Rating Rationale


Brickwork Ratings (BWR) has assigned the following Rating¹ for the Bank Loan facilities amounting ₹ 24.12 Cr of Felix Healthcare Private Limited sanctioned from Union Bank of India:

<table>
<thead>
<tr>
<th>Facility</th>
<th>Limit (₹ Cr)</th>
<th>Tenure</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Based</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Term Loan</td>
<td>24.12</td>
<td>Long Term</td>
<td>BWR B (Pronounced BWR Single B)</td>
</tr>
<tr>
<td>Total</td>
<td>24.12</td>
<td>(INR Twenty Four Crores and Twelve Lakhss only)</td>
<td></td>
</tr>
</tbody>
</table>

Note: Term Loan includes sanctioned limit of ₹21.81 Crores and interest during construction period (24 months) of ₹ 2.31 Crores

BWR has principally relied upon the audited financials from FY12 to FY14, Projected financials of the project of Felix Healthcare Private Limited (“FHPL” or “the Company”), publicly available information and information/clarifications provided by the Company’s management.

The rating has factored, inter alia, Directors’ qualification and experience in medicine field and locational advantage. The rating is however constrained by current status of the project and risk of cost overrun, high gearing ratio as proposed project is largely funded by Bank borrowings, challenge of achieving targeted sales and competition from organised and unorganised players.

Company Profile:
Felix Healthcare Private Limited was incorporated on 5 Oct 2011 as a private limited company. Company is running a clinic – Felix clinic in Noida. FHPL is constructing a 100 bed multi-speciality hospital – Felix Hospital at NH-1, Sector 137, Noida. Hospital will be spread in the land area of 12,800 sq. ft. with total construction area of ~40,000 sq. ft in G+6 floors in phase 1 and has plans to expand it to G+13 floors in phase 2 in future. Construction is being done on leased land allocated by Noida Industrial Development Authority for tenure of 99 years starting from Feb 2013 and construction is expected to be completed by August 2015. Company has plans to recruit 48 doctors across 18 specializations, 60 paramedical and supporting staff. It has also provided the required labs and equipment for emergency, out-patient and in-patient services in its proposed project.

Management
Dr. Dharmender Kumar Gupta, MBBS, MD by qualification with 10 years of experience is managing the project and monitoring the proposed services. His wife, Dr Rashmi Gupta, M.B.B.S, D.C.H, M.I.A.P with 10 years of experience is assisting Mr. Dharmender in project management and administration. Mrs. Shilpi Gupta, sister of Mr. Dharmender is a post

¹ Please refer to www.brickworkratings.com for definition of the Ratings
graduate with 5 years of experience is assisting Mr. S. P. Gaur, retired IAS officer in planning and policy making. Dr. Rashmi Gupta, Mr. S. P. Gaur and Mrs. Shilpi Gupta are Directors of the Company.

Financial Performance:
Revenue from operations of the company has grown from ₹0.12 Crores in FY13 to ₹0.13 Crores in FY14 and net profit remained at ₹0.01 Crores for FY14. Operating profit margin has decreased from 36.30 percent in FY13 to 32.74 Crores in FY14 and net profit margin from 4.98 percent in FY13 to 4.79 percent in FY14. ₹0.50 Crores of revenue has been projected for FY15 from the operations of existing clinic and the same is expected to improve with commencement of operations of hospital from FY16.

Rating Outlook
Going forward, ability of the Company to complete construction of the hospital on time within projected cost, ensure commencement of full scale operations as per schedule, to achieve projected sales and to improve capital structure would remain the key rating sensitivities.