

Rating Rationale

Brickwork Ratings assigns 'BWR BB+' & 'BWR A4+' for the Bank Loan Facilities aggregating ₹ 18.44 Cr of Axis Hospitals Pvt. Ltd

Brickwork Ratings has assigned the following **Ratings¹** for Bank Loan Facilities of Axis Hospitals Pvt. Ltd (AHPL or the 'Company').

Fund Based Facility	Sanctioned Limit (₹ Cr)	Proposed Limit (₹ Cr)	Tenure	Rating
Cash Credit	-	5.00	Long Term	BWR BB+ (BWR Double B Plus) (Outlook Stable)
Term Loan	13.32	-		
FC	0.12	-	Short Term	BWR A4+ (BWR A Four Plus)
Total	13.44	5.00	INR Eighteen Crores & Forty Four lakhs only	

BWR has essentially relied upon the project report and projected financials of FY14, FY15 & FY16 of AHPL, publicly available information and information/clarification provided by the management.

The rating, inter alia, factors the promoters' contribution, setting up a multi-specialty hospital in an area which lacks in medical facilities, management experience and the expected completion of project before COD.

However, the rating is constrained by patient inflow uncertainty, capacity utilization, limitation in tariff structure and limited business experience of directors in the area of health care.

Background of the Company:

Axis Hospitals Pvt. Ltd (AHPL) was incorporated in 2009 in Kolkata, West Bengal. The Company is promoted by Mr. Dhruva Gopal Dutta and Mr. Debjyoti Dutta.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Other key personnel are Dr. Malay Sarkar and Dr. P. Pal Chowdhury, with experience of over 10 years in hospital management, who will be responsible for day to day management of AHPL. The Company has envisaged a project of setting up a multi-specialty hospital at Barrakpore, North 24 Parganas, West Bengal, in a place reportedly lacking good medical facilities and which therefore has a large catchment area.

The project is coming up in a land area of 33 cottahs and has permission to set up 35000 sq. ft. building of G+4. The hospital will be of 100 bed capacity consisting of all major departments and operation theaters. There will be other facilities also like radiology, ultrasonography, ECG, CT Scan etc. Commercial operations of the Hospital are expected to start in June 2014. The total project cost is ₹25.76 Cr of which promoters have contributed ₹ 12.44 Cr which is 48.29% of the total project cost and balance amount of ₹ 13.32 Cr will come from bank borrowings.

AHPL has also appointed an advisory board comprising of eminent and well experienced doctors, along with key hospital management personnel Dr. Malay Sarkar and Dr. Pritish Pal Chowdhury, to ensure smooth functioning of the hospital.

Rating Outlook:

The Hospital appears to have been well-planned and the execution of the project is reportedly as per plan. The rating reflects the company's ambitious plan of setting up a multi-specialty hospital at Barrakpore. Going forward, ability of the Company to start commercial operation by expected date, to meet project revenues and operational efficiency will be the key rating sensitivities.

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