

November 09, 2015

Facilities	Amount (Rs. Crore)	Rating
Term Loan I	4.45	SMERA B-/Stable (Assigned)
Proposed facility	5.80	SMERA B-/Stable (Assigned)
Proposed facility	1.75	SMERA B-/Stable (Assigned)

SMERA has assigned a long-term rating of '**SMERA B-**' (**read as SMERA B minus**) to the Rs.12.00 crore bank facilities of Dr. M Hope Hospital Private Limited (HHPL).The outlook is '**Stable**'. The rating is constrained by the high debt funded capex resulting in weak financial profile, small scale of operations and intense competition in the healthcare industry. However, the rating is supported by the experience of the promoters, long track record of operations and diversification across various specialties.

Established in 2005, HHPL is a Nagpur-based company which runs a 70 bed multispecialty hospital that offers treatments across specialities including orthopaedic, physiotherapy, neurosurgery, diagnostics among others. Plans are on to expand operations to a 145 bed multispecialty hospital with in-house facilities for CT scan, Magnetic resonance imaging (MRI) among others at a total project cost of around Rs.17.02 crore. This is to be funded through a term loan of Rs.12.08 crore and the balance through promoters funds.

Outlook: Stable

SMERA believes that HHPL will benefit from the rich experience of the promoters and established operational track record of the nursing home. The outlook may be revised to 'Positive' in case the hospital registers strong growth in revenues and profitability while achieving improvement in capital structure. Conversely, the outlook may be revised to 'Negative' in case the hospital reports lower-than-expected revenues and profitability or deterioration in debt protection metrics.

Rating Sensitivity Factors

- Lower-than-expected occupancy levels and profitability
- Improvement in capital structure

About the Company

HHPL, established in 2005 is a Nagpur-based company promoted by Dr. B.K Murli and Ms. Ruby Ammon. The company runs a 70 bed multispecialty hospital at Nagpur offering treatment across specialities such as orthopaedic, physiotherapy, neurosurgery, among others.

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Contact List:

Media/Business Development	Analytical Contact	Rating Desk
Antony Jose Vice President – Business Development, Mid Corporate Tel: +91-22-6714 1191 Cell: +91 9820802479 Email: antony.jose@smera.in	Mr. Vinay Chhawchharia Associate Vice President – Corporate Ratings Tel: +91-22-6714 1156 Email: vinay.chhawchharia@smera.in	Tel: +91-22-6714 1184 Email: ratingdesk@smera.in

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