

Medeor Hospital Limited

March 07, 2022

Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Bank Facilities	451.04 (Enhanced from 447.19)	CARE D (Single D)	Reaffirmed
Short Term Bank Facilities	58.00	CARE D (Single D)	Reaffirmed
Total Bank Facilities	509.04 (Rs. Five Hundred Nine Crore and Four Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

The rating assigned to the bank facilities of Medeor Hospital Limited (MHL) continues to factor in ongoing - delays in debt servicing by the company. Improvement in the financial profile of MHL with regularization of payments on sustained basis is a key rating monitorable going forward.

Rating Sensitivities

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Improvement in operational performance on sustained basis.

Negative Factors- Factors that could lead to negative rating action/downgrade: NA

Detailed description of the key rating drivers

Key Rating Weaknesses

Delay in servicing of debt obligations: As per the discussion with the banker, there are on-going delays in repayment of debt obligation mainly on account of its poor liquidity, reduced scale of operations. Promoters have been infusing funds to meet the debt obligations. COVID – 19 has impacted the revenues and profitability of Medeor Hospital in the mid-March 31, 2020 and continued subsequently with a decline in occupancy impacting significantly the hospital business revenues, profitability and cash flows.

Liquidity: Poor

Liquidity is poor with ongoing delays in the debt servicing of bank facilities. The interest servicing is done through support from promoter group and financial support from the holding company VPS Healthcare Private Limited in the form of capital infusion through rights issue of shares.

Analytical approach: Standalone

Applicable Criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Credit Watch](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology- Hospital Industry](#)

[Rating Methodology- Manufacturing companies](#)

About the Company

Medeor Hospital Limited was incorporated in 2004 and in 2016 the same was acquired by VPS Health care group of Dubai, an integrated healthcare service provider with 24 operational hospitals, over 125 health centres, 10,000 employees, and medical support services spread across the Middle East, Europe, and India. Medeor Hospitals is a chain of multi-specialty hospitals strategically located in Delhi NCR at Qutab, Dwarka, and Manesar (Gurugram) with a combined capacity of 808 beds

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

Brief Financials (Rs. crore)	FY20 (A)	FY21 (A)	9MFY22 (UA)
Total operating income	88.51	39.90	NA
PBILDT	-14.93	-30.20	NA
PAT	-92.55	-119.14	NA
Overall gearing (times)	NM	NM	NA
Interest coverage (times)	NM	NM	NA

A: Audited, UA: Un-audited NM: Not measurable, 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		-	-	December 2030	451.04	CARE D
Fund-based - ST-Bank Overdraft		-	-	-	58.00	CARE D

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 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Term Loan	LT	451.04	CARE D	-	1)CARE D (31-Mar-21) 2)CARE D (12-Nov-20) 3)CARE BB; Stable (06-Apr-20)	-	1)CARE BB+; Stable (07-Jan-19) 2)CARE BBB-; Stable (04-Apr-18)
2	Fund-based - ST-Bank Overdraft	ST	58.00	CARE D	-	1)CARE D (31-Mar-21) 2)CARE D (12-Nov-20) 3)CARE A4 (06-Apr-20)	-	1)CARE A4+ (07-Jan-19) 2)CARE A3 (04-Apr-18)

* Long Term / Short Term

Annexure-3: Detailed explanation of covenants of the rated instrument / facilities:

Name of the Instrument	Detailed explanation
A. Financial covenants	NA
B. Non-financial covenants	
I Disbursement terms	End use monitoring to be ensured vide CA certificate of end use which should be received within 30 days of each disbursement
Ii Material adverse effect	The borrower shall have satisfied the bank that no event has occurred, which in opinion of the bank, would result in material adverse effect

Annexure 4: Complexity level of various instruments rated for this company

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - ST-Bank Overdraft	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.

Contact us

Media Contact

Name: Mradul Mishra

Contact no.: +91-22-6754 3573

Email ID: mradul.mishra@careedge.in

Analyst Contact

Name: Ravleen Sethi

Contact no.: 9818032229

Email ID: ravleen.sethi@careedge.in

Relationship Contact

Name: Swati Agrawal

Contact no.: +91-11-4533 3200

Email ID: swati.agrawal@careedge.in

About CARE Ratings Limited:

Established in 1993, CARE Ratings Ltd. is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India (SEBI), it has also been acknowledged as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). With an equitable position in the Indian capital market, CARE Ratings Limited provides a wide array of credit rating services that help corporates to raise capital and enable investors to make informed decisions backed by knowledge and assessment provided by the company.

With an established track record of rating companies over almost three decades, we follow a robust and transparent rating process that leverages our domain and analytical expertise backed by the methodologies congruent with the international best practices. CARE Ratings Limited has had a pivotal role to play in developing bank debt and capital market instruments including CPs, corporate bonds and debentures, and structured credit.

Disclaimer

The ratings issued by CARE Ratings Limited are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings Limited has based its ratings/outlooks based on information obtained from reliable and credible sources. CARE Ratings Limited does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings Limited have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings Limited or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE Ratings Limited is, inter-alia, based on the capital deployed by the partners/proprietor and the current financial strength of the firm. The rating/outlook may undergo a change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE Ratings Limited is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE Ratings Limited's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

****For detailed Rationale Report and subscription information, please contact us at www.careedge.in**