

OMRV Hospitals Private Limited
 November 27, 2020

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings	Rating Action
Long Term Bank Facilities	6.14	CARE B-; Stable; ISSUER NOT COOPERATING* (Single B Minus; Outlook: Stable ISSUER NOT COOPERATING*)	Rating continues to remain under ISSUER NOT COOPERATING category and Revised from CARE B; Stable; (Single B; Outlook: Stable)
Total Bank Facilities	6.14 (Rs. Six Crore and Fourteen Lakhs Only)		

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated September 13, 2019 placed the rating(s) of OMRV Hospitals Private Limited, OMRVHPL under the 'issuer non-cooperating' category as OMRVHPL had failed to provide information for monitoring of the rating. OMRVHPL continues to be non-cooperative despite repeated requests for submission of information through e-mails, phone calls and an e-mail communications dated from January 31, 2020 to November 19, 2020. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating.

The company has not taken moratorium on loans

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

Detailed description of the key rating drivers**(Updated for the information available from ROC)**

The rating has been revised by taking into account non-availability of requisite information and no due-diligence conducted due to non-cooperation by OMRV Hospitals Private Limited, with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk. The rating continues to be tempered by weak debt coverage indicators and highly fragmented coupled with competition from existing and upcoming hospitals. The ratings however underpinned by experience and resourceful promoters, Limit track record of operations Growth in total operating income, comfortable capital structure and improved profitability margin albeit net losses in FY19 .

Key Rating Weakness***Weak debt coverage indicators***

The debt coverage indicators of the company remained weak. The total debt /GCA remained negative due to cash losses in FY19. However, the interest coverage ratio of the company improved and stood at 1.02x in FY19 due to increase in PBILD in absolute terms.

Highly fragmented coupled with competition from existing and upcoming hospitals

The healthcare sector is highly fragmented with a few large players in the organised sector and numerous small players in the unorganized sector leading to high level of competition. However, one of the major competitor specialised in gastroenterology located in Hyderabad is Asian Institute of Gastroenterology, whereas gastroenterology is one department in other hospitals like Maxcure Hospital, Kamineni Hospital and Krishna Institute of Medical Sciences (KIMS). Despite of the competition, the OMRV is able to increase the revenue y-o-y on account of highly qualified doctors with more than two decades of experience in the medical profession. In light of intense competition, OMRV's prospects would depend upon its ability to profitably scale up the operations and success rate in treatment of complex cases, to attract patients and increase occupancy.

Key Rating Strengths***Experienced and resourceful promoters***

OMRV has been promoted by Dr Govind Verma {MBBS, MD, DM (Gastroenterology)} and has more than two decades of experience in the medical profession. Furthermore, the hospital is managed by team of experts like Dr Shyam Verma [MBBS, MS, M.ch.(Urology)], Dr Anju Verma and Dr Phani Krishna among others drawn from various

specializations. In 9MFY16 (Provisional), the directors of the hospital have infused equity share capital of Rs.2.99 crore to fund capital expenditure.

Limited track record of operations

OMRV was established in the year 2011 and commercial operations started from April 2012. In spite of eight years of commercial operations, the hospital earned total income of Rs.34.26 crore in FY19 with a low net worth of Rs. 13.40 crore as on March 31, 2019.

Growth in total operating income in FY19

The total operating income of the company has increased from Rs.25.37 crore in FY18 to Rs.34.26 crore in FY19.

Improved profitability margin albeit net losses in FY19

The profitability margin of the company has improved and stood 4.38% in FY19. However, net losses in FY19.

Comfortable capital structure

The capital structure of the company remained comfortable marked by overall gearing ratio has marginally improved and stood at 0.69 as on March 31, 2019.

Analytical Approach: Standalone

Applicable Criteria

[Policy in respect of Non-cooperation by issuer](#)

[Criteria on assigning 'Outlook' and 'Credit watch' to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Financial Ratios-Non-Financial Sector](#)

[Rating Methodology- Hospital Industry](#)

About the Company

OMRV Hospitals Private Limited (OMRV) was incorporated in 2011, promoted by Dr Govind Verma (Managing Director). The hospital is functioning by the name 'PACE Hospital' in Hyderabad. The hospital is specialized in 'Gastroenterology and Kidney care'. The hospital provides diagnostic, outpatient, surgery and inpatient services to the customers. OMRV is accredited by National Accreditation Board for Hospitals & Healthcare Providers (NABH) which grants hospital certifications based on various quality standards and processes followed by hospitals. OMRV is managed by a team of experts from all related fields like Gastroenterology, Urology, Vitreo Retina and Liver Transplant Surgery.

Brief Financials (Rs. crore)	31-03-2018	31-03-2019
	A	A
Total operating income	25.37	34.26
PBILDT	-7.86	1.50
PAT	-12.10	-2.80
Overall gearing (times)	0.83	0.75
Interest coverage (times)	-4.63	1.02

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History (Last three years): Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan #	-	-	-	6.14	CARE B-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on based available information

#During last review we have rated the proposed limits and updated information not available

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 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018
1.	Fund-based - LT-Term Loan	LT	6.14	CARE B-; Stable; ISSUER NOT COOPERATING *	-	1)CARE B; Stable; ISSUER NOT COOPERATING * (13-Sep-19)	1)CARE B; Stable; ISSUER NOT COOPERATING * (28-Jan-19)	1)CARE B+; ISSUER NOT COOPERATING * (15-Nov-17)

*Issuer did not cooperate; based on based available information

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

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

Sr. No.	Name of the Instrument	Complexity Level
1.	Fund-based - LT-Term Loan	Simple

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

Media Contact

Name: Mr. Mradul Mishra
Contact no. – +91-22-6837 4424
Email ID – mradul.mishra@careratings.com

Analyst Contact

Name: Ms. P Shanti
Contact no: 040-40102030
Email: p.shanti@careratings.com

Business Development Contact

Name: Mr. Ravi Babu
Contact no: 9989998695
Email ID: ravi.babu@careratings.com

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an *External Credit Assessment Institution (ECAI)* by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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