

**Rating Rationale**

**Eden Critical Care Hospital Ltd**

**29 June 2018**

**Brickwork Ratings reaffirms ratings for the Bank Loan facilities of Rs.19.59 Crs. of Eden Critical Care Hospital Ltd.**

**Particulars:**

Facility	Tenure	Previous Rated Amount (In Crs)	Amount to be rated (In Crs)	Previous Rating (April, 2018)	Rating Assigned ^		
<b>Fund Based</b>							
Term Loan	Long Term	21.07	17.80	BWR D (Pronounced As : BWR Single D) Issuer Non Cooperation	BWR D (Pronounced As : BWR Single D) [Reaffirmed]		
Cash Credit		1.26	1.20				
<b>Non Fund Based</b>							
Bank Guarantee	Short Term	0.59	0.59				
<b>Total Limits to be rated</b>		<b>22.92</b>	<b>19.59</b>	<b>INR. Nineteen Crores and Fifty Nine Lakhs Only</b>			

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

**Rationale/Description of Key Rating Drivers/Rating sensitivities:**

BWR has essentially relied upon audited financial results of **Eden Critical Care Hospital Ltd.** upto FY17, provisional of FY18 and projected financials of FY19 and FY20, publicly available information and information provided by the management of the Hospital.

The rating inter alia factors experience of the promoter, multi-specialty nature of the hospital, association with eminent doctors and good infrastructure with state-of-the-art technology.

However, the rating is constrained by stretched liquidity, low net worth, Ability of attract and retain high quality consultants, exposure to intense competition and delays in debt servicing.

## Key Rating Drivers

### **Credit Strengths:**

- **Experience of the Promoters :** All the three promoters of the hospital are qualified MBBS , MS doctors having an experience of more than a decade in the medical industry.

### **Credit Weakness:**

- **High Gearing and Low Networth :** The gearing marked by TOL/TWN stood at 3.19 X as on March 31, 2017 due to low networth of the entity at INR 10.28 Crs.
- **Small Scale of Operations :** The fee revenue of the hospital is small and the same stood at INR 21.55 Crs in FY17 however the same has improved from INR10.71 Crs in FY16.
- **Ability of attract and retain high quality consultants:** Improvement of the occupancy levels is highly dependent on the hospital's ability to retain and add reputed consultants which will be a challenge in the competitive healthcare industry.
- **Exposure to intense competition:** The Eden Critical Care Hospital is exposed to intense competition persists from established players, such as Fortis Healthcare Ltd, Appolo , PGI , etc especially given the image-sensitive nature of the healthcare industry. Revenue and operating profitability may remain constrained due to intense competition.

## About the Hospital

Eden Critical Care Hospital Ltd a multispecialty hospital is based out of Chandigarh. Eden Hospital is managed by a team of highly qualified and experienced doctors and paramedical staff.

The Hospital is enlisted with ESI (Baddi and Chandigarh), ECHS, HMT and Punjab Government. It is also entitled and enlisted for providing “Cashless Services” to mediclaim policyholders of almost all the general insurance companies and other TPA organizations.

The Hospital is having 120 beds with single, multi-occupancy and deluxe rooms. Further the hospital is catering to the need of high quality trauma, emergency , critical care services in the region long with wide range of diagnostics, surgical services, ICU's.

### Hospital's Financial Performance.

<b>Key Financials</b>			
<b>Result Type</b>	<b>Limits</b>	<b>31/Mar/2016</b>	<b>31/Mar/2017</b>
		Audited	Audited
Fee Income	Crs	10.71	21.55
OPBDIT	Crs	6.23	13.21
PAT	Crs	(0.95)	1.22
Tangible Net Worth	Crs	9.06	10.28
TOL/TNW	Times	3.70	3.19
Current Ratio	Times	0.26	0.85

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

<b>Facilities</b>	<b>Rating Assigned in 2018</b>			<b>Rating History</b>			
	<b>Amount to be Rated (In Crs)</b>	<b>Tenure</b>	<b>Rating Assigned</b>	<b>April, 2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
TL	17.80	Long Term	BWR D	BWR D - (Issuer Non Cooperation)	BWR D	NA	NA
CC	1.20					NA	NA
BG	0.59	Short Term				NA	NA
<b>Total</b>	<b>19.59</b>	<b>INR. Nineteen Crores and Fifty Nine Lakhs Only</b>					

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

Any other information – NIL

### **Hyperlink/Reference to applicable Criteria**

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

For any other criteria obtain hyperlinks from website

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#### Note on complexity levels of the rated instrument:

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#### About Brickwork Ratings

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BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 Cr have been rated.

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