Gill Medicare Private Limited

March 21,2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	177.00	CARE B+; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB-; Stable and 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

Gill Medicare Private Limited (GMPL) has not paid the surveillance fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Limited's (CARE Ratings') rating on GMPL's bank facilities will now be denoted as "CARE B+; Stable; 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 downgrade in the long-term rating assigned to the bank facilities of Gill Medicare Private Limited (GMPL) is on account of weakening of financial risk profile during FY24 (refers to the period from April 01, 2023, to March 31, 2024) marked by high overall gearing and weak debt coverage indicators. The rating further remains constrained due to capital intensive nature of operations with dependence on scarcely available qualified medical professionals, fragmented industry and high vulnerability to treatment related risks, limited geographical reach and competition from established players in the region and stringent regulatory framework for healthcare sector in India. However, the rating derives comfort from qualified and experienced promoters and management, diversified revenue stream and growing profitability margins.

Analytical approach: Standalone

Outlook: Stable

The 'Stable' outlook reflects that GMPL will continue to benefit from long-standing experience of the promoters in the industry.

Detailed description of key rating drivers:

Key weaknesses

Small scale of operations

The scale of operations of the company grew from Rs 11.82 crore in FY23 (refers to the period from April 01, 2023 to March 31, 2024) to Rs 36.90 crore in FY24 though remains small. Earlier, the hospital provides limited services such as cardiac, neurology, nephrology and critical care. In addition to the existing facilities, the hospital has added new facilities such as oncology, endocrinology, neurosurgery, hair transplantation, radiology, urology, etc. The 350 bedded multi-speciality hospital is operational from October 2023 and has specialists in eye, skin, ENT, orthopaedic, medicine and super specialists in cancer treatment, cardiac surgery, neurosurgery, radiotherapy, gynaecology, nephrology and plastic surgery. Nevertheless, the scale remains small, it limits the financial flexibility of the company in times of stress and deprives it of scale benefits.

Leveraged capital structure and weak debt coverage indicators

On March 31, 2024, the capital structure of the company stood leveraged as marked by overall gearing ratio of 3.01x vis-à-vis 2.07x on March 31, 2023.The overall gearing ratio deteriorated on account of high debt levels. Owing to high debt levels leading to increase in interest expense, the debt coverage indicators of the company deteriorated and stood weak as marked by interest coverage ratio of 1.76x in FY24 as against 62.34x in FY23.

Capital intensive nature of operations with dependence on scarcely available qualified medical professionals

Healthcare industry is a capital-intensive industry with relatively a long gestation period. Generally, a new hospital takes around 2-3 years' time frame to breakeven at operational level. The establishment, occupancy rate and financial stability in the initial period of operation requires time. Thus, the promoters are required to support business operations until aforementioned parameters reach the minimum desired level. Further, the maintenance capex required for the healthcare industry also remains high due to regular replacement of equipment, non-reusable pharmaceutical and surgical products and to update the latest technology. Furthermore, the healthcare industry is highly dependent on the scarcely available, qualified medical professionals. Given the increasing competition and the scarcity of medical specialists, the ability of the hospital to retain its current pool of

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

doctors and medical staff would be crucial. The industry also faces challenges with respect to hiring on-role and/or off-role doctors, nurses and other medical staff. Hence the dependence on human resources is high and is employed and deployed as per requirement.

Fragmented industry and high vulnerability to treatment related risks
The healthcare sector is highly fragmented with few large players in the organized sector and numerous small players in the unorganized sector leading to high level of competition in the business. Thus, differentiating factors such as range of services offered, quality of service, distinction of doctors, success rate in treatment of complex cases, etc. will be crucial to attract the patients and increase occupancy. Furthermore, Healthcare is a highly sensitive sector where any error or lapse on a critical case or negligence on part of any doctor and/or staff of the unit can lead to a 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 mutilate the reputation of a hospital to a large extent.

Limited geographical reach and competition from established players in the region
The company is operating a single hospital in Malwa Belt in Punjab. This limits the company's ability to tap opportunities and revenue growth. Though the hospital has an established Cardiology and Nephrology department, it faces stiff competition from several other private hospital chains such as AIIMS Bathinda, Max Super Speciality hospital, Jindal Heart Hospital. This leads to intense competition not only in attracting patients, but also in attracting the medical professionals.

Stringent regulatory framework for healthcare sectors in India
Despite increasing trend of privatization of healthcare sector in India, the sector continues to operate under stringent regulatory control. The stance of the government to bring down prices of healthcare procedures has prompted healthcare players to focus on bringing down the cost of procedures. The government flagship programme, 'Ayushman Bharat' has been envisioned as the foundation of India's healthcare system under the National Health Policy, 2018. The empanelment in the government's healthcare mission compels private players to cut down their operating costs per bed since the revenue from the operating bed under the scheme is limited. It has also set new pricing standards for medical procedures in the country.

Key strengths

Qualified and experienced promoters and management
GMPL has an established track record of around two decades in Malwa Punjab. The company is promoted by Dr. Gursewak Singh Gill who is a Cardiologist by profession. GMPL is currently managed by its directors, Dr. Gursewak Singh Gill and Dr. Dan Singh Gill. They collectively look after the overall operations of the company. The promoters have an adequate acumen about various aspects of business which is likely to benefit the company in the long run. The promoters are in turn supported by the team of qualified doctors and medical staff professionals having requisite experience in their respective fields.

Diversified revenue stream from various departments
The hospital derives its revenue from various specialities and offer services in general medicine, surgery and super specialty departments like neurosurgery, nephrology, cardiology, among others with cardiology contributing the higher share of revenue at approx. 36%, followed by nephrology at approx. 28% in FY23 (Audited).

Growing profitability margins
The PBILDT and PAT margins of the company improved to 47.81% and 8.09% in FY24 from 12.13% and 6.50% in FY23, on account of addition of new facilities such as endocrinology, neurosurgery, urology, oncology, hair transplantation, radiology, etc. which fetch higher margins.

Applicable criteria

Definition of Default
Policy in respect of non-cooperation by issuers
Rating Outlook and Rating Watch
Hospital
Financial Ratios – Non financial Sector
Service Sector Companies

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare Services	Hospital

Incorporated in the year 2007, GMPL runs a hospital in the name 'PRAGMA' located at Bathinda (Punjab). It is promoted by Dr. Gursewak Singh Gill who is a Cardiologist by profession. Initially the hospital was developed as a Cardiac centre only. Later, in the year 2009, the hospital was diversified into other medical areas namely Neurology, Nephrology and Critical Care. The company has now completed the construction of its own 350 bedded multi-Speciality hospital on approx. 11.70 Acre land located at Dabwali Road, Bathinda (Punjab) and same is operational from October 2023.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	11.82	36.90
PBILDT	1.43	17.64
PAT	0.77	2.99
Overall gearing (times)	2.07	3.01
Interest coverage (times)	62.34	1.76

A: Audited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fund-based - LT-Proposed fund based limits		-	-	-	5.30	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	March 2036	166.70	CARE B+; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Working Capital Limits		-	-	-	5.00	CARE B+; Stable; ISSUER NOT COOPERATING*

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

Annexure-2: Rating history for 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 2024-2025	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

1	Fund-based - LT-Term Loan	LT	166.70	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (04-Apr-24)	-	1)CARE BB-; Stable (02-Mar-23)	1)CARE BB-; Stable (23-Mar-22)
2	Fund-based - LT-Working Capital Limits	LT	5.00	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (04-Apr-24)	-	-	-
3	Fund-based - LT-Proposed fund based limits	LT	5.30	CARE B+; Stable; ISSUER NOT COOPERATING*	1)CARE BB-; Stable (04-Apr-24)	-	-	-

*Issuer did not cooperate; based on best available information.
LT: Long term;

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Proposed fund based limits	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working Capital Limits	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please click here

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

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About us:

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