

## Press Release

### Sainath Charitable Trust

June 14, 2017

### Rating Assigned

<b>Total Bank Facilities Rated*</b>	Rs. 6.50 Cr.
<b>Long Term Rating</b>	SMERA B- / Outlook: Stable

*\* Refer Annexure for details*

### Rating Rationale

SMERA has assigned long-term rating of '**SMERA B-**' (read as **SMERA B minus**) on the Rs. 6.50 crore bank facilities of Sainath Charitable Trust. The outlook is '**Stable**'.

Sainath Charitable Trust (SCT), established in 2014 is setting up a hospital - Sainath Institute of Medical Science & Research Centre (SIMS) at Sonbhadra, Uttar Pradesh. Promoted by Dr. Ashutosh Kr. Yadav, Dr. Dinesh Ram, Dr. Amit Kr. Tiwari and Dr. Rajesh Kumar, the multi-specialty hospital with capacity of 60 beds plans to provide a range of services in the fields of urology, neurology and others. The hospital is likely to commence operations in October 2017.

### Key Rating Drivers

#### Strengths

- **Experienced management**

The rating is supported by the extensive experience of its promoters, Dr. Ashutosh Kr. Yadav, Dr. Dinesh Ram, Dr. Amit Kr. Tiwari and Dr. Rajesh Kumar who possess experience of over a decade in the healthcare industry.

#### Weaknesses

- **Lack of operational track record**

The rating is constrained by the lack of operational track record of the trust. SMERA believes that SCT is exposed to both implementation and financing risk with regard to the construction of the hospital. The bank facilities are yet to be sanctioned and unfavourable terms of sanction can adversely impact SCT's debt servicing abilities. Further, significant delays in commencement of commercial operations shall require refinancing efforts by partners.

- **Competition from other hospitals**

SIMS is expected to face competition from other hospitals in the vicinity. Besides, it is yet to tie-up with insurance companies and other hospitals. SMERA believes that SCT's ability to develop relationships shall be crucial in ensuring adequate occupancy and sustainably growing its operating income.

#### Analytical Approach

SMERA has considered the standalone business and financial risk profiles of the trust to arrive at the rating.

#### Outlook: Stable

SMERA believes that SCT will maintain a 'Stable' outlook in the medium term owing to its experienced management. The outlook may be revised to 'Positive' in case of higher than expected capacity utilisation coupled with improvement in gearing. Conversely, the outlook may be revised to 'Negative' in case of delays in project completion and/or lack of timely infusion of capital by the trustee.

**About the Rated Entity - Key Financials****Status of non-cooperation with previous CRA (if applicable)**

None

**Any other information**

None

**Applicable Criteria**

- 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. Cr.)	Ratings/Outlook
Proposed Long Term Loan	Not Applicable	Not Applicable	Not Applicable	6.00	SMERA B- / Stable
Proposed Cash Credit	Not Applicable	Not Applicable	Not Applicable	0.50	SMERA B- / Stable

**Contacts**

Analytical	Rating Desk
Vinayak Nayak Head – Ratings Operations Tel: 022-67141190 <a href="mailto:vinayak.nayak@smera.in">vinayak.nayak@smera.in</a>  Mrinal Mahip Executive Analyst - Rating Operations Tel: 011-49731304 <a href="mailto:mrinal.mahip@smera.in">mrinal.mahip@smera.in</a>	Varsha Bist Sr. Executive Tel: 022-67141160 <a href="mailto:varsha.bist@smera.in">varsha.bist@smera.in</a>

**ABOUT SMERA**

SMERA Ratings Limited is a joint initiative of SIDBI, D&B and leading public and private sector banks in India. SMERA is registered with SEBI, accredited by RBI as an External Credit Assessment Institution (ECAI), under BASEL-II norms for undertaking Bank Loan Ratings. SMERA Bond Ratings is a division of SMERA Ratings Limited responsible for ratings of bank facilities, and capital market/money market debt instruments such as Bonds, Debentures, Commercial Papers, Fixed Deposits, Certificate of Deposits etc.. For more details, please visit [www.smera.in](http://www.smera.in).

**Disclaimer:** *A 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](http://www.smera.in)) for the latest information on any instrument rated by SMERA.*

---