



## Rating Rationale

Chandulal Chandrakar Memorial Hospital Pvt. Ltd.

7 Jun 2018

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 101.62 Crores of Chandulal Chandrakar Memorial Hospital Pvt. Ltd.

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	92.12	Long Term	<b>BWR B</b> (Pronounced as BWR Single B) Outlook: Stable
Non Fund Based	9.50	Short Term	<b>BWR A4</b>
<b>Total</b>	<b>101.62</b>	<b>INR one hundred &amp; one crores and sixty two lakhs only</b>	

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

### Rationale of Key Rating Drivers:

BWR has principally relied upon the audited financial results of FY15 – FY17, provisional financial results of 9MFY18 and projected financial results of FY18 - FY19 and publicly available information and information/clarification provided by the company's management.

The rating factors, inter alia, the experienced & qualified Management with promoters having more than 20 years of experience in the healthcare industry. It also takes into consideration the company's association with reputed authorities.

The rating is however constrained by its weak financial risk profile in FY17 as indicated by the net loss incurred in FY17 with stretched liquidity and weaker coverage ratios. However, the overall financial risk profile has improved during its 9MFY18. It is also reserved on account of the modest scale of operation, considering the years of existence of the company.

### 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 Outlook: *Stable***

BWR believes the **Chandulal Chandrakar Memorial Hospital Pvt. Ltd.** 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. Going forward, substantial increase in the revenue with improvement in the profitability as projected by the company coupled with improvement in the liquidity and gearing level of the company would be the key rating sensitivities.

### **About the Company**

Chandulal Chandrakar Memorial Hospital Pvt. Ltd. was set up in 1997 by Dr. Mangal Prasad Chandrakar. It has an experienced Board of Members, comprising of Dr. M.P. Chandrakar, who has over 40 years of experience in the healthcare industry. The other Board Members are the prime members who are experienced professionals in the field of healthcare and related industry.

Initially, it had started with 250 Bedded hospital in Bhilai, Madhya Pradesh and later on, in the year 2014, it had initiated the 750-bed hospital-cum-medical college in Durg in the city of Chattisgarh, Madhya Pradesh. Presently, it is functioning as multi-specialty 1000 bedded Hospital (Old: 250 + New: 750) with General room's bed, Twin room bed, mid-level as well as Intensive Care Beds and emergency beds along with B.Sc Nursing College & GNM Nursing School which are accredited for DNB in Medicine & Family Medicine and a Medical College having a capacity of 150 students per year at new campus. The Institute has already completed fifth year of its MBBS batch.

It has Government tie ups under Employee State Insurance (ESI) & Prime Minister Swasthya Bima Yojana, wherein, 50% of the revenue from medical service segment of the company is generated out of these schemes.

### **Company Financial Performance**

The company has achieved revenue of Rs. 74.96 Cr in its FY17 as against Rs. 76.38 Cr of revenue in FY16 with deterioration in the profitability in its FY17 majorly on account of increase in the administrative and employee expenses for the medical college, for setting it up. The company's 57% of sales are coming out of its medical college fees and rest through medical services rendered.

The TNW of the company stood at Rs. 12.13 Cr as of 31<sup>st</sup> March 2017 and the gearing level remained high at 8.96X in FY17, however, considering the unsecured loan from the promoter group it improves further.

During the 9 month ended period of FY18, on a provisional basis, the company has reported of achieving revenue of Rs. 65.79 Cr and with an improved PAT of Rs. 12.06 Cr.

The lenders have also confirmed that there has been no delay in the repayment of its debt obligations since last 6 months with no overdue as on date.

**Rating History for the last three years**

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
	<b>Fund Based (SOD &amp; Term Loans)</b>	Long Term	92.12	<b>BWR B Stable</b>	NA	NA	NA
	<b>Non Fund Based (Bank Guarantee)</b>	Short Term	9.50	<b>BWR A4</b>	NA	NA	NA
	<b>Total</b>		<b>101.62</b>	<b>₹ One hundred and one crores and sixty two lakhs Only</b>			

**Key Financial Indicators**

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	₹ Cr	74.96	76.38
EBITDA	₹ Cr	15.63	27.87
PAT	₹ Cr	-7.32	2.82
Tangible Net worth	₹ Cr	11.80	18.78
Total Debt/Tangible Net worth	Times	8.96X	5.99X

**Hyperlink/Reference to applicable Criteria**

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



For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<i>Bal Krishna Piparaiya</i> <i>CGM-Ratings</i>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	Relationship Contact
	<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**

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.

**DISCLAIMER**

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