



## L7H Life Resources Private Limited

Instruments	Amounts	Ratings
	(Rs. Crore <sup>*</sup> )	November 2013
Term Loans	8.61	[ICRA]B- / assigned
Non-fund based facilities	(8.00) <sup>^</sup>	[ICRA]A4 / assigned

<sup>^</sup> Sub-limits of the long-term limits

ICRA has assigned the long-term rating of [ICRA]B- (pronounced as ICRA B minus) to the Rs. 8.61 crore term loans facilities of L7H Life Resources Private Limited ("L7H" / "the company"). ICRA has also assigned the short-term rating of [ICRA]A4 (pronounced as ICRA A four) to the Rs. 8.00 crore non-fund based (sub-limit) facilities of L7H

The assigned rating favorably takes into account the strong promoter background with more than two decades of experience in the education industry and comprehensive range of diagnostic service offerings across areas of radio diagnosis, cardiology, gastroenterology, nephrology, oncology, dermatology etc supporting its business prospects. The rating is however constrained due to relatively nascent stage of operations, margin pressures expected to arise out of stiff competition from other low-cost laboratories within hospitals as well as other organized and unorganized diagnostic centres in the Bangalore city and lack of any direct experience of the promoters' in medical diagnostics business; albeit offset to an extent by experienced medical staff. Moreover, with company having commenced its full operations only in April 2013, L7H was unable to generate revenues commensurate with the fixed costs (mainly rental and admin expenses), resulting in cash losses during 2012-13. Since the company's internal accruals are likely to remain weak in the initial years of operations, the financial profile of the company is expected to remain stretched in the near term owing to its recent debt funded capital expenditure (towards replenishment of medical equipments and machineries).

### Company Profile

Promoted by Mr. B. Premnath Reddy, L7H Life Resources Private Limited is engaged into providing diagnostic services under the brand "Silver Line Diagnostics". The Company offers diagnostic services in the field of radiology imaging, cardiology, pathology and health checkups. Mr. B. Premnath Reddy ventured into health care services by acquiring a diagnostic centre previously being operated by Rainbow Medical Services Private Limited (RMS). L7H purchased all the medical equipments and machinery from RMS at a total consideration of about Rs. 2.8 crore mainly funded through promoter capital. The company commenced its operations in April 2013 and is presently operating out of a leased premise with a lease agreement of 10 years.

### Recent Results

For 2012-13, the company reported net loss of Rs. 0.8 crore on an operating income of Rs. 0.2 crore.

**November 2013**

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\* 100 lakhs = 1 crore = 10 millions



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