



Rating Rationale

Hayat Hospital Private Limited

05th Sep 2017

Brickwork Ratings reaffirms BWR B (Outlook: Stable) for Hayat Hospital Private Limited's enhanced Bank Loan facilities aggregating Rs. 28.62 Crs

Particulars

Facility Rated	Amounts(Rs. Crs)		Tenure	Rating [^]	
	Previous	Present #		Previous (29/02/2016)	Present
<u>Fund Based</u>					
CC	2.25	3.20	Long Term	BWR B Outlook: Stable	BWR B (BWR Single B) Outlook: Stable Reaffirmed
OD	1.10	1.10			
Term Loan	16.46	24.32*			
Total	19.81	28.62 (INR Twenty Eight Crores and Sixty Two Lakhs Only)			

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

* Term Loan outstanding as on 31st July, 2017

Annexure-I provides details of bank facilities

Ratings Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials of Hayat Hospital Private Limited ('HHPL' or the Company) upto FY17, projections upto FY19 and publicly available information and information/clarifications provided by the management.

The rating continues to derive comfort from the promoters' experience in the healthcare industry, capacity addition, comfortable occupancy levels, experienced doctors' profiles, accreditations from NABL and NABH, recognition as a referral hospital for government organizations/reputed companies, operational integration with Hayat Institute of Nursing Centre and improvement in the financial profile such as top-line, net margins etc. The rating continues to be constrained by the relatively moderate scale of operations, high level of competition, stabilization risk with respect to the enhanced capacity and less-than-desirable track record of servicing of debts in spite of adequate cash accruals.

Going forward, the Company's ability to achieve timely completion/operations of the expansion project, sustain growth trend, establishing brand position and improving credit profile, especially timely servicing of debt obligations, would remain the key rating sensitivities.

Rating Outlook: Stable

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

Key rating drivers

Credit Strengths

- Experienced promoters/ doctors' profile - Mr. Rajib Saikia, the Managing Director of the Hospital has more than 15 years of business experience and is engaged in healthcare industry since 2008. Besides the Hospital is managed by team of qualified and experienced directors and professionals. Top ten doctors specialized in the fields of Gastroenterology, Cardiology, Anesthesiology, Neuro Surgery, Urology etc. are with the hospital and their average experience is more than 10 years (a few having 20 to 30 years of experience)
- Capacity enhancement accompanied by addition of doctors – The Hospital has added 45 new beds in FY17 and currently operating with 150 beds. It has also increased the number of doctors from 48 in FY16 to 67 in FY17. The Hospital is expected to increase the number of beds further by 55, within next couple of months
- The Hospital's current occupancy is at a comfortable level of around 90% with average staying period of the patient around 10-12 days.
- New Certifications - The Hospital has been awarded "NABL" (National Accreditation Board for Testing and Calibration Laboratories) and "NABH (National Accreditation Board for Hospitals & Healthcare Providers) pre-accreditation entry level certification"; which is likely to add towards brand recognition as well as improvement in margins
- Hayat Hospital Private Limited enjoys operational linkages in the terms of availability of paramedical staff from 'Hayat Institute of Nursing Centre'; the latter being the sister concern of the Hospital
- 'HHPL' acts as a referral hospital for a number of government organizations/ reputed companies such as Government of Assam, ONGC, NTPC, ESIC, ECHS etc.
- The top-line of the Hospital is increasing y-o-y. Besides the margins, debt protection metrics, liquidity profile and working capital cycle are at reasonable levels.
- Satisfactory banking transactions as on date

Key Credit Weaknesses

- The scale of operations continues to remain at a moderate level.



- High level of competition from the existing as well as new hospitals in Guwahati region. However, Hayat Hospital being operational from 2010 has an edge over the new up-coming hospitals in the region
- Operational stabilization risk w.r.t. the expansion project; which is likely to keep the margins under pressure
- Weak track record of servicing of debts in spite of adequate cash accruals

Analytical approach

While assigning the ratings, BWR has applied its rating methodology as detailed in the Rating Criteria (hyperlinks provided at the end of this rationale).

About the Company

Hayat Hospital Private Limited was started as a partnership entity in 2008. The Hospital started its operations in 2010 and was subsequently reconstituted as a Private Limited Company in 2013. The Hospital is based out of Odalbakhra, Kahilipara Road, Guwahati. Mr. Rajib Saikia, Mrs. Sajida Begum, Mr. Zohidul Alam, Mr. Ayaskanta Chakraborty, Mr. Nasimur Riaz and Miss. Shareen Zia Rahman are the directors of the Hospital.

Hayat Hospital Private Limited is a super-specialty hospital, specialized in Cardiology, Neurology, Gastroenterology, Orthopedics, Head & Neck Surgery, Advanced Laparoscopic Surgery, Diabetology, Paediatric, Neo Natal Care etc. The Hospital is spread in a plot measuring 43,200 sq.ft. and currently operating with 150 beds. The Hospital is expecting to add 55 new beds in a couple of months. The Hospital acts as a referral hospital for Government of Assam for treatment of Cardiology and Thoracic surgery. It is also a referral hospital for number of reputed companies/organizations such as ONGC, NTPC, ESIC, ECHS etc.

‘Hayat Institute of Nursing Centre’, a sister concern of Hayat Hospital Private Limited offers B. Sc. Nursing (intake capacity - 40) and GNM course (intake capacity – 40). The institute was inaugurated in Aug, 2015 and is managed by Hayat Foundation Trust.

Financial Performance

The Company reported revenue from operations of Rs. 40.19 Crs in FY17 against Rs. 34.69 Crs in FY16. PAT for FY17 stood at Rs. 1.85 Crs against Rs.1.48 Crs in FY16. Tangible Net-worth as on 31st March 2017 was Rs. 15.89 Crs. Total debt stood at Rs. 33.80 Crs on March 31, 2017, comprising term loans and working capital loans. D/E ratio was 2.13 times as on March 31 2017 as against 1.72 times in FY16.

Key financial indicators are summarized in Annexure II.

Rating History for the last three years:

Sl No	Instrument/ Facility	Current Rating (Aug, 2017)			Rating History with BWR		
		Type	Amount (Rs.Crs)	Rating	15/06/2017	29/02/2016	2015
1	Fund Based	Long Term	28.62	BWR B (Outlook: Stable) <i>Reaffirmed</i>	Rating Not Reviewed	BWR B (Outlook: Stable) <i>Assigned</i>	Not Rated
Total		28.62 (INR Twenty Eight Crores and Sixty Two Lakhs Only)					

Status of non-cooperation with previous CRA: ICRA has suspended the Ratings of the Company in January 2016 on the basis of absence of information

Any other information: Not applicable

Hyperlink/Reference to applicable Criteria:

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

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Annexure I – Details of Rated Facilities

Bank Facilities	Type of Facility	Tenure	Punjab National Bank	LIC Housing Finance Limited	Total (in Rs. Crs)
Cash Credit	Fund Based	Long Term	3.20	-	3.20
OD			1.10	-	1.10
Term Loan			-	24.32*	24.32
Total			4.30	24.32	28.62

* Term Loan outstanding as on 31st July, 2017

Note – In addition to the above limits, the Hospital enjoys Rs. 3.50 Crs of Term Loan from HDFC Bank; which has not been rated by BWR

Annexure II Key Financial Indicators

Particulars	Unit	FY 16 (Audited)	FY 17 (Audited)
Total Operating Income	Rs. Crs	34.69	40.19
EBIDTA	Rs. Crs	8.83	8.61
PAT	Rs. Crs	1.48	1.85
Tangible Net-worth	Rs. Crs	14.06	15.89
Total Debt/ TNW	Times	1.72	2.13
Current Ratio	Times	0.87	1.72

For print and digital media

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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 Investors queries can be sent to info@brickworkratings.com.

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, 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 ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

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