

Rating Report

Brickwork Ratings assigns 'BWR BB-' ratings for the Bank Loan facilities aggregating to ₹ 5.50 Cr of Auromed Hospitals Pvt Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings¹** for the Bank Loan Facilities of ₹ 5.50 Cr of Auromed Hospitals Pvt Ltd (AHPL).

Facilities	Amount (₹ Cr)	Tenure	Rating
Fund Based Over Draft	2.50	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Fund Based Term Loans	3.00		
Total	5.50	(INR Five Crore and Fifty Lakhs only)	

Note- The outstanding term loan as on 21st May 2015 was amounting to only Rs. 0.91 crore.

BWR has essentially relied upon the audited financial results of the firm up to FY14, projections for FY15 to FY17, publicly available information and information/clarifications provided by the Company's management.

The rating draws strength from the extensive business experience of the Managing Director for more than 18 Years, increasing in sales revenue in FY 14, vastly experienced and educated visiting doctors, adequate debt servicing ratios and past track record of the hospital in quality of treatment. However, the ratings are constrained by high gearing ratio due to decreasing profitability margins and intense competition from other hospitals.

Background:

Auromed Hospitals Pvt Ltd is company which was established on 14th September 2006. The company is running a multi-specialist hospital in the name of AUM Hospitals. AUM Hospitals is a 100-bed multi-specialty tertiary care hospital in Pondicherry that excels in delivering affordable and qualitatively superior healthcare. The hospital was initially limited to Neurology, but currently the hospital is now serving in 12 different specialized departments including Neurology, Neurosurgery, Urology, Gastroenterology, Laparoscopic surgeries, Obstetrics and Gynecology, Pediatrics, Neonatology, ENT, Orthopedics, Oncology, Oncosurgery, Cardiology, Accident and Emergency, including the most advanced and dedicated Critical Care unit.

Ms. Gitanjali J. B. is the Chair person and Managing Director who is qualified with PGDM from XIMB and has 18 years of corporate and entrepreneurial experience. Dr Anand K Khakhar,

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

India's leading liver and multi-visceral transplant surgeon is the other director and medical advisor to the board.

Financial Performance:

Auromed Hospitals Pvt Ltd reported total sales revenue of ₹ 7.74 Cr. And PAT of ₹ 0.08 Cr. in FY14 as against total sales revenue of ₹ 7.18 Cr and PAT of ₹ 0.13 Cr in FY13. The tangible net worth of the company was Rs. 2.60 cr and debt equity ratio was 3.46 times as on March 31, 2014. The company's days payable and receivable stood at 464 and 110 days respectively for FY 14 and debt servicing metrics with 2.63 and 1.19 of ISCR and DSCR respectively.

Credit Risk Determinants:

The hospital is run by the highly experienced management and with more than 40 high profiled visiting doctors who are internationally recognised. Auromed Hospitals Pvt Ltd is working in more than 12 different specialized departments and is poised to become a multi super-specialty hospital, which would cater to all types of general and super-specialty medical care in Pondicherry.

The revenues of the company has stayed flat from the past 3 years and the profit margins too have stayed in the same way. The net worth has decreased marginally in FY 14.

Rating Outlook:

The operations are expected to increase over the current year. Going forward, the ability of the firm to improve its revenues, profitability and net worth levels with consistent quality in healthcare and improve the gearing levels would be the key rating sensitivities.

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Annexure I						
Auromed Hospitals Pvt Ltd						
Profit & Loss Account						
Rs. in Crores	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Result Type	Audited	Audited	Audited	Projected	Projected	Projected
Gross Sales	8.01	7.18	7.74	12.63	15.79	17.69
Net Sales	8.01	7.18	7.74	12.63	15.79	17.69
Other Operating Income	0.00	1.09	0.75	0.00	0.00	0.00
Total Operating Income	8.01	8.27	8.49	12.63	15.79	17.69
Operating Expenses	6.21	6.11	6.42	8.61	11.15	12.67
OPBDIT	1.80	2.16	2.07	4.02	4.64	5.02
Depreciation/Amortization/Impairment	1.14	1.22	1.22	1.95	2.31	2.20
OPBIT	0.66	0.94	0.85	2.08	2.33	2.82
Interest and Finance Charges	1.51	0.86	0.79	1.25	1.28	1.10
OPBT	-0.85	0.08	0.06	0.83	1.06	1.72
Non Operating Income(Expenses)	0.97	0.07	0.06	0.06	0.07	0.07
PBT	0.13	0.15	0.12	0.89	1.13	1.79
Provision for Taxes	0.03	0.02	0.04	0.18	0.37	0.59
PAT	0.10	0.13	0.08	0.71	0.75	1.20

Annexure II						
Auromed Hospitals Pvt Ltd						
Balance Sheet						
Rs. in Crores	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
LIABILITIES	Audited	Audited	Audited	Projected	Projected	Projected
Equity & Reserves	4.30	6.14	9.26	12.07	12.30	13.50
Share capital	4.98	4.98	4.98	9.62	9.62	9.62
Preference Share Capital/Quasi Equity	0.00	0.00	0.00	2.24	1.72	1.72
Share Application money Pending allotment	0.00	1.73	4.77	0.00	0.00	0.00
Reserves and Surplus	-0.68	-0.57	-0.49	0.21	0.96	2.16
Non-current liabilities	8.43	9.21	7.38	8.68	7.53	6.23
Long-Term Borrowings	7.25	6.74	6.28	8.00	6.85	5.55
Deferred tax Liabilities (Net)	0.18	0.18	0.16	0.18	0.18	0.18
Other Long Term liabilities	1.00	2.29	0.94	0.50	0.50	0.50
Current liabilities	1.29	0.96	2.84	3.64	3.09	3.40
Short-Term Borrowings	0.06	0.05	0.05	2.50	2.09	2.13
Trade Payables	0.94	0.31	1.96	0.36	0.32	0.38
Other Current Liabilities	0.01	0.32	0.65	0.60	0.30	0.30
Short-Term Provisions	0.28	0.28	0.19	0.18	0.37	0.59
Total Liabilities	14.02	16.31	19.48	24.38	22.92	23.13
ASSETS						
Non-current assets	12.11	15.23	18.83	19.51	17.96	17.52
Net Fixed assets	10.32	10.97	10.85	14.01	13.06	12.22
Net Intangible assets	0.26	2.98	6.66	5.50	4.90	4.30
Long Term Loans and Advances	0.04	1.29	1.33	0.00	0.00	0.00
Current assets	1.91	1.07	0.65	4.87	4.96	5.60
Inventories	0.96	0.33	0.24	0.76	0.97	1.13
Trade Receivables < Six Months	0.48	0.12	0.33	3.12	2.60	2.91
Cash and Cash Equivalents	0.23	0.51	0.07	0.20	0.49	0.61
Short-Term Loans and Advances	0.12	0.11	0.02	0.00	0.00	0.00
Other Current Assets	0.12	0.00	0.00	0.80	0.90	0.96
Total Assets	14.02	16.31	19.48	24.38	22.92	23.13

Annexure II							
Auromed Hospitals Pvt Ltd							
Balance Sheet							
Rs. in Crores		FY 12	FY 13	FY 14	FY 15	FY 16	FY 17
Tangible Net Worth	₹	4.03	3.16	2.60	6.57	7.40	9.20
Total Debt/TNW	Times	1.81	2.15	2.43	1.60	1.21	0.84
Long Term Debt/TNW	Times	1.80	2.13	2.41	1.22	0.93	0.60
TOL/TNW	Times	2.39	2.83	3.46	1.87	1.43	1.05
ISCR	Times	1.19	2.52	2.63	3.22	3.63	4.55
DSCR	Times	1.82	1.16	1.19	1.82	1.79	2.16
Net Cash Accruals/Total Debt	Times	0.17	0.20	0.20	0.25	0.34	0.44
Current Ratio	Times	1.48	1.12	0.23	1.34	1.60	1.65
ROCE	%	5.74	8.69	8.81	15.77	13.83	16.79
Net Profit Margin	%	1.28	1.52	0.95	5.62	4.78	6.77
Operating Profit Margin	%	22.44	26.09	24.36	31.85	29.40	28.37
Days Receivables	Days	22	101	110	50	66	57
Days Inventory	Days	70	47	20	24	32	34
Days Payable	Days	144	159	464	145	32	28
Conversion Cycle	Days	-52	-11	-334	-71	67	63