Rating Rationale

Brickwork Ratings upon review Revises ratings from BWR B to 'BWR D' for the Bank Loan Facilities aggregating ₹ 8.07 Cr of Dr.M.N.Tandon Memorial Charitable Trust.

Brickwork Ratings has *downgraded* the following **Rating**[1] for Bank Loan facilities of Dr. M. N. Tandon Memorial Charitable Trust **('the Trust').**

Facility	Pervious Limits (₹ Cr)	Present Limits (₹ Cr)	Tenure	Present Rating	Previous Rating (Sep 2014)
Fund Based **Term Loan - I**	6.55	**6.09**	**Long Term**	**BWR D** (BWR Single D)	BWR B (BWR Single B) (Outlook: Stable)
Fund Based **Term Loan - II**	1.43	**1.03**			
Fund Based **Secured Over Draft(SOD)**	0.95	**0.95**			
Total	8.93	**8.07**	**INR Eight Crores & Seven Lakhs only**		

*** Term Loan O/s as on 07-01-2016**

BWR has primarily relied upon the audited financials up-to FY15, projected financials up to FY18, publicly available information and the information/clarifications provided by the Trust.
The rating draws strength from the extensive experience of the trustees in the healthcare and hospital sector for around 2 decades. However, the ratings are constrained by increasing debt funded expansion, weak financial profile marked by negative tangible networth, delayed in servicing of debt obligation, leading to overdues on a regular basis.

Background:

Dr M N Tandon Memorial Charitable Trust, based out of Jaipur, was established in 1995 by Dr. Maya Tandon in memory of her husband late Dr.M.N.Tandon . The trust began operations of its unit 'Jeevan Rekha Critical Care and Trauma Hospital Research Training Institute' (Jeevan Rekha unit) in June 2012 with 100 bedded hospital. The trust is known for providing medical aid and services to critical patients during the time of emergency. The trust is known for providing immediate medical treatment which includes poisoning, snake bites, trauma, general surgery, general medicine, plastic surgery, urology, paediatrics, pain management, gynecology, orthopedics, gastroenterology, chest medicine, radiology etc. especially oriented towards medical emergencies arising out of accidents in india. The aim of the trust is to reduce the mortality rate by immediately attending to the patients who require medical aid on urgent basis.

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

Management

The trust is run by a group of seven trustees. Dr. Maya Tandon is the chairman of the trust and Dr. Narendra Rungta is the Managing Trustee. The other members of the trust are Dr. Manish Munjal , Dr. H. Bagaria, Dr. Neena Rungta, Dr. Sandeep Tandon and Mr. Jay Rungta There are 7 Trustees out of which 6 are working as full time doctors and remaining 1 member is marketing manager in Jeevan Rekha unit. The Trust has hired required medical and paramedical staff, besides other administrative and technical staff.

Financial Performance:

As per audited FY15 financials, net revenue from operations decreased from Rs.6.43 Cr in FY14 to Rs.6.25 Cr in FY15. The major sources of revenue for trust accrued from the fees charged for medical treatment and medical course run by the Trust. Operating profit margins reported at 7.07% and incurring a negative net profit margin of 19.33% in FY15. Tangible networth of the trust is reported negative at ₹ (3.37) crores in FY15. In FY15, the trust had unsecured loan from trustees of about ₹ 4.72 crores and negative debt equity of (3.88) X in FY15. Coverage indicators are at very low levels. The trust has reported below average liquidity position reflected from current ratio of 0.38X in FY15.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	**Media Contact**
1-860-425-2742	media@brickworkratings.com