



SMERA RATINGS LIMITED

KMC Speciality Hospitals India Limited (KMC)

*Rating
Rationale*

February 29, 2016

Facilities	Amount (Rs. Crore)	Rating
Term Loan I	1.57	SMERA B+/Stable (Assigned)
Term Loan II	3.03	SMERA B+/Stable (Assigned)
Term Loan III	1.77	SMERA B+/Stable (Assigned)
Term Loan IV	3.93	SMERA B+/Stable (Assigned)

SMERA has assigned rating of '**SMERA B+ (read as SMERA B plus)**' to the above mentioned bank facilities of KMC Speciality Hospitals India Limited (KMC). The outlook is '**Stable**'. The rating is constrained by the low net worth base, average financial risk profile and moderate occupancy level. The rating is also constrained by the high value corporate guarantee extended to its holding company. Further, the rating also factors in the stiff competition in the healthcare sector. However, the rating is supported by the experienced management and improved revenues.

Rating Sensitivity Factors

- Improvement in profitability
- Improvement in coverage indicators
- Deterioration in the capital structure
- Corporate guarantee extended to holding company

Outlook: Stable

SMERA believes KMC will maintain a Stable profile over medium term on the back of its experienced management. The outlook may be revised to Positive in case the company registers more than expected growth in revenues while achieving improvement in profitability and coverage indicators. Conversely the outlook may be revised to negative in case of high working capital requirements or debt funded capex affecting capital structure or increasing the pressure on margins.

About the Company

KMC, established in 1982 is a part of the Kauvery Group of Hospitals based at Tiruchirappalli (Trichy). The company runs a 220 bed super specialty 'Kauvery Hospital'.

For FY2014-15, KMC reported profit after tax (PAT) of Rs. 0.12 crore on operating income of Rs.36.30 crore as against PAT of Rs. (0.30) crore on operating income of Rs.34.93 crore in FY2013-14. The tangible net worth stood at Rs.10.15 crore as against Rs.10.06 crore in the previous year.

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.



SMERA RATINGS LIMITED

KMC Speciality Hospitals India Limited (KMC)

*Rating
Rationale***Contact List:**

Media/Business Development	Analytical Contact	Rating Desk
Suman M National Sales Head – Emerging Corporate Group Tel No: 022 67141151 Cell: 9892306888 Email: suman.m@smera.in	Pooja Ghosh Associate Vice President – Corporate Ratings Tel: +91-33-6620 1203 Email: pooja.ghosh@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

SMERA rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. SMERA ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, SMERA, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. SMERA is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. SMERA ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.smera.in) for the latest information on any instrument rated by SMERA.