



RATING RATIONALE

12 Feb 2020

Santokba Durlabhji Trust

Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of ₹ 68.49 Crores of Santokba Durlabhji Trust

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (May 2019)	Present
Fund Based					
Cash Credit	4.00	10.00	Long	BWR BBB+ (Stable)	BWR BBB+ (Stable) Reaffirmation
Term Loans	29.55	31.57	Term		
OD	26.88	26.92			
Total	60.43	68.49	INR Sixty Eight Crores & Forty Nine Lakhs Only		

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

RATING ACTION/ OUTLOOK

The reaffirmation of the rating of Santokba Durlabhji Trust (SDT or 'the trust') has factored in the comfortable financial risk of the trust indicated by its healthy debt protection metrics, low gearing profile owing to a comfortable networth and adequacy of cash flows in servicing the maturing debt obligations. The rating further takes into account the long operational track record of the Santokba Durlabhji Medical Hospital (SDMH) having 276 qualified doctors on its rolls across disciplines. The rating, however, remains constrained by the criticality of retaining top doctors, reputational risk in the event of any negligence in surgeries and possibility of disruption in hospital operations as a result of events such as strikes etc.

Rating Outlook: Stable

BWR believes that the **Santokba Durlabhji Trust'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 surplus show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and surplus margins show lower than expected figures.



Description of Key Rating Drivers

Credit Strengths:

- **Sound Financials & Debt Protection Metrics :** SDT's revenues increased ~10% over its revenues of Rs 168.45 Crs in FY19. As per 9MFY20 provisional data, the trust has booked total revenues of Rs 154.60 Crs against Rs 141.26 Crs during the same period last year. Its gearing remained comfortable at 0.42x while the DSCR and ISCR stood at 2.85x & 4.40x, respectively in FY19. Further, the trust's cash accruals from hospital's operations (Rs 17-18 Crores) is likely to remain adequate in servicing the maturing debt of ~ Rs 5 Crores depicting comfortable liquidity position. The trust has also invested ~ Rs 47 Crores in building a nursing college at a separate location.
- **Established track record & brand :** Established in 1971, SDMH is the largest multidisciplinary private hospital in Jaipur with an operating capacity of 508 beds. The hospital has over 40 departments, a team of 276 doctors on its rolls and 130 visiting doctors. The average bed occupancy for 9MFY20 stood at 68.91% against 65.59% in FY19 while the total number of patients visiting the hospital stood at 2.80 lakhs in 9MFY20.
- **Healthy Demand Outlook for healthcare services driving growth in the industry:** Migration of people to big cities, increasing disposable income and increased awareness on health is likely to lead to more demand for healthcare services in the future. Such factors are expected to drive the growth for SDHM in the coming years.

Credit Risks:

- **Susceptibility to Regulatory Risk & Reputational Risk:** The hospital is required to comply with numerous guidelines laid down by National Accreditation Board for Hospitals & Healthcare Providers (NABH). Further, hospitals are also exposed to reputational risk factors as such acts of negligence by any employee that may be detrimental to the hospital reputation. Santokba Durlabhji Trust has not been able to induct the B.Sc. (Nursing) batch in AY 19-20, as there was a delay in obtaining regulatory approvals. However, the admissions for the same are expected to commence in AY 20-21. Also, the repayment of the loans is not dependent on the student fee, which would be a very small portion of the total hospital revenues.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

The rating of Santokba Durlabhji Trust is arrived at on a standalone basis after independent evaluation of its financial risk profile. For arriving at its ratings, BWR has applied its rating methodology as detailed in the rating criteria detailed below (hyperlinks provided at the end of this rationale)



RATING SENSITIVITIES

Positive: The rating may be upgraded if the trust is able to increase its income and net surplus by over 30% each over the present levels, with no proposed incremental debt and with improvements in the corpus fund amongst other factors favouring an upgrade.

Negative: The ratings may be downgraded if there is an adverse movement in the financial performance due to any regulatory issue or disruption in services owing to any reason.

LIQUIDITY POSITION: ADEQUATE

Adequate liquidity indicated by current investments of ~ Rs 38 Crores in FY19, judicious utilisation of the working capital limits at less than 60% on an average and comfortable debt coverage metrics. The trust’s cash accruals (Surplus + Depr.) are expected to be ~ Rs 17.5 Crores against the maturing debt of Rs 4.92 Crores.

About the Trust

The SDT founded Santokba Durlabhji Memorial Hospital established in 1971. It is a private, trust-managed, autonomous, fee-for-services and not-for-profit hospital. Being the largest private hospital in Jaipur, it houses several wards, operation theatres, ICUs, laboratories, utility services, specialties and super specialties, catering to the entire state of Rajasthan. The hospital has one of the largest blood banks in India. It has empanelled 30 TPAs and 4 Organisations for rendering uninterrupted services to the patients coming through this channel.

Financial Performance

Key Parameters	Units	2019	2018
Result Type		(A)	(A)
Operating Revenue	Rs in Crs	182.59	175.24
Operating Surplus	Rs in Crs	6.66	13.12
Net Surplus	Rs in Crs	3.06	0.20
Corpus Fund	Rs in Crs	115.07	112.16
Total Debt/Corpus	Times	0.42	0.36
Current Ratio	Times	0.76	0.40

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED: NONE



NON-COOPERATION WITH PREVIOUS RATING AGENCY, IF ANY: NONE

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

S.No	Instrument /Facility	Current Rating			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	31 May 2019	05 March 2018	2017
1	Fund Based Term Loans OD CC	Long Term	31.57 26.92 10.00	BWR BBB+ (Stable)	BWR BBB+ (Stable)	BWR BBB+ (Stable)	NA
	Total		68.49	₹ Sixty Eight Crores & Forty Nine Lakhs Only			

Hyperlink/Reference to applicable Criteria

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

For any other criteria, obtain hyperlink from our website

Analytical Contacts	Investor and Media Relations
<p>Sumit Saharan Primary Analyst Board: +91-172-5032295 Ext: 104 [sumit.s@brickworkratings.com]</p> <p>Ashwini Mital [Director – Ratings] Board: +91-172-5032295 Ext: 102 [ashwini.m@brickworkratings.com]</p>	<p>Liena Thakur Assistant Vice President - Corporate Communications M : +91 84339 94686 liena.t@brickworkratings.com</p>



Santokba Durlabhji Trust

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1	Union Bank of India, Jaipur	Term Loan	31.57	-	31.57
2		Overdraft	26.92	-	26.92
3		Cash Credit	10.00	-	10.00
TOTAL			68.49	-	68.49

Total Rupees 68.49 Crores only.

For print and digital media The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

About Brickwork Ratings :Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner. 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.

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