Rating Rationale

26 July 2021

CBM Hospital & Research Center

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹. 7.21 Crores of CBM Hospital & Research Center.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (Dec, 2020)	Present
Fund based	11.60	**7.21**	**Long Term**	BWR B Stable (Reaffirmed) Issuer Not Cooperating	**BWR B Stable (Reaffirmed)**
Total	11.60	**7.21**	**INR Seven Crore Twenty One Lakh Only**		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Ratings: ACTION/OUTLOOK

BWR reaffirms the rating as BWR B/Stable assigned to CBM Hospital.
The rating draws strength from experienced promoters and also moderate financial risk profile . However, the rating is constrained by high debt equity, high competition in the industry and regulatory risk.
BWR believes that CBM Hospital 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 revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if there is a deterioration in financial risk profile.

Rationale/Description of Key Rating Drivers/Rating sensitivities:

Description of Key Rating Drivers
Credit Strengths-:

1. **Experienced promoters :**
   The entity is managed by two partners, One partner Mr. Ratan Ram Tetrawal has approx. 4 decades of experience and Dr. Bindu Tetrawal has one decade of experience.

2. **Moderate Financial Risk Profile:**
   The revenues of the company are at INR 5.23 Crores along with loss of INR 0.48 Crores

in FY20 (A.) which has improved from previous year FY 19 (A) revenue of INR 4.51 crores and loss of INR 1.14 crores.Tangible net worth is INR 1.38 crores in FY20(A) as against as INR 1.95 crores in FY19(A). The current ratio improved from 0.51x in FY19 (A.) to 0.58x in FY20 (A.). The debt protection metrics, ISCR is at 1.74x in FY20 (A) improved from previous 1.09x in FY19(A) and DSCR is at 0.78x in FY20 (A) improved from previous 0.56x in FY19 (A).

Credit Risks-:

1. **High Debt Equity:**
   The debt equity ratio was at 5.47x (Debt Equity Analysed at 3.51x) in FY20(A) has deteriorated from the 4.21x (Debt Equity Analysed 3.07x) in FY 19(A).

2. **High Competition in the Industry:**
   Hospital is situated in Makarna , Rajasthan where more than 10 hospitals are present which are competitors of the entity.

3. **Regulatory Risk :**
   The Healthcare industry is exposed to high Regulatory risk where the industry has to maintain the standards, quality of services and prescribed procedures under the government guidelines.

Analytical Approach

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

RATING SENSITIVITIES

Going forward, the ability of the entity to achieve projected revenue & profitability margins, improve scale of operations, liquidity profile and capital structure by infusion of additional capital would be key rating sensitivities.

Positive: The rating outlook may be revised to 'Positive' in case significant increases in the company's scale of operations and further diversifying its revenue sources while improving its profitability.

Negative: The rating may be downgraded if there is any deterioration in overall financial risk profile.

LIQUIDITY PROFILE (Adequate)

- CBM hospital does not have any group companies or sub group companies.
- Long Term Borrowings of INR 7.37 Crores in FY20(A) includes INR 1.2 crores unsecured loans from 8 businesses, Secure loan from CLIX Finance India Pvt. Ltd. of INR 0.66 crores and Secured loans from Bank of India of INR 5.50 crores. The cash flow statement has not been provided by the company.
- The company has Cash & Bank balances of Rs. 0.39 Crs in FY20(A).
- ISCR and DSCR is at 1.74x and 0.78x respectively in FY20(A).

- The current ratio is 0.58x in FY20(A).
- Conversion Cycle is negative in FY20(A).
- Average CC(PC) utilization of the Last 6 Months comes out to be ~20%.

About the Company

CBM Hospital & Research Center is a partnership firm which owns and manages a 100 bedded hospital at Makrana district at Nagaur District, Rajasthan. The Hospital provides services in orthopedics, Paediatrics, general medicine, general Surgery, ENT and homeopathic services. CBM Hospital & Reaserch Centre started its operations in January 2018 with the staff of 9 permanent doctors and 5 visiting doctors. The Hospital has two partners Mr. Ram ratan Tetrawal and Dr. Bindu Tetrawal. Major sources of revenue for the Hospital is from OPD services, IPD services includes Surgery ICU services, laboratory, blood bank and medical store pharmacy. The hospital has approximately 120 staff members in total. The entity is accredited by NABH.

Key Financial Indicators

Key Parameters	Units	2020	2019
Result Type		**Audited**	**Audited**
Operating Revenue	Crores	5.23	4.51
EBITDA	Crores	3.66	3.39
PAT	Crores	-0.48	-1.14
Tangible Net worth	Crores	1.38	1.95
Total Debt/Tangible Net worth	Times	5.47	4.21
Current Ratio	Times	0.58	0.51

Rating History for the last three years

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2020	2019	2018
1.	**Fund Based**	Long Term	7.21	**BWR B Stable (Reaffirmed)**	BWR B Stable (Reaffirmed) Issuer Not Cooperating	-	BWR B Stable (Assigned)
	Total		**7.21**	**₹ Seven Crore Twenty One Lakh Only**			

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

Hyperlink/Reference to applicable Criteria

- **General Criteria**
- **Approach to Financial Ratios**

For any other criteria obtain hyperlinks from website

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ANNEXURE I
Details of Bank Facilities rated by BWR

Sl. No.	Name Of Bank	Type of Facilities	Long Term	Total
1	Bank Of India	Cash Credit	0.20	7.21
2		Term Loan	5.89	
3		GECL	1.12	
Total				7.21

Total Rupees Seven Crore Twenty One Lakhs only.

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