



RATING RATIONALE

29 Oct 2019

Apex Welcare Pvt Ltd

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 11.89 Crores of Apex Welcare Pvt Ltd ('AWPL' or 'the company')

Particulars:

Facility**	Amount (₹ Cr)		Tenure	Rating*	
	Previous	Present		Previous (Dec, 2018)	Present
Fund based	11.46	11.89	Long Term	BWR BBB- (Stable) Assigned	BWR BBB- (Stable) Reaffirmed
Total	11.46	11.89	INR Eleven Crores And Eighty Nine Lakhs Only		

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

** Details of Bank facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

BWR has reaffirmed the ratings of **Apex Welcare Pvt Ltd** to BWR BBB-. The reaffirmation of ratings reflects the long standing experience of the management in the healthcare sector, a strong financial risk profile of the company and robust profitability margins. The rating is also strengthened by multiple revenue streams for the company by way of healthcare services provided by its hospital and various nursing courses provided by its institutes. The rating, however, remains constrained by the moderate scale of operations and a highly regulated healthcare sector in the country.

The 'stable' outlook indicates a low likelihood of a rating change in the medium term. BWR expects that the company's performance is likely to be maintained over the next few years.

KEY RATING DRIVERS

Credit Strengths:

- **Experienced promoters:** The promoters of AWPL are highly experienced and have decades of experience in the healthcare industry.
- **Strong financial risk profile:** AWPL had a strong networth position of Rs.33.68 Crores as on 31 March 2019 which included a Reserve & Surplus of Rs.32.56 Crs which have accumulated y-o-y. The company had a low gearing (TOL/TNW) of 0.67 times as on 31 March 2019.

- **Moderate debt protection metrics:** The company had a strong interest coverage ratio of 8.96x as on 31 March 2019. The DSCR was also moderate at 1.78x for FY19. A Net Cash Accrual of Rs.9.90 Crs. provides sufficient liquidity to the company to pay off its short term debt obligations.
- **Good profitability and ROCE:** AWPL's profitability margins have been strong over the years as reflected in the Operating margin of 29.93% for FY19 (31.10% in FY18) and Net margin of 13.10% (11.95% in FY18). Company's ROCE was also healthy at 17.63% for FY19 (19.79% in FY18).
- **Multiple income streams:** The company earned a total of Rs.6.37 Crores (15.72% of total revenues) by way of receipts/fees in FY19 from the medical institutes run by it to impart knowledge and training in Nursing, Physiotherapy, Paramedical Sciences and Radiological Techniques.

Credit risks:

- **Moderate & stagnant scale of operations:** AWPL's revenues have remained stagnant around Rs.40 Crores over the last 3-4 years.
- **Highly regulated area of operations:** Both healthcare and education sectors are highly regulated sectors in India. Hence, regulatory challenges continue to pose a significant risk to private healthcare and educational institutions as they are highly susceptible to any changes in the regulatory framework.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

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

RATING SENSITIVITIES

Going forward, the ability of the company to efficiently manage its working capital facility, grow its sales and networth will be the key rating sensitivities.

Positive: Growth in revenue and Networth and expansion of operations.

Negative: Decline in sales and any delays in servicing of bank loan facilities.

LIQUIDITY POSITION : Adequate

AWPL has an adequate liquidity which is reflected in a Net Cash Accruals of Rs.9.90 Crs. for FY19 as compared to Rs.8.94 Crs. in FY18. The debt repayment obligation (CPLTD) as on 31 March 2019 was 2.89 Crs. as compared to Rs.4.94 Crs. a year ago. The company has sufficient liquidity to pay off its short term obligations.

The company utilized on an average 75% of the cash credit limits thereby indicating a comfortable working capital liquidity for the company.

COMPANY PROFILE

Apex Welcare Pvt. Ltd was incorporated in the year 1997 , running a hospital and paramedical Institute in Varanasi, Uttar Pradesh and was founded by Dr. S K Singh.

Apex Hospital, is an ISO 9001:2015 certified, 200-bedded multi-disciplinary & super speciality Healthcare & Life Saving Referral & Research hospital.

Apex Institute of Physiotherapy, Apex Paramedical Institute and Apex College of Nursing were set up to impart knowledge and training in Nursing, Physiotherapy, Paramedical Sciences and Radiological Techniques, to build an efficient workforce of healthcare professionals, to adequately handle the requirements of medical and surgical emergencies.

KEY FINANCIAL INDICATORS (in ₹ Cr)

Key Parameters	Units	FY19	FY18
Result Type		Audited	Audited
Operating Income	₹ Crores	40.53	40.36
EBITDA	₹ Crores	12.13	12.55
PAT	₹ Crores	5.31	4.82
Tangible Net worth	₹ Crores	33.68	28.75
Total Debt / Tangible Net worth	Times	0.37	0.45
Current Ratio	Times	0.64	0.51

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED : NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY IF ANY : NA

RATING HISTORY

Instrument / Facilities	Current Rating (Oct 2019)			Rating History		
	Tenure (Long Term/ Short Term)	Amount (₹ Cr)	Rating	06 Dec 2018	2017	2016
Fund Based	Long Term	11.89	BWR BBB- (Stable) Reaffirmed	BWR BBB- (Stable) Assigned	NA	NA

Total		11.89	INR ELEven Crores And Eighty Nine Lakhs Only
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COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)

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Apex Welcare Pvt Ltd

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	State Bank of India	Term Loans (o/s)	3.07	--	3.07
2		OD (ABL)	0.95	--	0.95
3	Central Bank of India	Cash Credit	2.00	--	2.00
4	HDFC Bank	DLOD	1.30	--	1.30
5		Term Loan (o/s)	0.93	--	0.93



6	Kashi Gomti Samyut Gramin Bank	Term Loan	3.64	--	3.64
TOTAL					11.89

Total Rupees Eleven Crores And Eighty Nine Lakhs only.

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