



Rating Rationale

Ragavs Diagnostic & Research Centre Pvt. Ltd.

2 May 2018

Brickwork Ratings reaffirms the long term rating for the Bank Loan Facilities of Rs. 15.91 Crs of Ragavs Diagnostic & Research Centre Pvt. Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating*	
	Previous	Present		Previous (March, 2016)	Present
Fund Based					
Cash Credit	0.50	1.00	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable)	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable (Reaffirmed)
Term Loan	5.81	14.91			
Term Loan (Proposed)	14.06	0.00			
Total	20.37	15.91	INR Fifteen Crores and Ninety One Lakhs Only		

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

Rating: Long Term Rating Reaffirmed

Brickwork Ratings reaffirmed the long term rating of 'BWR BB-' with outlook Stable for the bank loan facilities of Rs. 15.91 Crores of Ragavs Diagnostic & Research Centre Pvt. Ltd.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The rating has factored, inter alia, long existence of the company for 28 years with satisfactory business history, directors being medical doctors and having extensive experience in medical diagnostic services sector and adequate debt protection metrics in FY17. However the rating is constrained by moderate scale of operation and stagnant operating income for the last two years. Going forward, ability of the company to scale up its operation, to improve its profit margins and



to maintain its gearing in an intensely competitive industry will remain the key rating sensitivities.

Rating Outlook: Stable

BWR believes that the business risk profile of Ragavs Diagnostic & Research Centre Pvt. Ltd. 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.

Analytical Approach

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

Key Rating Drivers

Credit Strengths

- **Long Existence of the Company:** The Company is in existence for 28 years with satisfactory business history.
- **Experienced Directors:** The Directors of the Company are Medical Doctors and having extensive experience of nearly three decades in providing medical diagnostic services.
- **Adequate Debt Protection Metrics:** The Company has adequate debt protection metrics with ISCR of 7.48 times and DSCR of 1.33 times in FY17.

Credit Weaknesses

- **Stagnant Operating Income:** The total operating income of the company has been stagnant for the past two years. The company has registered a total operating income of Rs. 17.38 crores in FY16 and Rs. 17.37 crores in FY17.
- **High Degree of Competition:** Highly competitive industry with stiff competition from other medical diagnostic service providers in the vicinity.

About the Company

Ragavs Diagnostic & Research Centre Private Limited was incorporated in 1990 with registered office in Bengaluru. The company has two directors namely Dr. Krishna Swamy Ranganath and Dr. Marisamappa Ramachandra. The company is providing medical diagnostic services located at Jayanagar, in Bengaluru. The company generates revenue by providing various medical diagnosis services like Urine Test, Blood Test, Blood Sugar Test, Chloride Test, Cholesterol

Test, Color Doppler Test. Endoscopy, Colonoscopy, CT Scan, Digital X Ray, Digital Mammography, EEG, ENMG, TMT, PFT, ECG, MRI etc.

Company's Financial Performance

The Company has registered a total operating income of ₹ 17.37 Cr in FY17 as against Rs. 17.38 Cr in FY16. The Company has reported operating profit margin of 26.22% and net profit margin of 12.58% in FY17 as against operating profit margin of 29.13% and net profit margin of 22.46% in FY16. Tangible net worth of the Company stood at ₹ 21.71 Cr as on March 31, 2017.

Parameters	31-Mar-2015	31-Mar-2016	31-Mar-2017
	(Audited)	(Audited)	(Audited)
Total Operating Income (Rs. Crores)	16.48	17.38	17.37
EBIDTA (Rs. Crores)	4.67	5.06	4.55
PAT (Rs. Crores)	0.57	3.90	2.19
Tangible Net Worth (TNW) (Rs. Crores)	15.62	19.53	21.71
Total Debt : TNW (Times)	0.59	0.32	1.53
Current Ratio (Times)	0.58	0.33	0.52

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

Sl. No.	Instrument/Facility	Current Rating (2018)			Rating History		
		Type	Amount (Rs. Crs)	Rating	2017	Mar 31, 2016	2015
1	Cash Credit	Long Term	1.00	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	Nil	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	Nil
2	Term Loan		14.91				
Total			15.91	INR Fifteen Crores and Ninety One Lakhs Only			

Hyperlink/Reference to applicable Criteria

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



For any other criteria obtain hyperlinks from website

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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

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

DISCLAIMER

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