

Rating Rationale

Brickwork Ratings assigns 'BWR BB-' rating for the Bank Loan Facilities of ₹14.84 Cr for Veparseva Healthcare Private limited.

Brickwork Ratings (BWR) has assigned the following **Rating**¹ for the Bank Loan facilities of ₹14.84 Cr of Veparseva Healthcare Private limited (VHPL).

Facility	Limits (₹ Cr)	Tenure	Rating
<u>Fund Based</u>			
Cash Credit	2.00	Long Term	BWR BB- (Pronounced BWR Double B Minus) (Outlook: Stable)
Term Loan 1	11.80		
Term Loan 2	1.04		
Total	14.84	(INR Fourteen Crores and Eighty Four Lakhs only)	

BWR has principally relied upon the audited financial results of FY12, FY13, FY14, provisional of FY15 and projection of FY16, publicly available information and information/clarifications provided by the management.

The rating reflects the promoters' long standing experience, healthy growth of revenue in FY14 and reasonable debt coverage indicators. It has also factored in the provisional sales achieved of Rs.40.28 Crores for FY15.

However, the rating is constrained by modest scale of operations in the highly competitive medical services segment, leveraged capital structure and geographical concentration of its operations.

Background

VHPL was incorporated in June 2007 and has set up a hospital by the name of 'Saviour Hospital' in Ahmedabad. It is promoted by three promoters including Dr. Haresh Bhalodiya, a practicing doctor, with two other promoters, Mr. Ashvin Shah and Mr. Pradeep Kothari, involved in trading and distribution of medical equipment.

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

The hospital has started providing medical services from January 2011 and became fully operational from May 2012. It is a multi-speciality hospital providing tertiary care services in area of orthopaedic, cardiology, dialysis, stem cell treatment, ophthalmology, neurology and general surgery amongst others. The hospital currently has 90 beds and ~160 doctors including in-house and consultant doctors.

Financial Performance:

VHPL total revenue from operations of Rs. 29.46 Cr in FY14 as against Rs.18.83 Cr in FY13. Operating profit margin and Net profit margin of the Company were at 15.40% and 2.36% respectively in FY14. Tangible net worth stood at Rs.7.34 Cr as on March 31, 2014. It has informed of achieving a turnover of Rs.40.28 Cr provisionally for FY15.

Rating Outlook:

The outlook is expected to be stable for the current year. Going forward, the Company's ability to increase the scale of operation, improve profitability and strengthen its capital structure would be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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