Rating Advisory

June 09, 2022 Mumbai

Advisory as on June 09, 2022

This rating advisory is provided in relation to the rating of Family Health Plan Insurance TPA Limited

CRISIL Ratings vide its publication dated May 16, 2022 highlighted the aspect of non-co-operation by Family Health Plan Insurance TPA Limited

Family Health Plan Insurance TPA Limited has now shared the information requested and is cooperative.

You may access the Rating Rationale as appended below.

About CRISIL Ratings Limited (a subsidiary of CRISIL Limited)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/ partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ('CRISIL Ratings') is a wholly owned subsidiary of CRISIL Limited ('CRISIL'). CRISIL Ratings is registered in India as a credit rating agency with the Securities and Exchange Board of India ('SEBI').

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

CRISIL is majority owned by S&P Global, Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: TWITTER | LINKEDIN | YOUTUBE | FACEBOOK

CRISIL Privacy Notice

CRISIL respects your privacy. We may use your contact information, such as your name, address and email id to fulfil your request and service your account and to provide you with additional information from CRISIL. For further information on CRISIL's privacy policy, please visit www.crisil.com

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') that is provided by CRISIL Ratings Limited ('CRISIL Ratings'). To avoid doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for the jurisdiction of India only. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the report or of the manner in which a user intends to use the report. In preparing our report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the report is not intended to and does not constitute an investment advice. The report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. CRISIL Ratings or its associates may have other commercial transactions with the entity to which the report pertains.

Neither CRISIL Ratings nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively, 'CRISIL Ratings Parties') guarantee the accuracy, completeness or adequacy of the report, and no CRISIL Ratings Party shall have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. EACH CRISIL RATINGS PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. Public ratings and analysis by CRISIL Ratings, as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any), are made available on its website, www.crisilratings.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee – more details about ratings by CRISIL Ratings are available here: www.crisilratings.com.

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/or relies on in its reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for managing conflict of interest. For details please refer to: https://www.crisil.com/en/home/our-businesses/ratings/regulatory-disclosures/highlighted-policies.html.

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public website, www.crisilratings.com. For latest rating information on any instrument of any company rated by CRISIL Ratings, you may contact the CRISIL Ratings desk at crisilratingdesk@crisil.com, or at (0091) 1800 267 1301.

CRISIL Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011 to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: www.crisil.com/ratings/credit-rating-scale.html

Rating Rationale

April 19, 2021 | Mumbai

Family Health Plan Insurance TPA Limited

Ratings Reaffirmed at 'CRISIL A-/Stable/CRISIL A2+'

Rating Action

Total Bank Loan Facilities Rated	**Rs.41.5 Crore**
Long Term Rating	**CRISIL A-/Stable (Reaffirmed)**
Short Term Rating	**CRISIL A2+ (Reaffirmed)**

1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed rationale

CRISIL Ratings has reaffirmed its 'CRISIL A-/Stable/CRISIL A2+' ratings on the bank facilities of Family Health Plan Insurance TPA Limited (FHPL; part of Apollo Hospitals group).

The company is a service provider for insurance companies, and its operations have not been impacted significantly by the nation-wide lockdown imposed to control the spread of Covid-19.

FHPL's operating performance in fiscal 2020 remained comfortable with yearly growth of 12% and earnings before interest tax depreciation and amortisation margin of 20.9%.Further, Apollo Hospitals group's decision to sell Apollo Munich Health Insurance (AMHL) to HDFC Ergo had limited impact on company's operations. Despite the loss of business from AMHL, which contributed Rs 34.8 crore accounting for almost 25% of total revenue in fiscal 2020, the topline of FHPL is estimated to remain in line with expectations at Rs 130 crore in fiscal 2021.Going forward, management is focusing on adding business from existing clients and government sponsored healthcare schemes.

Financial risk profile remains healthy supported by a robust capital structure and gearing of 0.12 time as on March 31, 2020. Gearing is expected to remain below 0.10 time in fiscal 2021. Liquidity is supported by largely unutilised bank lines and healthy accruals.

The ratings continue to reflect the benefits that FHPL derives from being a part of the Apollo Hospitals group, its healthy financial risk profile, and the robust growth prospects for the health insurance industry. These strengths are partially offset by susceptibility to regulatory changes regarding third-party administrator (TPA) services.

Analytical approach

CRISIL Ratings' has applied its parent notch-up framework to factor in strong managerial and financial support provided by the parent, Apollo Hospitals Enterprise Ltd (AHEL; rated 'CRISIL AA//FAA+/Stable/CRISIL A1+').

Key rating drivers & detailed description

Strengths:

*** Benefits from being part of the Apollo Hospitals group:**

FHPL derives managerial and financial support from the Apollo Hospitals group. AHEL is the key stakeholder in the company with 49% shareholding, and the balance is held by family members and other entities of the group. Additionally, Upasana Kamineni, Vice Chairperson Apollo Foundation (CSR), has been appointed as managing director of FHPL in the current year.

*** Healthy financial risk profile:**

Networth was large at Rs 62.7 crore and gearing healthy at 0.12 time as on March 31, 2020. Debt protection metrics are robust as reflected in adjusted interest coverage and net cash accrual to total debt ratios of 8.15 and 3.37 times, respectively, in fiscal 2020. In the absence of significant debt exposure, financial risk profile is expected to remain healthy in the medium term.

*** Robust growth prospects for the health insurance industry:**

FHPL will continue to benefit from the healthy growth prospects in the TPA industry and from the financial strength of counterparties.

Weakness:
*** Susceptibility to intense competition and regulatory changes:**
Although the TPA industry is regulated by the Insurance Regulatory and Development Authority, it has low entry barriers. This has led to high fragmentation, with players having a marginal market share of about 2%, hence limiting pricing flexibility.

Liquidity: Adequate
In the absence of major capital expenditure, net cash accrual, expected at Rs 20-25 crore per annum over the medium term, should comfortably cover yearly debt obligation of Rs 0.10 crore and the surplus will support liquidity. Also, fund-based limits of Rs 17 crore were utilised at a mere 11% on average in the 12 months through March 2021.

Outlook: Stable
CRISIL Ratings believes FHPL will continue to benefit from the support it receives from the Apollo Hospitals group and moderate operating capability.

Rating sensitivity factors
Upward Factors
- Increase in revenue (of 30%) and sustenance of operating margin, leading to significant increase in cash accrual
- Improvement in the credit risk profile of the parent

Downward Factors
- Stretch in working capital cycle on account of stretched receivables leading to gross current assets of over 200 days
- Deterioration in the credit risk profile of the parent.

About the company
Incorporated in 1995 and owned by the Apollo Hospitals group through its various entities, FHPL offers TPA services. The company is based in Hyderabad and has branches in Karnataka, Maharashtra, West Bengal, Odisha, Gujarat, and Meghalaya

Key financial indicators

As on/for the period ended March 31	Units	2020	2019
Operating income	Rs.Crore	138.4	123.16
Reported profit after tax (PAT)	Rs.Crore	12.55	7.94
PAT margin	%	9.10	6.45
Adjusted debt/adjusted networth	Times	0.12	0.37
Interest coverage	Times	7.53	8.32

Any other information: Not applicable

Note on complexity levels of the rated instrument:
CRISIL Ratings' complexity levels are assigned to various types of financial instruments. The CRISIL Ratings' complexity levels are available on www.crisil.com/complexity-levels. Users are advised to refer to the CRISIL Ratings' complexity levels for instruments that they consider for investment. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity level	Rating assigned with outlook
NA	Cash Credit	NA	NA	NA	17.00	NA	CRISIL A-/Stable
NA	Proposed Working Capital Facility	NA	NA	NA	9.50	NA	CRISIL A-/Stable

NA	Bank Guarantee	NA	NA	NA	15.00	NA	CRISIL A2+

Annexure - Rating History for last 3 Years

	Current			2021 (History)		2020		2019		2018		Start of 2018
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	26.5	CRISIL A-/Stable		--	30-01-20	CRISIL A-/Stable		--	31-12-18	CRISIL A-/Stable	CRISIL A-/Stable
			--		--		--		--		--	CRISIL A-/Stable
Non-Fund Based Facilities	ST	15.0	CRISIL A2+		--	30-01-20	CRISIL A2+		--	31-12-18	CRISIL A2+	CRISIL A2+

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee	5	Axis Bank Limited	CRISIL A2+
Bank Guarantee	5	ICICI Bank Limited	CRISIL A2+
Bank Guarantee	5	Kotak Mahindra Bank Limited	CRISIL A2+
Cash Credit	4.5	Axis Bank Limited	CRISIL A-/Stable
Cash Credit	2.5	ICICI Bank Limited	CRISIL A-/Stable
Cash Credit	10	Kotak Mahindra Bank Limited	CRISIL A-/Stable
Proposed Working Capital Facility	9.5	Not Applicable	CRISIL A-/Stable

This Annexure has been updated on 16-Dec-2021 in line with the lender-wise facility details as on 11-Dec-2021 received from the rated entity.

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating criteria for manufaturing and service sector companies
Criteria for notching down standalone ratings of companies based on support extended to parent
CRISILs Approach to Recognising Default
The Rating Process
CRISILs Bank Loan Ratings

Media Relations	Analytical Contacts	Customer Service Helpdesk

Pankaj Rawat Media Relations **CRISIL Limited** B: +91 22 3342 3000 pankaj.rawat@crisil.com **Naireen Ahmed** Media Relations **CRISIL Limited** D: +91 22 3342 1818 B: +91 22 3342 3000 naireen.ahmed@crisil.com	Dinesh Jain Director **CRISIL Ratings Limited** B:+91 44 6656 3115 Dinesh.Jain@crisil.co m Rajaraman Seetharaman Associate Director **CRISIL Ratings Limited** B:+91 44 6656 3100 Rajaraman.Seetharaman @crisil.com Swati Banthia Rating Analyst **CRISIL Ratings Limited** B:+91 44 6656 3100 Swati.Banthia@crisil.co m	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301 For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

Note for Media:
This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL Ratings. However, CRISIL Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites, portals etc.

About CRISIL Ratings Limited (A subsidiary of CRISIL Limited)

CRISIL Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as, bank loans, certificates of deposit, commercial paper, non-convertible / convertible / partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including rating municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

CRISIL Ratings Limited ("CRISIL Ratings") is a wholly-owned subsidiary of CRISIL Limited ("CRISIL"). CRISIL Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About CRISIL Limited

CRISIL is a global analytical company providing ratings, research, and risk and policy advisory services. We are India's leading ratings agency. We are also the foremost provider of high-end research to the world's largest banks and leading corporations.

CRISIL is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide

For more information, visit www.crisil.com

Connect with us: TWITTER | LINKEDIN | YOUTUBE | FACEBOOK

CRISIL PRIVACY NOTICE

CRISIL respects your privacy. We may use your contact information, such as your name, address, and email id to fulfil your request and service your account and to provide you with additional information from CRISIL.For further information on CRISIL's privacy policy please visit www.crisil.com.

DISCLAIMER

This disclaimer forms part of and applies to each credit rating report and/or credit rating rationale (each a "Report") that is provided by CRISIL Ratings Limited (hereinafter referred to as "CRISIL Ratings") . For the avoidance of doubt, the term "Report" includes the information, ratings and other content forming part of the Report. The Report is intended for the jurisdiction of India only. This Report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL Ratings providing or intending to provide any services in jurisdictions where CRISIL Ratings does not have the necessary licenses and/or registration to carry out its business activities referred to above. Access or use of this Report does not create a client relationship between CRISIL Ratings and the user.

We are not aware that any user intends to rely on the Report or of the manner in which a user intends to use the Report. In preparing our Report we have not taken into consideration the objectives or particular needs of any particular user. It is made abundantly clear that the Report is not intended to and does not constitute an investment advice. The Report is not an offer to sell or an offer to purchase or subscribe for any investment in any securities, instruments, facilities or solicitation of any kind or otherwise enter into any deal or transaction with the entity to which the Report pertains. The Report should not be the sole or primary basis for any investment decision within the meaning of any law or regulation (including the laws and regulations applicable in the US).

Ratings from CRISIL Ratings are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities / instruments or to make any investment decisions. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CRISIL Ratings assumes no obligation to update its opinions following publication in any form or format although CRISIL Ratings may disseminate its opinions and analysis. Rating by CRISIL Ratings contained in the Report is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment or other business decisions. The recipients of the Report should rely on their own judgment and take their own professional advice before acting on the Report in any way. CRISIL Ratings or its associates may have other commercial transactions with the company/entity.

Neither CRISIL Ratings nor its affiliates, third party providers, as well as their directors, officers, shareholders, employees or agents (collectively, "CRISIL Ratings Parties") guarantee the accuracy, completeness or adequacy of the Report, and no CRISIL Ratings Party shall have any liability for any errors, omissions, or

interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the Report. EACH CRISIL RATINGS' PARTY DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS
FOR A PARTICULAR PURPOSE OR USE. In no event shall any CRISIL Ratings Party be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the Report even if advised of the possibility of such damages.

CRISIL Ratings may receive compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or from obligors. CRISIL Rating's public ratings and analysis as are required to be disclosed under the regulations of the Securities and Exchange Board of India (and other applicable regulations, if any) are made available on its web sites, www.crisil.com (free of charge). Reports with more detail and additional information may be available for subscription at a fee - more details about ratings by CRISIL Ratings are available here: www.crisilratings.com.

CRISIL Ratings and its affiliates do not act as a fiduciary. While CRISIL Ratings has obtained information from sources it believes to be reliable, CRISIL Ratings does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and / or relies in its Reports. CRISIL Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CRISIL Ratings has in place a ratings code of conduct and policies for analytical firewalls and for managing conflict of interest. For details please refer to: http://www.crisil.com/ratings/highlightedpolicy.html

Rating criteria by CRISIL Ratings are generally available without charge to the public on the CRISIL Ratings public web site, www.crisil.com. For latest rating information on any instrument of any company rated by CRISIL Ratings you may contact CRISIL RATING DESK at CRISILratingdesk@crisil.com, or at (0091) 1800 267 1301.

CRISIL Ratings uses the prefix ‘PP-MLD’ for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011 to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on CRISIL Ratiings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: www.crisil.com/ratings/credit-rating-scale.html