Rating Rationale

Brickwork Ratings assigns 'BWR BB-' for the Bank Loan Facilities of ₹ 5.00 Cr of Narmada Trauma Centre Private Limited.

Brickwork Ratings (BWR) has assigned the following **Rating**[1] for the Bank Loan facilities of ₹ 5.00 Cr of Narmada Trauma Centre Private Limited (*'NTCPL or the company'*) availed from Punjab National Bank.

Facility	Limit (₹ Cr)	Tenure	Rating
ODTS Fund Based	**5.00**	**Long Term**	**BWR BB-** ***(Pronounced BWR Double B Minus)*** **Outlook: Stable**
Total	**5.00**	**(INR Five Crores only)**	

BWR has principally relied upon the audited financial results of FY12, FY13 and FY14, provisional financials upto December, 2014 and projections for FY15 & FY16, publicly available information and information/clarifications provided by the firm's management.

The rating reflects the promoters experience of over two decades in the healthcare sector, consistent growth in revenues, improved operating profit margins and ROCE driven by healthy occupancy level of 90 percent and moderate debt protection metrics. However, the rating is constrained by small scale and geographic concentration of its operations marked by low net worth and high gearing, working capital intensive nature of operations and competition in the healthcare industry.

Background

Narmada Trauma Centre Private Limited ("NTCPL" or "The Company") was incorporated as a private limited company on March, 2006 promoted by Dr. Rajesh Sharma and Dr. Renu Sharma. The Company operates emergency medical and critical care centre at Bhopal, Madhya Pradesh. NTCPL is an ultra-modern 70 bed hospitals specializing in severe accidents, spine injuries, Burn cases, etc. NTCPL also has an Out Patient Services (OPD) providing diagnostic services in Orthopaedics, General Surgery, Cardiology and Diabetology. Narmada Trauma Centre Pvt. Ltd has treated and saved more than 26,000 accidents/Trauma victims. NTCPL is a flagship hospital of the Narmada Health Group set up in 1993 which operates multi-speciality hospitals, day-care centres, NGO and training institute.

[1] ***Please refer to www.brickworkratings.com for definition of the Ratings***

Management Profile

NTCPL is promoted by Dr. Rajesh Sharma, Managing Director of the Company and a well-known orthopaedics trauma care surgeon. Dr. Renu Sharma, wife of Dr. Rajesh Sharma is the other director of the company. Both the promoters have an experience of two decades in healthcare business and manage the operations of NTCPL. The promoters are assisted by ~8 in-house doctors and 300 permanent staff.

Financial Performance

The company's revenues have improved from ₹ 10.85 Cr in FY13 to ₹ 13.00 Cr in FY14. The operating profit margin improved from 13.45 percent in FY13 to 14.25 percent in FY14 driven by healthy occupancy level of 90 percent. ROCE of the company stood at 20.83 percent in FY14.

The working capital limits have been enhanced from ₹ 3.00 Cr to ₹ 5.00 Cr during FY15. The net profit however has improved from ₹ 0.52 Cr in FY13 to ₹ 0.62 Cr in FY14. The company's long-term borrowings reduced from ₹ 0.80 Cr in FY13 to ₹ 0.67 Cr in FY14. The borrowings include vehicles and equipment loans from various financial institutions. Debt Equity ratio moderated from 1.58 times in FY13 to 1.42 times in FY14. ISCR and DSCR of the company is 3.24 times and 1.86 times respectively in FY14.Tangible net worth increased from ₹ 2.24 Cr in FY13 to ₹ 2.90 Cr in FY14 due to plough back of profits. The company has achieved revenues of ₹ 8.77 Cr for the period from April 2014 to December 2014.

Rating Outlook

The outlook is expected to be stable for the current year. Going forward, the company's ability to increase its scale of operations, improve profitability margins and manage working capital efficiently, thereby service its debt obligations in a timely manner will be the key rating sensitivities.

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