Meril Life Sciences Private Limited

October 08, 2024

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	226.00 (Enhanced from 96.00)	CARE AA; Stable	Reaffirmed
Long-term / short-term bank facilities	525.00 (Enhanced from 235.00)	CARE AA; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	15.00	CARE A1+	Reaffirmed
Commercial paper (carved out) *	50.00	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.
*Carved from sanctioned working capital limits of the company.

Rationale and key rating drivers

For the credit risk assessment of Meril Life Sciences Private Limited (MLSPL), CARE Ratings Limited (CARE Ratings) has considered combined operational and financial risk profiles of the Micro group. The Micro group consists of Micro Life Sciences Private Limited (Micro), MLSPL, Meril Life Sciences India Private Limited (Meril India), Meril Healthcare Private Limited (MHPL), Meril Diagnostic Private Limited (MDPL), Meril Endo Surgery Private Limited (MEPL), Meril Medical Innovations Private Limited (MMIPL) and other marketing subsidiaries.

Ratings assigned to bank facilities and instrument of MLSPL continue to derive strength from vast experience and resourcefulness of its promoter-the Bilakhia group, its diversified and large product portfolio of medical devices under subsidiaries catering to four key business segments (cardiac implants, orthopaedic implants, diagnostic products, and surgical products), which is supported by its strong R&D focus. The Micro group's established and strong position in the cardiac and orthopaedic implants market in India, and growing export penetration and approvals from multiple drug regulatory authorities in major regulated markets of Europe and the US further underpin its ratings. The Micro group exhibited significant growth in its scale of operations marked by total operating income (TOI) and profitability in FY24 (FY; refers to April 01 to March 31), while maintaining comfortable leverage and debt coverage indicators, and strong liquidity. CARE Ratings expects that the Micro group shall continue to grow its scale of operations supported by deeper penetration in domestic and export markets supported by healthy growth prospects of healthcare products, which have relatively in-elastic demand.

However, rating strengths are partially off-set by high working capital intensity, as reflected by its long operating cycle, leading to increased debt level, stiff competition from well-established global players in the medical device industry, and inherent regulatory risks associated with the healthcare business. Ratings are also constrained due to ongoing patent infringement litigation against MLSPL, a wholly owned subsidiary of Micro, for one of its cardiac products by a competitor in certain geographies mainly European market; and legal costs associated with it, adversely impacting its profitability. Ratings also remain constrained due to relatively modest scale and profitability of its surgical and diagnostic business segments compared to its other business segments, and the susceptibility of its profitability to regulatory changes and foreign exchange rate movements. Ratings also consider backward integration projects being undertaken by MMIPL, which are at the nascent stage.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in the scale of operations through further diversification of its sales mix, with TOI over ₹4,500 crore, leading to strengthening of its market position, and earning profit before interest, lease, depreciation and tax (PBILDT) margin and return on capital employed (ROCE) over 20% on a sustained basis, while maintaining overall gearing ratio below 0.25x; and no overhang of the ongoing litigation.

Negative factors

- Deterioration in its PBILDT margin and ROCE to below 15% on a sustained basis.
- Significant adverse impact of the ongoing alleged patent infringement litigation against one of its subsidiaries.

Analytical approach: Combined

For arriving at ratings of MLSPL, CARE Ratings has combined operational and financial risk profiles of the Micro group entities. Micro and its subsidiaries are engaged in the same line of business of manufacturing and marketing medical devices and healthcare products; and are managed and operated by a common management team. Micro exercises full control over its subsidiaries and funds are largely fungible across entities. CARE Ratings has considered consolidated financial results of Micro to arrive at combined

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

financials of the Micro group, as it includes financials of entities considered in the combined analytical approach. Subsidiaries consolidated/ combined in Micro are listed under Annexure 6.

Outlook: Stable

Stable outlook reflects CARE Ratings' expectation that Micro group shall continue to benefit from its diversified and large product portfolio, and geographically diversified revenue steam leading to continuing strong growth in TOI and profitability, while maintaining strong financial risk profile.

Detailed description of key rating drivers

Key strengths

Vast experience and resourcefulness of the Bilakhia group

The Bilakhia group was founded by Gafurbhai Bilakhia and is now managed by his three sons, Yunus Bilakhia, Jakir Bilakhia, and Anjum Bilakhia. In January 2020, Bilakhia group's founder promoter, Gafurbhai Bilakhia, was conferred with the 'Padma Shri' honour for his contribution to the Indian trade and industry. Bilakhia Holdings Private Limited (BHPL) is the ultimate holding company of the Bilakhia group, which is the erstwhile promoter of Hubergroup India Private Limited (HIPL) and Bayer Vapi Private Limited (BVPL; erstwhile Bilag Industries Private Limited). At present, it has diversified business interests in healthcare, investment, and real estate through its subsidiaries. Over the years, promoters have successfully demonstrated their ability to create business models, delivering world-class quality products and achieving economies of scale. After divesting their stake in HIPL and BVPL, the group utilised stake sale proceeds to foray into the healthcare business in 2006. The promoter group's experience, resourcefulness, and experienced management team shall continue to benefit business operations.

Wide product portfolio of medical devices

Micro operates in four main business segments, cardiac implants, orthopaedic implants, diagnostic products, and surgical products. The group operates the cardiac implants business under MLSPL, orthopaedic implants under MHPL, while diagnostic and surgical products under MDPL and MEPL, respectively. Incorporated in 2023, MMIPL is undertaking backward integration projects for group companies, which is expected to reduce the cost of raw material and ensure timely and quality delivery.

MLSPL manufactures and sells types of coronary stents, peripheral stents, balloon catheters, and heart valves. MLSPL is the first Indian company to launch Bioresorbable Scaffold and Transcatheter Aortic Valve Implants (TAVI) in India. It has also received the Drug Controller General of India (DCGI) approval for selling heart valves in the domestic market. All MLSPL's products are CE-marked (European conformity) and its balloon catheters are approved by United States Food and Drug Administration (USFDA). MLSPL became the first company to receive exemption from price cap for its Bioresorbable scaffolds in the Indian market. MHPL manufactures and sells knee implants, hip implants, and trauma implants. The knee and hip replacement products and trauma implants of MHPL are also CE-marked. Through its foreign associate, Maxx Orthopedics, INC (Maxx; rated: CARE A1), USA, Micro group is also engaged in processing and selling knee and hip replacement joints under the brand 'Freedom Total Knee System' (approved by USFDA), which is also imported and sold in India. MDPL's products include analysers, reagents, and rapid diagnostic kits, for various diseases, which are also approved by regulatory nodal agency such as the World Health Organization (WHO). MEPL's product portfolio includes various kinds of sutures, staplers, hernia repair solutions, and contraceptive solutions. Meril India, a wholly owned subsidiary of MLSPL, markets all MLSPL's cardiac implant products in the domestic market and knee implants, which is toll manufactured by its associate entity Maxx. The Micro also market surgical robots used in artificial joint surgeries in the domestic market.

In terms of sales mix, in FY24, Micro earned ~40% of its revenue from cardiac implants (major products: stents, balloon and heart valves), 40% from orthopaedic implants (major products: knee implants, hip implants, and surgical robots) and 10% each from the diagnostic segment and the surgical segment (major products: sutures and mechanical closures).

Geographically diversified revenue stream with strong presence in export market

Micro is among leading domestic manufacturers of coronary stents, heart valves and, knee and hip replacement products with well-recognised brands and backed by a widespread selling and distribution network. It also sells its products in over 100 countries directly and through its overseas subsidiaries. In FY24, ~60% (58% in FY23) of Micro's consolidated sales were derived from exports, including in regulated markets, which depicts good quality of its products. Apart from gaining sales volume, the company also fetches significantly higher average sales realisation in exports compared to domestic market, which also supports growth in export revenue. With more products getting approvals from regulatory bodies such as USFDA among others, export sales are likely to grow further due to large market opportunity.

Strong R&D focus
Micro group has a strong R&D focus for development of new and differentiated products. At consolidated level, the group spent ~₹120 crore (~3.5% of net sales) for Clinical trials and R&D in FY24. The group is likely to continue R&D spent of ~3-5% of net sales going forward, which shall support its future growth and keep the group ahead of competition. The group has over 400 medical professionals engaged in R&D.

Continued growth in scale of operations and healthy profitability
On a consolidated basis, Micro group's TOI grew at a CAGR of 30% in the last five years ended FY24 indicating strong acceptance, and increased demand for its products in domestic and export markets. The group's TOI grew strong by 48% on y-o-y basis in FY24 backed by healthy revenue growth across business segments. Revenue of its cardiac, orthopaedic, diagnostics and surgical business segments grew by 41%, 56%,33% and 66% respectively on Y-o-Y basis in FY24. The group is gradually expanding its market share in existing markets and expanding its reach to newer geographies. Micro group's TOI is likely to grow by 25%-30% in FY25. In Q1FY25, the group has already registered a combined revenue (without excluding inter-company sales) of ~₹1,171 crore (₹905 crore in Q1FY24).

Micro's gross margins improved to 72.80% in FY24 (64.64% in FY23) mainly considering better product mix. The sales realisation of coronary stents witnessed some moderation considering intense competition. However, higher sales of TAVI and orthopaedic implants with stable to marginally higher sales realisation led to improvement in the gross margins. The group's PBILDT margin remained healthy at 19.26% in FY24 (PY.:20.81%). PBILDT in absolute terms grew by 37% largely driven by higher scale of operations. Due to higher-than-envisaged legal cost associated with ongoing patent litigation, high forex losses and employee cost, sizable improvement in gross margins could not be translated into higher PBILDT margin in FY24. The group's PBILDT margin is expected to remain healthy in range of 20-22% during FY25-FY27. The group incurred large size capex and had higher working capital requirement in FY24, benefits of which are yet to accrue. This has led the decline in Micro's ROCE to 15.84% in FY24 (PY.:21.03%). However, CARE Ratings expects the company's return ratios to remain adequate in the near-to-medium term.

Comfortable capital structure and debt coverage indicators
Capital structure marked by overall gearing remained comfortable at 0.73x as on March 31, 2024 (PY:0.36x), supported by strong tangible net worth base of over ₹2,479 crore as on even date. In Q1FY23, PE investors infused equity capital of ₹1,900 crore (in the form of equity of ₹1,427 crore and compulsory convertible preference shares of ₹473 crore) in Micro, which significantly strengthened the net worth base. Preference shares were converted into equity shares in FY24. As articulated by the management, PE firms have invested in the company with a time horizon of 5-7 years. There is neither buyback obligation on the company nor committed/guaranteed return to PE investors. PE investors exit may happen through IPO or secondary market sale.

Micro's total debt increased to ₹1,808 crore as on March 31, 2024 (PY: ₹747 crore). Group incurred capex of ~₹700 crore in FY24 to expand its manufacturing facilities. Its net working capital also increased by ~₹750 crore considering rapid growth in its scale of operations and increasing geographical presence. These needs were majorly funded through term debt and higher working capital borrowing leading to sizable increase in total debt in FY24. This led to moderation in Micro's capital structure and debt coverage indicators in FY24 on Y-o-Y basis, however, continue to remain comfortable.

Micro plans to incur capex of ~₹680-700 crore in FY25 to set-up renewable power capacity, setting up a new experience centre for its products and expanding its manufacturing facilities. The capex is expected to be partly funded through term-debt. The company also availed term-debt in FY25 for capex incurred in FY24. As explained by the management, Micro's gross debt levels are expected to peak at ~₹2,200 crore in FY25 and gradually reduce thereafter. The capex requirement will also normalise from FY26 onwards, as expanded facilities will be able to serve Micro's increasing demand of products in the medium term. Despite higher debt, overall gearing is expected to remain ~0.75x in FY25 and to remain ~0.5x thereafter.

Despite moderation in FY24, its PBILDT interest coverage ratio and total Debt/PBILDT remained comfortable at 6.08x and 2.69x respectively (PY.:9.91x and 1.52x respectively) and net debt/PBILDT remained at 1.07x on March 31, 2024, indicating comfortable leverage and debt coverage indicators. CARE Ratings expects Micro's interest coverage to remain ~5x and Net debt/PBILDT below 1x in near to medium term.

Favourable growth prospects for healthcare industry
There is good demand for healthcare products in India and other developing countries. Rising health consciousness, increasing cases of sedentary lifestyle diseases including coronary heart diseases, and increased healthcare expenditure is expected to drive the market in the medium term. Other prominent growth drivers include rapidly growing medical technology industry and rising affordability. There is an increasing demand for in-vitro diagnostic kits and reagents and rapid diagnostic kits in developing

countries (including India). Penetration of other products including coronary stent is much lower in India and other developing countries compared to developed countries such as the USA, European Union and Japan, indicating good demand prospects from these countries.

Liquidity: Strong

Micro group on a consolidated basis has a term-debt (including lease liability) repayment obligation of ~₹77 crore in FY25 against which, the group is expected to generate gross cash accruals of ~₹600 crore in FY25. Cash accruals are expected to be adequate to meet Micro's term-debt repayment and capex requirements. On a consolidated level, average utilisation of fund-based working capital limits remained modest at~60% in 12-months ended July 2024. The group has cash-equivalents of ~₹1,080 crore (parked in fixed deposits) as on March 31, 2024. Its unutilised working capital limits and healthy liquidity is expected to remain adequate to meet higher-than-envisaged working capital requirement or meet exigency.

Key weaknesses

Regulatory risk

The Micro group's operations remain exposed to changes in regulations in domestic and export markets, including likely price cap and large compensation to be paid to patients in case of faulty implants, despite being mitigated by an adequate cover through the company's product liability insurance. The National Pharmaceuticals Pricing Authority (NPPA) put a price cap on drug eluting stents (DES) and Bioresorbable scaffold at ₹28,000 in February 2017, and on bare metal stents (BMS) at ₹7,923 in March 2020. In March 2024, NPPA revised price cap on DES and Bioresorbable scaffold to ₹38,267 and on BMS to ₹10,509. Hike on price caps by NPPA is linked to the wholesale price index (WPI). However, NPPA exempted MLSPL's Bioresorbable scaffold from price control by acknowledging its different properties compared to DES.
In 2019, NPPA had fixed the ceiling prices of cobalt chromium knee implant at ₹62,139, while price of titanium oxidised zirconium at ₹84,326. In September 2022, NPPA has extended existing price caps on knee implants until September 2023, which is now further extended till September 2025. Products under NPPA list reduces the company's pricing flexibility and may affect its profitability. Impact of price cap was relatively low on the Micro group's products, since its realisations were already lower than ceiling price imposed by NPPA.

Ongoing litigation against MLSPL arising from alleged patent infringement for one of its cardiac products by a competitor; and heavy legal costs associated with it

Healthcare business is also prone to 'product defect liability claims' and 'patent infringement claims', which could be large in developed economies. MLSPL is involved in a litigation with one of its competitors in certain geographies of the European market. Its competitor accused MLSPL of violating its patent for TAVI. According to MLSPL's management, the company did not violate patents and has hired the best legal team to defend its case in those geographies. The UK Court (covering jurisdiction of UK market) in its rulings dismissed two patent violation claims of competitor. Preliminary injunction application of counterparty in markets of Italy and Poland were rejected by respective authorities. In August 2023, the ruling was in the company's favour in Netherlands and Germany. However, MLSPL's patent revocation claim against its competitor was not successful at Unified Patent Court (UPC) in Paris. Patent infringement suit is also sub-judice at UPC Munich.

From the beginning of the litigation, the company has been incurring significant legal expenses amounting to ~₹450 crore till FY24 towards this litigation. The litigation cost of ~₹140 in FY24 was higher than what was envisaged. The company expects to incur legal cost of ~₹50-60 crore per annum in the near term. The likely outcome of ongoing litigations in major geographies and potential liability or compensation is uncertain, which remains a key monitorable. Adverse outcome could lead to loss of revenue and profitability of TAVI. Significant settlement claims may also impact liquidity.

Profit margins susceptible to foreign exchange rate fluctuations

The Micro group derives ~60% of its revenue from the export market, which exposes its profitability margins to adverse movements in the foreign exchange rates. Micro reported forex loss of ₹59 crore in FY24 (PY: ₹3 crore) considering significant depreciation in Turkish Lira. As a policy, the Micro group hedges ~40-50% its net foreign currency exposure. However, in some currencies, the hedge cost is very high which makes hedging unviable. Micro plans to factor expected depreciation in such currencies in sales price of its products. Higher-than-expected adverse movement in the foreign exchange rate, which is not built in sales price impact its profit margins.

Working capital intensive business

The group's operation remained working capital intensive marked by average operating cycle of 173 days (158 days in FY23) and gross current asset of 267 days in FY24 (276 days in FY23). Cardiac and orthopaedic implants vary in length, diameter, thickness, and flexibility. Hence, the group must maintain very large inventory to make its products available immediately on requirement.

Expansion of its operations in newer foreign territories, also require it to maintain higher inventory and extend higher credit period in those territories. This results in elongated inventory holding period of 158 days in FY24 (148 days in FY23). It extends credit period of ~90 days on an average on its sales. Cumulatively, these lead to an elongated operating cycle for Micro group.

Relatively modest performance of its surgical and diagnostic businesses and nascent stage of operations of MMIPL
MDPL and MEPL reported healthy TOI growth of 66% and 33% respective in FY24 on Y-o-Y basis driven by its increasing presence in geographies and acceptance of its products. MDPL's and MEPL's PBILDT margins also improved to 8.13% and 13.63% respectively (PY: negative 14.57% and +2.16% respectively) considering lower raw material prices and economies of scale. However, profitability of MDPL and MEPL still remains low compared to other entities of the group, leading to weak debt coverage indicators on a standalone basis. Gestation period of this business is long, owing to high sales promotion expenditure on brand building and the intense competition due to commoditised nature of products. MMIPL, which is undertaking the group's backward integration projects, is expected report operational losses in the near-to-medium term due to its nascent stage of operations and ongoing capex. Going forward, financial performance of MDPL, MEPL and MMIPL will remain a key monitorable. Sub-optimal profitability of these two businesses pull-down the group's overall profitability, while it also restricts its consolidated ROCE.

Applicable criteria

[Definition of Default]
[Liquidity Analysis of Non-financial sector entities]
[Rating Outlook and Rating Watch]
[Manufacturing Companies]
[Financial Ratios – Non financial Sector]
[Short Term Instruments]
[Consolidation]

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare equipment & supplies	Medical equipment & supplies

About the Micro group

Micro acts as the holding arm of BHPL's healthcare division. The Micro group is engaged in manufacturing and marketing medical devices such as stents, coronary angioplasty catheters, heart valves, orthopaedic implants, and endo-surgery products such as sutures, staplers, meshes, and intra-uterine devices. It is also engaged in manufacturing over the counter (OTC) products such as rapid diagnostic kits (COVID-19 self-test kits and pregnancy test kits) and reagents and trading specialised medical devices such as surgical robots and ultrasonic energy devices to hospitals. The Micro group also has overseas subsidiaries in more than 25 countries including Germany, Turkey, the US, Russia, South Africa, Brazil, Bangladesh, Australia, China, and the UK, among others mainly for marketing its products in local markets.

Brief financials – Micro (Consolidated)

Brief Financials (₹ crore)	FY23 (A)	FY24 (A)	Q1FY25 (UA)#
Total operating income	2,359	3,495	1,171
PBILDT	491	673	234
PAT	505^	333	146
Overall gearing (times)	0.36	0.73	NA
Overall gearing (times) (net debt basis)	-ve	0.29	NA
PBILDT Interest coverage (times)	9.91	6.08	5.93
Net debt/ PBILDT	-ve	1.07	NA

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results. #Combined financials of major subsidiaries. It does not exclude inter-company transactions. ^ Includes fair value gain ₹298 crore from derecognition of JV investment.
The financials are classified per CARE Ratings' standards.

About MLSPL

Incorporated in June 2007, MLSPL is a wholly-owned subsidiary of Micro, which is a wholly owned subsidiary of BHPL – the ultimate holding company of the Bilakhia group. MLSPL is engaged in manufacturing coronary stents, peripheral stents, heart valves and balloon catheters, which are used for carrying out angioplasty on patients suffering from coronary artery disease – a cardiovascular ailment, which may lead to a heart attack. In the domestic market, MLSPL sells its products through its wholly owned subsidiary, Meril India. MLSPL has overseas subsidiaries in more than 25 countries including Germany, Turkey, the US, Russia, South Africa, Brazil, Bangladesh, Australia, China, and the UK, among others mainly for marketing its products in local markets.

Brief financials – MLSPL (Standalone)

Brief Financials (₹ crore)	FY23 (A)	FY24 (A)	Q1FY25 (UA)
Total operating income	814	1,202	351
PBILDT	325	311	99
PAT	211	181	60
Overall gearing (times)	0.46	0.68	NA
Interest coverage (times)	18.23	9.52	9.90

A: Audited UA: Unaudited; NA: Not Available; Note: these are latest available financial results. Financials are classified per CARE Ratings' standards.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of 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 and Rating Outlook
Fund-based - LT/ ST-Working Capital Limits	-	-	-	-	126.00	CARE AA; Stable / CARE A1+
Fund-based/non-fund-based-LT/ST	-	-	-	-	359.00	CARE AA; Stable / CARE A1+
Fund-based/non-fund-based-LT/ST	-	-	-	-	40.00	CARE AA; Stable / CARE A1+
Non-fund-based - ST-BG/LC	-	-	-	-	15.00	CARE A1+
Term Loan-Long Term	-	-	-	March 2029	226.00	CARE AA; Stable
Commercial Paper (Carved out) ^	- ^	-	-	7 to 364 days	50.00	CARE A1+

^ Not Placed

Annexure-2: Rating history for 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 2024-2025	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
1	Fund-based/Non-fund-based-LT/ST	LT/ST	359.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (09-Oct-23)	1)CARE AA; Stable / CARE A1+ (27-Sep-22)	1)CARE AA- (CE); Stable / CARE A1+ (CE) (28-Sep-21)
2	Non-fund-based - ST-BG/LC	ST	15.00	CARE A1+	-	1)CARE A1+ (09-Oct-23)	1)CARE A1+ (27-Sep-22)	1)CARE A1+ (CE) (28-Sep-21)
3	Term Loan-Long Term	LT	-	-	-	1)Withdrawn (09-Oct-23)	1)CARE AA; Stable (27-Sep-22)	1)CARE A; Stable (28-Sep-21)
4	Fund-based - LT/ ST-Working Capital Limits	LT/ST	126.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (09-Oct-23)	1)CARE AA; Stable / CARE A1+ (27-Sep-22)	1)CARE AA- (CE); Stable / CARE A1+ (CE) (28-Sep-21)
5	Term Loan-Long Term	LT	226.00	CARE AA; Stable	-	1)CARE AA; Stable (09-Oct-23)	1)CARE AA; Stable (27-Sep-22)	1)CARE AA- (CE); Stable (28-Sep-21)
6	Fund-based/non-fund-based-LT/ST	LT/ST	40.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (09-Oct-23)	1)CARE AA; Stable / CARE A1+ (27-Sep-22)	1)CARE A; Stable / CARE A1 (28-Sep-21)
7	Commercial Paper (Carved out)	ST	50.00	CARE A1+	-	1)CARE A1+ (09-Oct-23)	1)CARE A1+ (27-Sep-22)	1)CARE A1+ (CE) (28-Sep-21)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT/ ST-Working Capital Limits	Simple
2	Fund-based/non-fund-based-LT/ST	Simple
3	Non-fund-based - ST-BG/LC	Simple
4	Term Loan-Long Term	Simple
5	Commercial Paper (Carved out)	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities being consolidated in Micro as on March 31, 2024

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Meril Life Sciences Pvt. Ltd.	Full	The entities are subsidiaries of Micro. There are financial, operational and managerial linkages.
2	Meril Diagnostics Pvt. Ltd.		
3	Meril Healthcare Pvt. Ltd.		
4	Meril Endo Surgery Pvt. Ltd.		
5	Meril Medical Innovations Private Limited		
6	Meril Life Sciences India Pvt. Ltd.		
7	Meril Gmbh, Germany		
8	Doc Med Comerico Importacao E Expotacao LTDA-Me, Brazil		
9	Meril Tibbi Cihazlar Imalat Ve Ticaret Anonim Sirketi, Turkey		
10	Meril INC, USA		
11	Meril Medical LLC, Russia		
12	Meril Bangladesh Pvt Ltd		
13	Meril SA Pty Ltd, South Africa		
14	Meril Australia Pty Ltd., Australia		
15	Meril Cardiology Pty Ltd., South Africa		
16	Meril (China) Co. Limited, China		
17	Meril Malaysia Sdn. Bhd.		
18	Meril South Korea Limited		
19	Meril (Vietnam) Company Limited		
20	Safe Interact Pty limited		
21	PT Meril Medical Indonesia		
22	Meril Medical Hungary LLC		
23	Meril Italy Srl		
24	Meril Medical Devices Egypt		
25	Meril Mexico S.A. De C.V.		
26	Meril UK Limited		
27	Maxx Medical Pte Ltd, Singapore		
28	Maxx Orthopedics Inc, USA		
29	Meril Healthcare Spain S.L.		
30	Meril Poland SP Zoo		
31	Meril Sweden AB		
32	Meril Life Sciences India Pvt. Ltd. Argentina SRL		
33	Meril Medical Innovation Egypt LLC		
34	Meraki Life Sciences Pte. Limited		
35	Meraki Life Sciences Inc., USA		

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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