



Hiranandani Healthcare Private Limited

Rating Instrument	Amount	Rating Action September 2015
Fund-based Limits	Rs. 30 crore	[ICRA] A; rating assigned

ICRA has assigned long-term rating of **[ICRA]A** (pronounced ICRA A) to Rs. 30 crore* fund-based limits of Hiranandani Healthcare Private Limited (HHPL). The rating carries a **stable** outlook.

ICRA's rating draws comfort from HHPL's strong parentage as 85% stake in HHPL is held by Fortis Healthcare Limited (rated [ICRA]A+(positive outlook)/[ICRA]A1+) which owns and operates one of the largest healthcare network in the country. ICRA's rating also takes into account healthy performance of HHPL's hospital located in Navi Mumbai (Maharashtra) with occupancy of 88% and average revenue per occupied bed (ARPOB) of Rs. 1.31 crore in FY2015; the same led to healthy operating margin (~25% in FY2015) and comfortable debt coverage indicators- interest cover of 3.25x, Debt Service Coverage ratio (DSCR) of 2.69x and Total Debt/OPBDITA of 2.14x in FY2015.

The rating is, however, constrained by HHPL's modest scale of operations, single property concentration risks, increasing competition in the healthcare sector, which may pose a challenge for the company in attracting and retaining medical professionals and could potentially affect the hospital's operating metrics.

Going forward, maintaining the operating metrics and extent of leveraging, if any, of HHPL's cash flows to fund and expansion/investment plans of the group will be key rating sensitivities.

Company Profile

Hiranandani Healthcare Private Limited (HHPL) owns and operates a tertiary care hospital- Fortis Hiranandani. Established in 2007, the hospital is located at Mini Sea Shore Road, Vashi, Navi Mumbai. It is a tertiary care, multi-specialty hospital equipped with 149 beds and spread over an area of 1,20,000 sq. ft. Fortis Hiranandani is accredited by the National Accreditation Board of Hospitals (NABH). 85% stake in HHPL is owned by Fortis Healthcare Limited (FHL; rated [ICRA]A+ (positive outlook)/[ICRA]A1+) and 15% by Fortis Healthcare Holdings Private Limited (FHHPL; rated [ICRA]A).

Fortis Healthcare Limited (FHL) was promoted by late Dr. Parvinder Singh, and is currently being managed by his two sons- Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh who are the Chairman and Vice – Chairman of the Company, respectively. The company commenced its operations with opening of its first hospital at Mohali in 2001. Since, then the Company has expanded its operations via expansions and acquisitions. It now has 54 healthcare facilities, operational bed capacity of ~4,600 beds and the potential to reach around 10,000 beds. Further, through its subsidiary, SRL Limited, the company operates 260 diagnostic centres in the country. Currently, around 72% stake in FHL is held by Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh. As on June 30, 2015, 70% of promoters' stake in FHL has been pledged.

Recent Results

In 2015, Hiranandani Healthcare Private Limited (HHPL) reported operating income of Rs. 126 crore and net profit of Rs. 12 crore as against operating income of Rs. 108 crore and net profit of Rs. 12 crore in FY2014.

September 2015

* 100 lakh = 1 crore = 10 million



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