 (Actual) |
|-------------------------------|---------|---------------------|----------------|
| Operating Income | Rs. Cr. | 287.23 | 217.03 |
| PAT | Rs. Cr. | 14.30 | 6.42 |
| PAT Margin | (%) | 4.98 | 2.96 |
| Total Debt/Tangible Net Worth | Times | 4.28 | 5.80 |
| PBDIT/Interest | Times | 2.25 | 1.89 |

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 |
|-------------|----------------------------------|-----------|-----------------|--|
| 05 Jul 2024 | Term Loan | Long Term | 86.83 | ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable) |
| | Term Loan | Long Term | 98.00 | ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable) |
| | Proposed Long Term Bank Facility | Long Term | 45.17 | ACUITE BB (Downgraded & Issuer not co-operating* from ACUITE BB+ Stable) |
| 02 Aug 2023 | Term Loan | Long Term | 86.83 | ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable) |
| | Term Loan | Long Term | 98.00 | ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable) |
| | Proposed Long Term Bank Facility | Long Term | 45.17 | ACUITE BB+ Stable (Downgraded from ACUITE BBB- Stable) |
| 10 May 2022 | Term Loan | Long Term | 86.83 | ACUITE BBB- Stable (Assigned) |
| | Term Loan | Long Term | 98.00 | ACUITE BBB- Stable (Assigned) |
| | Proposed Long Term Bank Facility | Long Term | 45.17 | ACUITE BBB- Stable (Assigned) |

Annexure - Details of instruments rated

| Lender's Name | ISIN | Facilities | Date Of Issuance | Coupon Rate | Maturity Date | Quantum (Rs. Cr.) | Complexity Level | Rating |
|----------------|----------------------|----------------------------------|----------------------|----------------------|----------------------|-------------------|------------------|--|
| Not Applicable | Not avl. / Not appl. | Proposed Long Term Bank Facility | Not avl. / Not appl. | Not avl. / Not appl. | Not avl. / Not appl. | 45.17 | Simple | Not Applicable Withdrawn |
| Canara Bank | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 30 Apr 2031 | 86.83 | Simple | ACUITE BB+ Upgraded & Withdrawn (from ACUITE BB) |
| Bharat Bank | Not avl. / Not appl. | Term Loan | Not avl. / Not appl. | Not avl. / Not appl. | 31 Oct 2036 | 98.00 | Simple | ACUITE BB+ Upgraded & Withdrawn (from ACUITE BB) |

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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