

Yans Healthcare Private Limited

October 04, 2022

Rating

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	80.00	CARE BB-; Stable (Double B Minus; Outlook: Stable)	Assigned
Total Bank Facilities	80.00 (₹ Eighty Crore Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

The ratings assigned to the bank facilities of Yans Healthcare Private Limited (YANS) is tempered by high project implementation risk marked by nascent stage of project execution, financial closure yet to be completed and highly competitive healthcare industry.

The ratings, however, derives strength from strong experience of promoters in healthcare industry.

Rating sensitivities

Positive factors – Factors that could lead to positive rating action/upgrade:

- Completion of the project within time and cost estimates
- Scaling up of operations as envisaged

Negative factors – Factors that could lead to negative rating action/downgrade:

- Any significant delay in execution of the project resulting in time and costs overrun.

Detailed description of the key rating drivers

Key rating weaknesses

Nascent stage of project implementation

The company is setting up a hospital under the name "Yans Medical Institute" which is a 150 bed multi-speciality hospital being set up in a total area of 2 acres (80.11 are) in Attingal, Trivandrum by Dr. Y A Nazer and his wife, Mrs. Nazeema Nazer. The total project cost for the proposed project is Rs.142 crores which is to be funded by term loan of Rs 80 Cr and Rs. 62 Cr from equity infusion from promoters. Dr. Raja Mohan Chakrapani, an eminent physician from Pittsburgh, U.S.A. and his wife Mrs.Amritha Chakrapani have invested Rs.8.8 crore towards the project. As of September 2022, 27% of the project with an equivalent cost of around Rs.45 crore has been completed towards land acquisition and civil construction entirely funded out of equity infusion by promoters. Various licenses and sanctions have been obtained already by YHPL. Given the initial stages of implementation of the project, company remains exposed to implementation risk and subsequent stabilisation.

Financial closure yet to be completed

The term loan funding for the project is Rs. 80 crore of which Rs. 50 crore is sanctioned by State Bank of India and Bank of Baroda. The remaining Rs. 30 crore is pending for sanction with Kerala State Industrial Development Corporation (KSIDC).

Competition and reliance on scarcely available medical professionals

Presence of qualified medical professionals such as Doctors, paramedical staff and support staff is one of the important requisites of a hospital to be successful and to get continued patronage from the local population. This industry requires specialized doctors to be associated with a hospital for a longer tenure. Further, YANS also faces competition from existing players in the region and large number of private clinics. Given the increasing competition and the scarcity of medical specialists, the ability of the company to source renowned pool of doctors would be a key differentiator.

Key rating strengths

Vast Experience of the promoters in hospital industry

Dr. Y.A. Nazer is a renowned Cardiac Surgeon known for pioneering multiple first-time surgeries in India and South India along with establishing various Cardiac Centres, private Hospitals and teaching hospitals across Middle East and India. Through experience and a strong network developed over the years across Middle East and India, Dr. Nazer was instrumental in setting up Kerala Institute of Medical Sciences and Trivandrum Medical College which are one of the renowned hospitals in Trivandrum. His wife, Dr. Nazeema Nazer is also one of the leading dermatologists in Kerala who also runs a clinic nearby the proposed hospital. Out of the total equity funding of Rs. 62 crore towards the project, the promoters have already infused around Rs. 45 crore till September 2022.

Liquidity: Stretched

There is no cashflows as the hospital yet to start commercial operations of hospital business. As per the in-principal sanction of bank, term loan has a door-to-door tenor of 12 years with 3 years of initial holiday period. The company is expected to avail the

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

first disbursement by October 2022 and the term loan repayment is expected to start from October 2025. which is expected to give adequate cushion to the company in terms of stabilisation of operations.

Analytical approach Standalone

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Hospital](#)

[Project stage companies](#)

[Service Sector Companies](#)

About the company

Yans Medical Institute, a 150 bed multi-speciality is being set up in a total area of 2 acres in Attingal, Trivandrum by Dr.Y A Nazer who is one of the renowned cardiac surgeons based out of Trivandrum, Kerala. The directors currently run a dermatology clinic in the same premises for the last two years. The total project cost for the proposed project is Rs.142 crores which is to be funded by term loan of Rs 80 Crore and Rs. 62 Crore from equity infusion from promoters. As of September 2022, 27% of the project has been completed funded entirely through promoter equity of Rs.45 crore. The soft launch of project is expected to be completed by January 2024 and final commencement of operations is expected by April 2024.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (P)	H1FY23 (P)
Total operating income	0.21	0.32	NA
PBILDT	-0.14	0.03	NA
PAT	-0.22	0.02	NA
Overall gearing (times)	0.19	0.07	NA
Interest coverage (times)	-128.91	25.19	NA

A: Audited P: Provisional NA: Not Available

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for the last three years: Please refer Annexure-2

Covenants of the rated instruments/facilities: Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	November 2037	80.00	CARE BB-; Stable

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	80.00	CARE BB-; Stable				

*Long term.

Annexure-3: Detailed explanation of the covenants of the rated instruments/facilities Not Applicable

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us**Media contact**

Name: Mradul Mishra
Phone: +91-22-6754 3596
E-mail: mradul.mishra@careedge.in

Analyst contact

Name: Swathi Subramanian
Phone: 9444234834
E-mail: swathi.subramanian@careedge.in

Relationship contact

Name: Pradeep Kumar V
Phone: +91-98407 54521
E-mail: pradeep.kumar@careedge.in

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