

## Rating Rationale

### On review, Brickwork Ratings Reaffirms long term rating 'BWR BB' for the Bank Loan Facilities amounting to ₹ 17.30 Cr of Kerudi Healthcare Pvt. Ltd

Brickwork Ratings (BWR) *reviews and reaffirms* Long Term **Rating<sup>1</sup>** for Bank Loan Facilities Sanctioned by Corporation Bank amounting to ₹ 17.30 Crores of Kerudi Healthcare Pvt Ltd ('KHPL' Or 'The Company')

Facilities	Previous Amount (₹ Cr)	Present Amount (₹ Cr)	Tenure	Rating*	Rating History (Oct, 2014)
<b>Fund Based Limits</b>					
Term Loan-I	8.00	<b>8.00</b>	<b>Long Term</b>	<b>BWR BB</b> BWR Double B <b>(Outlook: Stable)</b> (Reaffirmation)	BWR BB  (Outlook: Stable)
Term Loan-II	9.30	<b>9.30</b>			
<b>Total</b>	17.30	<b>17.30</b>	<b>INR Seventeen Crores and Thirty Lakhs Only</b>		

BWR has principally relied upon the audited financials from FY13 to FY15, projected financials up to FY18, publicly available information and information/clarifications provided by the Company's management.

The rating, inter alia, factors the extensive experience of directors for more than three decades and performance track record of the existing hospital (Kerudi Hospitals). However the ratings are constrained by delay in commencement of operations in cancer hospital and appointment of core cardiac team for cardiac division and uncertainty in achieving the revised projections of FY16.

#### Background:

Dr. Basavaraj Kerudi, a reputed surgeon in the field of Laparoscopy and Endoscopy and his family has incorporated Kerudi Healthcare Pvt Ltd (KHPL) in January 2012 to establish a specialty hospital for cancer & cardiac treatment. The Kerudi family of doctors presently runs a general Hospital & Research Centre (Kerudi Hospital) in Bagalkot since 1990. The doctors have gained respect and recognition not only from Patients but also from their Colleagues for their service under the ideology of "Correct, Ethical, and Cost Effective Treatments".

**Kerudi Cancer Hospital:** The hospital commenced its operations from Aug 28, 2015. This hospital is fully equipped with the latest radiotherapy equipment, Elekta linear accelerator and HDR Brachytherapy, diagnostic equipment line, CT lab, x-ray. It offers VMAT Radiotherapy and has two states of art modular operation theatres with laminar flow facility.

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

**Kerudi Cardiac Hospital:** The cardiac hospital Operation Theatre is fully equipped with Heart Lung Machine, Defibrillators, high end Anaesthesia ventilators, monitors etc. The hospital facilities include cardiothoracic surgery, cardiology, interventional cardiology and diagnostic facilities. The operations of this division will begin once the core cardiac team is appointed.

### Financial Performance

As per the projected financial statements, the estimated revenue for the year FY16 is ₹ 3.66 Crs and the revenue flow expected to increase from March 2016 onwards. The Debt equity of the company for FY15 continued to be high at 6.26 X however when adjusted with unsecured loans debt equity is at 1.27X.

### Rating Outlook

The performance of the company is expected to be stable over the current year. Going forward, ability of the company to scale up its gross receipts with increased occupancy rate, to improve its profitability margins with efficient management and to maintain cordial relations with all professional bodies, Doctors, Nurses, Pharmacists, Patients and other workers will remain the key rating sensitivities.

<b>Analyst Contact</b>	<b>Relationship Contact</b>
<a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone</b>	<b>Media Contact</b>
<b>1-860-425-2742</b>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>

**Disclaimer:** Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.