

 Early Warning System

IFC-35989

Regency Hospital



Quick Facts

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| Countries | India |
| Specific Location | Uttar Pradesh, India |
| Financial Institutions | International Finance Corporation (IFC) |
| Status | Active |
| Bank Risk Rating | B |
| Borrower | REGENCY HOSPITAL LIMITED |
| Sectors | Education and Health, Infrastructure |
| Investment Type(s) | Equity |
| Investment Amount (USD) | \$ 9.45 million |
| Project Cost (USD) | \$ 24.60 million |



Project Description

PROJECT DESCRIPTION

Established in 1989, Regency Hospitals Limited ("Regency" or the "company") is a healthcare provider in Uttar Pradesh ("UP"), India. Regency currently operates three healthcare units in Kanpur in UP: Regency Multi-Specialty hospital - Established in 1995, this is the flagship unit of the company and currently operates a 175 bed facility. The hospital has a quality management system accredited by National Accreditation Board for Hospitals and Healthcare Providers (NABH) and is the first NABH accredited hospital in UP. Renal Science Center - Established in 2012 (in an owned building), this 75 bed hospital super-specializes in nephrology and urology. City Clinic - This is a satellite outpatient center established in August 2014 (in a leased building) to decongest the multi-specialty hospital. It focuses on premium OPD and preventive health checkups. The company also has a nursing school, Regency School of Nursing, which was established in 2009 to train nurses to meet the captive demand of the company. The school is located in a separate building owned by the company. The current batch size is 40 and total 120 students. The company has identified following five new expansion opportunities, two of which i.e. a secondary care hospital in south Kanpur and a cancer hospital under the HCG Joint Venture (JV) are in advanced construction stages. Secondary-care facility in Govind Nagar, south Kanpur: This will be a secondary care facility with 125 beds. This was a shopping center building, which has been leased by Regency and is being converted (by the owner as per Regency's specifications) into a hospital. The building main structural system will remain as existing. The total built-up area is about 39000 ft² (~3623 m²) with two basements, ground and six other floors. The floor area would be around 5500 ft² (~511 m²) each. HCG Regency Oncology Healthcare Private Limited's Oncology Center - This is a JV with HCG, a pan-India chain of super-specialty cancer care hospitals. HCG owns 51% of the JV while Regency owns the remaining 49%. Construction is underway for the first oncology hospital under the JV, a greenfield 100 bed unit (located in an owned building on a plot purchased by the JV) adjacent to the existing Regency multi-specialty hospital. The total built-up area is about 65000 ft² (6252 m²) with two basements, ground and six other floors. The floor area will not exceed 800 m². Expansion of existing multi-specialty hospital - The company has plans to expand the existing 175 bed hospital with a new block (in an owned building) having 150 beds on an adjacent piece of land. Land purchase has been completed and construction will begin soon. It is expected to start operations by April 2018. Regency Nephrocare Private Limited - This is a Joint Venture (JV) with Fresenius Medical Care India Private Limited. The JV plans to set up 14 dialysis centers over the next five years. Currently, two dialysis centers at the existing Renal Science Center and City Clinic are part of the JV. Nephrology Shop-in-Shops - Regency plans to enter into agreement with existing hospitals for management of their nephrology departments, where dialysis would be outsourced to Regency and Regency's existing Renal Center will be utilized for transplant cases. IFC proposes to invest Indian Rupees 615 million (approximately US\$ 9.45 million equivalent) through equity for the above expansion ("the project"). The remaining funding needs will be provided by other investors and external debt/internal cash generations.

OVERVIEW OF IFC'S SCOPE OF REVIEW

IFC's review of this investment consisted of appraising technical, environmental, health and safety (EHS) and social information submitted by Regency including policies and standard operating procedures under its existing hospital management systems, EHS permitting documents of existing hospitals, and National Accreditation Board for Hospitals and Healthcare Providers (NABH) accreditation documents. The appraisal included site visits to company's operational hospitals (Regency Hospitals, Renal Science Center and City Clinic), Nursing School and under construction hospitals (Oncology Center and Govind Nagar hospital) in Kanpur, in UP, in India in August and September 2015. During the appraisal visit, discussions were held with company's senior management including Vice President - Strategy, HR Manager, General Manager - Operations, Regency Hospital, Quality Management System Coordinator, Project Managers for the under construction hospitals i.e. Govind Nagar



Investment Description

- International Finance Corporation (IFC)

Regency is promoted by its Managing Director, Dr. Atul Kapoor, and his wife, Dr. Rashmi Kapoor, who heads the Company's Pediatrics department. Dr. Atul Kapoor and his son, Mr. Abhishek Kapoor (VP-Strategy), lead the management team. Dr. Atul Kapoor established the Company more than 20 years ago as Kanpur's first corporate hospital, and today Regency is Kanpur's largest private healthcare provider and one of the largest health care networks in UP.

Regency was until recently a publicly listed company which traded on the Bombay Stock Exchange. Shareholding of the company is now largely held with the promoters and their family members and affiliates.

IFC's Investment as Approved by the Board: USD 9.07 (Equity)



Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at <http://www.cao-ombudsman.org/>

CONTACTS

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