

## VNRN Health Services Private Limited

January 08, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	7.13	CARE BB; Stable; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	2.00	CARE A4+; ISSUER NOT COOPERATING*	Rating moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

\*Issuer did not cooperate; based on best available information.

### Rationale and key rating drivers

VNRN Health Services Private Limited (VNRN) has not paid the surveillance/withdrawal fees for the rating exercise agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on VNRN's bank facilities will now be denoted as **CARE BB/CARE A4; ISSUER NOT COOPERATING\***.

**Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).**

The ratings have been taken into account its small scale of operation, leveraged capital structure and moderate debt coverage indicators, presence in a highly regulated and fragmented industry, high vulnerability to treatment related risks, competition from other hospitals in the vicinity, stringent regulatory framework for healthcare sectors in India, long track record of the hospital with extensive experience of the promoters and management in the healthcare industry, healthy profitability margins and occupancy ratio, wide range of medical care services provided at satisfactory infrastructure and empanelment with corporate and government schemes.

**Analytical approach:** Standalone

**Outlook:** Stable

### Detailed description of key rating drivers:

At the time of last rating on December 01, 2023, the following were the rating strengths and weaknesses (updated for the information provided by VNRN):

#### Key weaknesses

##### Small scale of operation:

VNRN is located in Akola, Maharashtra and is a 100-bed capacity hospital. The revenue of VNRN registered a compounded annual growth rate (CAGR) of 5.93% during the last five years (FY19-FY23). Further, its total operating income increased to Rs. 25.22 crore in FY24 as compared to Rs. 23.07 crore in FY23. Nevertheless, scale of operations stood small which limits financial flexibility to an extent.

##### Improved yet moderate capital structure and debt service coverage indicators:

Capital structure for the VNRN remained moderate as the same has improved marked by the overall gearing of 0.97x as on March 31, 2024, as against 1.46x as on March 31, 2023 on account of scheduled repayment of term loan coupled with increase in net worth base with accretion of profit to reserves.

The interest coverage ratio remained stable at 4.73x in FY24 as against 4.24x in FY23 with decline in PBILDT margin. Total debt to GCA improved to 3.03x for FY24 vis-à-vis 3.67x due to decrease in total debt.

##### Stringent regulatory framework for healthcare sectors in India:

Despite the increasing trend of privatization of healthcare sector in India, the sector continues to operate under stringent regulatory control. Accordingly, regulatory challenges continue to pose a significant risk to private healthcare as they are highly susceptible to changes in regulatory framework.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### **Fragmented healthcare industry and competition from other hospitals in the vicinity:**

The healthcare sector is highly fragmented with few large players in the organized sector and numerous small players in the unorganized sector leading to high level of competition in the business. VNRR also faces competition with presence of several other hospitals located in the same locality. Thus, differentiating factors like range of services offered, quality of service, experience of doctors, success rate in treatment of complex cases, etc. will be crucial in order to attract patients and to maintain healthy occupancy.

### **High vulnerability to treatment related risks:**

Healthcare is a highly sensitive sector where any mishandling of a case or negligence on part of any doctor and/or staff of the unit can lead to distrust among the masses. Thus, all the healthcare providers need to monitor each case diligently and maintain standard of services in order to avoid the occurrence of any unforeseen incident. They also need to maintain high vigilance to avoid any malpractice at any pocket.

### **Key strengths**

#### **Qualified & experienced promoter and management:**

VNRR has an established track record of more than one decade and is promoted by Dr. Vinit Vishwasrao Hingankar (Chairman and Managing Director) has two decades of experience in healthcare service industry. The key promoters along with the board of directors have an extensive experience of about two decades in the healthcare sector.

#### **Satisfactory infrastructure, wide service offerings and experienced team of doctors:**

Hospital is located at a prime location of Akola city with 100 bed capacity, well equipped with modern hospital infrastructures like Cardiac Cath lab, CT Scanning, Endoscopy, Bronchoscopy, X-ray, etc. The hospital offers various in-patient and out-patient healthcare services and covers a wide range of healthcare services across various branches viz. Cardiology, Plastic Surgery, Neurology, Orthopaedics, Nephrology, Radiology, Renal Transplantations, Joint Placement, Paediatrics, GI Endoscopy etc. Further it offers general hospital services like Critical Care, Emergency & Trauma Care, General Medicine, Ambulance services, Blood bank services, Operation Theatres, etc. with a team of more than 60 qualified doctors across various medical branches.

#### **Satisfactory track record and healthy occupancy rate:**

VNRR has a satisfactory track record of more than one hand half decade in healthcare service industry. Over the years, it has established its brand name in the Akola. The occupancy rate in a hospital depends upon available infrastructure facilities, composition of doctors, its brand image, successfully handling of cases and easy accessibility for the patient. With VNRR scoring satisfactorily on all these fronts, occupancy level has remained healthy at around 75-84% over the last three years ending FY23.

#### **Empanelment with various Government Schemes / Corporate and tie-ups with insurance companies:**

The hospital is empanelled with renowned Corporate and Government organizations like Central Railway, Maharashtra State Government, Bharat Sanchar Nigam Limited (BSNL), NTPC Ltd., etc. for providing health care services to their employees. Besides, it has tie-ups with leading insurance companies, charitable trust and Third-Party Administrators (TPAs). These empanelment and tie-ups facilitate the hospital in attracting patients as patients mostly prefer facilities like cash less treatment and ease in claim settlement through insurance companies, and hence aids in higher occupancy rates. Further, 84% of total revenue was contributed from walk-in patients and 16% from tie-ups with third party and Govt. Agency in FY23.

### **Liquidity: Adequate**

The liquidity profile of VNRR is adequate considering sufficient cushion of gross cash accruals against total debt obligations in FY25. Further, free cash and bank balance remained at Rs. 2.27 crore as on March 31, 2024 (vis-à-vis Rs. 3.35 crore as on March 31, 2023). Along with the same, VNRR has investment in mutual funds of Rs. 0.85 crore as on March 31, 2024, vis-à-vis Rs. 0.55 crore as on March 31, 2023. Cash flow from operations stood positive at Rs. 3.81 crore in FY24 (vis-à-vis Rs. 3.32 crore in FY23). Average utilization of overdraft facility of Rs. 2 crore remains utilized at around 20-25% for last twelve months ending October 2023. However, current ratio stood low at 1.22x as on March 31, 2024 (vis-à-vis 0.91x as on March 31, 2023).

### **Environment, social, and governance (ESG) risks: Not Applicable**

### **Applicable criteria**

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Financial Ratios – Non financial Sector](#)

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

[Rating Outlook and Rating Watch](#)

[Hospital](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Healthcare Services	Hospital

VNRN Health Services Private Limited (VNRN), incorporated in November 2006 is a Multi-Specialty Hospital (MSH) promoted by Mr. Vinit Vishwasrao Hingankar, Mr. Nitin Ramrao Borakhade, Mr. Rahul Sudhir Pingle and Mr. Nilesh Ruprao Korde and is based out of Akola, Maharashtra for providing healthcare services. The hospital offers various in-patient (IPD) and out-patient (OPD) healthcare services across various branches viz. Gynaecology, Nephrology, Cardiology, Neurology, Orthopaedics, Pathology, Radiology, etc with bed capacity of 100 beds.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	23.07	25.22
PBILDT	5.14	5.00
PAT	2.05	2.08
Overall gearing (times)	1.46	0.97
Interest coverage (times)	4.24	4.73

A: Audited UA: Unaudited; Note: these are latest available financial results

**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-Term Loan		-	-	31/03/2032	7.13	CARE BB; Stable; ISSUER NOT COOPERATING*
Fund-based - ST-Bank Overdraft		-	-	-	2.00	CARE A4+; ISSUER NOT COOPERATING*

\*Issuer did not cooperate; based on best available information.

**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 - LT-Term Loan	LT	7.13	CARE BB; Stable; ISSUER NOT COOPERATING*	-	1)CARE BB; Stable (01-Dec-23)	1)CARE BB-; Stable (20-Oct-22)	1)CARE BB-; Stable (06-Jan-22)
2	Fund-based - ST-Bank Overdraft	ST	2.00	CARE A4+; ISSUER NOT COOPERATING*	-	1)CARE A4+ (01-Dec-23)	-	-

\*Issuer did not cooperate; based on best available information.

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-Term Loan	Simple
2	Fund-based - ST-Bank Overdraft	Simple

**Annexure-5: Lender details**

To view the lender wise details of bank facilities please [click here](#)

**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](mailto:care@careedge.in) for clarifications.

## Contact us

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### About us:

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### Disclaimer:

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