

May 17, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan - I	14.96	SMERA B-/Stable (Reaffirmed)
Term Loan - II	5.20	SMERA B-/Stable (Assigned)

SMERA has assigned long-term rating of '**SMERA B-**' (**read as SMERA B minus**) to the abovementioned Rs.5.20 crore bank facility and reaffirmed rating of '**SMERA B-**' (**read as SMERA B minus**) on the Rs.14.96 crore long-term bank facility of Synapse Neurocare Private Limited (SNPL). The outlook is '**Stable**'.

The rating continues to reflect the lack of operational track record of the company and the limited experience of the management in running a hospital. The ratings are also constrained by the company's exposure to intense competition in the healthcare industry. However, the ratings draw comfort from the qualified management and successful completion of the Rs.23.48 crore project to build up a multispecialty hospital in Mangalore.

Update

SNPL has completed construction of a 70-bed multispecialty hospital in Mangalore at a total cost of Rs.23.48 crore. The project was funded through a bank loan of Rs.14.96 crore and infusion of Rs.8.52 crore equity share capital. The commercial operations commenced in July 2015. The provisional revenue stands at Rs.4.31 crore for FY2016.

Outlook - Stable

SMERA believes that SNPL will maintain a stable business risk profile over the medium term. The outlook may be revised to 'Positive' if the company generates healthy cash flow from operations while registering higher than expected occupancy. Conversely, the outlook may be revised to 'Negative' in case the company fails to achieve the expected revenues or profitability.

Rating Sensitivity Factors

- Increase in scale of operations and profitability
- Timely debt serviceability

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About the Company

SNPL was incorporated by Dr. Rajesh Shetty and Dr. Barethyar Shankar Shetty in 2012. The 70-bed super specialty hospital in Mangalore offers services in neurology specifically for spine and brain.

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