



SMERA RATINGS LIMITED

Aggarwal Hospital & Research Services Private Limited (Aggarwal Hospital)

*Rating
Rationale*

February 04, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan	9.00	SMERA BB/Stable (Suspension Revoked; Rating Assigned)
Cash Credit	11.00	SMERA BB/Stable (Suspension Revoked; Rating Assigned)

SMERA has assigned rating of '**SMERA BB**' (read as **SMERA double B**) to the above mentioned bank facilities of Aggarwal Hospital & Research Services Private Limited (Aggarwal Hospital). The outlook is '**Stable**'. The rating derives comfort from the high occupancy rate, experienced management, healthy profit margin and comfortable coverage indicators. However, the rating is constrained by the working capital-intensive business and exposure to intense competition in the healthcare industry.

Outlook: Stable

SMERA believes Aggarwal Hospital will maintain a stable business risk profile over the medium term and continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers higher-than-expected growth in revenues and net cash accruals while maintaining healthy debt protection metrics. Conversely, the outlook may be revised to 'Negative' in case of lower-than-expected growth in revenues and profitability or deterioration in the financial risk profile.

Rating Sensitivity Factor

- Working capital management

About the Company

Part of the Park Group of Hospitals, Aggarwal Hospital incorporated in 2011, is a Faridabad-based company promoted by Dr. Ajit Gupta and Dr. Ankit Gupta. The company runs a 250-bed hospital that commenced operations from February 2014.

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For FY2014–15, Aggarwal Hospital reported net loss of Rs.0.12 crore on net receipts of Rs.20.71 crore, as compared with net loss of Rs.1.50 crore on net receipt of Rs.1.90 crore in the previous financial year. The company's net worth stood at Rs.10.83 crore as on March 31, 2015, as compared with Rs.7.56 crore a year earlier. Further, the company has achieved revenue of Rs.19.46 crore (provisional) for the period April to September 2015.

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