

### Friends Unity Hospital & Research Centre Private Limited: Assigned

Facilities	Amount (Rs Crore)	Rating/Outlook
Term Loan-I**	20.40	SMERA B+/Stable (Assigned)
Term Loan – II**	2.10	SMERA B+/Stable (Assigned)
Cash Credit*	1.50	SMERA B+/Stable (Assigned)

\*ODBD of Rs. 0.90 crore within CC Limit

\*\* One time fresh LC limit as a sub limit for fresh term loan for procurement of machinery of amount of Rs.2.10 crore

SMERA has assigned long term rating of '**SMERA B+ (read as SMERA B Plus)**' on the abovementioned bank facilities of Friends Unity Hospital & Research Centre Private Limit (FUH). The outlook is '**Stable**'.

The rating is constrained by the limited track record of operations and weak financial risk profile marked by high gearing and low margins. Further, SMERA also notes the intense competition in the healthcare sector. However, the rating draws comfort from the experienced management and services offered.

FUH, incorporated in 2010 by Dr. Manoj Kumar Sharma, Dr. Shuken Sharma, Mr. Surendra Kumar Soni and others is engaged in the running of Apple Hospital. The weak financial risk profile is reflected in the low DSCR of 0.61 times in FY2015-16. The PAT margin stood at (2.21) times in FY2015-16. The gearing was high at 2.05 times in FY2015-16. FUH registered operating income of Rs.13.64 crore with net loss of Rs.2.90 crore in FY2015-16. Further, the firm faces intense competition in the health care industry.

However, the 200 bed multi-speciality Apple Hospital commenced operations in 2014. It has a 24 hours pharmacy and offers services in neurosurgery, orthopaedics, cardiology to name a few. The management possesses experience of over two decades in the abovementioned line of business.

#### Outlook: Stable

SMERA believes that the outlook on FUH's rated facilities will remain stable over the medium term on account of its experienced management. The outlook may be revised to 'Positive' if the firm achieves better than expected growth in revenues and profit margins. Conversely, the outlook maybe revised to 'Negative' in case of further decline in profitability or deterioration of capital structure.

#### Rating Sensitivity Factors

- Efficient management of working capital cycle
- Scaling up operations while improving profitability margins

#### About the Company

Established in 2010, FUH is an Indore-based healthcare firm headed by Dr. Manoj Kumar, Dr. Shuken Sharma and Mr. Surendra Kumar Soni. The firm runs and manages Apple hospital, the 200 bed multi-facility hospital.

For FY2015-16, the firm reported net loss of Rs.2.90 crore on total income of Rs.13.64 crore as against net loss of Rs.0.01 crore on total income of Rs.0.00 crore a year earlier. The net worth stood at Rs.15.16 crore as on March 31, 2016, as compared with Rs.8.82 crore in the previous year. The total networth of Rs.15.16 crore in FY2015-16 includes quasi equity of Rs. 4.44 crore.

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**ABOUT SMERA**

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