



Rating Rationale

Apex Welcare Pvt. Ltd.

6DEC2018

Brickwork Ratings has assigned rating for the long term bank loan facilities of Apex Welcare Pvt. Ltd.

Particulars

Facility Rated	Amount(Rs. Crs)	Tenure	Rating
Fund Based Term Loan(o/s)	7.06	Long Term	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook : Stable
Fund Based OD	4.40	Long Term	
Total	Rs 11.46 Cr (INR Eleven Crores and Forty Six Lakh)		

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

Long Term Rating assigned BWR BBB- (Stable)

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR principally relied upon audited financials upto FY18, publicly available information and information/clarification provided by the management.

While assigning the rating of Apex Welcare Pvt. Ltd. (AWPL or 'the company'), BWR has factored in the experienced promoters, moderate leverage position at 0.63x in FY18, robust debt protection metrics with ISCR at 6.51x and DSCR at 1.37x in FY18, besides healthy profit margins and third party agreements with reputed organizations for providing healthcare facilities. The rating is, however, constrained by low scale of operations and low current ratio.

Credit Strengths :

- **Experienced Promoters** : Promoters of the AWPL have more than a decade of experience in the healthcare sector.
- **Gearing** : Gearing (TOL/TNW ratio) of the entity is moderate at 0.63x in FY18 owing to robust net worth of the company, with accumulated retained profit over the years, vis-a-vis debt obligations.
- **Debt Protection Metrics** : AWPL has moderate ability to pay its interest and current liabilities of term loans, indicated by robust ISCR ratio of 6.51x and DSCR ratio of 1.37x in FY18 supported by good cash accruals in FY18.

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- **Profit Margins and ROCE:** Profit margins of AWPL are moderate viz. Net profit margins has improved from 8.89% in FY17 to 11.95% in FY18, and operating profit margin has improved from 30.96% in FY17 and 31.10% in FY18. In addition to that, company ROCE has improved from 16.01% in FY17 to 19.79% in FY18.
- **Third Party Agreements :** Apex Hospital has entered into agreements with some of the renowned corporates in India, both public and private, in order to provide access to best healthcare services.

Credit Concerns :

- **Current Ratio :** Current ratio is low at 0.51x in FY18 due to high investment in fixed assets. Further, current portion of long term debt of Rs 4.94 Cr has been included in the current liabilities in FY18 financials and is to be paid in FY19. Owing to the good cash accruals, AWPL is looking to early closure of term loans.

Liquidity :

Liquidity of the Apex Welcare Pvt. Ltd. is supported by good cash accrual of Rs 9.28 Cr. (PAT+DEP) in FY18, besides it has ISCR at 6.51x, DSCR at 1.37x, indicating debt repayment ability of company. However, AWPL has low current ratio and low cash & cash equivalents at Rs 0.47 Cr in FY18.

Going forward, improving current ratio, besides improvement in scale of operations would remain the key sensitivities over short to medium term.

Analytical Approach:

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

Rating Outlook: Stable

BWR believes the Apex Welcare Pvt Ltd.'s 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

Apex Welcare Pvt. Ltd was incorporated in the year 1997 , running a hospital and paramedical



Institute in Varanasi, Uttar Pradesh and it is 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.

Company's Financial Performance

Particulars	Units	FY2017 (Audited)	FY2018 (Audited)
Net Sales/Revenue	Rs. Crores	38.43	40.36
EBIDTA	Rs. Crores	11.90	12.55
PAT	Rs. Crores	3.42	4.82
Tangible Networth	Rs. Crores	23.92	28.75
TOL : TNW Ratio	Times	1.05	0.63
Current Ratio	Times	0.60	0.51

Turnover of the company has improved from Rs 38.43 Cr in FY17 to Rs 40.36 Cr in FY18 and PAT has improved from Rs 3.42 Cr in FY17 to Rs 4.82 Cr in FY18. As per confirmation from AWPL, estimated Receipts as on 30-09-2018 is Rs.22.90 Cr.

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument / Facility	Current Rating (Year 2018)			Rating History		
		Type	Amount (Rs Crs)	Rating	2017	2016	2015
1.	Term Loan(o/s)	Long Term	7.06	BWR BBB- (Pronounced as BWR Triple B Minus) Outlook : Stable	NA	NA	NA
2.	OD	Long Term	4.40				
Rs 11.46 Cr (INR Eleven Crores and Forty Six Lakh)							

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](#)

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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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