



Fortis Healthcare Limited

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FHL/SEC/STEX/RR/2017-18

February 13, 2018

The National Stock Exchange of India Ltd.
Corporate Communications Department
"Exchange Plaza", 5th Floor,
Bandra-Kurla Complex, Bandra (East),
Mumbai - 400051
Scrip Symbol: FORTIS

BSE Limited
Corporate Services Department
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001
Scrip Code:532843

Sub: Disclosure under Regulation 30- Intimation on revision in Credit Rating(s)

Dear Sir(s),

With reference to the provisions of the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, it is hereby informed that there has been a change in the credit ratings by ICRA of the Company and of the following subsidiaries of the Company - M/s. Fortis Hospitals Limited, M/s. Escorts Heart Institute and Research Centre Limited, M/s. Hiranandani Healthcare Private Limited and M/s. Fortis C-Doc Healthcare Limited.

The report(s), from the ICRA covering the rationale for revisions in credit ratings, are attached herewith.

We will keep the stock exchanges informed about any further updates in this regard.

This is for your information and records please.

Thanking you,
Yours Faithfully

For **Fortis Healthcare Limited**


Rahul Ranjan
Company Secretary
ICSI Membership: ACS17035



FORTIS HEALTHCARE LIMITED

Regd. Office: Fortis Hospital, Sector 62, Phase - VIII, Mohali - 160062

Tel: 0172-5096001, Fax: 0172 5096002, CIN: L85110PB1996PLC045933



Fortis Healthcare Limited

February 09, 2018

Summary of Rated Instruments:

Instrument	Previously rated amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debentures	250.00	250.00	[ICRA]A-; downgraded from [ICRA]A+ (rating continues to be on watch with negative implications)
Commercial Paper/Short-term Debt	600.00	600.00	[ICRA]A2+; downgraded from [ICRA]A1+ (rating continues to be on watch with negative implications)
Fund-based Limits	105.00	105.00	[ICRA]A-; downgraded from [ICRA]A+ (rating continues to be on watch with negative implications)
Term Loans	195.00	195.00	[ICRA]A-; downgraded from [ICRA]A+ (rating continues to be on watch with negative implications)
Non-fund-based Limits	20.00	20.00	[ICRA]A2+; downgraded from [ICRA]A1+ (rating continues to be on watch with negative implications)
Total	1170.00	1170.00	

Material Event

Recent disclosure by Fortis Healthcare Limited (FHL) indicating that considerable funds were transferred to third parties, which were later classified as promoter entities and the current outstanding amount towards such entities is Rs. 473 crore.

Impact of the Material Event

The long term rating for Rs. 250 crore non-convertible debenture programme, Rs. 105 crore fund-based limits, and Rs. 195 crore term loans has been revised from [ICRA]A+ (pronounced ICRA A plus) to [ICRA]A- (pronounced ICRA A minus). Further, the short-term rating for Rs. 600 crore commercial paper programme and Rs. 20 crore non-fund-based facilities has been revised from [ICRA]A1+ (pronounced ICRA A one plus) to [ICRA]A2+ (pronounced ICRA A two plus). The ratings continue to be on watch with negative implications.



The rating action takes into account the disclosure about the advances extended by FHL to related parties which in ICRA's views has a significant impact on FHL's credit and liquidity profile. ICRA had been deriving comfort from FHL's strong liquidity position; with the abovementioned development, the company's financial flexibility is expected to be constrained. Repayment of the said instruments by these entities has already commenced but considerable amount is still outstanding, and the timing and quantum of recovery of the same cannot be ascertained. ICRA also notes that Mr. Malvinder Singh (Executive Chairman) and Dr. Shivinder Singh (Non-executive Vice Chairman) have tendered their resignations. ICRA will continue to closely monitor the developments and take rating action, as and when more clarity emerges.

Outlook: Ratings are on watch with negative implications

The company has an established presence in healthcare sector through a large network of hospitals and diagnostic labs; however its credit risk profile has been impacted by large fee payable to Business Trust (BT) listed in Singapore, recent regulatory actions by National Pharmaceutical Pricing Authority (NPPA) and events surrounding the promoter group. The rating may be downgraded in case the operational performance is lower-than-expected, debt taken for the buyout of Indian assets of BT is higher than expected or any deterioration in its credit risk profile on account of any support provided to the promoter. Conversely ratings may be removed from watch with negative implications in case the operational performance is better than expected, and/or leverage taken for buyout of Indian assets of BT is lower-than-expected.

Key rating drivers

Credit Strength

Established branded healthcare provider in India- FHL is one of the largest healthcare services provider in the country, with ~4600 beds spread across 45 healthcare facilities (including projects under development) and over 346 diagnostic centers

Presence across verticals- Company has diversified presence across multiple healthcare verticals, such as secondary care, tertiary care, quaternary care, and diagnostics

Positive outlook for the sector in long run- Positive demand outlook for healthcare services in the country, due to growing awareness of healthcare issues, under-served nature of the sector, better affordability through increasing per capita income, and widening medical insurance coverage

Low net gearing- Moderate gearing and significant cash and equivalents provide financial flexibility, in case monetisation of non-core assets takes longer than expected

Favourable asset profile- Majority of the hospitals in the network are now mature and the company will benefit from high operating leverage of the hospital business



Credit weaknesses

Advances extended to related parties- ICRA had been deriving comfort from FHL's strong liquidity position; with these advances to related parties, the company's financial flexibility is expected to be constrained

Inordinate delays in releasing results for Q2FY2018: The delay in declaring quarterly results constrains ICRA's ability to monitor the performance of the company

Decline in performance in Q1FY2018- Decline in performance of FHL in Q1FY2018 due to cap on prices of stents and lingering impact of demonetisation, which led to fall in consolidated operating profitability from 16% to 14% on YoY basis

Stretched leverage and liquidity situation of promoter's holding companies- the stay imposed by Honourable Supreme Court of India is likely to delay the deleveraging process and will adversely impact promoter group's already stretched liquidity position. Further, majority of the assets of the promoters are already encumbered

Contingent liabilities- the company and its promoters are currently facing litigations and any adverse ruling may impact FHL's management and operations

Significant outflows towards business trust fee- Though the quantum of fee paid to Business Trust will reduce after acquisition of economic interest in Fortis Hospotel Limited, it will continue to have significant impact on the cash flows and consequently the debt coverage indicators of the company

The previous detailed rating rationale is available on the following link: [Click here](#)



ICRA

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Fortis Hospitals Limited

February 12, 2018

Summary of Rated Instruments:

Instrument	Previously rated amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Term Loans	417.8	417.8	[ICRA]A-(SO); downgraded from [ICRA]A+(SO) (rating watch has been changed from developing implications to negative implications)
Fund-based Limits	235	235	[ICRA]A-(SO); downgraded from [ICRA]A+(SO) (rating watch has been changed from developing implications to negative implications)
Non-fund-based Limits	97.2	97.2	[ICRA]A2+(SO); downgraded from [ICRA]A1+(SO) (rating watch has been changed from developing implications to negative implications)
Total	750.0	750.0	

Material Event

Based on material event occurred on February 08 and 09, 2018 and rating action pertaining to Fortis Healthcare Limited, the parent entity of Fortis Hospitals Limited (FHsL)¹

Impact of the Material Event

The long-term rating for Rs. 417.8 crore term loan and Rs. 235.0 crore fund-based limits have been revised from [ICRA]A+(SO) (pronounced ICRA A plus structured obligation) to [ICRA]A-(SO) (pronounced ICRA A minus structured obligation). Further, the short-term rating for Rs. 97.2 crore non-fund-based facilities has been revised from [ICRA]A1+(SO) (pronounced ICRA A one plus structured obligation) to [ICRA]A2+(SO) (pronounced ICRA A two plus structured obligation). The ratings watch has been changed from developing implications to negative implications.

Revision of the ratings and the watch on FHsL's debt follows similar rating action on rated instruments of its parent, Fortis Healthcare Limited, as the rating on FHsL's bank lines is based on the unconditional and irrevocable corporate guarantee issued by FHL for due payment of the captioned facility to the Bank.

¹ FHsL is a subsidiary of Fortis Healthcare Limited (FHL). Ratings for the borrowing programme of FHL have been revised from [ICRA]A+/[ICRA]A1+ to [ICRA]A-/ [ICRA]A2+ in February 2018; both ratings are on watch with negative implications.

The letter SO in parenthesis suffixed to a rating symbol stands for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned. The SO ratings address the servicing of the loans to happen as per the terms of the underlying loans and the guarantee arrangement and the ratings assume that the guarantee will be duly invoked, as per the terms of the underlying loan and guarantee agreements, in case there is a default in payment by the borrower

Outlook: Ratings are on watch with negative implications

As the ratings are based on unconditional and irrevocable guarantee by the FHL's parent (Fortis Healthcare Limited; FHL), the rating movement will be determined by ICRA's consolidated view on FHL.

Key rating drivers

The rating action is based on material event and rating action pertaining to Fortis Healthcare Limited, the parent entity of FHL. The ratings are based upon unconditional and irrevocable corporate guarantee issued by Fortis Healthcare Limited (FHL), whose borrowing programme is rated by ICRA at [ICRA]A- (pronounced ICRA A minus)/[ICRA]A2+ (pronounced ICRA A two plus); both ratings are on watch with negative implications.

The previous detailed rating rationale is available on the following link: [Click here](#)

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Escorts Heart Institute and Research Centre Limited

February 12, 2018

Summary of Rated Instruments:

Instrument	Previously rated amount(Rs. crore)	Current Rated Amount(Rs. crore)	Rating Action
Term Loans	78.0	78.0	[ICRA]A-; downgraded from [ICRA]A+ (rating watch has been changed from developing implications to negative implications)
Fund-based Limits	20.0	20.0	[ICRA]A-; downgraded from [ICRA]A+ (rating watch has been changed from developing implications to negative implications)
Non-fund-based Limits	5.0	5.0	[ICRA]A2+; downgraded from [ICRA]A1+ (rating watch has been changed from developing implications to negative implications)
Total	103.0	103.0	

Material Event

Based on material event occurred on February 08 and 09, 2018 and rating action pertaining to Fortis Healthcare Limited, the parent entity of Escorts Heart Institute and Research Centre Limited (EHIRCL)¹

Impact of the Material Event

The long-term rating for Rs. 78.0 crore term loan and Rs. 20.0 crore fund-based limits have been revised from [ICRA]A+ (pronounced ICRA A plus) to [ICRA]A- (pronounced ICRA A minus). Further, the short-term rating for Rs. 5.0 crore non-fund-based facilities has been revised from [ICRA]A1+ (pronounced ICRA A one plus) to [ICRA]A2+ (pronounced ICRA A two plus). The ratings watch has been changed from developing implications to negative implications.

Rating action on EHIRCL's debt follows similar rating action on rated instruments of Fortis Healthcare Limited (FHL; parent company of EHIRCL) due to strong operational, financial and managerial linkage between FHL and EHIRCL.

The letter SO in parenthesis suffixed to a rating symbol stands for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned. The SO ratings address the servicing of the loans to happen as per the terms of the underlying loans and the guarantee arrangement and the ratings assume that the guarantee will be duly invoked, as per the terms of the underlying loan and guarantee agreements, in case there is a default in payment by the borrower

¹ EHIRCL is a subsidiary of Fortis Healthcare Limited (FHL). Ratings for the borrowing programme of FHL have been revised from [ICRA]A+/[ICRA]A1+ to [ICRA]A-/[ICRA]A2+ in February 2018; both ratings are on watch with negative implications.

Outlook: Ratings are on watch with negative implications

As ICRA has taken a consolidated view of Fortis Healthcare Limited along with all its subsidiaries, the rating movement will be determined by ICRA's consolidated view on FHL.

Key rating drivers

As ICRA has taken a consolidated view of Fortis Healthcare Limited along with all its subsidiaries, the rating movement will be determined by ICRA's consolidated view on FHL.

The previous detailed rating rationale is available on the following link: [Click here](#)

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Hiranandani Healthcare Private Limited

February 12, 2018

Summary of Rated Instruments:

Instrument	Previously rated amount(Rs. crore)	Current Rated Amount(Rs. crore)	Rating Action
Term Loans	42.98	42.98	[ICRA]A-(SO); downgraded from [ICRA]A+(SO) (rating watch has been changed from developing implications to negative implications)
Overdraft/ Working Capital Demand Loans	3.00	3.00	[ICRA]A-(SO); downgraded from [ICRA]A+(SO) (rating watch has been changed from developing implications to negative implications)
Non-fund-based Limits	0.02	0.02	[ICRA]A2+(SO); downgraded from [ICRA]A1+(SO) (rating watch has been changed from developing implications to negative implications)
Total	46.00	46.00	

Material Event

Based on material event occurred on February 08 and 09, 2018 and rating action pertaining to Fortis Healthcare Limited, the parent entity of Hiranandani Healthcare Private Limited (HHPL)¹

Impact of the Material Event

The long-term rating for Rs. 42.98 crore term loan and Rs. 3.00 crore fund-based limits (WCDL) has been revised from [ICRA]A+(SO) (pronounced ICRA A plus structure obligation) to [ICRA]A-(SO) (pronounced ICRA A minus structured obligation). Further, the short-term rating for Rs. 0.02 crore non-fund-based facilities has been revised from [ICRA]A1+(SO) (pronounced ICRA A one plus structured obligation) to [ICRA]A2+(SO) (pronounced ICRA A two plus structured obligation). The rating watch has been changed from developing implications to negative implications.

Revision of the ratings and the watch on HHPL's debt follows similar rating action on rated instruments of its parent, Fortis Healthcare Limited, as the rating on HHPL's bank lines is based on the unconditional and irrevocable corporate guarantee issued by FHL for due payment of the captioned facility to the Bank.

¹ HHPL is a subsidiary of Fortis Healthcare Limited (FHL). Ratings for the borrowing programme of FHL have been revised from [ICRA]A+/[ICRA]A1+ to [ICRA]A-/[ICRA]A2+ in February 2018; both ratings are on watch with negative implications.

The letter SO in parenthesis suffixed to a rating symbol stands for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned. The SO ratings address the servicing of the loans to happen as per the terms of the underlying loans and the guarantee arrangement and the ratings assume that the guarantee will be duly invoked, as per the terms of the underlying loan and guarantee agreements, in case there is a default in payment by the borrower

Outlook: Ratings are on watch with negative implications

As the ratings are based on unconditional and irrevocable guarantee by the HHPL's parent (Fortis Healthcare Limited; FHL), the rating movement will be determined by ICRA's consolidated view on FHL.

Key rating drivers

The rating action is based on material event and rating action pertaining to Fortis Healthcare Limited, the parent entity of HHPL. The ratings are based upon unconditional and irrevocable corporate guarantee issued by Fortis Healthcare Limited (FHL), whose borrowing programme is rated by ICRA at [ICRA]A- (pronounced ICRA A minus)/[ICRA]A2+ (pronounced ICRA A two plus); both ratings are on watch with negative implications.

The previous detailed rating rationale is available on the following link: [Click here](#)

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Fortis C Doc Healthcare Limited

February 12, 2018

Summary of Rated Instruments:

Instrument	Previously rated amount(Rs. crore)	Current Rated Amount(Rs. crore)	Rating Action
Fund Based Limits - Term Loan	10.31	10.31	[ICRA]A-(SO); downgraded from [ICRA]A+(SO) (rating watch has been changed from developing implications to negative implications)
Total	10.31	10.31	

Material Event

Based on material event occurred on February 08 and 09, 2018 and rating action pertaining to Fortis Healthcare Limited, the parent entity of Fortis C Doc Healthcare Limited (FCDL)¹

Impact of the Material Event

The long-term rating for Rs. 10.31 crore fund-based limits (Term loan) has been revised from [ICRA]A+(SO) (pronounced ICRA A plus structure obligation) to [ICRA]A-(SO) (pronounced ICRA A minus structured obligation). The ratings watch has been changed from developing implications to negative implications.

Revision of the ratings and the watch on FCDL's debt follows similar rating action on rated instruments of Fortis Healthcare Limited, as the rating on FCDL's bank lines is based on the unconditional and irrevocable corporate guarantee issued by FHL for due payment of the captioned facility to the Bank.

The letter SO in parenthesis suffixed to a rating symbol stands for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned. The SO ratings address the servicing of the loans to happen as per the terms of the underlying loans and the guarantee arrangement and the ratings assume that the guarantee will be duly invoked, as per the terms of the underlying loan and guarantee agreements, in case there is a default in payment by the borrower

Outlook: Ratings are on watch with negative implications

As the ratings are based on unconditional and irrevocable guarantee by the FCDL's parent (Fortis Healthcare Limited; FHL), the rating movement will be determined by ICRA's consolidated view on FHL.

¹ FCDL is a subsidiary of Fortis Healthcare Limited (FHL). Ratings for the borrowing programme of FHL have been revised from [ICRA]A+/[ICRA]A1+ to [ICRA]A-/ [ICRA]A2+ in February 2018; both ratings are on watch with negative implications.

Key rating drivers

The rating action is based on material event and rating action pertaining to Fortis Healthcare Limited, the parent entity of FCDL. The ratings are based upon unconditional and irrevocable corporate guarantee issued by Fortis Healthcare Limited (FHL), whose borrowing programme is rated by ICRA at [ICRA]A- (pronounced ICRA A minus)/[ICRA]A2+ (pronounced ICRA A two plus); both ratings are on watch with negative implications.

The previous detailed rating rationale is available on the following link: [Click here](#)

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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