

## Charanjit Singh Pruthi

April 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	50.09	CARE BBB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation of the ratings assigned to the bank facilities of Charanjit Singh Pruthi (CSP) factors ingrowing scale of operations with healthy profitability margin in FY24 (refers to the period from April 01, 2023 to March 31, 2024) and 9MFY25 (refers to the period from April 01, 2024 to December 31, 2024), comfortable capital structure marked by low overall gearing and healthy debt coverage indicators. 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, growing competition in the 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 (BBS) Limited as both the entities operate in similar line of business and is controlled by same promotor Mr. Charanjit Singh Pruthi. Details of entity combined is presented in [Annexure-6](#).

#### Outlook: Stable

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

### Detailed description of key rating drivers:

#### Key strengths

##### Improvement in scale of operation with healthy profitability margin

The scale of operations has improved as reflected by combined revenue of Rs. 151.34 crore in FY24(refers to the period from April 01, 2023 to March 31, 2024) from Rs.130.35 crore in FY23 (refers to the period from April 01, 2022 to March 31, 2023) on account of improvement in occupancy across all the hospitals. Further, the group has recorded total income of Rs.125.92 crore in 9MFY25 (refers to the period from April 01, 2024 to December 31, 2024). Profitability margins continue to remain healthy with PBILDT margin at 19.07% during FY24 (PY:18.58%). The PAT margin improved to 19.71% in FY24 (PY: 16.15%) on account of non-operating income of Rs 5.21 crore in FY24. (interest received Rs 1.16 crore, profit on sale of assets of Rs.2.82 crore and rest miscellaneous).

##### Comfortable capital structure and coverage indicators:

As on March 31, 2024, the debt profile of the group comprises of total debt of Rs.47.32 crore as against the tangible net worth of Rs.173.45 crore. 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. 0.27x as on March 31, 2024 (PY:0.34x). Owing to healthy profitability and limited debt levels, the debt protection metrics of the hospital continue to remain comfortable as evident from interest coverage

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

ratio of 10.39 times in FY24 and total debt to GCA of 1.53 times as on March 31, 2024, as against interest coverage ratio of 8.31 times and total debt to GCA of 2.03 times as on March 31, 2023.

### **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, anaesthesia, Gynaecology & Obstetrics etc. The professionals are experienced and highly qualified surgeons, anaesthetists, Para-medical and nursing staffs, well versed in latest scientific research.

### **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. 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**

All the hospitals are located in Jalandhar, Punjab, which exposes the group 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 is expected to start operations in September 2025.

#### **Project implementation and stabilization risk**

The group is constructing a 100-bed super specialty hospital in Moga, Punjab for a cost of Rs.37.90 crore to be funded through term debt of Rs 25 crore and rest through internal accruals. The scheduled commencement date of the project was October 01, 2024, however the project got delayed due to delay at contractor's end. As on February 28, 2025, the firm has incurred Rs 15 crore funded through Rs. 6.51 crore of term debt and rest through internal accruals. Rest of the capex is expected to be incurred in FY26 and the management expects the hospital to start in September, 2025. Therefore, the ability of the firm to complete the project in timely manner and within the cost estimates and subsequent stabilization would remain a key monitorable.

#### **Growing competition in the industry**

The company faces competition from the existing players in the region providing tertiary care facilities, regional private hospitals giving primary care and secondary care services, and large number of private clinics. However, the competition is mitigated to larger extent since the company is one of the renowned hospitals in Jalandhar. It is a multi-specialty hospital providing wide services includes Cardiology, Neurology, Radiology, Nephrology and Pulmonology, among others. Considering intense competition, the company's prospects would depend upon its ability to profitably scale up the operations and success rate in treatment of complex cases, to attract patients and increase occupancy.

#### **Liquidity: Adequate**

Liquidity profile of the group stood adequate as marked by expected gross cash accruals of ~Rs.23 crores in FY25 as against scheduled debt repayments of Rs. 3.94 crores. The average working capital utilisation for CSP & BBS stood at 51.80% and 59.08% respectively for the trailing 12 months ending December 31, 2024. The company's operating cycle continues to remain comfortable at negative 3 days due to stretched creditor days (PY: 7 days). Due to long presence in the market, the company is able to avail credit period from its suppliers.

### **Applicable criteria**

[Definition of Default](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Rating Outlook and Rating Watch](#)
[Hospital](#)
[Financial Ratios – Non financial Sector](#)
[Consolidation](#)
[Service Sector Companies](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare Services	Hospital

Charanjit Singh Pruthi, promoted by Dr. CS Pruthi is into operation of two hospitals by the name Pruthi Hospital (PH) and Capitol Hospital (CH), located in Jalandhar (Punjab) with capacity of 175 beds. Pruthi Hospital and Capitol Hospital started operations in 1994 & 2014 respectively. CH is a multi-specialty hospital and provides multiple facilities like oncology, radiology, orthopaedics & joint replacement, general surgery, gastroenterology, physiotherapy, and rehabilitation, etc. Both the hospitals are NABH and NABL Accredited.

The entity has a group company Baba Budha Sahib Cardiac Center Limited (BBSCL) which operates a hospital by the name BBC Heart Care, located in Jalandhar (Punjab) and has capacity of 45 beds. The company was incorporated in 1992 and commenced operation in January 1996. The hospital is equipped for performing heart surgery, procedures associated with cardiac catheterization, neurosurgery, nephrology, and orthopaedics.

Brief Financials (₹ crore)- Standalone	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	110.71	128.86	125.92
PBILDT	19.90	24.90	NA
PAT	18.74	27.03	NA
Overall gearing (times)	0.27	0.24	NA
Interest coverage (times)	10.94	11.69	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

Brief Financials (₹ crore)- Combined	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	130.35	151.35	125.92
PBILDT	24.21	28.87	NA
PAT	21.05	29.83	NA
Overall gearing (times)	0.34	0.27	NA
Interest coverage (times)	8.31	10.39	NA

A: Audited UA: Unaudited NA: Not Available; Note: these are latest available financial results

**Status of non-cooperation with previous CRA:** Brickwork Ratings has conducted the review and downgraded the ratings under "Not Cooperating" vide their press releases dated May 22, 2024, on account of their inability to carry out a review in the absence of requisite information.

**Any other information:** Not Applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of 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 and 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 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 2024-2025	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
1	Fund-based - LT-Term Loan	LT	35.09	CARE BBB-; Stable	-	1)CARE BBB-; Stable (22-Feb-24)	1)CARE B; ISSUER NOT COOPERATING * (25-Nov-22)	1)CARE B+; ISSUER NOT COOPERATING * (30-Nov-21)
2	Fund-based - LT-Bank Overdraft	LT	15.00	CARE BBB-; Stable	-	1)CARE BBB-; Stable (22-Feb-24)	1)CARE B; ISSUER NOT COOPERATING * (25-Nov-22)	1)CARE B+; ISSUER NOT COOPERATING * (30-Nov-21)

\*Issuer did not cooperate; based on best available information.

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities - Not applicable****Annexure-4: Complexity level of 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 entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Baba Buddha Sahib Cardiac Centre Limited	Full	Operational and financial linkages

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for clarifications.

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