

Lourdes Society for Health Care and Research

January 24, 2020

Ratings

Facilities	Amount (Rs. crore)	Rating	Rating Action
LT Bank Facilities- Term Loan	-	-	Reaffirmed at CARE BBB; Outlook Stable and withdrawn
LT Bank Facilities- OD	-	-	Reaffirmed at CARE BBB; Outlook Stable and withdrawn
Total Facilities	-		

Details of facilities in Annexure-1

Detailed Rationale and Key Rating Drivers

The rating of Lourdes Society for Health Care and Research (LSHR) continues to derive strength from long track record with more than five decades of presence in Kochi, reputed and experienced team of doctors, stable financial risk profile with stable income, comfortable capital structure and debt coverage indicators. However these strengths are partially offset by thin profitability margins due to moderate earning per bed on account of charitable nature of trust, intense competition from other hospitals around the region and geographic concentration risk.

Hence CARE has reaffirmed and withdrawn the outstanding rating of CARE BBB; Stable [Triple B; Outlook: Stable] assigned to the bank facilities of LSHR with immediate effect.

The rating withdrawal is at the request of Lourdes Society for Health Care and Research and 'No Objection Certificate' received from the banks that have extended the facilities rated by CARE.

Detailed description of the key rating drivers

Key Rating Strengths

Long track record and established presence in the region

Founded in 1965, LSHR is a charitable trust operated and managed by Archdiocese of Veropoly to provide medical services for the people around the region. The day-to-day operations of the hospital are managed by a professional team under the leadership of the Trust Secretary, Fr. Shaiju Augustine Thoppil. Presently, the hospital is a 500 bed multispecialty hospital at Kochi consisting of 32 departments with 196 doctors including 57 specialist doctors. Over the years, Lourdes Hospital has marked its presence in the region providing affordable and quality services.

Stable income, comfortable capital structure and debt coverage indicators

During FY19, trust's income grew by 11.95% against FY18 from Rs.112.09 crores during FY18 to Rs.125.49 crores in FY19. Trust's overall gearing remained comfortable at 0.26x as on March 31, 2019 (PY: 0.23x) despite increase in working capital utilisation. TDGCA improved from 3.22x as on March 31, 2018 to 3.07x as on March 31, 2019.

Key Rating weaknesses

Thin profitability margins due to moderate earning per bed on account of charitable nature of trust

PBILDT margins dropped from 6% in FY18 to 5.24% in FY19 due to increase in hospital operating and other expenses. PAT margins improved from 0.05% in FY18 to 0.28% in FY19. GCA improved from Rs. 5.22 crores during FY18 to Rs.6.27 crores during FY19.

Regional player and growing competition in the industry

LSHR operates through 2 hospitals both located in Kochi. Being a single location player limits its reach to this geographical region. LSHR faces competition from existing players in the region providing tertiary care services, regional private hospitals giving primary care and secondary care services and large number of private clinics. Hence, increasing competition from the existing players and new entrants could affect Lourdes' growth.

Applicable Criteria

[Policy on Withdrawal of ratings](#)

[Criteria on assigning Outlook to Credit Rating](#)

[CARE's default recognition policy](#)

[Financial ratios - Non Financial Sector](#)

Analytical approach: Consolidated

About the company

Lourdes Society for Health Care and Research (LSHR) is a registered public charitable Society managed by Archdiocese of Veropoly belonging to Latin rite oriental Roman Catholic Church with Rev. Fr. Joseph Kalathiparambil, Archbishop of the diocese as the president of the Society. At present, LSHR's operations are led by Fr. Shaiju Augustine Thoppil, Secretary of the

Society. The Society is engaged in providing healthcare services and related education and training. It started its operations by commencing a Nursing Home in 1965. Over the years, LSHR has grown and it presently runs:

- a) Lourde Hospital (LH) which is a 500-bed hospital at Pachalam, Kochi
- b) Kristu Jayanti Hospital(KJH), a 100 bedded hospital at Vypin, Kochi
- c) Nursing College providing BSc, Post BSc & MSc courses and a Nursing School (GNM), a Paramedical College offering various courses.

Brief Financials (Rs. crore)	FY18 (A)	FY19 (A)
Total Operating Income	112.09	125.49
SBID	6.72	6.57
Surplus	0.06	0.35
Overall Gearing (times)	0.23	0.26
Interest coverage (times)	4.46	4.22

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based-Long Term	-	-	-	0.00	Withdrawn
Fund-based - LT-Bank Overdraft	-	-	-	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 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based-Long Term	LT	-	-	-	1)CARE BBB; Stable (13-Mar-19)	-	-
2.	Fund-based - LT-Bank Overdraft	LT	-	-	-	1)CARE BBB; Stable (13-Mar-19)	-	-

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

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