

September 24, 2014

Facilities	Amount (Rs. Crore)	Rating
Term Loan I	5.38	SMERA B-/Stable (Assigned)
Term Loan II	0.70	SMERA B-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B-**' (**read as SMERA single B minus**) to the Rs.6.08 crore bank facilities of Shrisai Medicare Services Private Limited (SMSPL). The outlook is '**Stable**'. The rating is constrained by the company's nascent stage of operations in an intensely competitive healthcare industry. The rating is also constrained by the company's weak financial risk profile and high debt repayment obligation over the medium term. However, the rating derives comfort from the company's experienced management and favourable industry outlook.

SMSPL, incorporated in 2012, is engaged in running a 80-bed multispecialty hospital (named Pioneer Hospital) in Pune. SMSPL commenced commercial operations in August 2013. The company's hospital has an occupancy rate of ~40 per cent. SMSPL had availed long-term debt of Rs.6.08 crore for setting up the hospital. The company's weak financial risk profile is marked by negative net worth (on account of accumulated losses) as on March 31, 2014 and low interest coverage of 0.74 times in FY2013-14. SMSPL has a high debt repayment obligation of Rs.1.62 crore per annum over the medium term. SMSPL faces intense competition from several players in the healthcare industry.

SMSPL benefits from its experienced management. The promoters of the company have around 10 years of experience in the healthcare sector.

Rating sensitivity factors

Managing working capital requirements with increased scale owing to high share of revenues from third party agencies and corporate empanelments and profitability majorly due to professional fees (to directors) will be key rating sensitivities.

Outlook: Stable

SMERA believes SMSPL will maintain a stable business risk profile over the medium term. The company will continue to benefit from its experienced management. The outlook may be revised to 'Positive' in case the company registers more than targeted occupancy & better case mix while offering diversified services. The outlook may be revised to 'Negative' in case of deterioration in the company's debt protection metrics on account of low net cash accruals or higher-than-expected increase in debt-funded working capital requirements.

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.

About the company

SMSPL, incorporated in 2012, is a Pune-based company promoted by Dr. Samadhan Kshirsagar, Dr. Swanand Parve, Dr. P.M. Hatekar, Dr. Shrihari Dange, Dr. Tarachand Karale, Dr. Yogesh Shaha. SMSPL is engaged in running a 80-bed multispecialty hospital in Pune. The company commenced commercial operations in August, 2013. SMSPL's service mix includes OPD and IPD service for various department like: Medicine, Surgery, Orthopaedic, Pediatric, Gynaecology, Ophthalmology, ENT, diagnostic, sonography, and laboratory services. The company reported net loss of Rs.0.72 crore on net revenue of Rs.2.25 crore in FY2013-14.

Contact List:

Media/Business Development	Analytical Contacts	Rating Desk
Mr. Virendra Goyal Vice President -SME Sales Tel: +91-22-67141177 Cell: +91 9930074009 Email: virendra.goyal@smera.in Web: www.smera.in	Mr. Ashutosh Satsangi Vice President - Operations Tel: +91-22-67141107 Email: ashutosh.satsangi@smera.in	Tel: +91-22-67141128 Email: ratingdesk@smera.in

Disclaimer: A SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.