



## Press Release

**JR Super Specialty Hospitals Private Limited**

**January 02, 2023**

### Ratings

Facilities	Amount (Rs. crore)	Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities	40.00	IVR BBB/ Stable (IVR Triple B with Stable outlook)	Revised from IVR BBB-/ Positive (IVR Triple B Minus with Positive outlook)	Simple
<b>Total</b>	<b>40.00</b> <b>(Rupees Forty crore only)</b>			

**Details of Facilities are in Annexure 1**

### Detailed Rationale

The revision in the ratings assigned to the bank facilities of JR Super Specialty Hospitals Private Limited (JSPL) factors in the improvement in occupancy levels and total operating income of the company in FY22. The ratings also factor in the experience of its promoters and management, and tie ups with TPAs and corporates. The rating strengths are, however, offset by the moderate capital structure and debt protection metrics, high competition in the sector, and single asset as also geographical concentration risks.

### Key Rating Sensitivities:

#### Upward Factors

- Improvement in the total operating income by more than 15% on a sustained basis.
- Sustained improvement in EBITDA margin exceeding 15% leading to improvement in cash accruals and liquidity position
- Improvement in overall gearing ratio to around unity

#### Downward Factors

- Any decline in revenue and profitability leading to deterioration in debt protection metrics.
- Any debt funded capex leading to deterioration in the debt protection parameters and/or the liquidity position of the company



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### List of Key Rating Drivers with Detailed Description

#### Key Rating Strengths

##### Experience promoter and management

JSPL is running a hospital named Dr. Rela Institute and Medical Centre (DRIMC) based in Chromepet, Chennai. The company is promoted by Dr. Jagathrakshakan Swamikannu who has more than four decades of experience in educational institutions, liquor industry, steel industry, hospitality industry, jewellery industry, healthcare and others, and Dr. Srinisha Jagathrakshakan who has more than one decade of experience in health care sector. DRIMC is mentored by Dr. Mohammed Rela, Chairman & MD, who has a track record of conducting over 5000 successful liver transplantation surgeries and Dr. Ilankumran Kaliamoorthy, CEO, who has more than five decades of experience as MBBS doctor. JSPL is a part of the Accord group which was incorporated in 1991.

##### Improvement in occupancy levels and total operating income of the company in FY22

The average occupancy levels of the hospital have gradually improved in the past two fiscals on improvement in referrals. The average occupancy levels of the company have improved from 40% in FY21 to 48.42% in FY22. Total operating revenue (TOI) of the company has increased from Rs.212.03 in FY21 crore to Rs.326.69 crore in FY22 due to increase in inpatient revenue from Rs.183.98 crore in FY21 to Rs.271.71 crore in FY22. EBITDA has remained at similar levels at 10.99% in FY22 against 10.04% in FY21. Further PAT margin has improved from 2.82% in FY21 to 3.35%. GCA improved from Rs.15.35 crore in FY21 to Rs.25.57 crore in FY22.

##### Tie ups with TPAs and corporates

The hospital has tie up facilities with 22 public and private insurance companies for treating the corporate and other patients. The hospital also has a tie -up with the Ministry of health Oman & Bahrain for treating its overseas patients.

#### Key Rating Weaknesses

##### Moderate capital structure and adequate debt protection metrics

Overall gearing ratio and TOL/ TWN has deteriorated from 7.48x and 11.15x as on March 31, 2021 to 9.40x and 13.05x as on March 31, 2022 respectively mainly on account of increase in unsecured loans from related parties (in the form of ICDs from group companies) coupled with



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addition of fresh loans to purchased required surgical equipments. Interest coverage ratio remained at similar level at 4.38x in FY21 and 4.56x in FY22. Total debt to GCA has deteriorated from 6.01x in FY21 to 8.60x in FY22 due to increase in total debt.

### **High competition in the sector**

Chennai has several super specialty hospitals having varied offerings in the hepatology domain. There are also some medical colleges and associated hospitals which also increase the competitive intensity in specialized hepatology domain.

### **Single asset as also geographical concentration risks**

JSPL currently has only one hospital named as 'Dr. Rela Institute and Medical Centre' under its ambit. Also, it is located in Chennai. This exposes the cashflows of the company to concentration risk.

**Analytical Approach:** Standalone

### **Applicable Criteria:**

[Criteria of assigning Rating Outlook](#)

[Rating Methodology for Service Sector](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

### **Liquidity: Adequate**

The liquidity of the company is expected to remain adequate in the near to medium term marked by sufficient cash accruals vis-à-vis its debt repayment obligations. The company has managed its working capital requirements prudently and implemented an effective receivables management system. Average collection period stood at 37 days in FY22 as against 43 days in FY21, whereas the average creditor period was 30 days in FY22 as against 28 days in FY21. The operating cycle improved from 26 days in FY21 to 15 days in FY22. JSPL's average fund based working capital utilization for the 12 months ended August 2022 stood high around 98.48%. JSPL is planning to purchase equipment which will be funded by internal accrual.

### **About the company**

JSPL was incorporated in 2017. It is running a hospital in Chromepet, Chennai by the name Dr. Rela Institute and Medical Centre (DRIMC). JSPL is promoted by Dr. Jagathrakshakan



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Swamikannu and other family members. DRIMC has commenced its operations in September 2018. DRIMC is mentored by Dr. Mohammed Rela, Chairman & MD, who has a track record of conducting over 5000 successful liver transplantation surgeries and Dr. Ilankumran Kaliamoorthy, CEO, who has more than five decades of experience as MBBS doctor. The hospital is renowned for its liver transplantation unit. JSPL is part of Accord Group which includes companies such as Sri Lakshmi Ammal Educational Trust (School) and Accord Distillers & Brewers Pvt. Ltd. (engaged in manufacturing of liquor), established in 1984, is being guided by Dr. Jagathrakshakan Swamikannu. Accord Group has presence in various industries such as education, hospitality, healthcare, liquor and other industries.

### Financials (Standalone):

(Rs. crore)		
For the year ended / As On*	31-03-2021 (Audited)	31-03-2022 (Audited)
Total Operating Income	212.03	326.69
EBITDA	21.28	35.92
PAT	6.05	11.05
Total Debt	92.19	219.90
Tangible Networkth	12.33	23.38
<b>Ratios</b>		
EBITDA Margin (%)	10.04	10.99
PAT Margin (%)	2.82	3.35
Overall Gearing Ratio (x)	7.48	9.40

\*Classification as per Infomerics' standards

**Status of non-cooperation with previous CRA:** Nil

**Any other information:** Nil

**Rating History for last three years:**



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Sr. No.	Name of Instrument/Facilities	Current Ratings (Year 2022-23)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2021-22 (November 26, 2021)	Date(s) & Rating(s) assigned in 2020-21 (June 12, 2020)	Date(s) & Rating(s) assigned in 2019-20 (May 27, 2019)
1.	Cash Credit	Long Term	40.00	IVR BBB/Stable	IVR BBB-/Positive	IVR BBB-/Stable	-

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### About Infomerics:

Infomerics Valuation and Rating Private Limited (Infomerics) was founded in the year 1986 by a team of highly experienced and knowledgeable finance professionals. Subsequently, after obtaining Securities Exchange Board of India registration and RBI accreditation and the activities of the company are extended to External Credit Assessment Institution (ECAI).

Adhering to best International Practices and maintaining high degree of ethics, the team of knowledgeable analytical professionals deliver credible evaluation of rating.

Infomerics evaluates wide range of debt instruments which helps corporates open horizons to raise capital and provides investors enlightened investment opportunities. The transparent, robust and credible rating has gained the confidence of Investors and Banks.

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facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

### Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. crore)	Rating Assigned/ Outlook
Cash Credit	-	-	-	40.00	IVR BBB/ Stable

**Annexure 2: List of companies considered for consolidated analysis:** Not Applicable

### Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-JRSuper-jan23.pdf>

**Annexure 4: Detailed explanation of covenants of the rated instrument/facilities:** Not Applicable

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).