

Royalcare Super Speciality Hospital Limited

May 12, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB+; Stable; ISSUER NOT COOPERATING* (Double B Plus; Outlook: Stable ISSUER NOT COOPERATING*) and Withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A4+; ISSUER NOT COOPERATING* (A Four Plus ISSUER NOT COOPERATING*) and Withdrawn
Total Bank Facilities	-		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE Ratings Ltd. has reaffirmed and withdrawn the outstanding ratings of 'CARE BB+; Stable; Issuer not Cooperating /CARE A4+; Issuer Not Cooperating' [Double B; Outlook: Stable; Issuer not Cooperating/ A Four Plus; Issuer not Cooperating] assigned to the bank facilities of Royalcare Super Speciality Hospital Limited (RSSH) with immediate effect. The above action has been taken at the request of RSSH and 'No Objection Certificates' received from the banks that have extended the facilities rated by CARE Ratings Ltd.

Detailed description of the key rating drivers

At the time of last rating on March 31, 2021, the following were the rating strengths and weaknesses

Key Rating Weaknesses

Moderate Capital structure and weak protection metrics

The paid-up capital of the hospital stood at Rs.164.38 crore as on March 31, 2021. The overall gearing of the company stood moderate at 2.49x as on March 31, 2021, as against 2.52x as on March 31, 2020. The debt coverage indicators improved but stood weak with Total debt/ GCA of 8.51x as on March 31, 2021, as against 40x as on March 31, 2020.

Nascent stage of operations with competition in the region

RSSH commenced operations in 2016 and has relatively smaller track record of operations compared to other major hospitals in the region. RSSH faces competition from existing players in the region and large number of private clinics. Hence, increasing competition from the existing players and new entrants could be detrimental to RSSH's growth. However, given the increasing competition and the scarcity of medical specialists, the ability of the company to increase the current pool of doctors would be a key differentiator.

Key Rating Strengths

Vast experience of the promoters in the healthcare sector

RSSH is headed by Dr.K. Madeswaran, who is one of the leading and renowned Neurosurgeon of Coimbatore. He was earlier associated with Kovai Medical Centre and Hospital Limited (KMCH, rated CARE A+; Stable/ A1+). His leadership is assisted by Dr.K. Chockalingam M.D., D.M (Cardiology), an eminent Cardiologist of Coimbatore who has over two decades of experience in the sector.

Growth in operating income with improved profitability during FY21

The total operating income of the company increased to Rs.221.49 crore in FY21 from Rs.174.55 crore in FY20 an annualized growth of 27% from FY20 on back of higher inpatient numbers. The PBILDT margin improved from 16.32% in FY20 to 24.54% in FY21. During FY21, the company reported gross cash accruals (GCA) of Rs.28.17 crore as against GCA of Rs.5.85 crore in FY20.

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

*Issuer did not cooperate; based on best available information

Analytical approach: Standalone**Applicable Criteria**
[Policy in respect of Non-cooperation by issuer](#)
[Policy on default recognition](#)
[Policy on Withdrawal of Ratings](#)
[Criteria on assigning Outlook to Credit Rating](#)
[Financial Ratios – Non-financial Sector](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Short Term Instruments](#)
[Hospital](#)
About the Company

Royalcare Super Speciality Hospital Limited (RSSH) is a Coimbatore-based public limited company providing advanced healthcare services. RSSH was promoted during December 2012 by Dr. K. Madeswaran (Chairman & Managing Director), Dr. K. Chockalingam and Mr. P.K Alagesan. The company at present has 16 directors in the Board. As of February 10, 2021, RSSH operates a multispecialty hospital 3 CARE Ratings Limited Press Release with 536 beds at Coimbatore having various departments such as Neurology, Interventional Cardiology, Cardiothoracic & Vascular Surgery, Nephrology, Urology, Oncology, Gastroenterology, Paediatrics etc equipped with latest health care facilities.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	31-03-2022
Total operating income	174.55	221.49	NA
PBILDT	28.48	54.36	NA
PAT	-17.23	4.16	NA
Overall gearing (times)	2.52	2.39	NA
Interest coverage (times)	1.03	1.89	NA

A: Audited; NA: Not Available

Status of non-cooperation with previous CRA: Not Applicable**Any other information:** Not Applicable**Rating History for last three years:** Please refer Annexure-2**Covenants of rated instrument / facility:** 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	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	-	0.00	Withdrawn
Non-fund-based - ST-Bank Guarantee		-	-	-	0.00	Withdrawn
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2022-2023	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (04-Apr-22)	-	1)CARE BB+; Stable (31-Mar-21) 2)CARE BB; Stable (03-Apr-20)	1)CARE BB-; Stable (04-Apr-19)
2	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)Withdrawn (03-Apr-20)	1)CARE BB-; Stable (04-Apr-19)
3	Non-fund-based - ST-Bank Guarantee	ST	-	-	1)CARE A4+; ISSUER NOT COOPERATING* (04-Apr-22)	-	1)CARE A4+ (31-Mar-21) 2)CARE A4 (03-Apr-20)	1)CARE A4 (04-Apr-19)
4	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (04-Apr-22)	-	1)CARE BB+; Stable (31-Mar-21)	-

*Issuer did not cooperate; based on best available information

Annexure-3: Detailed explanation of covenants of the rated instrument / 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- Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	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 instrument: CARE Ratings Ltd. 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.

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About CARE Ratings Limited:

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