

Press Release

Maharaja Agrasen Hospital Charitable Trust

D-U-N-S® Number: 91-863-0141

January 16, 2019

Rating Reaffirmed



Total Bank Facilities Rated*	Rs. 150.00 Cr. (Enhanced from Rs.100 Cr.)
Long Term Rating	ACUITE A- / Outlook: Stable

* Refer Annexure for details

Rating Rationale

Acuité has reaffirmed long-term rating of '**ACUITE A-**' (read as **ACUITE A minus**) on the Rs. 100.00 crore bank facilities of Maharaja Agrasen Hospital Charitable Trust. The outlook is '**Stable**'.

The Delhi-based, MAHCT was founded in 1988 by Dr. Sushil Kr. Gupta (President). The trust runs two multi-specialty 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.

Analytical Approach

Acuité has considered the standalone business and financial risk profile of MAHCT to arrive at the rating.

Key Rating Drivers

Strengths

• Experienced promoters

The trust benefits from its experienced management. The promoter, Mr. Sushil Kumar (President) has more than two decades of experience in the education industry as a chairman of around 15 educational institutions and societies including Ganga International School, Delhi, Sun Shine Sr. Sec. School to name a few, and chairman of Institutes, Colleges and Societies such as Moon Light Educational Society, Ganga Institute of Technology & Management, B.R. Memorial Educational Society.

• Healthy financial risk profile

MAHCT enjoys healthy financial risk profile as marked by corpus of Rs.283.04 crore in FY2018 as compared to Rs.256.77 crore a year before. Total debt of the trust in FY2018 is around Rs. 56.19 crore includes only term loan for the construction of medical institute, nursing institute and hospital at Bahadurgarh. Gearing of the company stood at 0.20 times in FY2018 as compared to 0.12 times in the previous year. Coverage indicators such as debt service coverage ratio (DSCR) are comfortable at 29.21 times in FY2018, declined from 48.06 times in the previous year. Net Cash Accruals to Total Debt (NCA/TD) is around 0.50 times in FY2018 as compared to 0.66 times in the previous year. Acuité believes that the financial risk profile is healthy; however Maharaja Agrasen Dwarka and Maharaja Agrasen Nursing continue to be a drag on profitability.

Weaknesses

• Exposure to project risk

MAHCT is setting up facility in Bahadurgarh, which will include construction of Maharaja Agrasen Medical University (MAMU) with teaching hospital of 300 beds and Maharaja Agrasen Nursing Institute (MANI) with 40 annual admissions to GNM and BSc Nursing course in Phase I. Construction under Phase II will include Maharaja Agrasen Paramedical Institute (MAPI) and Maharaja Agrasen Management Institute (MAMI). The estimated project cost is about Rs.507.00 crore which is being

funded through term loan of Rs. 150.00 crore and the balance from corpus fund. Current outstanding is Rs. 65.07 crore and repayment starts from September, 2019. Acuite believes that timely completion of the project, along with generation of sufficient accruals and donations will be a key rating sensitivity.

Outlook: Stable

Acuite 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

	Unit	FY18 (Actual)	FY17 (Actual)	FY16 (Actual)
Operating Income	Rs. Cr.	264.63	240.64	222.98
EBITDA	Rs. Cr.	27.52	19.06	21.17
PAT	Rs. Cr.	17.18	8.18	14.29
EBITDA Margin	(%)	10.40	7.92	9.49
PAT Margin	(%)	6.49	3.40	6.41
ROCE	(%)	5.65	3.58	15.01
Total Debt/Tangible Net Worth	Times	0.20	0.12	0.00
PBDIT/Interest	Times	56.56	48.06	97.29
Total Debt/PBDIT	Times	1.97	1.49	0.00
Gross Current Assets (Days)	Days	93	86	80

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

None.

Any other information

None.

Applicable Criteria

- Default Recognition - <https://www.acuite.in/criteria-default.htm>
- Entities In Services Sector - <https://www.acuite.in/view-rating-criteria-8.htm>
- Financial Ratios And Adjustments - <https://www.acuite.in/view-rating-criteria-20.htm>

Note on complexity levels of the rated instrument

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

Rating History (Upto last three years)

Date	Name of Instrument/Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
30-Dec-2017	Term Loan	Long Term	100.00	ACUITE A- / Stable (Assigned)

*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	150.00 (Enhanced from Rs.100 Cr.)	ACUITE A- / Stable (Reaffirmed)

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About Acuité Ratings & Research:

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