

## Rating Rationale

Aarna Health Care

31 Jan 2019

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 16.00 Crores of Aarna Health Care.**

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	16.00	Long Term	<b>BWR B</b> (Pronounced as BWR Single B) <b>Outlook: Stable</b>
<b>Total</b>	<b>16.00</b>	<b>INR Sixteen Crores Only</b>	

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

#### **Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has essentially relied upon the audited Balance Sheets of FY16, FY17 & FY18 and projected Balance Sheets, Cash Flows and project report provided by the firm and publicly available information and information / clarification provided by the management.

The rating draws strength from the experience of the partner/promoter in the medical field. It is further strengthened by the nature of the industry which is characterized by high demand.

The rating is however constrained by the delay in project completion and thereby delay in start of commercial operation.

Going forward, the firm's ability to complete the project as soon as possible and generate revenues on the projected lines will be the key rating sensitivities.

#### **Description of Key Rating Drivers**

##### **Credit Strengths:**

- **Experience of the promoters:** Mr. Shailendra Kumar Mishra has a vast experience in the medical field.
- **High demand industry:** With an increased government spending through various health and insurance schemes and increasing income of the population, the demand for health related products and services has been on the rise in the country.

##### **Credit Risks:**

- **Delay in project implementation:** The firm has delayed on completion of the project which has affected the start of commercial operations and also runs the risk of cost overrun.

## Analytical Approach



For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

### Rating Outlook: Stable

BWR believes the **Aarna Health Care** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Company

Aarna Health Care is a partnership firm which was established on 25-March-2014 in Haldwani. Dr. Shailendra Kumar Mishra and Anshu Pandey are the partners in the firm. The firm is engaged in the manufacturing and supply of IV fluid, Ear drops & Eye drops. The firm had not started the commercial production till end of FY18.

### Company Financial Performance

The firm's commercial production start date is slated to be from 1st April 2019. They expect to generate Rs.62.25 Cr in sales on yearly basis at 100% capacity utilization once their commercial operation starts.

#### Key Financial Indicators

Key Parameters	Units	2021	2020
Result Type		Projected	Projected
Tangible Net Worth	₹ Cr	8.35	6.55
Total Borrowings	₹ Cr	14.50	13.50
Total Debt/TNW	Times	1.74	2.37
TOL/TNW	Times	1.82	2.47
Current Ratio	Times	2.69	1.49



### Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
I	Fund Based	Long Term	16.00	<b>BWR B</b> (Pronounced as BWR Single B) <b>Outlook: Stable</b>	NA	NA	NA
	<b>Total</b>		<b>16.00</b>	<b>₹ Sixteen Crores Only</b>			

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

Any other information

### Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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