

Dr. M N Tandon Memorial Charitable Trust

June 16, 2020

Rating

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long-term Bank Facilities	4.26	CARE B; Stable; ISSUER NOT COOPERATING* (Single B; Outlook: Stable; ISSUER NOT COOPERATING*)	"Issuer not cooperating; revised from CARE B+; Stable; Issuer not Cooperating (Single B Plus; Outlook: Stable; Issuer Not Cooperating) on the basis of best available information"
Total	4.26 (Rs. Four crore and Twenty Six lakh only)		

*Details of instruments/facilities in Annexure-1***Detailed Rationale & Key Rating Drivers**

CARE had, vide its press release dated March 25, 2019, placed the rating(s) of Dr. M N Tandon Memorial Charitable Trust (DMN) under the 'issuer non-cooperating' category as DMN had failed to provide information for monitoring of the rating as agreed to in its Rating Agreement. DMN continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and letter dated May 21, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair ratings.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The rating assigned to the bank facilities of DMN have been revised on account of non-availability of requisite information. The rating continue to remain constrained on account of its financial risk profile marked by net loss in FY18 (FY refers to the period April 1 to March 31), leveraged capital structure and stressed liquidity position. The rating is, further, constrained on account of reputational risk and its presence in the highly regulated and competitive healthcare industry. The ratings, however, continue to favorably take into account takeover of operations by experienced management in May'17 in the hospital industry with continuous infusion of funds in the trust and Hospital having experienced staff along with diversified revenue stream attributing growth in scale of operations.

Detailed description of the key rating drivers

At the time of last rating on March 25, 2019 the following were the rating strengths and weaknesses (Updated for the information available from client)

Key Rating Weaknesses***Financial risk profile marked by net loss, leveraged capital structure and stressed liquidity position***

Operating margin of the company stood healthy at 12.73% in FY18 and improved from operating loss in FY17. Further, trust remained in net loss level at Rs. 1.03 crore as against Rs. 5.03 crore in FY17; however, GCA level of the trust has improved significantly and registered cash profit of Rs. 1.28 crore in FY18 as against cash loss of Rs. 2.17 crore in FY17. The net-worth base of the trust remained negative attributing negative capital structure of the trust. The debt coverage indicators of the trust have improved from negative total debt to GCA of 8.68 times in FY17 to positive total debt to GCA of 14.54 times in FY18.

The liquidity position stood stressed with below unity level of current and quick ratio as on March 31, 2018.

Reputational risk along with Fragmented nature of industry leading to high competition with vigilant regulatory bodies

Healthcare is a highly sensitive sector where any 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, all the healthcare providers need to monitor each case diligently and maintain standard of services in order to avoid the occurrence of any unforeseen incident. They also need to maintain high vigilance to avoid any malpractice at any pocket.

The healthcare sector is highly fragmented with 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. Further, healthcare

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate; Based on best available information

sector is highly regulated and kept under the close vigilance of various regulatory bodies in India like, Ministry of Health & Family Welfare, Central Drug Standard Control Organization etc.

Key Rating Strengths

Takeover of operations by experienced management in May'17 in the hospital industry with continuous infusion of funds in the trust

Dr. M N Tandon Memorial Charitable Trust (DMN) was formed in 2012 by Mrs. Maya Tandon wife of Dr. M.N Tandon along with a group of practicing medical consultants to operate a critical care unit. However, in May, 2016, trustees have changed and start operating a multi and super specialty hospital, under the name of "Jeevan Rekha Critical Care and Trauma Hospital". The management of hospital has vast experience in the same line of business and is well qualified. Mrs Richa Gupta, Ms. Rangoli Mathur, trustees has vast experience in the field of reproductive medicine and technologies. Ms. Hemlata Patidar, Diploma in Gynecology, also have 2 decades of experience in the industry and have handled several cases in the field. Further, trustees of the hospital are assisted by well qualified doctors, consultants and second tier management. Dr Neeraj Agarwal, Dr. Lalit Sharma, Dr Saurabh Mathur, Dr. Ram Chitlangia, Dr. SP Patidar, Dr. Saket Agrawal, Dr. Pradeep Singh are well known doctors in Jaipur who provides consultancy in the trust.

Further, the promoters of the trust are continuously infusing unsecured loans to support its operations and to meet working capital requirements. The promoters have infused Rs. 6.53 crore and Rs. 0.45 crore in FY17 and FY18 respectively.

Hospital having experienced staff along with diversified revenue stream attributing growth in scale of operations

The hospital is running multi-specialty hospital and offers services in orthopedic, neurology, cardiology, gastroenterology, gynecology, general surgery, general medicine, dermatology, urology, nephrology, ENT, critical care, radiology, pathology and microbiology. The hospital is a 150 bed multispecialty hospital and the occupancy rate of the hospital remained moderately healthy at 50% in last three financial years ended FY17. Further, the hospital is located in the area where middle and lower class people are present. The hospital provides its services to all income groups.

The hospital has well qualified and experienced 20 in-house doctors, 25 visiting doctors, 55 nursing staff and 50 supporting staff with doctor's average experience of 10 years. However, occupancy rate stood moderate at 50 in FY17.

During FY18, Total Operating Income of the trust has increased significantly by 102% over FY17 and registered Rs. 17.13 crore.

Analytical approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'outlook' and 'credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology- Hospital Industry](#)

[Financial ratios – Non-Financial Sector](#)

About the Trust

DMN was formed in 2012 by Mrs. Maya Tandon wife of Dr. M.N Tandon along with a group of practicing medical consultants to operate a critical care unit. However, in May, 2016, trustees have changed and start operating a multi and super specialty hospital, under the name of "Jeevan Rekha Critical Care and Trauma Hospital" at Jaipur having 150 beds which includes general wards, private rooms and Intensive-Care Units (ICU) etc. The hospital provides specialized services related to various medical specialties viz. orthopedic, neurology, cardiology, gastroenterology, gynecology, general surgery, general medicine, dermatology, urology, nephrology, ENT, critical care, radiology, pathology and microbiology.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total operating income	8.44	17.13
PBILDT	-0.33	12.73
PAT	-5.04	-1.03
Overall gearing (times)	-2.31	-2.05
Interest coverage (times)	-0.18	2.43

A: Audited

Status of non-cooperation with previous CRA: Brickwork has conducted the review on the basis of best available information and has classified the DMN as "Not Cooperating" vide its press release dated May 11, 2020

Any other information: Not Applicable

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

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	March, 2021	4.26	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information

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Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	4.26	CARE B; Stable; ISSUER NOT COOPERATING* Issuer not cooperating; Revised from CARE B+; Stable; ISSUER NOT COOPERATING* on the basis of best available information	-	-	1)CARE B+; Stable; ISSUER NOT COOPERATING* (25-Mar-19) 2)CARE B+; Stable (23-Apr-18)	-

*Issuer did not cooperate; Based on best available information

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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