

## Press Release

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### **Brickwork Ratings has assigned “BWR IPO Grade 3” to the proposed IPO of Rama Medicares Limited (RML).**

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**Rama Medicares Limited**

**BWR IPO Grade 3 (Average Fundamentals)**

Brickwork Ratings (BWR) has assigned BWR IPO Grade 3 to the proposed IPO of Rama Medicares Limited (RML). Brickwork Ratings’ BWR IPO Grade 3 indicates average fundamentals for the issue in relation to the other listed equity securities in India.

The grading factors the experience of the members of RML’s Board, recognition of ‘Rama’ brand in and around Kanpur city, growth prospects for the healthcare industry and the niche market segment in which RML operates. The grading is constrained by RML’s exposure to related party transactions, the number of legal cases against the company, a demanding timeframe for completion of the proposed project and the absence of debt in the funding mix.

RML is part of the Rama Group, based in Kanpur. RML is promoted by Dr. B.S. Kushwah and Dr. Suraj Kushwah. The company was incorporated in 1995, as Rama Medicares Private Limited and was converted into a public limited company in 2003.

From 1996 to 2005, RML was in the business of leasing medical equipment to Rama Educational Society (RES) - a trust founded by Dr. B.S. Kushwah. RES provides educational facilities in the Medical, Dental, Paramedical, Engineering and Business Administration fields and is the owner of the Rama hospitals in Mandhana and Lakhanpur localities of Kanpur. RML is exposed to related party transactions through its group structure and its business model of leasing and operating hospital wards in Rama Education Society.

In 2005 RML undertook the management of 100 beds on a license basis at the Lakhanpur Hospital of RES. In 2007, it also undertook the management of 150 beds at RES’s Mandhana Hospital. The company has recently set up a fully owned multi-specialty 150 bed facility named ‘Rama Satellite Hospital’ at Shivrajpur, Kanpur. General Surgery, Orthopedic Surgery, Nephrology, Pediatrics, Gynecology and Obstetrics are some of the services provided at RML hospitals. The company owns and operates four 24-hour retail pharmacy outlets within these hospitals.

RML proposes to set up a 300-bed Cancer and Cardiac hospital at Mandhana, Kanpur. The total project cost of ₹ 95.71 crores will be funded by IPO proceeds to the extent of ₹ 85 crores, the balance by internal accruals. The project has not been appraised by a bank or term lending institution and project cost has been estimated by company management.

The company has reported total income from operations of ₹ 71.29 crores and ₹ 62.65 crores in FY10 and FY09 respectively. Its Profit after Tax was ₹ 5.03 crores in FY10 and ₹ 4.23 crores in FY09.

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