MAY 27, 2015

CARE ASSIGNS ‘CARE BB-’ RATINGS TO THE BANK FACILITIES OF SHARMA MEMORIAL HOSPITAL AND RESEARCH INSTITUTE

Ratings

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Amount (Rs. crore)</th>
<th>Rating¹</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Bank Facilities</td>
<td>9.23</td>
<td>CARE BB-(Double B minus)</td>
<td>Assigned</td>
</tr>
<tr>
<td>Total Facilities</td>
<td>9.23</td>
<td></td>
<td></td>
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</tbody>
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Rating Rationale
The rating assigned to the bank facilities of Sharma Memorial Hospital and Research Institute (SMHRI) is primarily constrained on account of its financial risk profile marked by low profitability, weak solvency and liquidity position and implementation risk associated with debt funded capex. The rating is, further, constrained by its presence in the highly competitive and regulated education industry.

The rating, however, favourably takes into account the experienced management in the education sector with healthy enrolment ratio and diversified revenue stream.

The ability of SMHRI to maintain its enrolment ratio in view of highly competitive market scenario and increase its scale of operations and improvement in capital structure and liquidity profile are the key rating sensitivities.

Background
Jaipur (Rajasthan) based SMHRI, registered as a trust in 1998, was formed by Mr. Ganpat Rai Sharma, Dr. Shailendra Kumar Sharma, Mr. Ashwini Sharma, Mrs. Madhulika Sharma, Mr. Manoj Nair, Mrs. Suneeta Mishra and Mr. Pavan Sharma for imparting education in the field of health. SMHRI operates three colleges under its umbrella i.e. Jaipur Hospital College of Nursing (JHCN) which is affiliated from Rajasthan University of Health Science (RUHS) and Indian Nursing Council (INC), Jaipur Hospital School of Nursing & Medical Training Centre (JSNMT) which is affiliated from Rajasthan Nursing Council and INC and Jaipur Hospital College of Physiotherapy (JHCP) which is affiliated from RUHS and Indian Association of Physiotherapy (IAP). SMHRI offers B.Sc., M.Sc. and Post Basic of B.Sc. (P.B.B.Sc.) degree courses in nursing in JHCN whereas JSNMT offers General Nursing and Midwifery (GNM) courses and offers bachelors degree of Physiotherapy in JHCP.

During FY14 (refers to the period April 1 to March 31), SMHRI has reported a total operating income of Rs.3.05 crore (FY13: Rs.2.77 crore) with a surplus of Rs.0.02 crore (FY13: Rs.0.03 crore).

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**For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications
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Brief Rationale

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