

February 04, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	18.60	SMERA B-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-**' (**read as SMERA single B minus**) to the Rs.18.60 crore bank facility of Manashi Medi Equipments Private Limited (MMEPL).The outlook is '**Stable**'. The rating is constrained by the company's exposure to project implementation risk. The rating notes that the company's management does not have experience in running a large-sized hospital. The rating is also constrained by the company's exposure to intense competition in the healthcare industry. However, the rating is supported by the company's diversified service profile.

MMEPL, incorporated in 2009, is a Guwahati-based company established to undertake the business of running a hospital. MMEPL is setting up a 190-bed multispecialty hospital (named Critical Care Hospital & Research Centre) in Guwahati. The total cost of the project is ~Rs.30.52 crore, which is funded through term loan of Rs.18.60 crore and equity of Rs.11.92 crore. The company has incurred expenditure of ~Rs.9.00 crore towards completing ~39 per cent of the construction work till date. MMEPL is thus exposed to project execution risk, considering that a significant portion of the project construction is underway. MMEPL's management does not have experience in running a large-sized hospital. The company expects to commence commercial operations in April 2016, while the term loan repayments are scheduled to commence from May 2013 onwards. SMERA believes delays in project execution will have an adverse impact on MMEPL's debt servicing ability. Moreover, the company will face intense competition from several players in the healthcare industry.

MMEPL's upcoming multispecialty hospital will offer diversified services across various segments such as cardiology, pathology, pharmacy, blood bank, neurosurgery, diabetes treatment and orthopaedics.

Outlook: Stable

SMERA believes MMEPL will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' in case the company generates healthy cash flows from operations while registering higher-than-expected occupancy rate. The outlook may be revised to 'Negative' in case of deterioration in the company's financial risk profile.

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About the company

MMEPL, incorporated in 2009, is a Guwahati-based company promoted by Dr. Nilutpal Sut and Mrs. Manashi Sut. MMEPL was established to undertake the business of running a multispecialty hospital viz. Critical Care Hospital & Research Centre. The upcoming hospital has capacity of 190 beds. The company proposes to offer diversified services across various segments such as pathology, pharmacy, blood bank, neurosurgery, diabetes treatment and orthopaedics. MMEPL expects to commence commercial operations in April 2016.

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