

RATING RATIONALE

11 Oct 2019

Apex Welcare Trust

Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of Rs. 199.24 Crs of Apex Welcare Trust.

Particulars

Facility**	Previous Rated Amount (Rs. in Crs)	Amount rated (Rs. in Crs)	Tenure	Previous Rating (May 2018)*	Rating Assigned*
Fund Based	8.50	197.74	Long Term	BWR BB- Stable	BWR BB : Stable (Upgrade)
Non Fund Based	6.50	1.50			
Total	15.00	199.24	INR One Hundred Ninety Nine Crores and Twenty Four Lac Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities is provided in Annexure-I

RATING ACTION / OUTLOOK

Brickwork ratings has upgraded Long term rating of BWR BB with a stable outlook for Fund Based and Non Fund based limits.

The ratings draw comfort from AWT's comfortable financial risk profile because of low gearing and Growth in revenue and profitability and experienced management. The rating also factors in the established brand name of the Apex Hospital in Varanasi which is run by the associate concern of the trust, Apex Welcare Pvt Ltd. The rating further derives strength from the sustained demand for better healthcare facilities in India, increased awareness about Ayurveda in general public, thrust provided by the government through recently formed Ayush department.

The outlook of the Trust is stable as it has achieved growth in revenue in FY 19, ability of the Trust to increase its headcount with improvement in fee collection, successful introduction of new courses and sustained improvement in hospital receipts.

KEY RATING DRIVERS

Credit Strengths:



- **Experienced Promoters:** The management is led by Dr S.K Singh who is supported by other doctors in his endeavor to establish this Ayurvedic college & hospital. The management has the experience of running Apex Hospital & Apex Paramedical institute in Varanasi which is a multispeciality hospital and was established long back in 1996. Apex hospital Varanasi employs more than 500 dedicated healthcare professionals and is a well known hospital in the city.
- **Improvement in Topline** - The entity achieved TOI of Rs. 5.38 Crs in FY 19 as compared to Rs. 3.95 Crs in FY 18. Trust has comfortable Gearing Ratio (I.e TOL/TNW) stood at 0.68 times as on FY19 as tangible net worth has improved from Rs. 11 Crs in FY 18 to Rs. 12.90 Crs in FY19.
- **Construction of Proposed College** - The proposed college, Apex Institute of Medical Sciences & Hospital is managed by Apex Welcare Trust. The proposed Apex Institute of Medical Sciences & Hospital aim to establish itself as an icon for medical education, research health care and consultancy in the state of Uttar Pradesh. The institute will establish symbolic relationship with the environment. Institute will develop links with educational and development organizations at national and international level and create platform for interactions of people of high caliber and skills to share knowledge. The institute plan to run MBBS course having the capacity of minimum 150 students per year. This in due course will be eligible for Post Graduation (MD, MS) and Super Specialty education like DM, MCh in various streams of Medical Science. The Institute will also be eligible to start Nursing, Physiotherapy and Paramedical courses in 20 streams in the time to come. The total cost of the project would be Rs. 258.12 Crs to be funded by Term Loan of Rs. 190 Crs and promoters contribution of Rs. 68.12 Crs. The college would be constructed in phases starting from FY 20 to FY24.

Credit Risks:

- **Inherent Risks of implementation in Greenfield Projects:** There are risks associated with project execution such as time and cost overrun, delay in commencement of operations etc. However, the ability of the trust to infuse the funds in the project as and when required gives a cushion against the risks of escalated cost.
- **Risk related to the student demand for the courses offered by the College:** Success of any educational entity depends on the student demand & popularity of the courses offered. Further, the college has to comply with various regulatory norms of the government which at times becomes the bottleneck in the hospital's operations.
- **Weak Debt protection metrics** - The Trust is having weak debt protection metrics i.e ISCR and DSCR stood at 1.06x and 0.57x in FY 19.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

For arriving at its ratings, BWR has applied its rating methodology as debited in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, the ability of the Trust to improve its scale of operations by improving its profitability margins and efficiently manage its liquidity would remain the key rating sensitivities.

Positive: The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement backed by healthy liquidity and timely execution of the proposed project..

Negative: The rating outlook may be revised to 'Negative' in case revenues of the company substantially deteriorates from current level. Rating may also be adversely affected in case of adequate deterioration in gearing and coverage ratios.

LIQUIDITY POSITION (LOW)

Company has Cash Credit facility of Rs. 0.50 crs from bank and its average utilisation of the fund-based limits ranges from 80% - 95% over the 6 months ended Sept 2019. Company has cash accruals(PAT +DEP) of Rs 0.20 Cr in FY19. Company had cash & cash equivalents of Rs. 0.72 Crs in FY19. Current ratio of 1.05x is quite weak.

COMPANY PROFILE

Apex Welcare Trust is a charitable trust having its registered address at H No N 7/2A- 5, DLW Hydil Road Varanasi. Apex Welcare Trust is a charitable organization & was established by Late Rajnarayan Singh, The trust is registered under Indian Trust Registration Act - 1908 with Reg. No. 92, dated 28.11.2006. Financial aid & donations extended to Apex Welcare Trust are exempted under section 80G (5) (vi) of Income Tax, Reg No. VNS/COMM/62(13)/80G. The trust used to run Blood Bank at DLW Varanasi. It has now built a medical college & hospital in the name of Apex Institute of Ayurvedic Medicine & Hospital at Chunar, Varanasi. The college is affiliated to Mahatma Gandhi Kashi Vidyapeeth University, Varanasi & its BAMS course is approved by **Ministry of Ayush & Central Council of Indian Medicine, New Delhi vide its letter dated 02.11.2017.**

KEY FINANCIAL INDICATORS (in INR Cr)

Key Parameters	Units	FY18	FY19
Result Type		Audited	Audited
Total Operating Income	Rs. in Crs	3.95	5.38
OPBDIT	Rs. in Crs	0.29	1.01
PAT	Rs. in Crs	0.03	0.20
Tangible Net Worth	Rs. in Crs	11.00	12.90
TOL/TNW	Times	0.78	0.68
Current Ratio	Times	1.12	1.05

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY, IF ANY : NA

RATING HISTORY

Facilities	Current Rating			Rating History			
	Tenure	Amount (₹ Cr)	Rating	Aug 19	May 18	2017	2016
Fund Based	Long Term	197.74	BWR BB Stable (Upgrade)	Rating Not Reviewed	BWR BB-Stable	NA	NA
Non Fund Based		1.50		Rating Not Reviewed	BWR BB-Stable	NA	NA
Total		199.24	INR One Hundred Ninety Nine Crores and Twenty Four Lac Only				

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Service Sector](#)
- [Short Term Debt](#)

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Apex Welcare Trust

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	Central Bank of India	Cash Credit	0.50		0.50
2	Central Bank of India	Term Loan	7.24		7.24
3	Central Bank of India	Bank Guarantee	1.50		1.50
4	Proposed	Term Loan	190.00		190.00
TOTAL					199.24

INR One Hundred Ninety Nine Crores and Twenty Four Lac Only

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