

Charanjit Singh Pruthi (Revised)

22 February, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	50.09 (Enhanced from 26.09)	CARE BBB- ; Stable	Rating removed from ISSUER NOT COOPERATING category and Revised from CARE B

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Charanjit Singh Pruthi has been revised on account of overall improvement in financial risk profile as reflected by consistent increase in scale of operation with moderate profitability margin, comfortable capital structure and coverage indicators and adequate liquidity position. The ratings further derive strength from experienced promoters and association with reputed doctors. However, these rating strengths are partially offset by constitution of the entity being a proprietorship, geographical concentration risk, project implementation risk with new hospital, fragmented and regulated industry .

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Sustained improvement in scale of operations of group above Rs. 150 crores and PBILDT margin above 25 %
- Timely set up of the new hospital in Moga, Punjab within the time and cost estimates

Negative factors

- Deterioration in scale of operations below Rs. 120 crores and PBILDT Margins below 15%.
- Deterioration of gearing above 0.75x

Analytical approach: Combined

The combined approach of evaluation is taken for Charanjit Singh Pruthi and Baba Budha Sahib Cardiac Centre Limited as the firms and the company both operates in similar line of business and is controlled by same promotor Mr. Charanjit Singh Pruthi.

Outlook: Stable

The "Stable" outlook reflects that the entity is likely to benefit from the experienced promoters and strong manpower resources.

Detailed description of the key rating drivers:

Key strengths

Improvement in scale of operation with moderate profitability margin

The scale of operations of the firm has improved as reflected by increase in total operating income and PAT of Rs.130 crore and Rs.21.05 crore respectively as on March 31, 2023 as compared to Rs.102.49 crore and Rs. 24.09 crore respectively as on March 31, 2022. The profitability margins continued to remain moderated at 18.58 % in FY23 as compared to 25.42% in FY22. The deterioration is due to increase in operational expense including consumables. Further with the decline in profitability margin, the GCA of the group has decreased to Rs.22cr in FY23 as compared to Rs.25cr during FY22.

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

Comfortable capital structure and coverage indicators

The debt profile of the group comprises of total debt of Rs.58.37 crore as against the tangible net worth of Rs.133.40 crore as on 31 March, 2023 . The capital structure of the group continues to remain comfortable owing to limited reliance on the external borrowing as marked by below unity gearing ratio i.e. 0.44x as on March 31, 2023.

Owing to moderate profitability and limited debt levels, the debt protection metrics of the hospital continue to remain comfortable as evident from interest coverage ratio of 8.31 times in FY23 and total debt to GCA of 2.62 times as on March 31, 2023, as against interest coverage ratio of 13.94 times and total debt to GCA of 1.27 times as on March 31, 2022.

Multispecialty hospital with strong manpower resource and association of reputed doctors

Pruthi Hospital (PH), Charanjit Singh Hospital (CH) and BBC are multi-specialty hospitals located in Jalandhar (Punjab). They provide multiple facilities like general surgery, Bariatric & Metabolic surgery, radiology, orthopaedics and joint replacement, pathology, anesthesia, Gynecology & Obstetrics, etc. The professionals are experienced and highly qualified surgeons, anesthetists and Para-medical and nursing staff, well versed in latest scientific research .CH is managed by renowned consultants, which includes 15 medical staff (doctors) nursing staff of 160 and other staff of 348.

Experienced promoters

Pruthi hospital (PH) is promoted by Dr. Charanjit Singh Pruthi who is a renowned physician and cardiologist and has an industry experience of more than 3 decades. He has completed his MBBS and MD from Medical College, Amritsar and has been practicing as a clinical cardiologist in Jalandhar since 1983. He started Guru Nanak Mission Hospital at Jalandhar in 1983, which is a charitable hospital in Jalandhar. He started Pruthi Hospital in 1987 and Baba Budha Sahib Cardiac Center Limited (BBC) was incorporated in 1992. Furthermore, the occupancy rate has increased continuously indicating growing popularity of the hospital as a result of successful handling of a number of complex cases and association of qualified and experienced doctors.

Key weaknesses**Constitution of the entity being a proprietorship**

The constitution as a proprietorship firm leads to limited financial flexibility and inherent risk of capital withdrawal at the time of personal contingency and firm being dissolved upon the death/retirement/insolvency of proprietor. Moreover, proprietorship firms have restricted access to external borrowing as credit worthiness of proprietor would be the key factors affecting credit decision for the lenders.

Geographical concentration risk

The group has presence in Jalandhar only, thus exposing them to geographical concentration in its revenue profile, unlike other chains in this industry which have presence in major cities. However, the hospitals are connected by all modes of transportation, making them strategically located for carrying out healthcare business and they are easily accessible as well. Furthermore, they are known for successful handling of a number of complex cases and association of qualified and experienced doctors Also, the group is planning to diversify by constructing new hospital in Moga, Punjab which is under development and as on 31 Jan , 2024 , the firm has incurred Rs 4.83 cr for the construction .

Project implementation and stabilization risk

The group is constructing 100-bed super speciality hospital in Moga, Punjab for a cost of Rs.37.90 crore which will be funded through mixture of internal accruals of Rs 12.9 cr and debt of Rs 25 cr (financial closure achieved). The scheduled COD of the project is October 01, 2024. However, till Jan 31, 2024, the firm has incurred Rs 4.83 cr on the development of the said project funded through debt of Rs.1.12 cr and remaining through promoter equity Rs 3.71 cr. Therefore, the ability of the firm to complete the project in timely manner and within the cost estimates and subsequent stabilization is yet to be seen.

Fragmented and regulated industry .

The healthcare sector is highly fragmented with very few players in the organized sector. Barring a few, most of the organized sector players have one or two hospitals only. All these lead to high level of competition in the business. Healthcare industry is very sensitive to mishandling of a case or negligence on part of any doctor and/or

staff of the unit can lead to distrust among the masses. Thus, differentiating factors like the quality of service and the success rate in treatment of complex cases, etc. will be crucial in order to attract patients and increase occupancy. The industry is also exposed to regulatory challenges by the government.

Liquidity: Adequate

Liquidity is marked by adequate accruals of Rs 22.27 crore in FY23 against repayment obligations of Rs 3.69 crore in FY24 and low unencumbered cash & bank balances of Rs. 0.69 crore as on March 31, 2023. The average utilization of working capital borrowings remained almost 25% during the past 12 months as on 30 Nov 2023.

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks : Not Applicable

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Hospital](#)

[Financial Ratios – Non financial Sector](#)

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About the company and industry

Industry classification

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

Pruthi Hospital (PH) was incorporated in 1987 by Dr. C.S. Pruthi. It operates 2 hospitals by the name Pruthi Hospital (PH) and Capitol Hospital (CH), located in Jalandhar (Punjab) with capacity of 175 beds in CH and 45 beds in PH. PH started operations in 1994 while the operations of Capitol Hospital commenced from May 14, 2014. Pruthi Hospital and Capitol Hospital both are NABH and NABL Accredited.

PH has a group entity by the name- Baba Budha Sahib Cardiac Center limited which was incorporated in 1992. It operates a hospital by the name BBC Heart Care, located in Jalandhar (Punjab) and operates from the same building as PH. The operations of the hospital commenced from January 1996.

Brief Financials (₹ crore)*	March 31, 2022 (A)	March 31, 2023 (A)	10MFY24(UA)
Total operating income	102.49	130.35	112.00
PBILDT	26.05	24.21	NA
PAT	24.09	21.05	NA
Overall gearing (times)	0.27	0.44	NA
Interest coverage (times)	13.94	8.31	NA

*Combined Financials; A: Audited UA: Unaudited NA: Not Available ; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA:

Brickworks has conducted the review on the basis of best available information and has classified Charanjit Singh Pruthi " Not cooperative" and rated Brickworks BB+; Issuer Not Cooperating vide its press release date 28 April, 2023 .

Any other information: Not Applicable

Rating history for last three years: Please refer Annexure-2

Covenants of rated instrument / facility: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Bank Overdraft	-	-	-	-	15.00	CARE BBB-; Stable
Fund-based - LT-Term Loan	-	-	-	March 2035	35.09	CARE BBB-; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term Loan	LT	35.09	CARE BBB-; Stable	-	1)CARE B; ISSUER NOT COOPERATING* (25-Nov-22)	1)CARE B+; ISSUER NOT COOPERATING* (30-Nov-21)	1)CARE B+; ISSUER NOT COOPERATING* (17-Dec-20)
2	Fund-based - LT-Bank Overdraft	LT	15.00	CARE BBB-; Stable	-	1)CARE B; ISSUER NOT COOPERATING* (25-Nov-22)	1)CARE B+; ISSUER NOT COOPERATING* (30-Nov-21)	1)CARE B+; ISSUER NOT COOPERATING* (17-Dec-20)

*Issuer did not cooperate; Based on best available information

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not Applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Bank Overdraft	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of all the entities consolidated: Not Applicable

Note on the complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

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About us:

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