

December 23, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan I	5.38	SMERA BB-/Stable (Upgraded from SMERA B-/Stable)
Term Loan II	0.70	SMERA BB-/Stable (Upgraded from SMERA B-/Stable)

SMERA has upgraded the rating assigned to the above mentioned bank facilities of Shrisai Medicare Services Private Limited (SMSPL) to **'SMERA BB-' (read as SMERA double B minus)** from 'SMERA B-' (read as SMERA B minus) due to significant improvement in the business risk profile. The outlook is **'Stable'**.

The upgrade takes into account the growth in revenue to Rs.5.93 crore and increase in operating margins to 36.7 percent in FY2014-15 against revenue of Rs.2.24 crore and operating margins of 14.46 percent a year earlier. The company registered revenue growth of over 165 percent in FY2014-15 on y-o-y basis.

The upgrade also takes into account the company's healthy debt protection metrics and ample liquidity position. Going forward, SMERA believes that the company's debt protection metrics and liquidity position to further improve from current levels which would be majorly due to company's healthy operating profitability and lower interest outgo.

However, the ratings continue to remain constrained by the company's negative net worth, average RoCE and intense competition in the healthcare industry.

Rating Sensitivity Factors

- Sustenance of operating margins in the range of around 35 to 40 percent
- Retention of unsecured loan from promoters
- Future capital expenditure and its funding mix thereof

Outlook: Stable

SMERA believes that the company's business risk profile will continue to remain stable over the medium term owing to the experienced management. The outlook may be revised to 'Positive' if in case the company is able to generate substantial and sustainable revenues or operating margins leading to improvement in the business risk profile. Conversely, the outlook may be revised to 'Negative' if in case of company report adverse financial results.

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SMERA RATINGS LIMITED

Shrisai Medicare Services Private Limited (SMSPL)

*Rating
Rationale*

About the Company

SMSPL, incorporated in 2012, is a Pune-based company promoted by Dr. Samadhan Kshirsagar, Dr. Swanand Parve, Dr. P.M. Hatekar among others. The company runs an 80-bed multispecialty hospital in Pune offering services in orthopaedic, paediatric, gynaecology to name a few. The commercial operations of the company commenced in August, 2013.

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