

Pradhama Multispecialty Hospitals & Research Institute Limited: Assigned

Facility	Amount (Rs. Crore)	Rating/Outlook
Term loan	120.00	SMERA B/Stable (Assigned)

SMERA has assigned rating of '**SMERA B**' (read as **SMERA B**) to the above mentioned bank facility of Pradhama Multispecialty Hospitals & Research Institute Limited (PMHRIL). The outlook is '**Stable**'.

The rating is constrained by risks associated with timely commissioning of the project. The rating also factors in offtake risk associated with the project, the highly regulated healthcare industry and intense competition from established players. However, the rating derives support from the experience of the promoter doctors, other eminent doctors, favourable location and industry outlook.

PMHRIL, incorporated in 2014, plans to set up a multi-speciality hospital at Vishakhapatnam at a total project cost of Rs.175.00 crore to be funded through promoter's contribution of Rs.55.00 crore and term loan of Rs.120.00 crore. Around Rs.162.00 crore has been already incurred till 30th September 2016. The operations are expected to begin from January 2017. The rating takes into account the project implementation risk, offtake risk and competition from other multi-speciality hospitals in and around Vishakhapatnam.

However, the rating derives comfort from the promoter's extensive experience. Dr. P Visweswara Rao, MBBS and Dr. K.Ramamurthy, MBBS, MD have around three decades of experience in the industry. Dr. Rao also runs Sagara Durga Hospital with a capacity of 100 beds at Visakhapatnam. Dr. K.Ramamurthy has been associated as Physician and visiting Consultant Physician for various hospitals in Vishakhapatnam.

Rating Sensitivity Factors

- Timely commissioning of project
- Increase/decrease in occupancy and average room revenue
- Improvement in the financial risk profile

Outlook-Stable

SMERA believes that PMHRIL will maintain a 'Stable' outlook in the medium term owing to the experienced management. The outlook may be revised to 'Positive' in case the company generates healthy cash flows from operations while achieving a comfortable financial risk profile. Conversely, the outlook may be revised to 'Negative' in case of delays in project implementation

About the Company

PMHRIL, incorporated in 2014 by Dr. Visweswara Rao Pusarla and Dr.Ramamurthy Kummariganti, is setting up a multi-speciality hospital at Vishakhapatnam with 593 bed capacity.

The management team includes Dr.P.Visweshwara Rao, Dr.K.Ramamurthy, Dr.E.Peda Veerraju among others.

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ABOUT SMERA

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