

**October 05, 2015**

Facility	Amount (Rs. Crore)	Rating
Term Loan	35.00	SMERA BB-/Stable(Assigned)

SMERA has assigned rating of '**SMERA BB-**' (read as **SMERA double B minus**) to the Rs.35.00 crore bank facility of Gurushree Hitech Multi Speciality Hospital (GHMSH). The outlook is '**Stable**'. The rating draws comfort from the experienced management and moderate financial risk profile. However, the rating is constrained by the firm's small-scale of operations in an intensely competitive segment of the hospital industry and project execution risk.

**Outlook: Stable**

SMERA believes the outlook of GHMSH will remain stable owing to the extensive experience of the promoters in the business. The outlook may be revised to 'Positive' if the hospital is able to scale up the operations with improvement in net worth. Conversely, the outlook may be revised to 'Negative' in case of additional borrowings leading to deterioration in the overall gearing or weakening of profitability margins.

**Rating Sensitivity Factors**

- Deterioration in working capital management
- Cost or time over run of the new project
- Decline in revenue

**About the Hospital**

Incorporated in 1998, GHMSH is a Bangalore based-multi-speciality hospital with 102 beds offering healthcare services in dentistry, dermatology, oncology, ENT among others. The hospital has around 200 consultants and plans to set up a diagnostic centre soon at a project cost of Rs.31.30 crore to be funded by debt of Rs.25.00 crore and the balance through proprietor capital.

For FY2013-14, GHMSH reported profit after tax (PAT) of Rs.1.20 crore on net sales of Rs.9.97 crore, as compared with PAT of Rs.1.11 crore on net sales of Rs.8.86 crore for FY2012-13. The company's net worth stood at Rs.6.43 crore as on March 31, 2014, as compared with Rs.6.40 crore a year earlier.

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SMERA RATINGS LIMITED

# Gurushree Hitech Multi Speciality Hospital (GHMSH)

*Draft  
Rating  
Rationale*

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