

SEPTEMBER 15, 2015

CARE REVISES THE RATINGS ASSIGNED TO THE BANK FACILITIES OF ARTEMIS MEDICARE SERVICES LTD

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	45.02 (reduced from 66.68)	CARE A- (Single A Minus)	Revised from CARE BBB [Triple B]
Long / Short-term Bank Facilities	25 (enhanced from 14)	CARE A-/ CARE A2 (Single A Minus/ A Two)	Revised from CARE BBB/ CARE A3 (Triple B/ A Three)
Total Facilities	60.02 (Rupees Sixty crore and Two lakh only)		

Rating Rationale

The revision in the ratings takes into account continuous improvement in operational parameters of Artemis Medicare Services Ltd (AMSL) coupled with significant improvement in financial risk profile marked by growth in total operating income, improvement in capital structure and profitability during FY15 (refers to the period April 01 to March 31) and Q1FY16 and diversification across various healthcare specialities.

However, the ratings are constrained by the competition in the healthcare industry especially in the National Capital Region (NCR) with the company yet to achieve break even in its Dwarka hospital.

Going forward, the ability of the company to grow its patient registration, further improve its capital structure and profitably scale up the operations shall be the key rating sensitivities.

Background

Incorporated in 2004, Artemis Medicare Services Limited (AMSL) is engaged in the healthcare business. AMSL is a step down subsidiary of PTL Enterprises Limited (PTL), a group company of the promoter Mr Onkar S Kanwar, who is also the chairman and managing director of Apollo Tyres Limited (ATL). PTL is an investment holding company with lease rentals as the primary source of income.

AMSL owns and operates a 330-bed hospital in Gurgaon, Haryana (FY15: contributed 97% to the total operating income) and a 50-bed hospital at Dwarka, Delhi (FY15: contributed 3% to the total operating income) under the name of Artemis Health Institute (AHI).

During FY15, AMSL reported a total operational income of Rs.369.54 crore (PY: Rs.262.4 crore) and PAT of Rs. 18.58 crore (PY: Rs.6.71 crore).

For Q1FY16 (provisional), the company reported PBILDT of Rs.10.08 crore on total operating income of Rs.97.32 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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