

Parco Institute Of Medical Sciences Private Limited

April 02, 2024

Facilities/Instruments	Amount (₹ crore)	Rating	Rating Action
Long Term Bank Facilities	87.00	CARE D; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	7.00	CARE D; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

Parco Institute of Medical Sciences Private Limited (Parco) has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. In line with SEBI guidelines, CARE Ratings Ltd's rating on Parco's bank facilities will now be denoted as **CARE D/CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facilities of Parco considers the delays in debt servicing. The rating continues to be constrained by short track record and small scale of operations, weak capital structure and debt coverage indicators, and geographical concentration risk in a highly competitive industry.

Analytical approach: Standalone

Detailed description of the key rating drivers:

At the time of last rating on July 18, 2023, the following were the rating strengths and weaknesses.

Key weaknesses

Delay in debt servicing:

The company has reported delays in debt servicing on its term loans due to the tight liquidity position.

Nascent stage of operations:

The hospital commenced operations in October 2021 and earned Rs. 5.34 crore during FY22 (refers to the period April 01 to March 31). The hospital has collected an income of Rs. 37.44 crore during the FY23 following commencement of operations of additional departments and occupancy gradually picking up. However, the hospital had reported an operating loss of Rs. 4.93 crores in FY23.

Weak capital structure and debt coverage indicators:

The capital structure of the company is weak as the networth has eroded and stood negative at Rs. 12.90 crore as on March 31, 2023. The debt was largely in the form of term loans and was availed to support the project cost of Rs.300 Cr incurred by the company towards construction capex of the hospital. The debt coverage is also weak with cash losses incurred over the past.

Geographical concentration risk in a highly competitive industry:

Parco is a single location player, and its revenue generation is restricted to this geographical region. The hospital is in Vadakara, Kozhikode and faces competition from existing players in the region providing tertiary care services, regional private hospitals giving primary care and secondary care services and large number of private clinics. It also faces tough competition from hospitals located in nearby places like Calicut and Thalasseri.

Key strengths

Experienced promoters:

Parco is a part of Parco Group, which is engaged in marquee of businesses such as Catering services, Restaurants, Hypermarkets, Jewellery, Kitchen Equipment, Logistics and Education across India and the Middle East. The group is headed by Kungapalli Aboobacker.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Hospital](#)

[Financial Ratios – Non financial Sector](#)

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

[Policy On Curing Period](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Healthcare	Healthcare	Healthcare Services	Hospital

Parco Institute of Medical Sciences Private Limited (Parco), incorporated in 2006, commenced its operation in Dec 2018 with a clinic at Kannur airport of Kerala. It started operating 'Parco Hospital' at Vadakara, Kozhikode from FY22 (i.e., Oct 15, 2021) as a multispecialty hospital with departments such as Obstetrics & Gynaecology, Orthopaedics, General Surgery, Emergency Medicine, Paediatrics, General Medicine, Neonatology, Internal Medicine & Diabetology etc. with 125 operating beds.

Brief Financials (₹ crore)	31-03-2021 (A)	31-03-2022 (A)	31-03-2023 (A)
Total operating income	0.09	4.21	37.44
PBILDT	-0.68	-5.16	-4.93
PAT	-1.33	-11.15	-20.13
Overall gearing (times)	82.31	28.12	NM
Interest coverage (times)	NM	NM	NM

A: Audited; NM: Not Meaningful; Note: 'the above results are latest financial results available'.

Status of non-cooperation with previous CRA:

Parco has not co-operated with Brickwork Ratings India Private Limited which has classified it as 'non-cooperative' vide the press release dated January 24, 2024. The reason provided by Brickwork Ratings India Private Limited is non-furnishing of information for monitoring of ratings.

Any other information: Not applicable

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

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

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

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-Term Loan		-	-	September 2030	87.00	CARE D; ISSUER NOT COOPERATING*
Fund-based - ST-Bank Overdraft		-	-	-	7.00	CARE D; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 2023-2024	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
1	Fund-based - LT-Term Loan	LT	87.00	CARE D; ISSUER NOT COOPERATING*	1)CARE D (18-Jul-23)	1)CARE B+; Stable (13-Dec-22)	-	-
2	Fund-based - ST-Bank Overdraft	ST	7.00	CARE D; ISSUER NOT COOPERATING*	1)CARE D (18-Jul-23)	1)CARE A4 (13-Dec-22)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities – Not applicable**Annexure-4: Complexity level of the various instruments rated**

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

Annexure-5: Lender details

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

Annexure-6: List of all the entities consolidated – Not applicable

Note on the 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 Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Analytical Contacts Sandeep P Director CARE Ratings Limited Phone: +91-44-2850 1002 E-mail: sandeep.prem@careedge.in
Relationship Contact Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in	Naveen S Assistant Director CARE Ratings Limited Phone: +91-42-2450 2305 E-mail: naveen.kumar@careedge.in
	Vishnu Raghavan R Rating Analyst CARE Ratings Limited E-mail: Vishnu.Raghavan@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.