



## Press Release

**PK Healthcare Private Limited**

**February 27, 2025**

### Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	<a href="#">Complexity Indicator</a>
Long Term Bank Facilities	51.30	IVR A+ (CE*)/ Stable (IVR Single A Plus {Credit Enhancement} with Stable Outlook)	-	Assigned	<a href="#">Complex</a>
<b>Total</b>	<b>51.30</b>	<b>(Rupees Fifty One Crore and Thirty Lakh Only)</b>			

\*The Credit Enhancement (CE) Rating is based on irrevocable, unconditional and legally enforceable corporate guarantee provided by 'Shalby Limited'.

	Ratings	Previous Ratings
<b>Unsupported Rating<sup>^</sup></b>	IVR BB/ Stable (IVR Double B with Stable Outlook)	-

<sup>^</sup>Unsupported rating does not factor in the credit enhancement in the form of corporate guarantee from Shalby Limited.

**Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

### Detailed Rationale

Infomerics Ratings has assigned the long-term rating of IVR A+ (CE) with a Stable outlook to the bank loan facilities of PK Healthcare Private Limited (PKHPL).

The rating assignment to the bank facilities of PKHPL, are based on unconditional, irrevocable and legally enforceable corporate guarantee given by Shalby Limited. For assigning the ratings, Infomerics has assessed the attributes of the guarantee issued by Shalby Limited in favour of lenders who have extended the said facilities. The corporate guarantee covers the entire rated amount, tenor of the rated facilities and has a structured payment mechanism defining invocation and payment timelines. The guarantor's capability to support the guaranteed amounts is found to be in line with credit profile connoted by the credit ratings assigned.



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The rating also draws comfort from the expectation of continued support from the parent company and common management, experienced promoters, strategic location of the hospital & a well-qualified team of medical practitioners. However, these rating strengths are partially offset by limited track record & loss-making operations of the company in the initial stage of operations resulting in leveraged capital structure & negative coverage ratios. Further, ratings are also constrained by low bed occupancy and geographical concentration risk.

The 'Stable' outlook indicates a low likelihood of rating change over the medium term. IVR believes that PKHPL will continue to derive benefit of support from the parent company and growth in the healthcare industry.

### **Adequacy of Credit Enhancement Structure:**

For assigning the ratings, Infomerics has assessed the attributes of the corporate guarantee issued by Shalby Limited in favour of lenders who have extended the said facilities. The corporate guarantee results in an enhancement in the rating of the said facilities to IVR A+ (CE)/ Stable against the unsupported rating of IVR BB/ Stable. The adequacy of credit enhancement has been tested after considering guaranteed debt in the financials of Shalby Limited. The analysed capital structure and adjusted debt protection metrics of Shalby Limited remained comfortable.

### **Transaction Structure:**

In the event of default in payment, the following structure will be applicable:

1. T being scheduled due date of payment
2. The lender will invoke the guarantee on T+1 day.
3. Payment by the guarantor will be made within T+2 days.

**Infomerics will consider T+2 as its legal final maturity for the purpose of recognition of default.**

IVR has principally relied on the three year standalone audited financial results of PKHPL & Shalby Limited up to FY24 (refers to period April 1st, 2023, to March 31st, 2024), six years projected financials of PKHPL for FY2025 (refers to period April 1st, 2024, to March 31st, 2025) - FY2030 (refers to period April 1st, 2029, to March 31st, 2030), ), and three years projected financials of Shalby Limited for FY2025 (refers to period April 1st, 2024, to March



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31st, 2025) - FY2027 (refers to period April 1st, 2026, to March 31st, 2027), along with publicly available information/ clarifications provided by the company's management.

### **Key Rating Sensitivities:**

#### **Upward Factors**

- Significant improvement in the scale of operations with the company generating positive operating margins and cash flows.
- Improvement in the scale of operations and business risk profile of the parent company (Shalby Limited).

#### **Downward Factors**

- Moderation in the scale of operations and business risk profile of the parent company (Shalby Limited).
- Weakening of support from the promotor group which will be reflected in lack of support in bringing additional funds required as and when required.
- Significant decline in the scale of operations of PKHPL leading to deterioration of financial risk profile of the company.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths:**

##### **Support from parent company:**

Shalby Limited acquired a majority stake of 87.26% in PK Healthcare Private Limited (PKHPL) in January 2024, consequently PKHPL has become a subsidiary of Shalby Limited. Shalby Limited has a strong track record in the healthcare sector and currently operates a chain of 16 multi-specialty units present in 13 Indian cities across 9 states with a total bed capacity of more than 2000 beds. After acquisition, promoters have helped the company in stabilizing its operations by funding through equity infusion as well as extending unsecured loans. Support from the parent company and its promoters are expected to benefit company both operationally as well as financially.

##### **Experienced promotor & well qualified team of medical practitioners:**



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PKHPL's operated Sanar International Hospitals was started by Mr. Naresh Kapoor, who has more than three decades of experience in the healthcare sector. Currently, hospital has employed a team of 50+ well experienced and qualified doctors along with the other visiting overseas doctors. Company will continue to derive comfort from experienced promoters of Shalby Limited and quality healthcare services provided by the experienced doctors which will further benefit the company in establishing its name as the renowned healthcare provider in the region.

### **Strategic location of the hospital and international clientele**

PKHPL's operated Sanar International Hospitals is strategically located at Golf Course Road, Gurugram, one of the premium location in the region. Strategic presence and well connectivity to the major consumption centre benefits hospital in getting patients from Delhi-NCR region and other major adjoining cities like Jaipur, Delhi, Noida, Ghaziabad etc. Hospital also derive benefit from the patient mix, which comprises of around 70% international patients coming from more than 60 countries, besides its edge in transplant surgeries including Blood and Marrow Transplant, Kidney & Liver Transplant, Bone & Joint among other specialities such as Onco Science, Neuroscience etc. Although, the hospital is strategically located but the company is still exposed to geographical concentration risk since it is operational at only one single location.

### **Key Rating Weaknesses:**

#### **Limited track record, loss making operations and low bed occupancy**

The hospital became operational in 2022 and has relatively smaller scale of operations with current capacity of 130 operational beds and annual occupancy of ~25%. In FY24, the company registered total operating income (TOI) of Rs. 87.13 crore against Rs. 67.36 crore in FY23 (FY22: Rs 1.67 crore). Major revenue generating specialities for the hospital are oncology, cardiac science, orthopaedic & general surgery. PKHPL has incurred EBITDA losses of Rs 49.14 crore in FY24(FY23: Rs 6.06 crore, FY22: Rs 6.04 crore).

#### **Operational losses resulting in leveraged capital structure & negative coverage ratios:**



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Since the commencement of operations, the hospital has not been able to generate positive cash flows due to less cost absorption leading to operating losses of ~9% in FY23 & ~56% in FY24. Negative cash accruals have resulted in low net worth of Rs 32.76 crore in FY24 which is further expected to reduce in coming FYs. Timely stabilization of operations, improving capacity utilization, improved cash flows and positive operating margin will remain a key monitorable in short to medium term.

### Analytical Approach:

- **Credit Enhancement (CE) rating:** Assessment of credit profile of Shalby Limited, provider of corporate guarantee to the bank facilities of PK Healthcare Private Limited. PKHPL is a subsidiary of Shalby Limited, having 87.26% shareholding in the company.
- **Unsupported Rating: Standalone:** For arriving at the unsupported rating, Infomerics has taken standalone view of the business and financial risk profile of PKHPL.

### Applicable Criteria:

[Rating Methodology for Service Sector Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Criteria for Ratings based on Credit Enhancement](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

### Liquidity – Adequate

The liquidity of the company is adequate with the support from parent company. On acquisition there was an infusion of ~Rs 100 crore by fresh issue of equity shares which has supported cash outflows related to debt repayments of banks obligations, promoters, lease liabilities and meeting the working capital requirements. Cash and cash equivalents at the end of March 31, 2024, stood at ~Rs 12.67 crore. To further support the current debt repayments promoters have infused interest bearing unsecured loans amounting to ~Rs 25 crore in FY25. Working capital facilities are moderately utilized at ~65% during last seven months ended December 2024 which provide cushion for managing the working capital requirements. Liquidity is





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expected to be supported by the infusion of funds by promoters to meet the debt servicing shortfall and cash flow mismatches over the near-to-medium term. The free cash and cash equivalents amounted to Rs 1.41 crore as on December 31, 2024.

### **About the Company (PKHPL)**

PK Healthcare Private Limited (PKHPL), based in Delhi, was incorporated in January 2017 and the commercial operations of the hospital started in FY2022. The company operates Sanar International Hospitals, located in Gurugram, a multi-specialty hospital specialized in advanced surgical care in specialties such as Cancer, Heart, Blood and Marrow transplant, Kidney & Liver transplant, Bone & Joint and Neurosciences among other specialities. The Hospital is located at Golf Course Road, Gurugram and the current capacity of the hospital is 130 beds. On January 25, 2024, Shalby Limited acquired majority stake of 87.26% in PKHPL by paying a consideration of ~Rs. 102 crore. Consequently, PKHPL has become a subsidiary of Shalby Limited. After acquisition by Shalby Limited, Sanar International Hospitals has become a part of Shalby Group of Hospitals, one of the largest chains of hospitals and tertiary care centres in Western, Northern and Central India with 16 healthcare units, over 2000 bed capacity, more than 500 active physicians, and 3000+ employees.

### **About the Corporate Guarantor (Shalby Limited):**

Shalby Limited is a publicly listed company incorporated on 30 August 2004 and got listed on BSE/NSE in December 2017. Shalby Limited is India's leading multispecialty hospital chain established by Dr Vikram Shah and has over 29 years' experience in delivering quality and affordable healthcare. It currently operates a chain of 11 multispecialty tertiary hospitals and 5 Orthopaedic Centres under Shalby Orthopaedics Center of Excellence (SOCE) across India with an aggregate bed capacity of over 2,000 hospital beds. Shalby Limited has the largest centre of Joint Replacement Surgery in India with ~15% market share in organized market. It also operates nine clinics abroad in East African countries, Dubai, Oman, Bangladesh, and Nepal. Operations initially focused on arthroplasty procedures (knee and hip replacements), following which the company expanded into other specialties such as oncology, bariatrics, cardiology, neurosurgery, etc, over last few years.

### **Financials (Standalone - PKHPL):**

(Rs. crore)



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For the year ended/ As on*	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	67.36	87.13
EBITDA	-6.06	-49.14
PAT	-43.75	-51.02
Total Debt	72.21	50.38
Tangible Net Worth	7.64	32.76
EBITDA Margin (%)	-9.00	-56.40
PAT Margin (%)	-64.13	-57.59
Overall Gearing Ratio (x)	9.45	1.54
Interest Coverage (x)	NM	NM

\* Classification as per Infomerics Standard

#NM - Not Meaningful

### Financials of Corporate Guarantor (Shalby Limited):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	<b>Audited</b>	<b>Audited</b>
Total Operating Income	708.02	829.68
EBITDA	141.95	177.57
PAT	80.81	103.85
Total Debt	25.50	114.02
Tangible Net Worth	950.77	1040.84
EBITDA Margin (%)	20.05	21.40
PAT Margin (%)	11.11	12.21
Overall Gearing Ratio (x)	0.03	0.11
Interest Coverage (x)	45.78	61.53

\* Classification as per Infomerics Standard

Status of non-cooperation with previous CRA: None

Any other information: NA



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### Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Fund Based Facilities	Long Term	51.30	IVR A+ (CE)*/Stable	-	-	-

\*The Credit Enhancement (CE) Rating is based on irrevocable, unconditional and legally enforceable corporate guarantee provided by 'Shalby Limited'.

^**Unsupported rating:** IVR BB/Stable; Unsupported rating does not factor in the credit enhancement in the form of corporate guarantee from Shalby Limited.

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### About Infomerics:

Infomerics Valuation And Rating Ltd (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd ] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.





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For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

**Disclaimer:** Infomerics' ratings are based on information provided by the issuer on an 'as is where is' basis. Infomerics credit ratings are an opinion on the credit risk of the issue / issuer and not a recommendation to buy, hold or sell securities or to sanction, renew, disburse or recall the concerned bank facilities. Infomerics reserves the right to change or withdraw the credit ratings at any point in time. Infomerics ratings are opinions on financial statements based on information provided by the management and information obtained from sources believed by it to be accurate and reliable. We, however, do not guarantee the accuracy, adequacy or completeness of any information which we accepted and presumed to be free from misstatement, whether due to error or fraud. We are not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs 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/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	June 2030	31.30	IVR A+ (CE)/Stable
Cash Credit	-	-	-	-	20.00	IVR A+ (CE)/Stable

<sup>^</sup>**Unsupported rating:** IVR BB/Stable; Unsupported rating does not factor in the credit enhancement in the form of corporate guarantee from Shalby Limited.

### Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-PK-Healthcare-feb25.pdf>

### Annexure 3: Detailed explanation of covenants of the rated instrument/facilities:

Particulars	Detailed Explanation
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<b>Covenants</b>	<ul style="list-style-type: none"><li>• <b>Primary Security:</b><ul style="list-style-type: none"><li>- Hypothecation of stocks and receivables – Exclusive charge on all present and future current assets.</li><li>- Charge/assignment of all the receivables/revenue of the company.</li><li>- Charge on all movable and immovable assets including intangible assets of the company.</li></ul></li><li>• <b>Collateral Security:</b> Corporate Guarantee of Shalby Limited</li><li>• Promoter's shares in the company shall not be pledged to any Bank/NBFC/Institution without prior consent of lender.</li><li>• <b>Lender:</b> State Bank of India</li><li>• <b>ROI:</b> 0.25%+MCLR</li><li>• <b>Margin:</b> 25% on inventory and 40% on domestic receivables.</li><li>• Unsecured loans to be subordinated to Bank's loan and not to be withdrawn during currency of loans without prior approval from bank.</li><li>• Creation of DSRA for term loan to be ensured prior to release of the limits.</li><li>• Penal interest in case of adverse deviation of more than 10% on breach of any two of the three parameters mentioned below:<table data-bbox="496 1328 1002 1480"><tr><td>DSCR</td><td>2.13</td></tr><tr><td>ISCR</td><td>5.15</td></tr><tr><td>Debt Equity Ratio</td><td>1:1</td></tr></table></li></ul>	DSCR	2.13	ISCR	5.15	Debt Equity Ratio	1:1
DSCR	2.13						
ISCR	5.15						
Debt Equity Ratio	1:1						

**Annexure 4: List of companies considered for consolidated analysis: Not Applicable.**

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).