RATING RATIONALE

19 Mar 2025

Emerging Projects Pvt. Ltd

Brickwork Ratings withdraws the previous bank loan ratings of Rs. 9.57 Cr and assigns the long-term rating for the bank loan facilities of Rs. 22.66 Cr of Emerging Projects Pvt. Ltd.

Particulars

Facilities**	Amount (Rs. Crs)		Tenure	Rating#	
	Previous	Present		Previous (29 Aug 2024)	Present
Fund Based	9.57	**0.00**	Long Term	BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	**Withdrawal**
	0.00	**22.66**		-	**BWR BB+/Stable Assignment**
Grand Total	9.57	**22.66**	**(Rupees Twenty Two Crore and Sixty Six Lakhs Only)**		

#Please refer to BWR website **www.brickworkratings.com** for definition of the ratings.
**Bank Loan facility details are furnished in Annexure - I

RATING ACTION / OUTLOOK

Brickwork Ratings (BWR) withdraws the bank loan rating of "BWR C" for bank loan facilities of Rs.9.57 Cr and BWR assigns a long-term rating for Rs.22.66 Cr "BWR BB+/Stable". The withdrawal of the bank loan rating is based on No Due Certificates (NDC) issued from the previous lender.

The hospital is running with the latest modern medical equipment. The hospital caters to the various needs of the patients like Neurology, Orthopedics, Nephrology, Gynaecology, Paediatrics, Laparoscopy etc. Recently, the hospital has commenced Robotic surgery in Orthopedics. Continual improvement and development are high on the agenda of the hospital. BWR believes that the Emerging Projects Pvt. Ltd business risk profile will be maintained over the medium term.
The rating draws strength from the extensive experience of the qualified doctors, nursing staff, stable demand of the healthcare industry and regulatory government support. The rating draws the weakness from intense competition from the business and concentration risk.

The Stable outlook on the "BWR BB+" rating reflects BWR's opinion that the financial risk profile is expected to be maintained over the medium term, given steady revenues. 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 revenue and profitability margins show sustained improvement. The rating outlook may be revised to 'Negative' if the financial risk profile goes down.

KEY RATING DRIVERS

Credit Strengths-:

- **Stable Demand:** The healthcare industry enjoys consistent demand due to its essential nature, making it resilient to economic downturns. Factors like aging populations, rising lifestyle diseases, and increasing health awareness ensure steady growth. Operating a hospital indicates stable demand and essential service provision.
- **Regulatory and Government Support:** Governments worldwide prioritize healthcare, providing policy incentives, subsidies, and funding support. Public-private partnerships and schemes like Ayushman Bharat in India improve credit profiles for hospitals and service providers.
- **Expertise Staff and Offering Comprehensive Service :** The hospital has more than 20 doctors who ensure the provision of high-quality and timely services, allowing the hospital to meet the diverse healthcare needs of patients efficiently. A broad range of specialized services (e.g., surgery, oncology, emergency care, etc.) are offered by the hospital which increases the hospital's ability. Experienced executive team is responsible for making sure that the hospital runs safely, world-class consultants and nursing staff treat patients with the highest standards of care, and facilities are up to date and well maintained. Continual improvement and development are high on the team's agenda, along with ensuring that every member of staff strives for the very best outcomes for patients.

Credit Risks-:

- **Geographical concentration in revenue and exposure to intense competition:** With the increased demand for medical facilities in the city, the situational advantage offered by the locality, and the healthy track record of the business of multi specialty hospitals. It is understood that a major hospital group is already planning along these lines, in which case future competition would intensify. Expenses related to medical equipment, salaries of doctors and staff, and maintenance can impact profitability. Hospitals are subject to strict compliance, licensing, and medical laws, which can pose risks.
- **Working Capital Management :** As the hospital is also dealing with cashless treatment on behalf of insurance companies, third-party administrators, public sector undertakings, the Central Government Health Scheme, Employees State Insurance, etc., reimbursements from some of these agencies get delayed. Stocking up on essential medicines and medical supplies ties up capital. Fluctuations in patient admissions can impact cash flow planning.
- **Concentration Risk:** Spray Medicare is top supplier of the raw materials to the hospital and accounts for about 70% of the requirements of the hospital. The hospital has sourced this supplier on the basis of the efficiency commitment price and timely service. The management also has mentioned that the hospital has shortlisted other suppliers in case required; this is how the concentration risk (supplier) is mitigated.

ANALYTICAL APPROACH - Standalone

To arrive at its ratings, BWR has considered the standalone performance of Emerging Projects Pvt. Ltd. BWR has applied its rating methodology as detailed in the Rating Criteria.

RATING SENSITIVITIES

Positive:

- Sustained Improvement in Leverage Metrics: Total Debt/TNW consistently maintained below 0.50. Reduction in Long-Term Debt/TNW below 0.25.
- Sustained improvement in Operating Profit Margin above 15%.

Negative :

- DSCR falling below 1.0x on a sustained basis, signaling weak debt repayment capacity.
- Operating Profit Margin declining below 12%, impacting cash flows.
- Current Ratio dropping below 0.60x, reflecting heightened short-term liquidity pressure.

LIQUIDITY INDICATORS - Adequate

The company's liquidity position remained adequate by maintaining a cash and bank balance of Rs.3.94 Cr in FY24. The net cash accruals amounted to Rs. 8.20 Cr. The average utilization of the overdraft facility stood at 89.29% over the past six months. The current ratio was recorded at 0.81x in FY24. EBITDA of the company is estimated at Rs. 8.56 Cr and CPLTD for FY 25 is Rs. 3.56 Cr and hence, the current liability could be managed satisfactory. The company's ISCR and DSCR stood at 8.15x and 3.22x, respectively, reflecting strong debt servicing capability.

ABOUT THE ENTITY

Macro Economic Indicator	Sector	Industry	Basic Industry
Healthcare	Healthcare	Healthcare Services	Hospital

Emerging Projects Private Limited (EPPL) was incorporated on 19.03.2018. Its registered address is 263, Pocket-B, Sukhdev Vihar, Delhi - 110025. The Company is engaged in the business to enhance the quality of life of patients by providing comprehensive, high-quality hospital services on a cost-effective basis and providing/selling high quality pharma and wellness products through pharmacies. It manages a 120-bedded multi-specialty tertiary care hospital under the name of 'Cosmos Hospital' in Prem Nagar, Moradabad, Uttar Pradesh. The hospital commenced its commercial operations in September, 2011. It provides healthcare services like Orthopedics, Neurology, Urology, Pathology, Nephrology, Paediatric, Cardiology,Anaesthesiology, Laparoscopy, Primary Care services & Radiology among others.

KEY FINANCIAL INDICATORS (Standalone)

Key Parameters	Unit	FY 22	FY 23	FY 24
Result Type		Audited	Audited	Audited
Operating Income	Rs. Crs	54.60	55.16	65.96
EBITDA	Rs. Crs	7.41	8.07	9.65
PAT	Rs. Crs	3.15	3.33	4.67
Tangible Net Worth	Rs. Crs	17.89	21.24	25.85
Total Debt/Tangible Net Worth	Times	0.70	0.44	0.60
Current Ratio	Times	0.57	0.76	0.81

KEY COVENANTS OF THE FACILITY RATED

The terms of sanction of the rated facilities include standard covenants normally stipulated for such facilities.

STATUS OF NON-COOPERATION WITH PREVIOUS CRA

Credit Rating Agency	Status and Reason for Non-Cooperation	Date of Press Release
CRISIL	'CRISIL B/Stable' Issuer Not Cooperating' category as the company continues to be non-cooperative.	15 May 2024

ANY OTHER INFORMATION

Nil

RATING HISTORY FOR LAST THREE YEARS (including withdrawal and suspended)

Instrument /Facilities	Current Rating (2025)			2024		2023		20222	
	Tenure	Amount Rs.Crs.)	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based	Long Term	0.00	Withdrawal	29Aug2024	BWR C Continues to be in ISSUER NOT COOPERATING* category/Reaffirmed	29Aug2023	BWR C (Continues to be in ISSUER NOT COOPERATING* category/Downgraded)	16Aug2022	BWR B- Stable (Downgrade/ISSUER NOT COOPERATING*)
		22.66	BWR BB+/Stable Assignment						
Grand Total		**22.66**	**(Rupees Twenty Two Crore and Sixty Six Lakhs Only)**						

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Short Term Debt
- Services Sector
- BWR Withdrawal Policy

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Emerging Projects Pvt. Ltd

ANNEXURE-I
Details of Bank Facilities rated by BWR

Name of The Bank	Facilities	Tenure	Amount (Rs.Crs)	Complexity of the Instrument
Prathama U.P. Gramin Bank	Overdraft - Sanctioned	Long Term	8.00	Simple##
	Term Loan - Outstanding		5.41	Simple##
	Term Loan - Sanctioned		5.00	Simple##
SIDBI	Term Loan - Outstanding	Long Term	4.25	Simple##
TOTAL (Rupees Twenty Two Crore and Sixty Six Lakhs Only)			**22.66**	

##BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com /download / ComplexityLevels.pdf. Investors' queries can be sent to info@brickworkratings.com.

ANNEXURE-II
INSTRUMENT DETAILS

Instrument	Issue Date	Amount (Rs.Crs)	Coupon Rate (%)	Maturity Date	ISIN Particulars	Complexity of the Instrument
Nil	Nil	Nil	Nil	Nil	Nil	Nil

ANNEXURE-III
List of entities consolidated

Name of Entity	% Ownership	Extent of consolidation	Rationale for consolidation
Nil	Nil	Nil	Nil

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