

## Press Release

### SYNAPSE NEUROCARE PRIVATE LIMITED

27 January, 2018

### Rating Upgraded



<b>Total Bank Facilities Rated*</b>	Rs. 20.16 Cr.
<b>Long Term Rating</b>	SMERA B / Outlook: Stable

\* Refer Annexure for details

### Rating Rationale

SMERA has upgraded the long-term rating on the Rs.20.16 crore bank facilities of SYNAPSE NEUROCARE PRIVATE LIMITED to '**SMERA B**' (read as **SMERA B**). The outlook is '**Stable**'.

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 the spine and brain.

### Key Rating Drivers

#### Strengths

- **Experienced management**

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

#### Weaknesses

- **Nascent stage of operation**

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. 14.93 crore in FY2017 with average occupancy rate of 60 per cent. The company registered revenue of Rs.13.32 crore from April to December 2017.

- **Competitive and fragmented industry**

The company is exposed to intense competition from hospitals (private as well as government) in and around Mangalore.

#### Analytical Approach

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

#### Outlook: Stable

SMERA believes that SNPL will maintain a stable outlook over the medium term owing to the extensive experience of the management. The outlook may be revised to 'Positive' in case the company generates healthy cash flows from operations while registering higher-than-expected occupancy rate. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the financial risk profile or liquidity position.

#### About the Rated Entity - Key Financials

	Unit	FY17 (Actual)	FY16 (Actual)	FY15 (Actual)
Operating Income	Rs. Cr.	14.93	6.99	
EBITDA	Rs. Cr.	2.97	0.21	0.00
PAT	Rs. Cr.	(2.34)	(3.40)	0.00
EBITDA Margin	(%)	19.89	3.02	0.00
PAT Margin	(%)	(15.67)	(48.66)	0.00
ROCE	(%)	(1.23)	(12.88)	0.00
Total Debt/Tangible Net Worth	Times	4.59	3.54	0.00
PBDIT/Interest	Times	1.00	0.09	0.00
Total Debt/PBDIT	Times	8.16	120.00	0.00
Gross Current Assets (Days)	Days	19	34	0

### Any other information

Not Applicable

### 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. Crore)	Ratings/Outlook
11-Sep, 2017	Term Loan	Long Term	INR 14.96	SMERA D (Downgraded)
	Term Loan	Long Term	INR 5.2	SMERA D (Downgraded)
17-May, 2016	Term Loan	Long Term	INR 14.96	SMERA B- / Stable (Reaffirmed)
	Term Loan	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 B / Stable (Upgraded)

SMERA Ratings Limited

Registered Office: 102, Sumer Plaza, Marol Maroshi Road, Marol, Andheri (East), Mumbai - 400 059

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Term loans	Not Applicable	Not Applicable	Not Applicable	5.20	SMERA B / Stable (Upgraded)
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## Contacts

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 <a href="mailto:vinayak.nayak@smera.in">vinayak.nayak@smera.in</a>  Leena Gupta Analyst - Rating Operations Tel: 022-67141172 <a href="mailto:leena.gupta@smera.in">leena.gupta@smera.in</a>	Varsha Bist Manager - Rating Desk Tel: 022-67141160 <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>

## ABOUT SMERA

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