



Rating Rationale

Accrete Health Care Pvt. Ltd.

29Apr2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 7.69 Crores of Accrete Health Care Pvt. Ltd..

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based			BWR B (Pronounced as BWR Single B) Outlook: Stable
Cash Credit Limit	2.65	Long Term	
Term Loan (O/S)	5.04		
Total	Rs 7.69 Crores (INR Seven Crores Sixty Nine Lakhs Rupees Only)		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Rating Assigned:

BWR has assigned Long Term Rating of BWR B (*Outlook: Stable*) for the bank loan facilities for Accrete Health Care Private Limited . (‘the Company’)

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has essentially relied upon the Company’s audited financial results upto FY18, and publicly available information and information/clarifications provided by the Company’s management.

The rating draws strength from the Extensive experience of the Promoters in Health Care Industry, Long Track Record of Business, and Moderate Profitability Margins. However, the rating is constrained by Low Scale of Operations, High gearing level and Low current ratio . Going forward, the ability of the Company to Improve its scale of Operations by improving their growth in revenues and net worth of the Company, Improve its gearing level, and Manage its Profitability Margins would be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- 1. Extensive Experience of the Promoters and Long Track Record :** The promoters of the Company has rich experience of more than 10 years in the same line of business. The company is running a 100 bedded Hospital with the name of Noora. As Company is Incorporated in 2006, The company has a long track record of business for more than 12 years that helps to maintain a better relationship with customers in such stiff competition in Health Care business.
- 2. Moderate Profitability Margins :** The company has Moderate Profitability Margins with Operating Profitability Margins of 23.62% and Net Profit Margins of 2.42% in FY18. It has improved as compared to Previous year Margins of 18.18% and Net Profit Margin of (0.91%) in FY17.

Credit Weakness:

- 1. Low Scale of Operations :** The company has low scale of Operations with revenues of Rs 10.49 crores in FY18, Although it has improved to Rs 12.00 crores in FY19 as informed by the Management but it still at Low level.
- 2. High Gearing Level :** The company has High Gearing Level with TOL/TNW of 10.60 Times in FY18 due to low net worth of Rs 0.97 crores and High Borrowings.
- 3. Low Current Ratio :** The Company has low current ratio of 1.17 Times in FY18. Although it has improved from 0.78 Times in FY17 but the ratio is still below the benchmark.

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).

Support from Holding/Subsidiary Company:

The Company has no Associate concerns.



Liquidity

The Company has Cash & Bank Balances of Rs 0.12 crores. Current ratio was at 1.17 times in FY18 . Company has not submitted cash flow statements for FY18 , Current maturities of long term debt is Rs 1.03 crores, for Term Loans of Rs 5.04 crores in FY18. Average working capital utilization for the seven months period (September 2018 to March 2019) is 98% .The conversion cycle has been 74 days in FY18. The Company ISCR at 2.77 times and Debt Service Coverage Ratio of 0.65 Times as on March 31 2018.

Rating Outlook: *Stable*

BWR believes the **Accrete Health Care Private Limited** 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

Accrete Health Care Private Limited incorporated in 18/09/2006. The company is running a 100 bedded hospital with the name of Noora Hospital which become operational in the year 2012. It is a multi speciality hospital located at Umar Abad Zainakote, Srinagar. The company is currently managed by Mr Manzoor Ahmad Wagay, and Mr Mohammad Ismail Wagay.

Company Financial Performance

Total operating income (TOI) of the Company has improved from Rs 7.29 Cr in FY17 to Rs 10.49 Cr. in FY18. PAT has Improved from Rs (0.07) Cr in FY17 to Rs.0.25 Cr in FY18.

Key Financial Indicators

Key Parameters	Units	FY18 (A)	FY17 (A)
Result Type			
Operating Revenue	₹ Cr	10.49	7.29
EBITDA	₹ Cr	2.48	1.33
PAT	₹ Cr	0.25	(0.07)
Tangible Net worth	₹ Cr	0.97	(0.29)
TOL:TNW	Times	10.60	(23.99)
Current Ratio	Times	1.17	0.78



Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Fund Based Cash Credit Limit Term Loan (O/S)	Long Term	2.65 5.04	BWR B (Pronounced as BWR Single B) Outlook: Stable	NA	NA	NA
	Total		7.69	Seven Crores Sixty Nine Lakhs ₹ Only			

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

Any other information : Nil

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>V.K.Kukreja</i> <i>Associate Director-Ratings</i>	media@brickworkratings.com
	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone: 1-860-425-2742	

For print and digital media

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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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

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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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