July 17, 2014

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	**20.46**	**SMERA BB/Stable (Assigned)**
Cash Credit	**5.00**	**SMERA BB/Stable (Assigned)**
Bank Overdraft	**5.00**	**SMERA BB/Stable (Assigned)**
Bank Guarantee	**1.50**	**SMERA A4+ (Assigned)**

SMERA has assigned ratings of **'SMERA BB' (read as SMERA double B)** and **'SMERA A4+' (read as SMERA A four plus)** to the abovementioned bank facilities of Park Medicenters & Institutions Private Limited (PMIPL). The outlook is **'Stable'**. The ratings derive comfort from the high occupancy rate recorded in the company's hospital. The ratings are supported by the company's experienced management, healthy net profit margin and comfortable coverage indicators. The ratings are also supported by the established brand name of Park Hospital. However, the ratings are constrained by the company's working capital-intensive business. The ratings are also constrained by the company's exposure to intense competition in the healthcare industry.

PMIPL (incorporated in 2010) is engaged in running a 280-bed hospital (named Park Hospital) in Gurgaon, Haryana. Park Hospital registered high occupancy rate of 78 per cent during April 2013 to March 2014. PMIPL benefits from its experienced management. Dr. Ajit Gupta and Dr. Ankit Gupta, directors of PMIPL, have around three decades of experience in the healthcare industry. The company reported healthy net profit margin of ~15 per cent (provisional) in FY2013–14 (refers to financial year, April 01 to March 31). PMIPL's interest coverage ratio is comfortable at 3.47 times (provisional) in FY2013–14. The company benefits from the established brand name of Park Hospital. PMIPL's group entities are engaged in running hospitals (under the brand name of Park Hospital) in Faridabad, Palwal and New Delhi.

PMIPL's operations are working capital-intensive on account of stretched receivables period of ~140 days (provisional) in FY2013–14. The company faces intense competition from several players in the healthcare industry.

Outlook: Stable

SMERA believes PMIPL will maintain a stable business risk profile over the medium term. The company will 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 the company registers lower-than-expected growth in revenues and profitability, or in case of deterioration in the company's financial risk profile.

About the company

PMIPL, incorporated in 2010, is a Gurgaon-based company promoted by Dr. Ajit Gupta and Dr. Ankit Gupta. PMIPL is running a 280-bed hospital (named Park Hospital)in Gurgaon, Haryana.

For FY2013–14 (as per provisional financial statements), PMIPL reported profit after tax (PAT) of Rs.6.08 crore on net receipts of Rs.40.72 crore, as compared with net loss of Rs.5.31crore on net receipts of Rs.14.42 crore in the previous financial year (the commercial operations commenced in April 2012). The company's net worth stood at Rs.17.19 crore (provisional) as on March 31, 2014, as compared with Rs.6.33 crore a year earlier.

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