

Rating Report

Brickwork Ratings assign 'BWR BB-' rating for the proposed Bank Loan Facility of 'Asclepius Hospitals & Health Care Private Limited' aggregating to ₹ 60.00 Cr.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the proposed Bank Loan facility of 'Asclepius Hospitals & Health Care Private Limited' ('AH&HCPL' or the 'Company'), as a consortium arrangement, with State Bank of India proposed to be the lead banker.

Facility	Proposed Limit (₹ Cr)	Tenure	Rating ¹
Fund Based Term Loan	60.00	Long Term	BWR BB- (Pronounced BWR Double B Minus) Outlook: Stable
Total	60.00 (INR Sixty Crores only)		

BWR has principally relied upon the project report of 'Asclepius Hospitals & Health Care Private Limited' (prepared by Hosmac India Pvt. Ltd. and accepted by the Company and the banks) and publicly available information and information/clarifications provided by the management.

The rating draws strength from the promoters' experience of running a health care unit for around eight years (50% of the directors have ~ 8 years of experience with 'Excel Care Centre', a day care hospital), reputed doctors on board, association with the financially sound Kayal group, reputed hospital consultant- 'Hosmac India Pvt. Ltd. as a consultant for the project, allocation of land by the Government of Assam, locational advantage implying the Company's potential to cover the entire market of the North East Region and the proposed estimated modest capital structure.

The rating is, however, constrained by the project execution risk as it is still in its nascent stage of construction, promoters being new for the large sized hospital, capital intensive nature of operations and competition from existing established hospitals in the region.

Background

Asclepius Hospital & Health Care Private Limited (AH&HCPL), is a private limited company incorporated in May, 2005. The Company's registered office at Ulubari, Guwahati. The Company was incorporated to establish a 168 bedded Multi-Specialty Hospital, offering high

¹ Please refer to www.brickworkratings.com for definition of the Ratings

quality medical services. The main objective of the Company is to construct, run, manage hospital, diagnostic centre, nursing home, private laboratory, tertiary care hospital, paramedical and nurses training centres etc. The land for the proposed project, allotted by the government of Assam, is located at Paschim Boragaon, NH-37, Guwahati. It is ~1 Km from Jalukbari point and ~3 Kms from ISBT (Inter State Bus Terminal), Guwahati.

The first promoter directors of the Company are: Dr. Neil Bordoloi, Dr. Prakritish Bora, Dr. Manash Pratim Baruah, Mr. Dipak Kalita and Mr. Manash Baruah (who are all associated with Excel Care Centre). Later in the year 2011, Shri Jitendra Newatia, Smt. Seema Newatia, Shri Dipak Kayal, Mr. Manoj Kayal, Smt. Kiran Kayal, Smt. Ritu Kayal and Dr. Raghu Nath Prasad Soni were appointed as additional directors. Dr. Manuj Saikia, a reputed Cardiologist is also a share holder of the Company. The first promoter directors have around eight years of experience in running a day care unit by the name of "Excel Care Centre" in Ulubari, Guwahati. Backed by the experience, the promoters of 'Excel Care Centre' joined hands with a financially sound business group 'Kayal Group', having diversified business interests to promote the proposed hospital.

The upcoming hospital is proposed to have 168 Beds, 5 Operation Theaters, 4 Surgical suites, 2 Casualty rooms, 20 OPD Rooms and 1 Cathlab. It will have specialties across Cardiology, General Medicine, General Surgery, Orthopaedics, Gynecology & Obstetrics, Pediatrics, Dental, ENT Clinic, Neurology, Ophthalmology, Physiotherapy, Dermatology, Emergency Care and others and to be equipped with latest medical equipments and state of the art infrastructure.

The viability study of the project has been done by Hosmac India Pvt. Ltd., Mumbai who are one of the leading hospital consultants in India. The Company has entered into an agreement with Hosmac India Pvt. Ltd., for planning, implementation and commissioning of the project on turnkey basis. The scheduled expected COD of the project is April 01, 2018.

The estimated project cost is ~Rs. 103.38 Crs, proposed to be part-financed by term debt (Rs. 60.00 Crs), under consortium arrangement. The remaining contribution (Rs. 43.08 Crs) will be pumped in by the promoters. The civil construction works began in the month of April, 2015 and as informed by the management, the promoters have infused ~Rs. 5.00 Crs as on June, 30, 2015.

Management Profile

The promoter directors are actively involved in the management and project implementation. The responsibilities appear to be clearly demarcated among the various professionals. As of now, the construction work has been reported to be on schedule.

Key Rating Determinants:

Management Profile: The first promoter directors include three doctors, namely Dr. Neil Bordoloi, Dr. Prakritish Bora and Dr. Manash Pratim Baruah and also experienced management graduates. Dr. Manuj Saikia, a reputed Cardiologist is also a share holder of the Company.

Dr. Neil Bordoloi has completed his DM degree from AIIMS, Delhi. He has worked as a Cardiologist in GNRC, Guwahati and also as an Assistant Professor of Cardiology in NEIGRIHMS, Shillong. He is currently a consultant Cardiologist in International Hospital, Guwahati and chief Cardiologist of Excel Care Centre.

Dr. Manash Pratim Baruah is a reputed endocrinologist. He has completed his DM degree from AIIMS, Delhi. He also has experience of working as an Assistant Professor of Guwahati Medical College and at Sunvalley Diabetic Care and Research Centre. He is currently working in Excel Care Centre.

Dr. Manuj Saikia is an experienced and reputed Cardiologist. He is currently the head of Cardiac Surgery in NEIGRIHMS, Shillong.

Dr. Prakritish Bora is a reputed Paediatrician in Guwahati. He is a pediatric Intensivist and Neonatologist. He was instrumental in developing the first level III Paediatric ICU along with a level III NICU in the NE region.

The 'Kayal Group' members who were appointed as additional directors for the Company have diversified business experience with sound financial background. The group is into the manufacturing of cement, corrugated box, asbestos sheet, DG set assembling, dealership from TVS and many more.

Location: The proposed hospital is at Paschim Boragaon, NH-37, Guwahati. It is ~1 Km from Jalukbari point and ~3 Kms from ISBT (Inter State Bus Terminal), ~15 Kms from the Borjhar airport and ~7 to 8 kms from the main city of Guwahati. Guwahati being the main city of the North East Region, indicates the Company's potential to cover the entire market of the region. The upcoming hospital site also has a five star hotel (Radisson Blu) and three star hotels.

Proposed Hospital: The land for the proposed hospital has been allotted by the Government of Assam. It will be a - 168 bedded multi-speciality hospital offering high quality medical services. It will have specialties across Cardiology, General Medicine, General Surgery, Orthopaedics, Gynaecology & Obstetrics, Paediatrics, Dental, ENT Clinic, Neurology, Ophthalmology, Physiotherapy, Dermatology, Emergency Care and others and to be equipped with latest medical equipment and state of the art infrastructure. The viability study of the project has been conducted by M/s Hosmac India Private Limited, Mumbai who are one of the leading hospital consultants in India.

Proposed Capital Structure: The capital structure is modest, with proposed promoters contribution of ~ Rs. 43.38 Crs and term loan of Rs. 60.00 Crs.

Challenges: The project is still in its nascent stage of construction. It is a new business for the 'Kayal Group'; however, this may be offset by the experience of other directors in running a small scale day care hospital. It is a new large sized hospital project for all the promoters. Timely infusion of capital by the promoters as well as the disbursement of term loan and adherence to the planned schedule of construction are to be seen. To build a brand image by competing with the existing established hospitals in the region would be a challenge for the hospital.

Rating Outlook

The outlook is expected to be stable for the current year. Going forward, the Company's ability to adhere to the planned project schedule, complete the project within the envisaged time and cost parameters, and establish brand name would remain the key rating sensitivities.

Note: No financials are included as the hospital is under construction.

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