

Rating Report

Brickwork Ratings assigns 'BWR B+' & 'BWR A4' for the Bank Loan Facilities aggregating ₹6.56 Cr of Asarfi Hospital Limited (AHL)

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan Facilities of ₹ 6.56 crores of Asarfi Hospital Limited (**AHL or 'the Company'**):

Facility	Amount (₹Cr)	Tenure	Rating
Fund Based:			
Cash Credit	1.00	Long Term	BWR B+ (Pronounced BWR B Plus) Outlook: Stable
Term Loans	4.45		
Corporate Loan	0.21		
Non Fund Based:			
Bank Guarantee	0.90	Short Term	BWR A4 (Pronounced BWR A Four)
Total	6.56		(INR Six Crores and Fifty Six Lakhs only)

BWR has essentially relied upon the audited financial results upto FY 14, projected financials upto FY16, publicly available information and information/clarifications provided by the management.

The rating draws strength from the extensive industry experience of the promoters in the healthcare industry, experienced team of doctors, locational advantages with full service multi-speciality hospital and a favourable industry outlook. The rating, however, is constrained by the small scale of operations with geographical concentration in revenue profile, weak financial profile of the company marked by low net worth and thin profitability, intense competition in the healthcare industry and working capital intensity of operations.

Background:

Asarfi Hospital Limited was originally incorporated in 2005 as a private limited company. AHL was converted to a limited company in 2012, with its registered office at Phularitand,

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

Kharkharee, Dhanbad, Jharkhand. AHL is a 100 bedded private medical facility offering advanced medical care and emergency services. The hospital offers both inpatient and outpatient care which covers a wide range of medical and surgical specialties with 8 full time doctors and surgeons and 15 other visiting doctors. AHL has a full-fledged emergency department, 10 outpatient consultation rooms, advanced ICU & NICU, labor room, endoscopy room and day care surgery facilities. AHL was the first hospital to introduce laparoscopic surgery in Dhanbad and intends to introduce neurosurgery and burn ward facilities shortly. The company started Dhanbad School of Nursing in 2012 to improve availability of the nursing staff in this area.

Management

Dr Nayan Prakash Singh and Mr Harendra Singh are the Directors of the company with more than 15% shareholding. Dr Sukanti Kumar Das and Mr Jitendra Kumar Singh are the Directors with 10% shareholding. Mrs Nitu Singh, Mr Gopal Singh, Dr Rajesh Kumar Singh, Mrs Madhuri Singh and Dr Arpita Das are the other Directors of AHL having shareholding in the range of 2% to 5% each.

Financial Performance:

AHL reported a Net Sales of ₹ 5.48 Cr and a PAT of ₹ 0.18 Cr for FY14 as against a Net Sales of ₹ 3.64 Cr and a PAT of ₹ 0.15 Cr during FY13. Tangible net worth stood at ₹ 3.03Cr as on March 31, 2014.

Rating Outlook

The outlook is expected to be stable for the current year. Going forward, the ability of the company to increase its scale of operations, improve profitability, ensure timely debt servicing, strengthen its capital structure and manage its working capital efficiently would be the key rating sensitivities.

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Asarfi Hospital Limited
Profit and Loss Account

Result Type	FY12	FY13	FY14
(Rs in crores)	Audited	Audited	Audited
Gross Sales	4.16	3.64	5.48
Net Sales	4.16	3.64	5.48
Other Operating Income	0.00	0.00	0.00
Total Operating Income	4.16	3.64	5.48
Operating Expenses	2.85	3.39	4.31
OPBDIT	1.31	0.25	1.17
Depreciation/Amortization/Impairment	0.50	0.43	0.37
OPBIT	0.81	-0.18	0.80
Interest and Finance Charges	0.60	0.67	0.56
OPBT	0.21	-0.85	0.23
Non-Operating Income(Expenses)	0.00	1.07	0.03
PBT	0.21	0.22	0.26
Provision for taxes	0.16	0.07	0.08
PAT	0.05	0.15	0.18

Annexure II: Balance Sheet

Result Type	FY12	FY13	FY14
(Rs in crores)	Audited	Audited	Audited
Liabilities			
Equity and Reserves	2.70	2.85	3.03
Share Capital	0.75	0.75	0.75
Reserve and Surplus	1.95	2.10	2.28
Non-current liabilities	3.90	3.02	2.91
Long-Term Borrowings	3.77	2.82	2.83
Deferred Tax	0.10	0.09	0.08
Other Long Term Liabilities	0.03	0.11	0.00
Current liabilities	1.05	1.56	1.17
Short-Term Borrowings	0.51	1.22	0.93
Trade Payables	0.27	0.12	0.04
Other Current Liabilities	0.07	0.09	0.09
Short-Term Provisions	0.20	0.12	0.12
Total Liabilities	7.65	7.43	7.11
Assets			
Non-current assets	4.78	4.38	4.25
Net Fixed assets	4.74	4.35	4.22
Non Current Investments	0.01	0.01	0.01
Long Term Loans & Advances	0.02	0.02	0.01
Misc Expenses not written off	0.01	0.00	0.00
Current assets	2.87	3.04	2.87
Inventories	0.13	0.21	0.21
Trade Receivables < Six Months	1.74	0.93	1.76
Trade Receivables > Six Months	0.47	1.30	0.29
Current Investments	0.05	0.07	0.16
Cash and Cash Equivalent	0.26	0.20	0.21
Short term loans and advances	0.21	0.33	0.24
Total Assets	7.65	7.43	7.11

Asarfi Hospital Limited
Annexure III: Ratios

Particulars	FY12	FY13	FY14
	Audited	Audited	Audited
Tangible Net Worth (rs crs)	2.69	2.85	3.03
Total Debt/TNW (times)	1.59	1.42	1.24
TOL/TNW (times)	1.84	1.61	1.35
ISCR (times)	2.19	0.37	2.08
DSCR (times)	1.92	1.03	1.15
Net Cash Accruals/Total Debt (times)	0.16	0.14	0.14
Net Profit Margin (%)	1.20	4.14	3.27
Operating Profit Margin (%)	31.45	6.80	21.31
ROCE (%)	11.44	-2.57	11.50
Current Ratio (times)	2.73	1.95	2.44
Days Receivables (days)	194	223	143
Days Inventory (days)	19	21	27
Days Payable (days)	112	61	23
Conversion Cycle (days)	100	183	147