



Press Release
MEGASTAR HOSPITALS AND MEDICAL SCIENCES PRIVATE LIMITED
September 04, 2025
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	39.81	ACUITE B+ Stable Assigned	-
Bank Loan Ratings	1.19	-	ACUITE A4 Assigned
Total Outstanding Quantum (Rs. Cr)	41.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has assigned long term rating of '**ACUITE B+**' (**read as ACUITE B plus**) on the Rs. 39.81 Cr. bank facilities and short-term rating of '**ACUITE A4**' (**read as ACUITE A four**) on the Rs. 1.19 Cr. on the bank facilities of Megastar Hospitals and Medical Sciences Private Limited. The outlook is '**Stable**'.

Rationale for rating

The rating reflects the company's exposure to project implementation risk for the hospital and expected leveraged capital structure. These weaknesses are offset by the experience of the promoters and financial flexibility to infuse funds as and when required.

About the Company

Incorporated in 2019, Megastar Hospitals and Medical Sciences Private Limited, the company has proposed to establish and operate 109 bedded multi-speciality hospital and diagnostic unit at Varanasi, Uttar Pradesh. The construction of the project would start from October 2025 and the expected completion date would be September 2026. The directors of the company are Mrs. Nisha Agrawal and Dr. Sanjeev Agarwal.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has taken standalone business and financial risk profile of Megastar Hospitals and Medical Sciences Private Limited to arrive at the rating.

Key Rating Drivers

Strengths

Benefits derived from promoters

The directors of the company are Dr. Sanjeev Agarwal and Mrs. Nisha Agrawal. Dr. Sanjeev Agarwal has gained experience at various hospitals working in the chest and respiratory department and also provide critical care medical services. Acuite believes that his experience in the same industry supported by his team would aid the successful execution of the project going forward.

Weaknesses

Below average financial risk profile

The adjusted tangible net worth of the company improved to Rs. 8.28 Cr. in FY2025 (Provisional) as compared to Rs.0.01 Cr. in FY2024 due to unsecured loans being treated as quasi equity of Rs. 8.27 Cr, these are subordinated to bank loans.

Exposure to execution risk due to early stages of project

The company is exposed to execution risk of the project and also includes cost overrun risk. The commercial

operations are likely to begin from September 2026. The cost of the project is expected to be Rs. 52.26 Cr. to be funded in debt equity ratio of 0.96 times. Till date, Rs. 12.85 Cr. has been incurred with a mix of debt and unsecured loans and the loan has been sanctioned of Rs. 34 Cr. by the Union Bank of India. Acuité would continue to monitor the status of stabilization of the project and the track record of operations, once commercialised.

Rating Sensitivities

Timely completion of the project
Timely stabilisation of the project

Liquidity Position

Stretched

The company's liquidity is stretched as the company is in initial phase of setting up the hospital. The support of funding will come from debt and promoters fund mix. The total repayment will be done in 95 monthly instalments after moratorium period of 6 months from commercial operation date. There is financial flexibility of promoters to infuse funds in the project. The company has also received a sanction of working capital limit of Rs. 5 Cr. (secured overdraft) which is expected to fund its day-to-day operations post operationalization of the hospital.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	0.00	0.00
PAT	Rs. Cr.	0.00	0.00
PAT Margin	(%)	0.00	0.00
Total Debt/Tangible Net Worth	Times	0.96	183.28
PBDIT/Interest	Times	0.00	0.00

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

None

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, Acuité 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 Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.19	Simple	ACUITE A4 Assigned
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.81	Simple	ACUITE B+ Stable Assigned
Union Bank of India	Not avl. / Not appl.	Secured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE B+ Stable Assigned
Union Bank of India	Not avl. / Not appl.	Term Loan	27 Sep 2024	Not avl. / Not appl.	31 Aug 2034	34.00	Simple	ACUITE B+ Stable Assigned

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Vedika Lahoti Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

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