



RATING RATIONALE

25 Oct 2019

AKS Medical & Research Centre Private Limited

Brickwork Ratings assigns the ratings for the Bank Loan Facility of ₹ 50 Cr of AKS Medical & Research Centre Private Limited.

Particulars :

Facility**	Limits (₹ Crs)	Tenure	Rating*
Fund based	50.00	Long Term	BWR BB+ (Stable)
Total	50.00	INR Fifty Crores Only.	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

** Details of Bank facilities in Annexure-I

RATING ACTION / OUTLOOK

Brickwork rating assigns the rating at BWR BB+ for long term with Stable Outlook.

The rating draws strength from the experienced promoters and support from parent company M/s Yatharth Hospital & Trauma Care Services Private Limited.

The Outlook is 'Stable' as the hospital has started its operation in May 2019 and achieved total operating income of Rs 4.01 Cr till Sep,2019

KEY RATING DRIVERS

BWR principally relied upon audited financials upto FY19, projections upto FY22, publicly available information and information/clarification provided by the management.



Credit Strengths :

- **Experienced Promoters** : Key Promoters of the hospital, Mr. Kapil Tyagi and Mr. Ajay Tyagi are orthopedic surgeons and have over 20 years of experience and they are being supported by Dr. Neena Tyagi & Dr. Manju Tyagi (promoters of parent company).
- **Solvency position** : Gearing(Total debt/TNW) of the company is modest at 1.87X in FY19 due to good net worth of Rs 24.80 Cr as compared to the debt.
- **Support from parent Company** : The parent company i.e Yatharth Hospital and Trauma Care Services Private Limited((YHTCSPL) has major shareholding in the subsidiary AKS Medical & Research Centre Private Limited and would get the required support from established hospital and management.

Credit Concerns :

- **Nascent Stage of Operation** : The Hospital is at a nascent stage and has started its operation from May 2019.As advised by the company , they have achieved revenue of Rs 4.01 Cr till Sep,2019 and expected to achieve revenue of Rs 15.72 Cr as per projections for FY20.
- **Government Regulations** : Hospitals have to comply with various government guidelines on pricing of the medical devices and also disposal of solid waste. Any non compliance may have adverse implications on the working of the hospitals.

ANALYTICAL APPROACH AND APPLICABLE RATING CRITERIA

BWR has factored in the standalone business parameters and financial risk profile of the company to arrive at the rating. Reference may be made to the Rating Criteria hyperlinked detailed below (hyperlinks provided at the end of this rationale).

RATING SENSITIVITIES

Going forward, the company's ability to achieve its projections and improve the cash accruals would be key sensitivities over short to medium term.

Positive: The rating outlook may be revised to positive and the rating may be upgraded if the company is able to scale up its operations , improve the profitability and achieve its projections.



Negative: The rating may be downgraded if the company achieve lower revenue than projected financials or unable to improve the cash accruals at an appropriate level.

LIQUIDITY POSITION (adequate)

The company has cash & cash equivalent of Rs 0.07 Cr in FY19. The promoters are providing required liquidity support and had infused of Rs 24.80 Cr till 31 March,2019. The company has currently low CPLTD of Rs 0.27 Cr which need to be repaid off in FY20.

COMPANY PROFILE

AKS Medical & Research Centre Private Limited is registered at New Delhi. The company has been promoted by parent company 'Yatharth Hospital & Trauma Care Services Private Limited(YHTCSPL), Dr. Ajay Tyagi, Dr Kapil Tyagi. AKS has set up a 150-bed multi-specialty hospital in Greater Noida and it is being managed by key promoters Dr. Kapil Tyagi and Dr. Ajay Tyagi. The hospital has been completed at a total cost of Rs 84.42 Cr and mainly funded by bank loan of Rs 50 Cr and promoters contribution of Rs 25.00 Cr.

KEY FINANCIAL INDICATORS

Key Parameters	Units	FY18(A)	FY19(A)
Result Type		Audited	Audited
Total Operating Income	Crs	0.00	0.00
OPBDIT	Crs	-0.01	0.00
PAT	Crs	-0.01	-0.01
Tangible Net Worth	Crs	19.03	24.80
Total Debt/TNW	Times	0.96	1.87
Total Debt	Times	18.18	46.48

KEY COVENANTS OF THE INSTRUMENT/FACILITY RATED : NA

NON-COOPERATION WITH PREVIOUS RATING AGENCY: India Ratings moved the rating to Issuer Non Cooperating on 14 Jun 2019.



RATING HISTORY

Instrument / Facilities	Current Rating (2019)			Rating History		
	Tenure	Amount (₹ Cr)	Rating	2018	2017	2016
Term Loan	Long Term	50.00	BWR BB+ (Stable)	NA	NA	NA
Total		50.00	INR Fifty Crores Only			

COMPLEXITY LEVELS OF THE INSTRUMENTS

For more information, visit www.brickworkratings.com/download/ComplexityLevels.pdf

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Services Sector](#)

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AKS Medical & Research Centre Private Limited

ANNEXURE I

Details of Bank Facilities rated by BWR

Sl. No.	Name of the Bank	Type of Facilities	Long Term (₹ Cr)	Short Term (₹ Cr)	Total (₹ Cr)
1.	Nainital Bank Ltd.	Term Loan	50.00	-	50.00
TOTAL					50.00

Total INR Fifty Crores Only

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