

Press Release

MAHARAJA AGRASEN HOSPITAL CHARITABLE TRUST

October 25, 2017



Rating Assigned

Total Bank Facilities Rated*	Rs. 100.00 Cr.
Long Term Rating	SMERA A- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA A**' (**read as SMERA A minus**) on the Rs. 100.00 crore bank facilities of MAHARAJA AGRASEN HOSPITAL CHARITABLE TRUST. The outlook is '**Stable**'.

The Delhi-based, Maharaja Agrasen Hospital Charitable Trust (MAHCT) was founded in 1988 by Dr. Sushil Kr. Gupta (President). The trust runs two multi speciality hospitals - a 400 bed hospital established in 1991 at Delhi and an 80 bed hospital at Dwarka established in 2015 under the name Maharaja Agrasen Hospital. Further, the trust is setting up a medical university under the said name at Bahadurgarh (Haryana) comprising a medical college, nursing college and others.

Key Rating Drivers

Strengths

- **Experienced promoters and long track record of operations**

The trust benefits from its experienced management. The promoter, Dr. Sushil Kr. Gupta (President) has more than two decades of experience in the education industry. He is the Chairman of around 15 educational institutions and societies including Ganga International School, Delhi, Moon Light Educational Society, Ganga Institute of Technology & Management, B.R. Memorial Educational Society to name a few. His extensive experience is expected to help ramp up scale of operations over the medium term. The brand 'Maharaja Agrasen' is a reputed brand in the field of healthcare and education primarily in north India.

- **Healthy financial riskprofile**

The financial risk profile is marked by a healthy corpus, comfortable gearing and above average debt protection metrics. The corpus stood at a healthy Rs.256.77 crore as on 31 March, 2017 (Provisional) as against Rs.193.73 crore in the previous year. The trust has witnessed steady increase in its corpus driven by consistent contribution by trustees and steady accretion to reserves. Historically, the trust has not contracted any debt. The gearing stood at a healthy 0.12 times as on 31 March, 2017 (Provisional). The interest coverage ratio stood healthy at 48.06 times as on FY2017 (Provisional) compared to 97.29 times in the previous year. The net cash accrual to total debt (NCA/TD) stood at 0.66 times in FY2017. Going forward, SMERA believes that the ability of the trust to raise donations and thereby addition to corpus would be a key credit monitorable. The financial risk profile of the trust is expected to remain at healthy levels over the medium term backed by steady accruals, consistent additions to corpus, comfortable gearing levels and strong debt protection metrics.

Weaknesses

- **Significant proposed capex**

MAHCT has a capex plan of about Rs.507 crore spread over the next three years for setting up a medical university at Bahadurgarh (Haryana) under the name of Maharaja Agrasen Medical University. Plans are on to set up a medical institute (along with a 500 bed hospital), nursing institute and paramedical institute. The said capex is expected to be funded by debt of Rs. 150 crore and the balance from internal accruals and corpus. The ability of the trust to attract regular donations would be a key rating sensitivity factor. The proposed capex is expected to be completed by FY2020. Also, completion of the project within the stipulated timelines and expected cost would also be a key credit monitorable.

Analytical Approach

SMERA has considered the standalone business and financial risk profile of the trust.

Outlook: Stable

SMERA believes that the outlook of the trust will remain stable over the medium term on account of its experienced management and comfortable financial risk profile. The outlook may be revised to 'Positive' if the society achieves better than expected growth in revenues and sustains improvement in its financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of inadequate donations or delays in project execution.

About the Rated Entity - Key Financials

For FY2017, the trust reported surplus of Rs.8.18 crore on operating income of Rs.240.65 crore, compared to Rs.14.29 crore on operating income of Rs.222.98 crore in FY2016. The corpus stood at Rs.256.77 crore as on 31 March, 2017 as against Rs.193.73 crore a year earlier.

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>
- Entities In Services Sector - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.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	100.00	SMERA A- / Stable

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ABOUT SMERA

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