

**Press Release**  
**DOWN TOWN HOSPITAL LIMITED**  
**January 21, 2025**  
**Rating Assigned**



Product	Quantum (Rs. Cr)	Long Term Rating	Short T
Bank Loan Ratings	25.00	ACUITE BBB-   Stable   Assigned	-
Total Outstanding Quantum (Rs. Cr)	25.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has assigned its long-term rating of '**ACUITE BBB-**' (read as **ACUITE triple B minus**) on the Rs.25.00 Cr. bank facilities of Down town Hospital Limited. The outlook is '**Stable**'.

**Rationale for rating**

The rating takes into cognizance long track record of operations and stable business risk profile, above average financial risk profile, efficient working capital management and adequate liquidity. However, these strengths are partly offset by the highly regulated nature of healthcare. The company in collaboration with the Courtyard by Marriot is setting up a hotel and timely completion and stabilization of the ongoing capex for hotel will remain a key monitorable.

**About the Company**

Down Town Hospital Limited (DTHL) is a Guwahati, Assam based entity incorporated in the year 1986. The company is running a multi speciality 300 bedded hospital in Guwahati. The company is also constructing a hotel under brand "Marriot Courtyard". The current Directors of the company are Dr. Narendra Nath Dutta, Ms. Mayurakshi Dutta, Dr. Balin Kumar Gogoi, Mr. Biswa Dutta, Ms. Gariasi Dutta, Mr. Joutishman Dutta, Ms. Bandana Dutta and Ms. Sabita Tamuli.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profile of Down town Hospital Limited to arrive at the rating.

**Key Rating Drivers**

**Strengths**

**Long track record of operations and experienced management**

The promoters of the company are Dr. Narendra Nath Dutta and Mrs. Bandana Dutta, they hold prior experience in the hospital sector. Over the years, the company has been able to leverage their experience and establish tie-ups with various corporates and Third Party Administrators (TPA) to augment their business. The company is now entering the hospitality sector by setting up a 5 star hotel under "Marriot Courtyard" expected to be operational by FY 2027. The management has experience in running a restaurant business and other institutes through their other business entities. Acuite believes that the promoters experience will leverage the business coupled with healthy relations with the clientele will continue to benefit the company going forward.

**Revenues and operating profitability**

The revenues have increased to Rs. 86.15 Cr. as on March 31, 2024 from Rs. 79.05 Cr. as on March 31, 2023 due to higher patient intake and increase in per patient revenue. The operating profitability has increased to 13.24 percent as on March 31, 2024 from Rs. 12.95 percent as on March 31, 2023.

**Above Average financial risk profile**

The financial risk profile is above average marked by an increase in the net worth to Rs. 57.94 Cr. as on March 31, 2024 as compared to Rs. 52.08 Cr. as on March 31, 2023 due to accretion of reserves and Rs. 46.77 Cr. as on March 31, 2022. The Total Outside Liabilities/Tangible Net Worth (TOL/TNW) stood stable at 0.30 times as on

March 31, 2024 from the last two years. Acuité believes that going forward the financial risk profile will improve over the near to medium term.

#### **Efficient working capital management**

The efficient working capital management is marked by Gross Current Assets (GCA) of 91 days as on March 31, 2024 as compared to 149 days as on March 31, 2023, and 135 days as on March 31, 2022. The debtor days stands at 53 days as on March 31, 2024 as compared to 52 days as on March 31, 2023. Furthermore, the inventory days stands at 9 days as on March 31, 2024 as compared to 9 days as on March 31, 2023. The creditor days stands to 256 days as on March 31, 2024 as compared to 239 days as on March 31, 2023 and 220 days as on March 31, 2022. Acuité believes that going forward the working capital operations of the company will remain efficient over the medium term.

#### **Weaknesses**

##### **Highly regulated nature of healthcare industry with geographic concentration**

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 necessary approvals and certifications, further the same has to be regularly upgraded for smooth functioning of their business. Any changes in regulations by the regulatory bodies may hamper the business of the companies prevailing in the industry.

##### **Risk associated to time and cost overrun for setting up a hotel**

The hospital plans to set up a five-star hotel in collaboration with the Courtyard by Marriot. The total cost of the project to be incurred is approximately Rs. 100 Cr. to be funded by a mix of internal accruals and loan. The expected date of completion of the project is around 2027. The company has already purchased land worth Rs. 25 Cr. from own sources in FY 2024. The company is in the process of tying up loan of Rs. 24 Cr, any time and cost overrun in project implementation stage might affect the credit risk profile of the company over the medium term.

#### **Rating Sensitivities**

Movement in revenues while increasing profitability  
Debt funded capex

#### **Liquidity Position**

##### **Adequate**

The liquidity is adequate marked by net cash accruals of Rs.9.26 Cr. as on March 31, 2024 as compared to Rs. 8.71 Cr. as on March 31, 2023. The cash and bank balances stood at Rs. 1.70 Cr. as on March 31, 2024 as compared to Rs. 1.51 Cr. as on March 31, 2023. The current ratio stood at 1.45 times as on March 31, 2024 as compared to 2.51 times as on March 31, 2023. Acuité believes that going forward the liquidity position of the company will remain adequate in the near to medium term.

#### **Outlook: Stable**

#### **Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	86.15	79.05
PAT	Rs. Cr.	6.16	5.37
PAT Margin	(%)	7.15	6.79
Total Debt/Tangible Net Worth	Times	0.00	0.00
PBDIT/Interest	Times	4770.47	0.00

### 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 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. 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](http://www.acuite.in).

**Rating History:Not Applicable**

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE BBB-   Stable   Assigned

## Contacts

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### About Acuité Ratings & Research

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