

November 24, 2015

Facility	Amount (Rs. Crore)	Rating
Term Loan	7.23	SMERA BB-/Stable (Assigned)

SMERA has assigned a long term rating of '**SMERA BB-**' (**read as SMERA double B minus**) to the above mentioned bank facility of Sri Lakshmi Medical Centre & Hospital (SMCH). The outlook is '**Stable**'. The rating derives comfort from the promoter's extensive industry experience, moderate financial risk profile marked by healthy debt protection metrics. However, the rating is constrained by the firm's modest scale of operations.

Outlook: Stable

SMERA believes SMCH outlook will remain stable owing to the moderate financial risk profile. The outlook may be revised to 'Positive' if the firm is able to achieve higher than expected occupancy levels or improved realisations while maintaining the business risk profile. Conversely, the outlook may be revised to 'Negative' in case of further increase in competition, deterioration in capital structure or lower than expected net cash accruals.

Rating Sensitivity Factors

- Increasing occupancy levels and profitability
- Future capital expansion and its funding profile.

About the Firm

Established in 2009 by Dr. D. Suresh Kumar, SMCH is a proprietorship firm that runs a 125 bed multispecialty hospital at Coimbatore, Tamil Nadu. The hospital has ISO 9001 – 2008 certification.

For FY2014-15, the firm reported net profit of Rs.1.75 crore on operating income of Rs.12.21 crore as compared with net profit of Rs.2.67 crore on operating income of Rs.11.22 crore for FY2013-14.

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