



Infomerics Ratings



GRADING FOR HEALTHCARE ENTITIES

INFOMERICS VALUATION AND RATING PVT LTD.

www.infomerics.com

INFOMERICS GRADING FOR HEALTHCARE ENTITIES

Infomerics Grading of Healthcare Entities is an independent third party assessment of the available facilities, service quality levels, quality of professionals and infrastructure quality.

The gradings are assigned for various types of entities in the healthcare sector namely Large Hospital Chains, Large Hospitals (standalone), Medium & Small sized Hospitals and Nursing Homes. The grading as assigned is for the particular healthcare entity and are not related to the other entities in the group / organisation. This grading exclusively pertains to healthcare related activities and is not applicable to medical colleges. This grading is given for particular region specific and on pan-India basis and hence, it varies.

Necessity of Grading

With the enhancing complexities around human health and health hazards arising out of many socio-economic factors, changing life style and increasing pollution level, there is a perceptual change about the healthcare requirements among the masses. Corresponding to this and with a view to take the advantage of the situation, there has been a mushrooming growth of healthcare entities. While medical insurance has come in a big way to assist patients and patients' families, healthcare has become a business model among many entrepreneurs.

In such a situation, the patients & their families are left with very limited information to opt for the best healthcare entity to meet their needs. Other parties associated with this segment also face no less difficulties than the patients. In many cases, geographical proximity, doctors' references, references of known persons and desperate brand building by the healthcare entities become the determinants. Here, Infomerics brings its product of Grading of Healthcare Entities which enables users to follow a logical & scientific approach in selecting the most suitable & appropriate healthcare entities.

Usefulness of Grading

- ❖ Grading provides visibility and credibility for the healthcare entity in the healthcare space as the evaluation is done by an independent third party which enables the entity to attain higher occupancy and revenue level.
- ❖ Grading helps the patients/patients' families to select the best hospital/nursing home in terms of service quality & other parameters.
- ❖ Grading can attract better professionals to the hospital, as Doctors and other medical science related professionals would like to be associated with well managed and reputed hospitals.

- ❖ Grading gives the comfort to Lenders/Investors while taking financing decision and pricing the loan for the hospital/nursing home.
- ❖ Grading provides opportunity to hospitals/nursing homes to improve upon their quality & service level based on the underlying Rationale for the grading provided by Infomerics. Such a rationale is compiled on the basis of assessment made by a qualified independent analyst team, duly approved by a high-level Rating Committee.
- ❖ Grading can attract third party administrators and insurance companies for having association in providing healthcare facilities.
- ❖ Grading helps regulatory authorities including various government & government bodies to categorise the entities under their respective authority for the purpose of governance and/or providing financial aid.
- ❖ Grading is useful among the NGOs, Trust and other bodies to select the appropriate healthcare entities for donation and/or financial contribution.

Infomerics Healthcare Grading Framework

For the purpose of Grading of Healthcare Entities, Infomerics undertakes detailed analysis encompassing the following criteria –

1. Promoters & Management

Infomerics analyses the promoter's financial soundness and resourcefulness, past experience in the healthcare sector, especially Promoter's track record, criticality of the unit in the group and quality of top & middle management.

2. Operational Highlights

Infomerics takes into account the available infrastructure, location & accessibility, revenue profile & pattern, details of activities & facilities provided, number & profile of doctors, quality of equipment, average occupancy level, empanelment with Third Party Administrators (TPA) and Insurance companies, effectiveness of Out-Patient Department (OPD), procurement procedures for medicines & other tools, ongoing expansions, compliance of regulatory requirements and instances of mishandling & failure in the past .

3. Financial Strength

Infomerics evaluates the financial strength of the entity by considering various parameters such as networth base, debt level, profitability & earning protection, gearing and past debt servicing & suppliers payment track record. The evaluation looks into the resourcefulness of the entity for future growth plans and its ability to manage the resources optimally.

4. Human Resources Management

Infomerics analyses the Human Resource policies pertaining to recruitment, training and retention of medical & other related professionals. The evaluation also takes into account the attrition level amongst professionals and the underlying reasons.

5. Patients Care and Rights

Infomerics evaluates the standard policies adopted by the entity in treatment of the patients and promptness in service. It is a reflection of the healthcare, treatment and rehabilitation provided to the patients. It also takes into account the prevalent safety measures, infection control procedures followed, patient-doctor relationship and management of waste disposal.

6. Future Plans

Infomerics takes into account the growth potential in the catchment area, proposed expansion plans & its relevance in context of future business potential and business threat, if any.

Grading Scale

Infomerics Grading of Healthcare Entities assesses the financial strength, quality of various medical services & treatments at a particular point of time. The situation and the circumstances may vary with progression in time which may lead to upgradation / downgradation of the grading assigned. The true benefits of this grading product lies in greater visibility and credibility in the market among the patient community, doctors community and the lenders/investors community because of the structured evaluation and rigorous approval process followed while assigning the grading. This grading product brings with it credibility, reliability and transparency in view of the fact that the grading is being assigned by an Independent Agency.

The grading is assigned on a seven-point scale starting from HC-1 to HC-7 with HC-1 being the highest and HC-7 being the lowest.

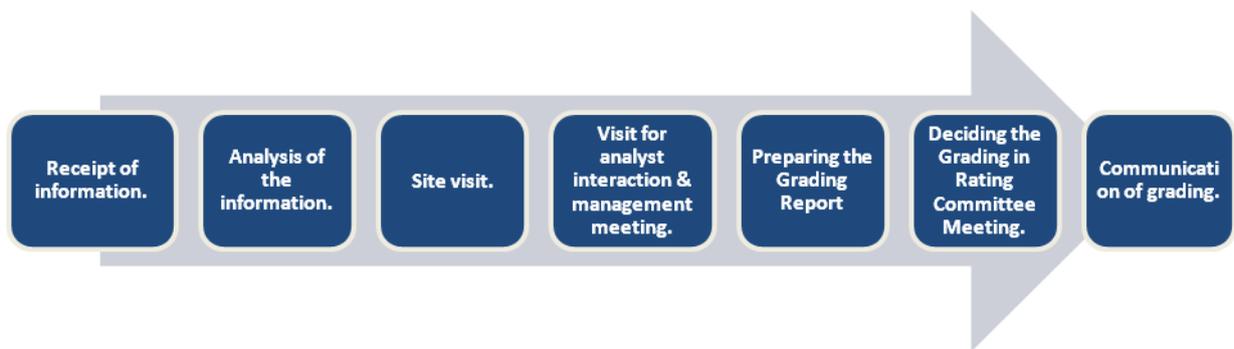
The detailed Grading scale is furnished hereunder:

<i>Grading</i>	<i>Implication</i>
<i>HC-1</i>	Excellent
<i>HC-2</i>	Very Good
<i>HC-3</i>	Good
<i>HC-4</i>	Satisfactory
<i>HC-5</i>	Moderate
<i>HC-6</i>	Below Moderate
<i>HC-7</i>	Poor

Infomerics uses the grading scale for all types of healthcare entities, except for the medical colleges for which a separate grading procedure is followed. This grading is generally given region specific. When the grading is assigned on pan-India basis, then the suitable disclosure is made.

For assessment of pharmacies and diagnostic labs relevant parameters such as sample collections, lab facilities available, availability of medicines in stocks would be assessed.

Grading Process



1. The time required for completion of the grading process would be approx. 15-20 days from the date of receipt of all data / information.
2. Infomerics would disseminate the grading rationale on its website post-acceptance by the entity.
3. The initial grading is valid for a period of one year. The entity can get the grading renewed after submission of a written request.
4. Infomerics grades the healthcare entity on various qualitative and quantitative parameters and does not mean, nor intend to comment on the probability of outcome of any particular treatment and medical procedure.

WHY INFOMERICS VALUATION AND RATINGS?

Having promoted by few eminent & top notch finance & banking professionals, the company is mentored by **Mr. Vipin Malik, former member of Central Board of Directors of Reserve Bank of India**. Each rating/grading is assigned by an **independent Rating Committee** comprising quite a few eminent professionals from various walks of life, based on the intensive study carried out by an experienced rating team consisting of highly intellectual & experienced talent pool (mainly sourced from credit rating industry & banking parlance). The key management team consists of quite a few



highly qualified & experienced professionals having demonstrated illustrious attainments in the rating industry.

Needless to make a mention here that the company has done pioneering work in the field of valuation and financial consulting from **1986** and has undertaken financial assessment of over **1200 business entities** which have contributed significantly in designing Infomerics Ratings' rating & grading models.

Mr. Sukanta Nag, a finance professional with about 32 years post-qualification experience majorly in Credit Rating and Corporate Banking is the Chief Executive Officer of Infomerics Ratings.

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