



Yashoda Hospital and Research Centre Limited

Instrument	Amount	Rating
	In Rs. Crore	As on July 13
Term Loans	28.52	[ICRA]BBB-(Stable) (<i>upgraded</i>)
Cash Credit	17.50	[ICRA]BBB-(Stable) (<i>upgraded</i>)

ICRA has upgraded the rating earlier assigned to the Rs 46.02 crore* (enhanced from Rs 28.00 crore) term loans and fund based facilities of Yashoda Hospital and Research Centre Limited (Yashoda) from [ICRA]BB+ (pronounced ICRA double B plus) to [ICRA]BBB- (pronounced ICRA triple B minus)[†]. The outlook on the long term rating is stable.

The rating upgrade factors in the improvement in Yashoda's capital structure owing to the equity infusion from promoters and healthy accruals from operations. The rating further factors in the improvement in Yashoda's operational profile marked by better occupancy and increasing revenues per bed, which has been aided by NABH accreditation received in FY2013. The rating continues to take into account Yashoda's established reputation in Ghaziabad and the adjoining areas, and the diversity of its revenues arising out of presence of two units, various specialities and a good mix of empanelments and individual patients.

The rating continues to be constrained by Yashoda's ongoing capital expenditure at its Kaushambi unit wherein it is doubling its bed capacity and is also adding critical equipment. While Yashoda has received the requisite debt sanctions for the same which mitigates funding risks, its ability to complete the expansion as planned, ramp up occupancy and generate returns in order to maintain its debt coverage indicators at adequate levels will remain a key rating sensitivity. The rating is further constrained by the competition faced from other reputed healthcare players in the region and the risk of attrition of key doctors amid the competition. Additionally, the rating continues to factor in Yashoda's long receivable cycle from empanelled government and semi government agencies. ICRA notes that the group's plan of setting up a 'Medicity' in the National Capital Region is moving slow, however any financial support from Yashoda towards it will impact its financial risk profile and will be a key monitorable. These factors apart, Yashoda's ability to maintain its revenue growth and profitability and manage its working capital cycle will continue be key rating sensitivities.

Company Profile

Yashoda Hospital & Research Center Ltd is promoted by the Arora family of Ghaziabad, Uttar Pradesh. The company was initially started as Dr Shashi Nursing Home for gynaecology and obstetrics department by Dr. Shashi Arora and her husband Dr. Dinesh Arora in 1988. In the later years, the promoters added departments to the facility and in 1996, the company was renamed as Yashoda Hospital & Research Center Ltd. The flagship facility is located in Nehru Nagar in Ghaziabad and currently has 306 beds. In 2006, the promoters started another 106 bed unit in Kaushambi in Ghaziabad. The company is currently in process of doubling bed capacity in the Kaushambi unit. In 2012, both the facilities received NABH accreditation with the Nehru nagar facility receiving NABH super specialty accreditation while the Kaushambi unit received.

Dr. Dinesh Arora who holds 6.9% shares in the company is the Chairman of Yashoda. Dr. Shashi Arora holds 16.2% shares and heads the Gynaecology department of the hospitals. Dr. P N Arora holds 25.6% and is the Managing Director. He manages the overall administration and financial matters of the company. He is assisted by his wife Mrs. Upasana Arora who holds 7.7% shares and is responsible for administration of the Kaushambi unit. The remaining shareholding lies within the Arora family and friends and promoter owned entities.

* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.



Recent results

As per the provisional results for the financial year ending Mar 31st 2013, the company generated revenues of Rs 99.3 crore, 11% growth over previous year. While the Operating profit before interest, depreciation and tax (OPBDIT) increased to Rs 18.7 crore from Rs 17.18 crore in previous year, operating margin declined marginally to 18.9% from 19.2% in previous year mainly on account of higher employee expenses. The Profit before tax stood at Rs 7.5 crore as compared to Rs 6.2 crore in previous year. As of Mar 31st 2013, the net worth stood at Rs 37.8 crore and the company had a debt equity ratio of 1.18 times.

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