



Press Release

Anandalok Hospital

22 September, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 12.50 Cr.
Long Term Rating	SMERA B+ / Outlook: Stable
Short Term Rating	SMERA A4

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA B+**' (read as **SMERA B plus**) and short term rating of '**SMERA A4**' (read as **SMERA A four**) on the Rs. 12.50 crore bank facilities of Anandalok Hospital. The outlook is '**Stable**'.

Anandalok Hospital (AH), established in 1981 is a multi speciality hospital that offers a range of healthcare services including neuro surgery, oncology, urology, orthopaedics among others. The hospital has 350 beds and is run by a trust led by Mr. Deo Kumar Saraf, the Chairman. The trust runs six hospitals - four located at Kolkata, one at Baduria and the other at Ranigunj apart from a diagnostic center at Kolkata. It also carries out charitable activities for the economically weaker sections of society.

Key Rating Drivers

Strengths

- **Experienced management**

The hospital was established in 1981 by Mr. D K Saraf, Managing Trustee. The other trustees include Shri R P Salpuria, Shri Arun Poddar and Shri Ashok Todi.

- **Moderate financial risk profile**

The moderate financial risk profile is marked by low debt protection metrics, comfortable gearing and net worth base. The interest coverage ratio and debt service coverage ratio stood at negative 0.61 times in FY2017, mainly on account of current year loss. The gearing stood at 0.71 times in FY2017 as compared to 0.48 times in FY2016. The gearing increased mainly due to increase in long term debt obligation. The debts mainly comprise term loans of around Rs.4.95 crore and unsecured loan from promoters, friends and relatives of Rs. 24.37 crore in FY2017. The net worth base stood at Rs.42.78 crore as on 31 March, 2017.

Weaknesses

- **Modest scale of operations**

Despite commencing operations in 1981, the scale has been modest at Rs.59.72 crore in FY2017 compared to Rs.59.68 crore in FY2015.

- **Low profit margin**

The EBIDTA margin stood negative at 3.94 per cent in FY2017 as against 18.09 per cent in FY2016.

Analytical Approach

SMERA has taken a standalone view of the business and financial risk profiles of the trust.

Outlook: Stable

SMERA believes that AH will maintain a stable outlook in the medium term while benefitting from its experienced management and moderate financial risk profile. The outlook may be revised to 'Positive' if AH scales up operations while maintaining profitability and improving financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of lower-than- expected growth in revenues or if the working capital cycle further deteriorates.

About the Rated Entity - Key Financials

For FY2017, AH reported net loss of Rs.8.97 crore on total operating income of Rs.59.72 crore, compared with PAT of Rs.5.34 crore on total operating income of Rs.59.68 crore in FY2016. The tangible net worth stood at Rs.42.78 crore in FY2017 as against Rs.51.73 crore in FY2016.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

*Annexure - Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	5.10	SMERA B+ / Stable
Cash Credit	Not Applicable	Not Applicable	Not Applicable	7.00	SMERA B+ / Stable
Bank guarantee/Letter of Guarantee	Not Applicable	Not Applicable	Not Applicable	0.40	SMERA A4

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