

Indraprastha Medical Corporation Limited

Instrument	Amount Rated	Outstanding Rating
	In Rs. Crore	As on March'16
Term Loans	8.75 (earlier 15.0)	[ICRA]AA(Stable)(<i>Reaffirmed</i>)
Fund Based Limits	40.0	[ICRA]AA(Stable)(<i>Reaffirmed</i>)
Non Fund Based	45.0	[ICRA]A1+ (<i>Reaffirmed</i>)
Commercial Paper programme	40.0 (enhanced from 20.0)	[ICRA]A1+ (<i>Reaffirmed</i>)
Unallocated Limits	6.25	[ICRA]AA(stable) <i>assigned</i>

ICRA has reaffirmed the [ICRA]AA (pronounced ICRA double A)[†] rating assigned to the Rs. 8.75 crore[†] (earlier Rs 15.0 crore) term loans and Rs. 40 crore fund based bank limits of Indraprastha Medical Corporation Limited (IMCL). ICRA has also assigned [ICRA]AA rating to the Rs 6.25 crore unallocated limits of IMCL. The outlook of the long-term rating is stable. ICRA has also reaffirmed [ICRA]A1+ rating (pronounced ICRA A one plus) assigned to the Rs. 45 crore Non-Fund based limits of IMCL. Further ICRA has retained the rating for the Rs.40 crore (enhanced from Rs 20 crore) Commercial Paper programme of IMCL at [ICRA]A1+ (pronounced A one plus).

The rating reaffirmation factors in IMCL's established position as a quality healthcare provider in the National Capital Region (NCR), which has enabled it to maintain healthy occupancy levels over the years. Further, the ratings draw comfort from IMCL's association with the Apollo group, its diversified revenue base across various specialities and its strong debt coverage indicators. The positives are offset to some extent by the moderate occupancy levels in its Noida wing, decline in overall occupancy levels in recent years owing to expanded bed capacity and heightened competition in NCR which can put pressure on its occupancy levels going forward. The ratings however continue to remain constrained on account of declining profitability amid rising employee and administration costs. Amendments to Payment of Bonus Act, 1965 further increased the employee cost in FY16 and would continue to impact profitability going forward. The ratings also factor in rising receivables primarily due to international and institutional business; however the presence of adequate working capital limits lends financial flexibility. Further, ICRA notes that IMCL's ability to maintain high occupancy levels would be linked to its ability to retain good consultants which continues to remain a key challenge considering the increasing competition. Nevertheless, IMCL's established market position, association with the Apollo group, and revenue diversification across various specialties and customers are some of the factors which are expected to mitigate the risk of pressure on occupancy levels going forward.

Going forward the ability of the company to maintain healthy occupancy on the expanded bed capacity, improve profitability while retaining key consultants, manage its working capital requirements and extent of capital expenditure would be amongst the key rating sensitivities.

There is a Public Interest Litigation (PIL) subjudice in Supreme Court against IMCL. As per the PIL the hospital should provide free medicines and consumables to the patients sponsored by the Government of Delhi. The financial impact of the same on IMCL cannot be ascertained at this stage since the case is subjudice and the ICRA ratings therefore does not factor in such future liabilities, if any.

About the company

Incorporated in 1988 as a joint venture between Apollo Hospitals Enterprise Ltd. (AHEL) and the Government of National Capital Territory of Delhi (Delhi Govt.), Indraprastha Medical Corporation Ltd. is a 703 bedded, super speciality tertiary care hospital located in New Delhi. Having commenced operations in 1996, IMCL currently has 52 speciality departments. The hospital's 15-acre land in Sarita Vihar (New Delhi) has been leased for a period of 30 years by the Delhi Govt., at a nominal lease rent.

^{*} For complete rating scale and definitions, please refer to ICRA's Website, www.icra.in, or any of the ICRA Rating Publications

[†] 100 lakh = 1 crore = 10 million



In lieu of the above, IMCL provides free medical facilities to poor patients referred by the Delhi Govt. In 2006-07, IMCL opened its Noida wing with 46 beds, and it is positioned as “Mother and Child Care” hospital.

Being a part of the Apollo chain, IMCL benefits from synergies in operations and referrals from group managed clinics. With inpatient revenues forming the majority of overall hospital revenues, the catchment area for the hospital is predominantly Delhi and the states of Uttar Pradesh and Haryana. Speciality-wise, IMCL’s heart-related, neuro-related; oncology, nephrology and orthopaedic segments are the major contributing departments, accounting for half of the hospital’s revenues. IMCL was the first hospital in India to be internationally accredited by the Joint Commission International (JCI), the USA based healthcare services accreditation body, in June 2005.

During 2014-15, IMCL reported a net profit of Rs.32.49 crore on an operating income of Rs. 713.39 crore.

Recent Results

IMCL reported a net profit of Rs. 42.64 crore on an operating income of Rs. 571.13 crore in April-Dec 2015 as compared to a net profit of Rs. 45.94 crore and an operating income Rs. 537.35 crore in the corresponding period last year.

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For further details please contact:

Analyst Contacts:

Mr. Rohit Inamdar (Tel. No. +91-124-4545847)
rohit.inamdar@icraindia.com

Relationship Contacts:

Mr. Vivek Mathur (Tel. No. +91-124-4545310)
vivek@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**Mobile: **9871221122**Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**Mobile: **9821086490**Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**Mobile: **+91 9903394664**Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**Mobile: **989986490**Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**Mobile: **989986490**Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**Mobile: **9845022459**Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500