

APRIL 12, 2016

## CARE REAFFIRMS RATING TO THE BANK FACILITIES OF IQ CITY FOUNDATION

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	<b>210</b> <b>(Enhanced from 81)</b>	<b>CARE BBB-</b> <b>(Triple B Minus)</b>	<b>Reaffirmed</b>
<b>Total Facilities</b>	<b>210</b> <b>(Rupees Two Hundred and Ten crore only)</b>		

### Rating Rationale

The above rating continues to derive strength from experienced and established promoters, technical and management tie-up with reputed hospital group, locational advantage, access to long-term funds, high student enrolment ratio for medical college and moderate occupancy rate for hospital as well as positive industry outlook. However, the rating is constrained by its constitution as a society, project implementation risk, limited track record of the entity with no batch having passed out of the medical college, risk in regard to annual renewal of Letter of Permission from Medical Council of India (MCI) in view of strict monitoring till all prescribed guidelines are fulfilled, moderate financial risk profile, competition from existing multi-specialty hospitals in Durgapur and fragmented healthcare industry.

The ability of the society to complete the project within scheduled time and cost by bringing in the remaining promoter funds, obtaining requisite approvals from MCI on time, maintain high enrollment in its medical college and increase occupancy rate for its hospital will remain the major rating sensitivities.

### Background

IQ City Foundation (IQCF), erstwhile known as SPS Synergy Foundation, was initially jointly promoted by the SPS, Mani and Synergy group of Kolkata in February 2006. However, with the exit of the SPS group from the promoter's consortium, the society was subsequently renamed in April 2014. IQCF is a registered society under the West Bengal Societies Registration Act, 1961 and has been formed for the purpose of establishing and operating hospital and educational institutions. IQ City (being established by the Mani group), is being developed as an integrated township comprising of residential buildings, office towers, club, hospital, education institutes, etc. on 100 acres of land at Sovapur, Durgapur. Out of the abovementioned land parcel, 50.055 acres of land has been obtained by IQCF on lease for a term of 99 years from Asansol Durgapur Development Authority (ADDA) to set up a 150 seat medical college (five batches), 700 bed multi-speciality hospital and nursing, healthcare & health science college at a project cost of Rs.418.7 crore. The project is being funded through a debt equity ratio of 1:1 and is expected to commence full operations from September 30, 2017. Financial closure in respect of Rs.210 crore of term loan has already taken place. As on January 5, 2016, the society has already incurred around Rs.344.66 crore and commenced operations pertaining to 322 beds of the hospital while three batches of medical students (each comprising 150 students) have also been admitted. Furthermore, nursing college has also started its operations from September 2015.

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

In FY15 (refers to the period April 1 to March 31), IQCF incurred a deficit of Rs.10.97 crore (deficit of Rs 12.10 crore as per audited FY14 results) on total operating income of Rs.49.23 crore (Rs.29.80 crore as per audited FY14). Furthermore, the management has maintained to achieve revenue of Rs.48.29 crore till 9MFY16.

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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