

Press Release

Synapse Neurocare Private Limited

11 Sept, 2017

Rating Downgraded



Total Bank Facilities Rated*	Rs. 20.16 Cr.
Long Term Rating	SMERA D (Downgraded from SMERA B-/Stable)

* Refer Annexure for details

Rating Rationale

SMERA has downgraded the long-term rating of '**SMERA B-**' (**read as SMERA B minus**) on the Rs. 20.16 crore bank facilities of Synapse Neurocare Private Limited to **SMERA D (read as SMERA D)**.

Synapse Neurocare Private Limited (SNPL) was incorporated in 2012 by Dr. Rajesh Shetty and Dr. Barethyar Shankar Shetty. The 80-bed super specialty hospital in Mangalore offers services in neurology specifically for spine and brain.

Key Rating Drivers

Strengths

- **Experienced management**

SNPL runs an 80 bed hospital under the name First Neuro Hospital. The promoters, Dr. Rajesh Shetty and Dr. Shankar Shetty have over a decade of experience in neurology.

Weaknesses

- **Delays in debt servicing**

The rating reflects on-going irregularities in the repayment of debt in the last three months on account of a stretched liquidity position.

- **Limited operational track record**

SNPL was incorporated in 2012 and commenced commercial operations in July 2015. The hospital registered revenue of Rs. 6.91 crore in FY2016 and Rs. 14.91 crore in FY2017 (Provisional) with moderate occupancy rate of 45 per cent from October 2015 to March 2017.

- **Highly competitive industry**

The company is exposed to the intense competition in the healthcare sector.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the company.

About the Rated Entity - Key Financials

For FY2017, SNPL reported net loss of Rs. 3.46 crore on operating income of Rs.14.91 crore as compared to net loss of Rs. 3.40 crore on operating income of Rs.6.91 crore in the previous year. The net worth stood at Rs. 4.43 crore as on 31 March, 2017 against Rs.7.60 crore in FY2016.

Status of non-cooperation with previous CRA (if applicable)

None

Applicable Criteria

- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
17-May-2016	Term Loan I	Long Term	INR 14.96	SMERA B- / Stable (Reaffirmed)
	Term Loan II	Long Term	INR 5.2	SMERA B- / Stable (Assigned)
17-Apr-2015	Term Loan	Long Term	INR 14.96	SMERA B- / Stable (Assigned)

*Annexure – Details of instruments rated

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	14.96	SMERA D (Downgraded)
Term loans	Not Applicable	Not Applicable	Not Applicable	5.20	SMERA D (Downgraded)

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