

GPT Healthcare Limited

October 07, 2022

Rating

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	-	-	Reaffirmed at CARE BBB+; Stable (Triple B Plus; Outlook: Stable) and Withdrawn
Total Bank Facilities	0.00 (₹ Only)		

Details of facilities in Annexure-1.

Detailed rationale and key rating drivers

CARE has reaffirmed and simultaneously withdrawn the outstanding rating of CARE BBB+; Stable; [Triple B Plus; Outlook: Stable] assigned to the bank facilities of GPT Healthcare Limited (GPTHL) with immediate effect. The above action has been taken at the request of GPTHL and 'No Objection Certificate' received from the bank that has extended the facilities rated by CARE Ratings.

Detailed description of the key rating drivers

Key rating strengths

Experienced promoters: Dr. Om Tantia, Managing Director of GPTHL, is a qualified and renowned surgeon in the field of bariatric & laparoscopic surgery in Eastern India. He has about three decades of experience in the healthcare sector. He looks after the day-to-day affairs of the company along with the support of experienced professionals. GPTHL belongs to GPT group of Kolkata which has business interest in construction, healthcare and steel castings. Major companies belonging to the promoters are GPT Infraprojects Ltd, and GPT Castings Ltd.

Multi-specialty hospitals with established position: GPTHL provides healthcare services in various fields (Emergency and Critical Care, Gynae Endoscopic Surgery, Nephrology, Neuro and Spine Surgery, Neurology, Obstetrics and Gynaecology, Pediatrics etc). It has established position with three hospitals in Kolkata and one in Agartala.

Satisfactory financial performance in FY22: The company achieved total operating income of Rs.336.77 crore in FY22 (refers to the period April 01 to March 31) vis-à-vis Rs.242.11 crore in FY21. The company generated PAT of Rs.41.66 crore in FY22 as compared to Rs.21.09 crore in FY21. GCA Improved to Rs.58 crore in FY22 vis-à-vis Rs.36 crore in FY21.

Improvement in capital structure and debt protection metrics: The capital structure of the company improved overall gearing ratio at 0.64x as on March 31, 2022 vis-à-vis 0.94x as on March 31, 2021. Total debt/GCA has improved to 1.75x as on March 31, 2022 as compared to 3.45x as on March 31, 2021.

Key Rating Weaknesses

Capital intensive nature of business: Hospital industry is a capital-intensive industry with relatively long gestation period. Generally, new hospital takes around 2-3 years' time frame to breakeven at operational level due to low occupancy rate in the initial period of operation. Thus, the promoter is required to support the operation until the mentioned parameters reach the minimum desired level. Further, the maintenance capex required for the hospital industry also remains high owing to regular replacement of equipment's, non-reusable pharmaceutical and surgical products and to update the latest technology.

Fragmented industry: The healthcare sector is highly fragmented with few large players in the organised sector and numerous small players in the unorganised sector leading to high level of competition in the business. Thus, differentiating factors like range of services offered, quality of service, distinction of doctors, success rate in treatment of complex cases, etc. will be crucial in order to attract patients and increase occupancy.

High vulnerability to treatment-related risks and operation risks: Healthcare is a highly sensitive sector where any mistake on a critical case or negligence on part of any doctor and/or staff of the unit can lead to distrust among the masses. Thus, all the healthcare providers need to monitor each case diligently and meticulously to avoid the occurrence of any unforeseen incident which can damage the reputation of a hospital to a large extent.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Liquidity: Adequate

The liquidity of the company is adequate marked by sufficient gross cash accruals of Rs.58.15 crore vis-à-vis debt repayment of Rs.19.22 crore in FY22 and cash and cash equivalents of Rs.8.27 crore as on March 31, 2022. The operating cycle remain steady in FY22.

Analytical approach: Standalone**Applicable criteria**

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Hospital](#)

[Policy on Withdrawal of Ratings](#)

About the company

GPTHL was incorporated in 1989 as Jibansatyia Printing House Pvt Ltd by Kolkata-based GPT Group. Later it was rechristened as GPT Healthcare Pvt Ltd which was converted into a Public Ltd Company on September 15, 2021. GPTHL is engaged in healthcare business since 2005 and operates three multi-specialty hospitals in Kolkata (84-bed hospital in Salt Lake, 150-bed multi-specialty hospital in Dumdum and 116-bed hospital in Howrah) and one in Agartala, Tripura (204-bed multi-specialty hospital & nursing school) under the brand ILS hospitals. ILS Hospitals Salt Lake Department of Minimal Access Surgery has also been accredited by National Board of Examinations for Fellowship in Minimal Access Surgery. The company is managed by six-member board, headed by Mr. D. P. Tantia, Chairman and Dr. Om Tantia, MD of the company.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	H1FY23
Total operating income	242.11	336.77	NA
PBILDT	49.28	73.40	NA
PAT	21.09	41.66	NA
Overall gearing (times)	0.94	0.64	NA
Interest coverage (times)	3.65	6.60	NA

A: Audited , NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based- LT-Bank Overdraft	-	-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan	-	-	-	August 2032	0.00	Withdrawn

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Bank Overdraft	LT	-	-	-	1)CARE BBB+; Stable (07-Oct-21)	1)CARE BBB; Stable (07-Oct-20)	1)CARE BBB; Stable (09-Oct-19)
2	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (09-Oct-19)
3	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE BBB+; Stable (07-Oct-21)	1)CARE BBB; Stable (07-Oct-20)	1)CARE BBB; Stable (09-Oct-19)

*Long term/Short term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund Based – LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media contact

Name: Mradul Mishra
Phone: +91-22-6754 3596
E-mail: mradul.mishra@careedge.in

Analyst contact

Name: Richa Bagaria
Phone: 9903470650
E-mail: richa.jain@careedge.in

Relationship contact

Name: Lalit Sikaria
Phone: + 91-033- 40181600
E-mail: lalit.sikaria@careedge.in

About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

For the detailed Rationale Report and subscription information, please visit www.careedge.in