

**December 12, 2015**

Facility	Amount (Rs. Crore)	Rating
Fund Based (Proposed)	6.40	SMERA B-/Stable (Assigned)

SMERA has assigned long term rating of '**SMERA B-**' (read as **SMERA B minus**) to the above mentioned bank facility of Innovative Management Solutions (India) Private Limited (Innovative Solutions). The outlook is '**Stable**'.

The rating is constrained by the company's weak financial profile marked by low net worth, high gearing and modest scale of operations amidst intense competition in the wellness industry. However, the rating derives comfort from the successful acquisition of Ananta Spa, a wellness centre.

Outlook: Stable

SMERA believes the outlook on Innovative Solutions' rated facilities will remain 'Stable' over the medium term on account of the current change in line of business. The outlook may be revised to 'Positive' in case of an improvement in the company's scale of operations along with sustainability of operating margins and effective working capital management. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the net cash accruals or stretch in working capital cycle.

Rating Sensitivity Factors

- Scalability of operations
- Future capex plans and funding
- Effective working capital management

About the Company

The Chennai based-Innovative Solutions, incorporated in 2010 was engaged in running a fuel station (Hindustan Petroleum Corporation Limited). In August 2014, the fuel station was closed and the company acquired 'Ananta Spa' a wellness centre. Presently, there are seven such centres in Chennai.

For FY2014-15, Innovative Solutions reported profit after tax (PAT) of Rs.0.01 crore on revenue of Rs.15.41 crore as against PAT of Rs.0.01 crore on revenue of Rs.30.49 crore in FY2013-14.

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SMERA RATINGS LIMITED

Innovative Management Solutions (India) Private Limited (Innovative Solutions)

*Rating
Rationale*

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