

RSV Hospital Private Limited

Instrument	Amount	Rating Action
Fund Based Limit – Term Loans	Rs. 6.68 crore	[ICRA]BB (Stable) assigned
Fund Based Limit – Cash Credit	Rs. 0.75 crore	[ICRA]BB (Stable) assigned
Fund Based Limit – Unallocated Limit	Rs. 0.02 crore	[ICRA]BB (Stable) assigned

ICRA has assigned an [ICRA]BB (pronounced ICRA double B) rating to the Rs. 6.68 crore¹ term loans, Rs. 0.75 crore cash credit and Rs. 0.02 crore unallocated limit of RSV Hospital Private Limited (RHPL)². The outlook on the long-term rating is stable.

The assigned rating derives comfort from the established operational track record of the company in the industry for over a decade and the financial profile characterised by moderate gearing and comfortable coverage indicators. The business of the company is supported by increasing demand for healthcare services and better affordability on the back of higher penetration of health insurance in India. Moreover, the recent tie-ups of the company with corporate clients, insurance companies and TPAs ensure steady revenues. Nevertheless, the rating is constrained by the high geographical concentration risk inherent to a single-location hospital, small scale of current operations, though the expansion of bedding capacity in 2015 and setting up of a new diagnostic centre provide revenue visibility. Besides, the company has significant debt-servicing obligations because of the term loan availed to set up the diagnostic centre, which are likely to keep its cash flows under pressure in the near to medium term. Further, ICRA notes that increasing the top-line and profitability with higher occupancy levels, and the retention of key doctors/consultants could be challenges in the prevailing competitive environment in Kolkata.

In ICRA's view, the company's ability to report a continued growth in turnover, achieve stability in new operations as well as improve operating metrics in the existing divisions to achieve better profitability margins will determine the company's debt-coverage indicators and hence will be the key rating sensitivities.

Company Profile

RSV Nursing Home & Speciality Diagnostic Centre was set up in 2007 as an Association of Persons (AOP) by Mr. Rattan Sagar Vasisht along with his family members. In 2009, the centre was renamed as RSV Hospital. The AOP was reconstituted as a private limited company in 2011. The company operates a multi-specialty hospital in Kolkata called RSV Hospital, which is a 100-bed facility including six intensive-care units and services across specialties such as gynaecology, obstetrics, neonatology, cardiology, general medicine, orthopaedic and pediatric, among others. RSV Hospital generates most of its revenue from obstetrics and neonatology.

Recent Results

In 2015-16, the company reported a net profit of Rs. 0.96 crore on an operating income of Rs. 29.55 crore, as compared to a net profit of Rs. 0.75 crore on an operating income of Rs. 26.61 crore in 2014-15.

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¹ 100 lakh = 1 crore = 10 million

² For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA Rating Publications



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