



**Press Release**  
**Medicant Hospital And Research Centre Private Limited**  
**December 28, 2023**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	156.91	ACUITE B+   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	156.91	-	-

**Rating Rationale**

Acuite has reaffirmed the long-term rating of '**ACUITE B+**' (read as **ACUITE B plus**) on the Rs. 156.91 Cr bank facilities of Medicant Hospital and Research Centre Private Limited (MHCPL). The outlook is '**Stable**'.

**Rationale for reaffirmation**

The rating reflects the company's exposure to risks related to its ongoing project and expected leveraged capital structure. The rating also factors delay in the project due to material unavailability. These weaknesses are partially offset by the extensive experience of the directors in the healthcare hospitals industry and financial closure from Bank.

**About the Company**

Medicant Hospital and Research Centre Private Limited (MHCPL) is a New Delhi based company incorporated on 23rd Nov 2016. The directors are Dr. Majid Ahmed Talikoti, Dr. Jahan Ara Talikoti, Dr. Uma Kishore, Rajesh Kumar, Shiwani, Jagdish Teli. MHCPL is setting up a 315-bed Super Multi speciality hospital at Bokaro, Jharkhand with total investment of around Rs. 202.95 Cr. The hospital is envisioned to have the latest technology, advanced machines apart from being NABH (National Accreditation Board for Hospitals & Healthcare Providers) and NABL (National Accreditation Board for Testing and Calibration Laboratories) accredited. MHCPL is scheduled to commence its project in February 2024.

**Unsupported Rating**

Not Applicable

**Analytical Approach**

Acuite has considered the standalone business and financial risk profiles of MHCPL to arrive at the rating.

**Key Rating Drivers**

**Strengths**

- **Extensive experience of the partners buoyed by favourable location expected to support occupancies**

The extensive experience of the directors, their strong understanding of the market dynamics and expected healthy relationships with suppliers and customers will support the business. The proposed hospital has location advantage of being located at proximity to Bokaro railway station and upcoming airport which will support the occupancy rates.



- **Leveraged capital structure in initial phase of operation**

The company's capital structure is expected to remain below average marked by low networth base and high gearing over the medium term. The tangible net worth of the company improved to Rs. 35.40 Cr as on 31<sup>st</sup> March 2023 as compared to Rs.20.09 Cr as on 31<sup>st</sup> March, 2022 due to equity infusion by the promoters. Gearing of the company will increase and is expected to remain at high levels in FY2023-24 as the company plans to avail long term facility from bank for its pending construction, plant and machinery purchase and installation. The total cost of project is Rs.202.95 Cr which is to be funded partly through Rs.143.91 Cr term loan from Punjab National Bank and remaining from promoter's contribution. In this project, up to December 2023, the company has incurred Rs.117.01 Cr which has been funded by term loan of Rs. 76.71 Cr. and promoter's funding of Rs. 40.30 Cr. In FY24, the company is expected to use the remaining sanctioned amount, and with this the gearing level is expected to increase in FY24. The promoters are resourceful and will infuse any incremental funding requirement if the situation arises. The scheduled time for completion of the project is February 2024. Acuité believes that going forward the financial risk profile of the company is expected to be below average due to leveraged capital structure over the medium term.

- **Exposure to implementation risk due to early stages of project development**

MHRCPL is scheduled to commence its project in November 2020 and has already completed the hospital building structure as on August 2022. The management expects the hospital to commence operations in the beginning of February 2024. Originally scheduled to start in April 2023, the project faced delays due to material unavailability, and it is now set to begin in February 2024.

Ability to execute the project in a timely manner with no cost or time overruns and early stabilization of the project are key credit sensitivities. Acuité would continue to monitor the project progress, and the track record of operations, once commercialised, and take rating actions appropriately.

- **Highly regulated nature of healthcare industry**

The healthcare industry is regulated by several policies and bodies in terms of pricing, quality control, safety and health standards, and several other certifications and control standards. The company has to undergo for the necessary approvals and certifications, further the same has to be regularly upgraded for smooth functioning of their business. Any changes or regulations by the regulatory bodies may hamper the business of the companies prevailing in the industry.

### **Rating Sensitivities**

- Timely completion of the project without any cost or time overrun
- Timely stabilisation of operations

### **All Covenants**

None

### **Liquidity Position Stretched**

The company's liquidity position is expected to remain stretched in initial stages of operation. However, if the operations stabilises the debt servicing should be met out timely. The Company is also required to maintain a debt service reserve account (DSRA) account post completion date to meet three months' interest servicing requirement. The promoters are expected to infuse equity and unsecured loans to support the business from time to time. The company has also applied for working capital limits. However, timely implementation of the project and generation of expected cash accrual will be key rating sensitivity factors.

### **Outlook: Stable**

Acuité believes that MHRCPL will maintain a 'Stable' outlook on the basis of the positive

outlook in the health care industry. The outlook may be revised to 'Positive' in case of timely stabilisation of operations. Conversely, the outlook may be revised to 'Negative' in case of slippages in project execution, significant cost over-run resulting in deterioration in the liquidity and leverage position on a prolonged basis.

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 23 (Actual)	FY 22 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	(0.22)	(0.12)
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.96	0.00
PBDIT/Interest	Times	(9.14)	(739.32)

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

Not Applicable

### Any other information

None

### Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

### Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
12 Oct 2022	Term Loan	Long Term	143.91	ACUITE B+   Stable (Assigned)
	Working Capital Term Loan	Long Term	13.00	ACUITE B+   Stable (Assigned)

## Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Punjab National Bank	Not Applicable	Term Loan	Not available	Not available	Not available	Simple	143.91	ACUITE B+   Stable   Reaffirmed
Punjab National Bank	Not Applicable	Working Capital Term Loan	Not available	Not available	Not available	Simple	13.00	ACUITE B+   Stable   Reaffirmed

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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