

Press Release

Sooriya Hospital

February 17, 2017

Rating Assigned

Total Bank Facilities Rated*	Rs. 10.00 Cr.
Long Term Rating	SMERA BB / Outlook: Stable

* Refer Annexure for details

Rating Rationale

SMERA has assigned long-term rating of '**SMERA BB**' (read as **SMERA BB**) on the Rs. 10.00 crore bank facilities of Sooriya Hospital. The outlook is '**Stable**'.

SH is a 200 bed multi-facility hospital, established in 1991, as a partnership concern by Mr. C.P. Sreekumar, and Mr. Sooriya Sreekumar. The promoters also run Sooriya School of Nursing recognised by the Tamil Nadu government and the Indian Nursing Council.

Key Rating Drivers

Strengths

- **Experienced promoters and second line of management**

The promoters, Mr. C.P. Sreekumar and Mr. Sooriya Sreekumar possess extensive experience in managing hospitals.

- **Moderate financial risk profile**

The moderate financial risk profile is reflected in the moderate interest coverage ratio of 1.64 times in FY2015-16 as compared to 2.17 times a year earlier. The PAT margin stood at 5.77 times in FY2015-16 as compared to 8.81 times a year earlier. The gearing was 1.93 times in FY2015-16. The firm registered operating income of Rs. 50.47 cr with Profit after Tax (PAT) of Rs.2.91 cr in FY2015-16 as compared to Rs.50.58 cr with PAT of Rs. 4.46 cr a year earlier.

Weaknesses

- **Competitive and fragmented industry**

The firm is exposed to intense market competition in the healthcare industry.

- **Working capital intensive operations**

The operations are working capital intensive evident from the GCA days of 205 in FY2015-16 as against 221 in FY2014-15.

Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the firm.

Outlook: Stable

SMERA believes that the outlook on the rated facilities of Sooriya Hospital will remain stable over the medium term on account of the experienced management and moderate financial risk profile. 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 decline in profitability or deterioration in the capital structure.

About the Rated Entity - Key Financials

For FY2015-16, the firm reported net profit after tax of Rs.2.91 cr on total income of Rs.50.47 cr as against net profit after tax of Rs.4.46 cr on total income of Rs.50.58 cr a year earlier. The net worth stood at Rs.33.46 cr as on March 31, 2016, as compared with Rs.34.97 cr in the previous year.

Status of non-cooperation with previous CRA (if applicable)

None

Any other information

None

Applicable Criteria

- Application of Financial Ratios and Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>
- Default Recognition - <https://www.smera.in/criteria-default.htm>
- Entities In Services Sector - <https://www.smera.in/criteria-services.htm>
- Financial Ratios And Adjustments - <https://www.smera.in/criteria-fin-ratios.htm>

Note on complexity levels of the rated instrument

<https://www.smera.in/criteria-complexity-levels.htm>

Rating History (Upto last three years)

Not Applicable

***Annexure – Details of instruments rated**

Name of the Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Crore)	Ratings/Outlook
Term loans	Not Applicable	Not Applicable	Not Applicable	10.00	SMERA BB / Stable

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