

## Unity Care & Health Services Private Limited

Instruments	Amounts	Rating Action
	(Rs. Crore <sup>1</sup> )	September 2016
Term Loans	12.43	[ICRA]BB+ (Negative) / revised from [ICRA]BBB- (Stable)
Long-Term Fund Based Limits	3.00	[ICRA]BB+ (Negative) / revised from [ICRA]BBB- (Stable)
Proposed Fund Based Limits	3.07	[ICRA]BB+ (Negative) / revised from [ICRA]BBB- (Stable)

ICRA has revised the long term rating outstanding on the Rs.12.43 crore (revised from Rs.13.20 crore) term loans, Rs.3.00 crore (revised from Rs.2.50 crore) long-term fund based facilities and Rs.3.07 crore (revised from Rs.2.80 crore) proposed limits of Unity Care & Health Services Private Limited (“UCHSPL”/“the company”) from [ICRA]BBB- (pronounced ICRA triple B minus)<sup>2</sup> to [ICRA]BB+ (pronounced ICRA double B plus). The outlook on the long term rating has been revised from Stable to Negative.

The downgrade in rating takes into account the deterioration in profitability metrics during FY2016, which in turn affected the coverage metrics of the company, on account of intense competition among the hospitals in Mangalore. Further, continuous debt-funded capital expenditure has reduced the financial flexibility of the company to a certain extent. UCHSPL’s utilization of its working capital limits in the last 12 months has also been very high indicating a strain in the liquidity position. The rating also continues to factor the relatively small scale of operations with a single property in Mangalore, restricting its operational flexibility to a certain extent. The ratings continue to take into account the company’s established presence (operational since 1978) in Mangalore and steady growth in demand for healthcare services in India. Further, focus on business diversification through addition of new specialities/treatments and targeting Non-Resident Indians (NRIs) from Kerala. However, increasing competition from new multi-speciality hospitals with modern infrastructure in Mangalore is affecting the hospital’s ability to retain and add reputed consultants leading to an increase in employee. Going forward, the company’s ability to retain consultants and revive margins by adopting cost-cutting measures and improve its scale would be key rating sensitivities.

### Company Profile

Incorporated in October, 2000, Unity Care & Health Services Private Limited owns a 250 bed multi-specialty hospital named Unity Health Complex (UHC) located at Mangalore. The company has been promoted by Dr. C.P. Habeeb Rahman, who originally started the hospital in 1978 as a partnership concern with seven partners operating under the name Yenepoya Health Institute. Witnessing healthy growth, Dr. Rahman also commenced Nursing Diploma in 1982 and a degree college (Nursing) in 1999 within the hospital complex to cater to the captive demand for trained medical staff. With sustained growth in demand for health care services, in 2000, Dr. Rahman converted his venture into a private limited company under the name Unity Care & Health Services Private Limited. The hospital presently offers treatments across a large number of specialities including Cardiology, Neurology, Nephrology, Urology, Orthopaedic, Gastroenterology, Oncology, Ophthalmology, Pulmonology and Emergency and Trauma Care.

### Recent Results

As per the un-audited results for FY2016, the company reported an operating income of Rs.37.8 crore with a profit after tax (PAT) of Rs.0.3 crore. For FY2015, the company reported an operating income of Rs.36.4 crore with a PAT of Rs.0.5 crore.

**September 2016**

<sup>1</sup> 100 lakhs = 1 crore = 10 millions

<sup>2</sup> For complete rating scale and definitions, please refer ICRA’s website ([www.icra.in](http://www.icra.in)) or other ICRA Rating Publications



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