



SMERA RATINGS LIMITED

# Nav Uday Educational and Charitable Society (NUECS)

## Rating Rationale

**June 17, 2014**

Facility	Amount (Rs. Crore)	Rating
Proposed Term Loan	128.00	SMERA B-/Stable (Assigned)

SMERA has assigned a rating of '**SMERA B-**' (read as **SMERA single B minus**) to the abovementioned bank facility of Nav Uday Educational and Charitable Society (NUECS). The outlook is '**Stable**'. The rating is constrained by project implementation risk inherent in the society's upcoming hospital-cum-medical college. However, the rating draws comfort from the society's experienced management.

NUECS, incorporated in 2006, is a Gwalior-based society founded by Mr. Ajit Gupta. NUECS is setting up a 815-bed hospital-cum-medical college in Gwalior, Madhya Pradesh. The project cost is estimated at ~Rs.215.00 crore, which is likely to be funded through term loan of ~Rs.128.00 crore and equity capital of Rs.87.00 crore. NUECS is exposed to significant project implementation risk as construction of the hospital-cum-medical college is at a nascent stage. The society has incurred ~Rs.8.00 crore (funded through equity capital) towards the project till March 2014. NUECS's project is also exposed to funding risk as the term loan is yet to be sanctioned.

NUECS is poised to benefit from its experienced management. Mr. Ajit Gupta and Mr. Nilesh, members of NUECS, have around two decades of experience in the healthcare sector.

### **Outlook: Stable**

SMERA believes the outlook on NUECS's rated facility will remain stable over the medium term on the back of the society's experienced management. The outlook may be revised to 'Positive' in case the society generates healthy cash flows from operations post timely completion of the ongoing project. Conversely, the outlook may be revised to 'Negative' in case of deterioration in the society's financial risk profile on account of delays in project execution.

### **About the society**

NUECS, established in 2006, is an educational and charitable society engaged in setting up a 815-bed hospital-cum-medical college (with student intake capacity of 150) in Gwalior, Madhya Pradesh. NUECS is likely to complete the project by May 2015. The society's net worth stood at Rs.6.84 crore as on March 31, 2014.

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*Rating  
Rationale*

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