



Press Release
YASHODA FOUNDATIONS
December 13, 2023
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	330.00	ACUITE BB- Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	330.00	-	-

Rating Rationale

Acuite has assigned its long term rating of '**ACUITE BB-**' (read as **ACUITE Double B Minus**) to Rs. 330.00 Cr bank facilities of Yashoda Foundation (YF). The outlook is '**Stable**'.

Rationale for Rating

The rating reflects the strong background of the trustees in the health care sector, absence of any offtake/demand risk. The rating also factors in increasing demand for healthcare services and better affordability on the back of increasing awareness and penetration level of health insurance in India. These strengths are however, partly offset by the intense competition from other players operating in the catchment area, restricting the pricing flexibility, which exerts pressure on the trust's profitability. The ratings continue to be impacted by the regulatory risks in terms of restrictive pricing regulations by the Central and the State Governments, which could constrain the profit margins. Further, recruitment and retention of doctors/ consultants remain key challenges for the entity, given the stiff competition in the healthcare industry.

About the Company

M/s Yashoda Foundation is a trust, incorporated on 2nd September, 1999 at Ghaziabad with the intention to establish a 635 bed Super speciality Medical Centre in the name of Yashoda Medicity at Shakti Khand II, Indirapuram, Ghaziabad. The trust was founded by Dr. P.N. Arora. The total cost of the project is Rs.419.98 Cr and the Commercial Date of operation is September, 2023.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profile of YF to arrive at this rating.

Key Rating Drivers

Strengths

Experienced Management

M/s Yashoda Foundation is a trust which was incorporated on 2nd September, 1999 under the leadership of Mr. Prem Narayan Arora, Upasana Arora and other trustees, who are specialized doctors and have long standing experience of running hospitals and medical

units. Apart from this, management runs a hospital under the name of Yashoda Super speciality Hospitals Private Limited, Kaushambi unit. The vast experience of the trustees in

efficiently managing the hospitals has helped them to maintain healthy relations with reputed client like Aarogya PRP Health Care Services, Aditya Birla Health Insurance Company Limited, AIR India, BHEL and others.

No offtake or demand risk

Based on the offerings for diverse patients' base along with focus on Radiology, Maternity, Orthopaedics, Cardiology-OPD etc., demand will be generated for the Hospital. Also, the effort to keep the competitive pricing against the peer hospitals will mitigate the demand risk. Hence low off take/ demand risk is associated with the Hospital.

Weaknesses

Expected leveraged capital structure

The Trust'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 trust improved to Rs.60.86 Cr as on 31st March, 2023 (Prov) as compared to Rs.15.24 Cr as on 31st March 2022 due to infusion of equity capital to the tune of Rs.45.62 Cr by the trustees. Trust proposes to establish a 635 bed Super speciality Medical Centre in the name of Yashoda Medicity at Shakti Khand II, Indirapuram, Ghaziabad. The total cost of project is Rs.419.99 Cr which is to be funded partly through Rs.330 Cr term loan and Rs.89.98 Cr as unsecured loan and promoter's contribution. The financial closure has been achieved. In this project, up to June 2023, the trust has incurred Rs.127.54 Cr which has been funded by bank loan to the tune of Rs. 70.57 Cr and unsecured loans and promoters' contribution to the tune of Rs 56.97 Cr. In FY24, the trust is expected to avail part of their term loan to support their capex plan which is expected to leverage their capital structure going forward. The scheduled time for commercial date of operations is 30th September, 2023. However, based on observation, the project is experiencing time overrun as the project got delayed and trust has missed the commercial date of operation. Acuité believes that going forward the financial risk profile of the trust 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

Yashoda Foundation is scheduled to commence its project in September 2023 and has already purchased the land and have incurred ~37 per cent of total capex till June,2023. The trust is exposed to execution risk as ~63 per cent of the project cost is yet to be incurred. The management expects the commencement of commercial operations in the first part of FY2025. The project has got extension and has moratorium period of 6 months. Further, Ability to execute the project in a timely manner with no cost 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.

Rating Sensitivities

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

All Covenants

None.

Liquidity Position

Adequate

The Trust's adequate liquidity position is expected to support debt servicing in the near-to-medium term on account of generation of adequate cash accruals post completion. The Cash accruals are expected to be in the range of Rs. 12.89 Cr-87.32 Cr starting from FY25-FY33. The promoters are expected to infuse capital in the form of unsecured loans to support the business. However, timely implementation of the project and generation of expected cash accrual will be key rating sensitivity factors.

Outlook: Stable

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

outlook in the ethanol 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 (Provisional)	FY 22 (Actual)
Operating Income	Rs. Cr.	45.97	3.80
PAT	Rs. Cr.	45.62	3.63
PAT Margin	(%)	99.23	95.53
Total Debt/Tangible Net Worth	Times	0.72	0.08
PBDIT/Interest	Times	15321.72	122976.03

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

None.

Any other information

None

Applicable Criteria

- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.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.

Rating History :

Not Available

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	330.00	ACUITE BB- Stable Assigned

Contacts

Analytical	Rating Desk
Mohit Jain Senior Vice President-Rating Operations Tel: 022-49294017 mohit.jain@acuite.in Sakshi Seksaria Analyst-Rating Operations Tel: 022-49294065 sakshi.seksaria@acuite.in	Varsha Bist Senior Manager-Rating Operations Tel: 022-49294011 rating.desk@acuite.in

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.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.