Rating Rationale

CKS Medicare Private Limited

11 June 2019

Brickwork Ratings assigns the rating for bank loan facilities of CKS Medicare Private Limited

Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating Assigned^
Fund Based Term Loan	**31.74**	Long Term	**BWR BB-** (Pronounced as BWR Double B Minus) **Outlook: Stable**
Total	**31.74**	**INR Thirty One Crores and Seventy Four Lakh Only**	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR principally relied upon audited financials upto FY18, FY19 provisional, publicly available information and information/clarification provided by the management.

While assigning the rating of *CKS Medicare Private Limited.*(CMPL or 'the company'), BWR has factored in promoter's experience in the healthcare field, and growing top line. The rating is ,however, constrained by stretched liquidity indicated by weak financials, besides regulatory risk associated with the healthcare industry..

Going forward, the company's ability to achieve its projections, service the debt timely would remain the key sensitivities over short to medium term.

Credit Strengths :

- **Experienced promoters :**
  - The main promoters of the company are Dr. Prakash Chandwani,and Dr. Rajendra Prasad Khetan who have more than 2 decades of experience in the healthcare

industry. Dr. Prakash Chandwani is also the Director & Chief Consultant Interventional Cardiologist of the Heart & General Hospital, Jaipur which is a unit of Cardiac Care & Allied Hospital Pvt. Ltd.

- Dr. Rajendra Prasad Khetan is also running Hospital by the name of "Khetan Hospital" at Sikar Road, Jaipur as a proprietor.

- **Improved Turnover :** Revenue of the company has improved from Rs 14.15 Cr in FY18 to Rs 23.40 Cr in FY19(provisional). Revenue is expected to improve since there is scope of improvement in average Bed Occupancy Rate from current 40%-50% in FY19.

Credit Concerns :

- **Weak Financials :** Company has negative profit margins along with negative cash accruals in FY18 and FY19(provisional) . It has ISCR of 0.86X and DSCR of 0.48X in FY19(provisional) due to high interest and other fixed cost expenses. However cash loss has come down to Rs 0.36 Cr in FY19(provisional) as against Rs 2.66 Cr in FY18.

- **Regulatory Risk :** Hospital are prone to regulatory risk since Hospitals have to comply with various government regulations and guidelines on pricing of medical devices, adhere to government schemes, and also disposal of solid waste. Any non compliance may have adverse implications on the workings of the hospitals.

Liquidity :

Company cash accruals(DEP+PAT) improved from cash loss of Rs 2.66 Cr in FY18 to Rs 0.36 Cr in FY19. Cash & Cash Equivalent of the company is Rs 0.14 Cr in FY18 and Rs 0.13 Cr in FY19. Company has outstanding term loan of Rs 31.74 Cr as on date. There was cash loss in FY18, However, the promoters have infused unsecured loans to support the working capital needs of the company i.e. unsecured loans stands at Rs 13.06 Cr in FY18 as against Rs 11.41 Cr in FY17.

Analytical Approach:

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked below.

Rating Outlook: Stable

BWR believes the *CKS Medicare Private Limited'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 revenues and profit

show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

CKS Medicare Private Limited was incorporated in 1980 in Jaipur. The CKS Hospital (unit of CKS Medicare Private Limited) has started its commercial operations on 30/04/2017 with billing beds of 110 (capacity 200 beds) and providing various healthcare services.It is located at Vishwakarma Industrial Area(VKI) on the main Sikar Road, Jaipur.

The main promoters are Dr. Prakash Chandwani, Dr. Rajendra Prasad Khetan and Shri Vimal Chandra Singi.

Company's Financial Performance

Particulars	Units	FY2017 (Audited)	FY2018 (Audited)
Net Sales/Revenue	Rs. Crores	0.00	14.15
EBIDTA	Rs. Crores	0.00	0.91
PAT	Rs. Crores	-0.13	-4.74
Tangible Networth(Analyzed)*	Rs. Crores	22.01	19.20
Total Debt : TNW(Analyzed)	Times	1.38	1.88
Current Ratio	Times	2.44	0.36

*including unsecured loans as quasi equity.

Rating History for the last three years: (including withdrawn/suspended ratings)

S.No.	Instrument / Facility	Current Rating (Year 2019)			Rating History		
		Type	Amount (Rs Crs)	Rating	2018	2017	2016
1.	Term Loan	Long Term	**31.74**	**BWR BB-** (Pronounced as BWR Double B Minus) **Outlook : Stable**	NA	NA	NA
Total			**31.74**	**INR Thirty One Crores and Seventy Four Lakh**			

Status of non-cooperation with previous CRA (if applicable) – NA

Hyperlink/Reference to applicable Criteria

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

Analytical Contacts	Investor Contacts
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For print and digital media

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