

Ananthapuri Hospitals Private Limited

December 05, 2023

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	45.46 (Reduced from 53.70)	CARE BB+; Stable	Revised from CARE BB; Stable
Short-term bank facilities	4.00	CARE A4+	Revised from CARE A4

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The revision in ratings assigned to the bank facilities of Ananthapuri Hospitals Private Limited factors in the improved financial risk profile of the company in FY23 (refers to the period April 01 to March 31) while maintaining a healthy operational profile translating in to stable revenue and profitability in the past two years.

The ratings continue to derive strength from the experience of the management in the medical field, long track record of operations of the hospital and diversified revenue stream from various departments.

The ratings are, however, constrained by modest scale of operations with revenues dependent on a single location hospital, leveraged capital structure, dependence on scarcely available medical professionals and growing competition in the industry.

Rating sensitivities: Factors likely to lead to rating actions.

Positive factors

- Consistent growth in the scale of operations above the range of ₹200 crore while maintaining the PBILDT margins above 13%.

Negative factors

- Any debt-funded capital expenditure deteriorating the capital structure leading to gearing levels above 3x.
- Deterioration in liquidity indicators

Analytical approach: Standalone

Outlook: Stable

The 'stable' outlook reflects the hospital's ability to sustain its operational performance with healthy occupancy levels and established regional presence.

Detailed description of the key rating drivers:

Key weaknesses

Modest scale of operations albeit stable revenue profile.

AHPL's Total operation income (TOI) though modest, has remained largely stable in the range of Rs. 130-140 crore in the past two years. The TOI of the hospital had increased from Rs. 88.62 crore in FY21 to Rs. 134.83 crore in FY23 at CAGR growth of 23% backed by the improved contribution from inpatient and outpatient revenue which was lower during FY21 due to covid lockdown restrictions. The operating margins stood stable at 14.05% in F23 (PY:14.33%) . The Average revenue per occupied bed (ARPOB) increased from Rs. 15.085 in FY22 to Rs. 16,631 in FY23 and stood at Rs. 16,939 in H1FY24 (refers to the period April 1 to September 30). During H1FY24, the Hospital reported operating income of Rs. 70.48 crores at a healthy PBILDT margins of above 13%. The Hospital is planning to increase its consultation and surgery charges from H2FY24 onwards which shall aid in Higher revenue as well as profitability going forward. Care Ratings expects the revenue to remain in the range of Rs. 150-160 crores in the medium term.

Dependence on scarcely available qualified medical professionals

The healthcare industry is highly dependent on the scarcely available, qualified medical professionals. AHPL is also dependent on professionals such as doctors, paramedical staff and support staff to maintain its revenue. Given the increasing competition and the scarcity of medical specialists, the ability of the hospital to retain its current pool of doctors would be crucial.

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

Single locational regional player and growing competition in the industry

Despite being in operation for over fifteen years the revenue is concentrated from a single hospital. Being a single location player limits its reach to a particular geographical region. AHPL though one of the larger hospitals in Trivandrum, faces competition from existing players in the region providing tertiary care services and large number of private clinics.

Key strengths

Improved Capital Structure and Financial Risk Profile in FY23

The capital structure of the hospital improved and stood moderately leveraged marked by overall gearing at 1.54x as on March 31, 2023 (PY: 2.18x). The hospital had long-term debt of Rs. 49.08 crore as on March 31, 2023 (PY: 55.14 crores). It includes term loans taken from banks and financial institutions most of which were availed for the construction of an additional block in the existing hospital few years back. The debt protection indicators stood satisfactory marked by Total Debt / Gross Cash Accrual Ratio of 3.68x as on March 31, 2023, improved from 3.94x as on March 31, 2022. The net worth also stood improved to Rs. 32.64 crore in FY23 on back of healthy accretion to reserves. In absence of any major debt funded capex plans, Care Ratings expects the Capital structure to further improve in the medium term.

Experience of the promoters in the hospital sector

The operations of AHPL are managed by Dr. A Marthanda Pillai - MS (Neuro), MNAMS (Neuro), FRCS who is a neurosurgeon and the Chairman cum Managing Director. Mr. Pillai is a Padma Shri awardee for medicine. He is supported by highly experienced, skilled, and distinguished doctors with a healthy experience in their respective fields of expertise. The expertise of the top management and their wide experience in medical field has made AHPL a well-known tertiary care hospital in the Trivandrum region. The hospital is a NABH (National Accreditation Board for Hospitals and Healthcare providers) accredited tertiary care hospitals in the region catering to patients in Trivandrum and its surrounding districts for over a decade.

Diversified revenue stream from various departments

The hospital derives revenue from various specialities and offers services in general medicine, general surgery, etc and super specialty departments like neurosurgery, nephrology, Cardiology, among others with neurosurgery contributing the higher share of the revenue at 26%, followed by general medicine at 16% and cardiology at 12% in FY23. The hospital also plans to expand its infertility and oncology department in a span of two years.

Liquidity: Stretched

Liquidity is stretched marked by tightly matched accruals to repayment obligations of around Rs.5 crore in FY24, moderately utilized bank limits and modest cash balance of Rs.5.52 crore as on March 31, 2023. The hospital has an average collection period of 27 days (PY:22 days) which includes insurance cases as also ESIC schemes receivables which account for around 6% of the total income. The hospital normally maintains a credit period of about 40-50 days with its suppliers for consumables & medicine. The average utilization of the working capital limits stood around 75% for past twelve months ended October 2023.

Applicable criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Hospital](#)

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About the company and industry

Industry classification

Macro Economic Indicator	Sector	Industry	Basic Industry
Healthcare	Healthcare	Healthcare Services	Hospital

Incorporated in 1992, by Dr. A Marthanda Pillai, Ananthapuri Hospitals Private Limited (AHPL) is engaged in providing healthcare services and related education training. AHPL is a 400 bedded Tertiary care hospital located at Thiruvananthapuram, Kerala, having over 40 Medical and Surgical departments, 7 operation theatres, 12 fully equipped ICUs and a 24-hours accident and trauma care unit. The first phase of the hospital with all major departments, had become functional from July 2005. It also has a nursing academy offering nursing and paramedical courses.

Brief Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	H1FY24 (P)
Total operating income	134.82	134.83	70.48
PBILDT	20.57	18.95	8.96
PAT	6.73	6.01	NA
Overall gearing (times)	2.18	1.54	NA
Interest coverage (times)	3.58	3.51	NA

A: Audited, P: Provisional, NA: Not Available; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Nil

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: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term loan		-	-	February 2031	45.46	CARE BB+; Stable
Fund-based - ST-Bank overdraft		-	-	-	3.00	CARE A4+
Non-fund-based - ST-Bank guarantee		-	-	-	1.00	CARE A4+

Annexure-2: Rating history for the last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021
1	Fund-based - LT-Term loan	LT*	45.46	CARE BB+; Stable	-	1)CARE BB; Stable (18-Nov-22) 2)CARE BB; Stable (22-Jul-22)	-	-
2	Non-fund-based - ST-Bank guarantee	ST**	1.00	CARE A4+	-	1)CARE A4 (18-Nov-22) 2)CARE A4 (22-Jul-22)	-	-
3	Fund-based - ST-Bank overdraft	ST**	3.00	CARE A4+	-	1)CARE A4 (18-Nov-22)	-	-

*Long term, **Short term.

Annexure-3: Detailed explanation of covenants of the rated instruments/facilities: Not applicable

Annexure-4: Complexity level of the various instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term loan	Simple
2	Fund-based - ST-Bank overdraft	Simple
3	Non-fund-based - ST-Bank guarantee	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on the complexity levels of the rated instruments: CARE Ratings 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.

Contact us

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About us:

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