



## Rating Rationale

### Apex Welcare Trust

29 May 2018

**Brickwork Ratings assigns rating for the Bank Loan Facilities amounting to Rs. 15.00 Crs of Apex Welcare Trust**

#### Particulars:

Facility	Amount (Rs. in Crores)	Tenure	Rating Assigned*
Fund Based Term Loan	7.50	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable
Fund Based-Overdraft	1.00		
Non Fund Based BG	6.50		
Total	15.00 (INR Fifteen Crores Only)		

\*Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

#### Rationale/Rating Sensitivities:

BWR has principally relied upon the audited financial results(FY17) of the Apex Welcare Trust (AWT), financial projections till FY20, publicly available information and information/clarifications provided by the trust.

The rating draws strength from AWT's comfortable financial risk profile because of low gearing, sound debt protection metrics & moderate net worth. 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.

However, the ratings are constrained by the implementation risks associated in establishing a new college and hospital which are the greenfield projects of Apex Welcare trust, regulatory & reputational

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risks present in the hospital industry and risks related to the student demand & sustained head count improvement in the college.

Going forward, ability of the university to increase its headcount with improvement in fee collection, successful introduction of new courses and sustained improvement in hospital receipts shall be the key rating sensitivities.

### **Key Rating Drivers:**

#### **Strengths:**

- **Experienced & qualified management:** The management is reputed and is lead 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.
- **Moderate financial risk profile:** The debt to equity ratio for the project is 0.44 times. Average DSCR for the tenure of the term loan is also expected to be at a comfortable level of 2.10 times. The corpus fund of the trust at the end of FY17 was Rs 9.98 Crs.

#### **Weakness:**

- **Inherent Risks of implementation in Greenfield Projects:** The project suffers from various risks such as time and cost over run, delay in commencement of operations etc. However, ability of the trust to infuse the funds in the projects as and when required gives a cushion against the risks of escalated cost of project.
- **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.

#### **About the Trust:**

Apex Welcare Trust is a charitable trust having its registered address at H No N 7/2A- 5, DLW Hydil Road Varanasi. It was established by Late Sh. Rajnarayan Singh and 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. It has built a medical college & hospital in the name of Apex Institute of Ayurvedic Medicine & Hospital at Chunar, Varanasi. It also runs a Blood Bank at DLW Varanasi. Ayurvedic Institute 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. The college has started its operations in FY18 only with an intake of 150 students in BAMS & D.Pharma, as on date. The trust has planned to introduce the courses such as GNM, ANM, BSC (Nursing) & Bachelor in Physiotherapy in near future and expects the headcount to increase to 340 students.

**Rating Outlook: Stable**

BWR believes that AWT’s business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the company is able to post significant growth in its receipts with better net surplus. The rating outlook may be revised to 'Negative' if the trust books lower than expected receipts because of low student intake.

**Financial Performance:**

AWT booked net receipts of Rs 2.83 Crores in FY17 as against Rs. 1.48 Crores in FY16. Net Surplus/(Deficit) stood at Rs 1.33 Crores in FY17 as compared to Rs 0.57 Crores in FY16. As per provisional figures provided by the trust, net receipts for FY18 stood at Rs 4.81 Crs.

Parameters	FY 2016(A) (Rs. in Crores)	FY 2017(A) (Rs. in Crores)
Net Receipts	1.48	2.83
OSBDIT	0.54	1.29
Net Surplus/(Deficit)	0.57	1.33
Tangible Net Worth	5.75	9.98



**Rating History for the last three years:**

Facility	Rating Assigned 2018			Rating History		
	Amount (Rs. in Cr)	Tenure	Rating Assigned	2017	2016	2015
Fund Based Term Loan	7.50	Long Term	BWR BB- (Pronounced as BWR Double B Minus) Outlook: Stable	NA	NA	NA
Fund Based-Overdraft	1.00					
Non Fund Based BG	6.50					
Total	15.00 (INR Fifteen Crores Only)					

Status of non-cooperation with previous CRA: NA

**Hyperlink/Reference to Applicable Criteria:**

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

Analytical Contacts	Media
Satvinder Kumar Gakhar DGM - Ratings	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<b>Relationship Contact</b>
	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

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**Note on complexity levels of the rated instrument:**

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

**About Brickwork Ratings**

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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