



## RATING RATIONALE

25 Nov 2019

### V3 Health Care Private Limited

**Brickwork Ratings reaffirms ratings for the Bank Loan Facilities of ₹ 18.92 Crores of V3 Health Care Private Limited.**

#### Particulars

Facility/ Instrument**	Previous Amount(₹ Cr)	Present Amount (₹ Cr)	Tenure	Previous Rating (July 2018)	Rating*
<b>Fund based</b>				<b>BWR BB-</b>	<b>BWR BB-</b>
Term Loan O/s	21.55	16.32	Long	Stable	Stable
Cash Credit Limit	2.00	2.00	Term	Reaffirmed	Reaffirmed
Bank Overdraft	0.60	0.60			
<b>Total</b>	<b>24.15</b>	<b>18.92</b>	<b>INR Eighteen Crores Ninety Two Lakhs Only</b>		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

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

#### RATING ACTION/OUTLOOK

BWR has reaffirmed the rating of BWR BB- with 'Stable' outlook for Long term bank facilities. The ratings takes into consideration the experience of promoters and increasing scale of operations. The ratings are however constrained by High Gearing level, and Negative Net Profitability Margins.

BWR believes that the business risk profile of 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 profit margins show lower than expected figures and there is any deterioration in the Financial Risk Profile of the company.

#### KEY RATING DRIVERS

##### Credit Strengths:

- Extensive Experience of the Promoters:** The promoters of the Company have rich experience of more than 20 years in the Health Care business that helps them to maintain a better relationship with their customers and suppliers as well.
- Improvement in Scale of Operations :** The company revenues has improved from Rs 13.59 crores in FY18 to Rs 23.37 crores in FY19 (Audited). due to improvement in



Average Bed Occupancy Rate.

3. **Moderate Operating Profitability Margins** : The company has moderate operating profitability margins of 22.36% in FY19(Audited) and it has improved as compared to previous year of 14.35% due to decline in their operating expenses.

#### **Credit Risks:**

1. **High Gearing Level** : The company has High Gearing level with TD/TNW (Analysed) of 4.00 Times in FY19 (Audited).
2. **Negative Net Profitability Margins** ; The company has negative net profitability margins of (9.88)% and it has improved from (32.54%) in FY18 due to decline in operating expenses and Improvement in Ebitda level.

#### **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).

#### **RATING SENSITIVITIES**

Going forward, Improvement of Gearing level, and Improvement in Net Profitability Margins by the Company, will be the Key rating sensitivities.

**Positive** : The Rating will be upgraded if the company is able to improve their revenues, Net Profit Margins and Net Worth..

**Negative** : The Rating will be downgraded if net profit margins and gearing level has not improved substantially.

#### **LIQUIDITY POSITION : Adequate**

The company had nil Associate or Subsidiary concerns. The company has Cash & Bank Balances of Rs 0.21 Cr in FY19 (Audited). Current ratio was at 0.48 times in FY19 (Audited). Average working capital utilization for the six months period (March 2019 to August 2019) is 98% for limits. The Company has current maturities of long term debt of Rs 3.72 Cr in FY19 of total long term debt of Rs 19.57 Cr in FY19. The Negative conversion cycle has been 253 days in FY19 (Audited). The Company ISCR at 1.84 times and Debt Service Coverage Ratio of 0.85 Times as on March 31, 2019 (Audited) are comfortable.

#### **About the Company**

V3 Health Care Private limited incorporated on 15th July 2014 and operating a 200 bedded multispeciality super hospital with the name of 'The Medicity' in Rudrapur, Uttarakhand. Hospital is currently managed by Mr Deepak Chhabra, Mr Animesh Chhabra, Mr Vaibhav Batra and Ms Anju Chhabra. The operations of the company started in April 2017.

### Key Financial Indicators

Key Parameters	Units	FY19 (Audited)	FY18 (Audited)
<b>Result Type</b>			
Operating Revenue	₹ Cr	23.37	13.59
EBITDA	₹ Cr	5.23	1.95
PAT	₹ Cr	(2.31)	(4.42)
Tangible Net worth (Analysed)	₹ Cr	5.55	3.10
TD: TNW (Analysed)	Times	4.00	8.25
Current Ratio	Times	0.48	0.24

**KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED : NA**

**NON-COOPERATION WITH PREVIOUS RATING AGENCY, IF ANY : NIL**

### Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1.	Fund Based Term Loan Cash Credit Limit Bank Overdraft	Long Term	16.32 2.00 0.60	<b>BWR BB- Stable Reaffirmed</b>	<b>BWR BB- Stable Reaffirmed</b>	<b>BWR BB- Stable</b>	NA
	<b>Total</b>		<b>18.92</b>	<b>Eighteen Crores Ninety Two Lakhs ₹ Only</b>			

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

Any other information- Nil

### COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf)

**Hyperlink/Reference to applicable Criteria**

[General Criteria](#)

[Approach to Financial Ratios](#)

[Services Sector](#)

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**V3 Health Care Private Limited.**

**ANNEXURE I**

**Details of Bank Facilities rated by BWR**

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Total (₹ Cr)
1	Bank of Baroda	Term Loan Overdraft Limit	3.32 0.60	3.92
<b>TOTAL : INR Three Crores Ninety Two Lakhs Rupees Only</b>				<b>3.92</b>

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Total (₹ Cr)
1	Punjab National Bank	Term Loan Cash Credit Limit	13.00 2.00	15.00
<b>TOTAL : INR Fifteen Crores Rupees Only</b>				<b>15.00</b>



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