

October 01, 2024

Saville Hospital and Research Centre Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term Loan	68.00	68.00	[ICRA]BBB (Stable); Reaffirmed
Total	68.00	68.00	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation for Saville Hospital and Research Centre Private Limited (Saville) factors in the healthy occupancy of its property as it is 100% occupied by tenants, Healthcare Global Enterprise (HCG) and Manglamplus Medicity LLP (Manglam Group entity), as of March 2024, along with favourable location of the asset in Mansarovar, Jaipur. The company has been receiving the minimum guaranteed rentals in the range of Rs. 11-12 crore from tenants. Saville's leverage remains comfortable with Total external debt/NOI at 5.1 times as of March 2024, which is expected to improve to around 4.6-4.8 times as of March 2025 on account of decline in debt, backed by scheduled debt repayments. The rating notes the Manglam Group's established track record of more than three decades in the real estate industry in Rajasthan, strong brand positioning in Jaipur (Rajasthan) and demonstrated project execution capabilities. The Group has delivered more than 45 million square feet (msf) of residential/commercial/ plotted projects in various cities of Rajasthan. ICRA expects Manglam Build-Developers Ltd to extend timely financial support to Saville if need arises, given their strategic importance to MBDL, business linkages, common management, common treasury team and MBDL's reputation sensitivity to default.

The rating is, however, constrained by Saville's moderate scale of operations, single asset as well as high tenant concentration risk as the entire property is leased out to two tenants, and the consequent exposure to market risk in case of any vacancy/non-renewal of leases. The rating is constrained by the modest scale of operations with the expected rental inflows in the range of around Rs. 11.0-11.5 crore in FY2025 and moderate debt coverage metrics with 5-year average DSCR at 1.01-1.05 times in FY2025-FY2029. Further, the debt coverage metrics are vulnerable to any fluctuations in interest rates.

The Stable outlook on Saville's rating reflects ICRA's expectation that the company will benefit from the Manglam Group's established brand presence in the Jaipur market, along with asset's strong occupancy and comfortable leverage levels.

Key rating drivers and their description

Credit strengths

Favourable location and healthy occupancy levels – The property is favourably located at Mansarovar, Jaipur, which is well connected to the other parts of Jaipur and the property is 100% occupied as on date by tenants, Healthcare Global Enterprise (HCG) and Manglamplus Medicity LLP (Manglam Group entity) as of March 2024.

Comfortable leverage levels – The company has leased out the full property and has been receiving minimum guaranteed rentals in the range of Rs. 11-12 crore from tenants. Saville's leverage remains comfortable with Total external debt/NOI at 5.1 times as of March 2024, which is expected to improve to around 4.6-4.8 times as of March 2025 on account of decline in debt, backed by scheduled debt repayments.

Established track record of Manglam Group in real estate business in Rajasthan – The Group enjoys an established position and strong brand name in Rajasthan, particularly in Jaipur, with a diversified asset portfolio. Manglam Build Developers Pvt Ltd (MBDL) has a track record of over 30 years in the real estate sector, in Rajasthan. The Group is currently developing 13 projects

including residential, commercial and plotting projects. It also comprises multiple completed projects across residential, commercial and plotted segments. The Group has a strong in-house project execution capability, as demonstrated through completion of more than 45 msf area.

Credit challenges

Modest scale of operations – The company has modest scale of operations as reflected by the rental inflows of only about Rs. 11.4 crore in FY2024. Further, the expected collection from the property is projected to be in the range of Rs. 11.0-11.5 crore in FY2025 and it does not have any major ongoing project launches over the medium to long term, which limits the revenue and cash flow visibility.

Moderate debt coverage metrics – The company has moderate debt coverage metrics as marked by DSCR of 1.02 times for FY2024, which is expected to remain at similar levels in FY2025. Further, it has 5-year average DSCR at 1.01-1.05 times in FY2025-FY2029. Also, the debt coverage metrics are vulnerable to any fluctuations in interest rates.

Single asset and high tenant concentration risks – The company’s dependence on single asset exposes it to asset concentration risk. The tenant concentration risk is also high for Saville as the property is occupied by two tenants, exposing it to market risk in case of any vacancy/non-renewal of lease.

Liquidity position: Adequate

The company’s liquidity position remains adequate as marked by the free cash and bank balances of Rs. 6.1 crore as of March 2024. Further, it has repayment obligations of Rs. 4.1 crore in FY2025, which is expected to be adequately serviced through the estimated cash flow from operations.

Rating sensitivities

Positive factor – ICRA could upgrade Saville’s rating if the company demonstrates a sustained improvement in rentals with timely collections resulting in an improvement in debt coverage metrics.

Negative factor – Negative pressure on Saville’s rating could arise if there is a material increase in vacancy or a material increase in indebtedness resulting in weakening of debt protection metrics and liquidity on a sustained basis. The rating will be sensitive to weakening of the credit profile of the Manglam Build-Developers Ltd.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Realty – Lease Rental Discounting (LRD) Hospitals
Parent/Group support	Group Company: Manglam Build-Developers Ltd ICRA expects Manglam Build-Developers Ltd. to extend financial support to Saville Hospital and Research Centre Private Limited, if need arises, given their strategic importance to MBDL as there are business linkages, common management, common treasury team and MBDL’s reputation sensitivity to default. Further, MBDL has also given corporate guarantee for the loan availed by Saville Hospital and Research Centre Private Limited.
Consolidation/Standalone	Standalone

About the company

Incorporated in April 1993, Saville Hospital and Research Centre Private Limited (Saville) is a group company of the Manglam Group and having a hospital building at Shipra Path, Mansarovar, Jaipur. The hospital has a total built-up area of 4 lakh sq ft. Out of the total 4 lakh sq ft area, one-fourth has been leased to HealthCare Global Enterprise (HCG) for oncology and the remaining area to Manglamplus Medicity LLP (Manglam Group entity), which has established a 330-bed multi-speciality hospital.

Key financial indicators (audited)

Saville Standalone	FY2023	FY2024*
Operating income	11.4	11.4
PAT	3.5	2.9
OPBDIT/OI	96.8%	95.5%
PAT/OI	30.9%	25.6%
Total outside liabilities/Tangible net worth (times)	10.8	7.8
Total debt/OPBDIT (times)	6.5	6.5
Interest coverage (times)	1.8	1.6

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2025)				Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs. crore)	FY2025		FY2024		FY2023		FY2022	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long term-fund based - Term loan	Long Term	68.00	October 01, 2024	[ICRA] BBB (Stable)	16-Aug-23	[ICRA]BBB (Stable)	09-May-22	[ICRA]BBB (Stable)	03-Aug-21	[ICRA] BBB-(Positive)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term loan	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Fund-Based Term Loan	FY2019	-	FY2031	68.00	[ICRA]BBB (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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