

July 08, 2015

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	7.85	SMERA B/Stable (Assigned)
Forward Contract	0.21	SMERA A4 (Assigned)

SMERA has assigned a long-term rating of '**SMERA B**' (read as **SMERA B**) to the Rs.7.85 crore fund based bank facility and '**SMERA A4**' (read as **SMERA A four**) to the Rs.0.21 crore non fund based bank facility of Universal Cancer Hospital Limited (UCLH). The outlook is '**Stable**'. The rating reflects the risks associated with timely completion and implementation of the project and lack of promoter's experience in running a multispeciality hospital. However, the rating draws support from the promoter's experience and competitive advantage considering that UCLH is the only hospital with advanced technology for cancer treatment in Salem district.

UCLH, incorporated in 2014 is a Tamil Nadu-based company promoted by Dr. P. Chellapillai and his team of doctors holding over 30 years of experience as independent medical practitioners. The company is in the process of setting up a 100-bed multispeciality cancer hospital at Salem district, Tamil Nadu. The hospital is expected to be the first-of-its-kind in the district to be equipped with Intensity Modulated Radiotherapy (IMRT) that uses Linear Accelerators.

This is the first time that the above team of doctors are heading a multispeciality hospital. The total project cost is Rs.17.86 crore, is being funded through term loan of Rs.7.85 crore and the balance Rs.10.01 crore through promoter funds out of which UCLH has incurred Rs.4.55 crore. The civil work related to the hospital has already been completed while the company is yet to order medical equipment's. UCLH is scheduled to commence commercial operations from December 2016 however; the timely completion of the project, commencement of hospital operations as scheduled and generation of adequate cash flows remain key rating sensitivities.

Outlook: Stable

SMERA believes UCLH's outlook will remain stable owing to experienced promoters. The outlook may be revised to 'Positive' if UCLH completes its project and stabilizes operations earlier than expected, leading to healthy cash inflows and an improved financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of time or cost overruns in the project leading to deterioration in UCLH's financial risk profile, particularly its liquidity.

About the Company

UCLH, incorporated in 2014 is a Tamil Nadu-based company that is setting up a 100-bed multispeciality cancer hospital. The company is promoted by Dr. P. Chellapillai, Dr. A. Rajarathinam, Dr. G. Vijayakumar, Dr. K. Soundarajan and Dr. S. Dhanapal holding experience of over 30 years as independent medical practitioners.

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SMERA RATINGS LIMITED

Universal Cancer Hospital Limited (UCHL)

*Rating
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