

Med Freshe Private Limited

March 04, 2025

| Facilities/Instruments | Amount (₹ crore) | Rating ¹ | Rating Action |
|----------------------------|------------------|---|--|
| Long Term Bank Facilities | 34.00 | CARE BB-; Stable; ISSUER NOT COOPERATING* | Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category |
| Short Term Bank Facilities | 82.00 | 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

CARE Ratings Limited (CARE Ratings) has been seeking information from Med Freshe Private Limited (hereinafter referred as MFPL) to monitor the rating(s) vide e-mail communications/letters dated November 05, 2024; February 05, 2025, among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant Securities and Exchange Board of India (SEBI) guidelines, CARE Ratings has reviewed the rating on the basis of the best available information which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The ratings on MFPL's bank facilities will now be denoted as **CARE BB-; Stable / 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 revised on account of non-availability of requisite information due to non-cooperation by MFPL. CARE Ratings views information availability risk as a key factor in its assessment of credit risk. Further, the rating takes into account the constraints relating to modest net worth base of the company, moderate financial risk profile due to higher reliance on working capital borrowings, and modest liquidity. Furthermore, the ratings are constrained by foreign exchange fluctuation risk and competitive nature of the industry. However, ratings derive comfort from improved operational performance in the last three fiscals, FY22-FY24, experienced management, and company's long track record of operations.

Analytical approach: Standalone

Outlook: Stable

Detailed description of key rating drivers:

At the time of last rating on March 28, 2024 the following were the rating strengths and weaknesses (updated for the information available from MCA).

Key weaknesses

Modest net worth base and coverage indicators

The company's financial risk profile, though slightly improved, yet remains moderate as marked by overall gearing of 0.90x as on March 31, 2024 compared to 1.20x as on March 31, 2023. The tangible net worth (TNW) stood modest at Rs.24.12 crore as on March 31, 2024. Resultantly, total outside liabilities (TOL)/TNW stood high at 4.71x as on March 31, 2024 (in comparison with 5.67x as on March 31, 2023) and other modest debt coverage indicators such as total debt/ GCA (gross cash accruals) at 4.05x as on Marh 31, 2024, against 5.25x as on Marh 31, 2023.

Working capital intensive operations with modest debtor realisation

Due to an extended collection period, the company's operating cycle remained high at 158 days in FY24 (refers to the period April 01 to March 31) against 149 days in FY23. The outstanding debtors stood at Rs.88.42 crore as on March 31, 2024 (against Rs.77.80 crore), out of which ~Rs.10.49 crore are outstanding for over 180 days. The high receivables are primarily related to public sector units (PSU) segment of business and the company has regular business from them. However, timely recovery of the same needs to be seen. Any delay in realisation may lead to higher utilisation of working capital limits, which further constrains profitability owing to increased interest outgo.

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

Foreign exchange fluctuation risk

The company strategically sources the trading material from both domestic and foreign markets, whereas import constitutes ~23% of the total purchase in FY23 (PY: ~15%), and export sale was negligible. With some cash outlay for procurement in foreign currency and significant chunk of sales realisation in domestic currency, the company is exposed to the fluctuation in exchange rates. The company reported foreign currency fluctuation gain of Rs.0.01 crore in FY24 (PY: Rs.0.10 crore).

Competitive nature of the industry

The Indian medical equipment trading sector is marked by intense competition, primarily driven by numerous independent and small-scale unorganised entities leading to high competition among industry players. Smaller companies such as MFPL in general are more vulnerable to intense competition due to their limited pricing flexibility, which constrains their profitability compared to larger companies having better efficiencies and pricing power considering their scale of operations.

Key strengths

Improved operational performance in last three fiscals:

During last three fiscals, there was a notable improvement in the total operating income (TOI) by ~129% to Rs.159.52 crore in FY24 against Rs.69.77 crore in FY21 supported by order received from HLL Infra Tech Services Ltd (HITES – Subsidiary of HLL Lifecare Ltd) in FY22 and pent-up demand. In FY22, the company reported 2.48x growth in income from operations to Rs.241.94 crore (PY: Rs.69.77 crore).

Furthermore, profitability margin of the company improved as evident by increase in the profit-after-tax (PAT) margin to 2.87% in FY24 against 2.30% in FY23. However, the profitability continues to remain at moderate level.

Experienced management

MFPL's operations are currently being managed by Mr. Praveen Kumar Narula and Mr. Harshil Narula. Both are graduates and seasoned professionals with over two decades of experience in the medical industry through their association with MFPL and Group Concern (Narula Exports) and other family-run businesses. The directors have vast experience in this business, which has resulted in building long-term relationships with both suppliers and customers.

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

Applicable criteria

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

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Financial Ratios – Non financial Sector](#)

[Service Sector Companies](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

About the company and industry

Industry classification

| Macroeconomic indicator | Sector | Industry | Basic industry |
|-------------------------|------------|---------------------|-----------------------------|
| Healthcare | Healthcare | Healthcare Services | Healthcare Service Provider |

Delhi-based Med Freshe Private Limited (MFPL) was incorporated on December 22, 1980. The company is managed by Mr. Praveen Kumar Narula and Mr. Harshil Narula, both having vast experience of over two decades in the similar line of business. MFPL is engaged in the providing services and installing medical and healthcare equipment in central and state government hospitals. MFPL specialises in healthcare and waste management solutions, consultation & planning for hospitals, turnkey solutions for healthcare institutions, and complete waste management solutions for infrastructure projects, providing a single window service as solution.

| Brief Financials (₹ crore) | March 31, 2022 (A) | March 31, 2023 (A) | March 31, 2024 (A) |
|----------------------------|--------------------|--------------------|--------------------|
| Total operating income | 242.94 | 146.64 | 159.52 |
| PBILDT | 13.89 | 7.47 | -0.98 |
| PAT | 6.06 | 3.37 | 4.58 |
| Overall gearing (times) | 1.24 | 1.20 | 0.90 |
| Interest coverage (times) | 2.94 | 3.44 | -0.28 |

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

Status of non-cooperation with previous CRA: Brickwork has continued the ratings assigned to the bank facilities of Med Freshe Private Limited to the 'issuer not -cooperating' category vide press release dated June 06, 2024, on account of its inability to carryout review in the absence of requisite information from the company.

CRISIL has continued the ratings assigned to the bank facilities of Med Freshe Private Limited to the 'issuer not -cooperating' category vide press release dated December 26, 2024, on account of its inability to carryout review in the absence of requisite information from the company.

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-Cash Credit | | - | - | - | 33.00 | CARE BB-; Stable; ISSUER NOT COOPERATING* |
| Fund-based - LT-Term Loan | | - | - | Nov 2026 | 1.00 | CARE BB-; Stable; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-LC/BG/LOU(Letter of Undertaking) (Short term) | | - | - | - | 23.00 | CARE A4; ISSUER NOT COOPERATING* |
| Non-fund-based - ST-LC/BG/LOU(Letter of Undertaking) (Short term) | | - | - | - | 59.00 | 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 | Non-fund-based - ST-LC/BG/LOU(Letter of Undertaking) (Short term) | ST | 23.00 | CARE A4; ISSUER NOT COOPERATING * | - | 1)CARE A4 (28-Mar-24) | 1)CARE A4 (31-Mar-23) | 1)CARE A4+ (01-Feb-22) 2)CARE A4 (05-Apr-21) |
| 2 | Non-fund-based - ST-LC/BG/LOU(Letter of Undertaking) (Short term) | ST | 59.00 | CARE A4; ISSUER NOT COOPERATING * | - | 1)CARE A4 (28-Mar-24) | 1)CARE A4 (31-Mar-23) | 1)CARE A4+ (01-Feb-22) 2)CARE A4 (05-Apr-21) |
| 3 | Fund-based - LT-Term Loan | LT | 1.00 | CARE BB-; Stable; ISSUER NOT COOPERATING * | - | 1)CARE BB; Stable (28-Mar-24) | 1)CARE BB; Stable (31-Mar-23) | 1)CARE BB; Positive (01-Feb-22) |
| 4 | Fund-based - LT-Cash Credit | LT | 33.00 | CARE BB-; Stable; ISSUER NOT COOPERATING * | - | 1)CARE BB; Stable (28-Mar-24) | 1)CARE BB; Stable (31-Mar-23) | 1)CARE BB; Positive (01-Feb-22) |
| 5 | Fund-based - ST-Working Capital Demand loan | ST | - | - | - | - | 1)Withdrawn (31-Mar-23) | 1)CARE A4+ (01-Feb-22) |
| 6 | Fund-based - ST-Working Capital Limits | ST | - | - | - | - | 1)Withdrawn (31-Mar-23) | 1)CARE A4+ (01-Feb-22) |

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

LT: Long term; ST: 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-Cash Credit | Simple |
| 2 | Fund-based - LT-Term Loan | Simple |
| 3 | Non-fund-based - ST-LC/BG/LOU(Letter of Undertaking) (Short term) | 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 for clarifications.

Contact us

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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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